

Fruit Logistica Berlin 6th - 8th February 2013

Happy Hour!

The 360 Quality Association invites you for a drink and a chat in Hall 25 Stand C-19 @ 5pm 6th February



CONTAINER CARGO DAMAGE – THE CAUSES



The Myth Buster came across a very interesting report published by the Loss Prevention Department of Thomas Miller who manage the UK P&I Club regarding Container matters. The front page asks the question:

"The container revolution of the 1960s was deemed to be the solution to limiting damage, but has experience proved otherwise?"

The next 22 pages of the report seem to highlight the rather disappointing reality that one of the biggest contributory causes of container cargo damage is bad stowage – and that the advent of containers has only shifted the cargo problem back up the transit chain. The report makes the point that possible problems in one large container (the ship) have been substituted to possible problems in a lot of smaller containers (the container). The magnitude is brought into sharp focus if one takes into account the estimated 12,000,000 containers in circulation (all types) and the estimated 95,000,000 container movements in a year. Although damage is relatively small percentage-wise against these figures, it is interesting that a considerable proportion of the Club's time is taken up handling cargo claims where 25% of damage caused is physical, 14% temperature related, 11 % containers lost overboard and 8% covers shortage.

If one looks at the carriage of refrigerated cargo in containers specifically the report lists a top ten critical areas of occurrence that lead to claims as:

- Containers off power and therefore off refrigeration for extended times
- Wrong settings caused by incorrect information
- Failure to monitor properly and correct faults or wrong settings
- Poorly pre-cooled or overcooled cargo
- Cargoes with insufficient practical storage life (PSL)
- Badly stowed containers impeding air flow – many with low quality packaging
- Excess fresh air ventilation for "live" cargoes thereby causing evaporators to ice up
- Incorrect defrost interval where this has to be set manually
- Incorrectly booked cargo leading to operational and commercial problems
- Fahrenheit and Celsius temperatures interchanged or wrongly converted

Now the Myth Buster is not contending that problems do not occur in specialised reefers but generally they are NOT of such a basic nature. Getting back to the UK Club's analogy of a container in a container et cetera, on a specialised reefer the vessel is usually divided into 8 - 10 different cooling systems. The cargo capacity this covers is equivalent to some 200 - 300 reefer FEUs. Obviously it is easier to monitor on a specialised reefer than a container vessel. This could be one explanation to the above.

It is interesting to consider UK Club's finding that the biggest cargo damage cause in containers is physical damage. If you really think about it, cargo carried in containers is rather a shadowy and secretive form of transportation! The cargo in many instances is loaded, packed and secured with no shipping company/deep sea carrier supervision. When it turns up at the port nobody can physically see the contents and has to rely on the documentation. Shipment by specialised reefers it is transparency all the way! The cargo is handled by experts in the terminals and specialised stevedores handle the loading. The master and his officers are on hand to oversee loading and discharging into/from

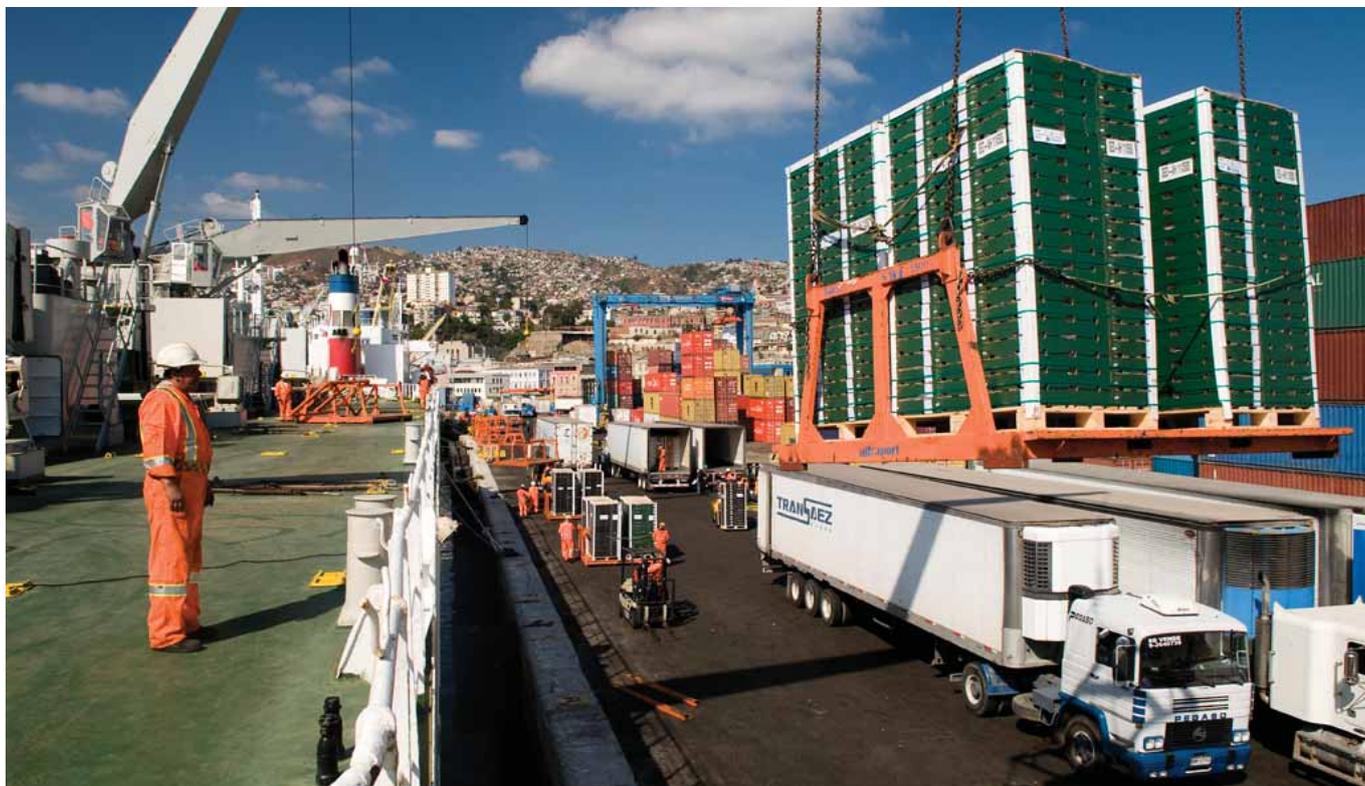
the ships holds. 360 Quality Association standards are enforced in the designated 360 Quality trades. It is much more hands on than the container alternative.

Obviously the container lines do their best in producing very descriptive and detailed pamphlets on how shippers should load, secure and stow the container but there is nothing like having experts with the required competence and experience involved all along the logistic chain.

The Myth Buster wonders whether shipment by the container mode, and its inherent " twilight zone " genre, breeds an indifference on the subject of claims by everybody except the insurers and P&I Clubs. After all, when the container is stuffed miles from the shipping port and if it turns up with physically damaged contents at the discharging end, presumably the container carrier normally has no blame (or interest) as will claim this is a result of incompetent stuffing. The specialised carriers are much more on the ball in this respect view the transparency of their shipping mode. This gives the ability to spot and take corrective measures through the shipping cycle. This is what the 360 Quality process is all about!

“WE CARE MORE”

should really be a slogan of the 360 Quality Association!



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360 QUALITY at Dover and GEORGE HAMMOND PLC



Dover is proud to have been the first terminal in the United Kingdom to be accredited to the 360 Quality standard and remain committed to promoting and utilising the system to its fullest extent. Part of this journey is to provide the high standard of service now being supplied by Seatrade and other committed reefer operators and their working partners at the loading and discharging terminals. All parties have worked together to examine the carrying chain from all angles which has resulted in the continued development and monitoring of the 360 system. At its heart is indeed quality because what is good for the shipper, is good for the shipping line, is good for the final receiving client and all those involved along the supply, transport and handling chain.

The one thing 360 has proven and achieved is that where the challenge of providing greater quality is vigorously pursued, so costs along the whole supply chain can be reduced.

A prime example of this can be found in the weekly Seatrade RAYO service running from Ecuador and Peru into Dover, which ironically has been helped in its development by the serious shortcomings of the container lines in this region.

The difference is simple - shorter sailing times to the UK with vessels arriving at the port shown on the bill of lading as scheduled.

A prime example of this was mv Esmeralda which arrived at Dover on the evening of Saturday 15 December 2012 with 39 deck containers and 1433 pallets of bananas under deck.

The vessel was handled by George Hammond PLC, who act as both stevedore and port agent for Seatrade. The containers originated mainly from Peru with the early season arrival of grapes. The vessel completed discharge in the early hours of Sunday morning and by close of the following day, 37 of the containers had cleared Customs and Health Authorities and been delivered to customers from the quay. On the Sunday alone, 24 were delivered out of the port which included 12 containers with asparagus and mangoes. These units, under the control of George Hammond PLC, had been stripped by stevedores and their contents loaded onto continental bound transport for delivery early the next morning to Brussels and Maasdijk. This intervention made the product



available at least 48 hours earlier for continental markets than it would otherwise have been possible.

In order to achieve such speed of delivery from vessel to destination a client requires the guarantee of a high level of quality throughout the operational chain. This includes vessel operations as well as stevedores and dock side support staff who complete all the documentation and liaise with various statutory Government authorities, UK importers as well as transport companies enabling swift movement of produce from the quay to both home or continental destinations.



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360 QUALITY at Dover and GEORGE HAMMOND PLC *cont.*



Some may say it is only 39 containers, opposition vessels carry hundreds. True, but can they offer such a similar bespoke service as supplied by Seatrade and George Hammond PLC?

The question is becoming very simple for all cargo interests. How do you wish to take your business forward? Surely for peace of mind the ability to secure slots on a proven Reefer service such as Seatrade, who with their working partners such as George Hammond continue to offer stability and reliability in this particular sector for both UK and Continental customers.

Taking into account the now proven reliability of the Seatrade service, future costs, within reason, can be calculated for several years ahead. So, do cargo interests take a chance with the container lines and their more-than-occasional unreliability of service and scheduling with the consequential financial implications this brings for every late and missed delivery or, look to the aforementioned reliability and stability of the Reefer lines such as Seatrade and their working partners such as George Hammond PLC.

Much recently has also been written about cargo being stowed under deck compared to transportation by container with most reference being made to bananas.

All sides can produce arguments and documentation to back their particular cause. With bananas as our example let us go back to mv Esmeralda mentioned earlier.

She carried 1433 pallets of bananas under deck which were landed and transferred immediately to temperature controlled stores under terms and requirements of the 360 Quality systems. This requires stevedores to look for and document the more visually apparent problems, such as premature yellowing, damaged pallets - just another small but important link in the quality chain.

Shipping under deck means cargo interests are able have their QC staff on hand at the terminal to inspect and examine the bananas immediately as they land from the vessel. Should a problem be found, then pallets can be isolated and dealt with as appropriate before actually leaving the quay.

For shipment by container, it is almost certain any product issues will not be found until its doors are opened



at the ripening centre, which can be anywhere in the country, whereas shipment under deck linked with quayside QC checks almost guarantees deliveries to ripening room will be fully up to specification.

There are also the issues surrounding onward transport from the ports. Container lines with their high cube capacity equipment will usually carry 20 pallets x 54 cartons = 1080 cartons. When shipped under deck pallets are usually x 48 cartons. However, for delivery from quay to ripening room vehicles will carry 24 pallets x 48 cartons = 1152 cartons (over 6%+) plus, the vehicle will end its journey and cost to the client after unloading, whereas the container carries the added cost of having to be returned as empty to its designated depot.



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360 QUALITY at Dover and GEORGE HAMMOND PLC *cont.*



In a perfect world such problems would not happen, but those in the industry know it will from time to time, however history and logic would suggest shipping under deck continues to minimise such risks considerably.

It also suggests decisions on such logistics should be delegated to individuals with real shipping and transport experience, along with a full understanding of their particular products and not delegated to accountants, who are known to just look at the bottom line, unaware of the possible problems that can and do occur in a working year.

It would seem two options are available to the banana trade as discussed above:

- Take a chance with the container lines and their artificially low rates (which even they concede, are not sustainable and are bound to increase substantially) and their unreliable schedule.
- Or
- Support a specialised reefer liner service such as is provided by Seatrade and other operators associated to the 360 Quality concept and their dual capability vessels and their tailor made services handled by experts.

The example of the RAYO Service is just another positive example of meeting customers' needs and expectations, as well as another example of their long term commitment to trades.

Advantages of Specialised Reefer Vessels The influence of the 360 Quality Association

What is the best way to transport perishable cargo by sea?

Some would argue the container is best, others would argue that carriage by specialised reefer vessel is better. However, what is clear is there seems to be an imbalance in the trade press that appears to favour container lines to the detriment of the specialised reefer industry. Slow steaming and by necessity longer delivery times, feast or famine volumes due to erratic port calls, scheduling issues, impromptu price hikes and various other matters are all factors that are encountered by the container lines by varying degree but do not readily roll off the tongue when discussed especially by those on the fringes of the industry.

What matters to the customer is the product is delivered in the best possible condition, in the shortest transit time, at the best price available and a price that he can budget for with confidence.

The specialised reefer owners offer shallow drafted and jumbo-ised dual purpose vessels that are able to provide a more flexible service.

But this advantage is not limited to vessels only, for there are many other functions within the logistics chain that influence the carriage and handling of perishable cargo. So the question is would you prefer to have your product carried in specialised reefer vessels that are subject to stringent and regular inspections and this cargo then



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Stand C-19

Advantages of Specialised Reefer Vessels

The influence of the 360 Quality Association *cont.*

handled by highly trained and qualified persons operating in a certified dedicated facility that operates to the very highest standards. Of course you would. But you may ask who offers this service and how do they achieve it?

The efforts of reefer owners: Maestro Reefers, NYKCool, Seatrade and Star Reefers along with 15 other member terminals from around the globe form the 360 Quality Association and by applying the 360 Quality Code are able to do just this.

Under the "Code" vessels are subject to regular inspection by independent inspection bodies that audit some 70+ separate criteria including all the critical systems, temperature management systems and the power plant and only after the vessel has passed this inspection are they certified. That is to say they are allowed to carry perishable reefer cargo.

Stowage of perishable cargo in vessel holds is always critical to the condition upon arrival. Port Captains are present during the loading operations to ensure the cargo is undamaged prior to and during loading operations to ensure cargo is stowed in a stable and secure manner prior to sea transit. This policy of having Port Captains oversee loading functions affords the opportunity to address any issues that may arise in an infant stage and early in the process thereby avoiding matters to escalate. Unlike with the container operator who receives the container contents on trust and has no influence on how the cargo is packed or stowed inside the container.

Similarly, the Terminals servicing the vessels are likewise subject to audit by independent inspection bodies and certification and as with the vessels, only after certification are they then allowed to handle perishable cargo. In their case some 60+ separate and different criteria are audited including the temperature controlled facility, calibration ranges, suitable handling equipment and trained personnel. In addition the in-house quality teams constantly monitor handling operations and in this way ensure an upward spiral of improvement.

But the focus is not just on the front line in your face activities. Quality DMAIC teams are inserted into cold stores for example and latterly the 360Quality Association has embraced US road transport into its influence. In this way every aspect of the logistics chain is "Quality Controlled" operating under the same criteria and with each group aware of and adhering to the same standards as the previous and next functions, the whole logistic chain acts as one.



But how does this affect the shipper?

It is a fact that the efforts outlined have dramatically reduced damage to cargo and with it cargo claims and this fact is recognised by the various P&I Clubs. This reduction in turn reduces monies exchanged in lieu of settlements and less time and cost expended in settling claims. Thereby, when both are dovetailed deliver more cargo and in better condition to the customer.

In Summary:

The application of the 360 Quality Code to vessels and terminals has dramatically improved the quality and condition of perishable cargo with each complimenting the other.

This, when coupled with the efforts of the specialised reefer owners produce a quality product that really deserves better recognition and appreciation. Hopefully perhaps now the imbalance is somewhat redressed but the question is still:

Who would you prefer to carry and handle your perishable reefer cargo?

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360 Quality

OPTICOOOL *Freshlogistics*

In November 2012 Opticool Freshlogistics became the newest member of the 360 Quality Association. With over 33 years of experience Opticool is a fruit-related service provider in the Port of Rotterdam. Our core activities include servicing specialised reefer vessels, cold-store warehousing functions, forwarding, repacking and sorting of fruit on site and forwarding services.

Our on-shore facilities include some 500m of quay length with some 18,000 m² of storage space (sufficient to store 15,000 pallets) in a temperature controlled facility and a full inventory of handling equipment. The facility is located adjacent to the quayside and designed in such a way that allows pallets of fruit to be delivered either direct from vessel to vehicle or stowed in the warehouse at time of discharge. In addition, all value added inspection services and clearance functions are located under one roof which allows these functions to be addressed in a fast and efficient manner.

We also have 27 loading bays that ensure very fast service times when delivering to road transport.

To assist with our quality and stock control we have the very latest Warehouse Management I.T system with RF-scanning that track and trace the product and also afford the opportunity for customers to view their stock status on line.

Opticool Freshlogistics is HACCP, BRC, IFS, Skal certified, an official VWA-inspection location and AEO certified. In addition Opticool is a 360 Quality Association Certified Terminal.

The 360 Quality Certification provides our customers with confidence and comfort that the product charged in our care is handled with the very highest standards as outlined in the 360 Quality Code.

Our goal is to continue to develop and expand our facilities for specialised reefer vessels and to further support the role and activities of the 360 Quality Association.

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Stand C-19**

MEMBERS:

Maestro Reefers A/S

NYKCool AB

Seatrade Group NV

Star Reefers UK Ltd

AFFILIATE MEMBERS:

Ambassador Services Inc. *USA*

AROLA Aduanas Y Consignaciones SL *Spain*

Carga y Descarga de Costa Rica SA *Costa Rica*

CCS LOGISTICS (Pty) Ltd *South Africa*

COOPEUNITRAP RL *Costa Rica*

Diamond State Port Corporation *USA*

FPT Group (Pty) Ltd *South Africa*

George Hammond PLC *UK*

Gloucester Terminals LLC (Holt Logistics) *USA*

K-Services, LLC *USA*

Kloosterboer Vlissingen vof *The Netherlands*

Marmedsa Group *Spain*

MMD (Shipping Services) Limited *UK*

Murphy Marine Services Inc *USA*

Opticool Freshlogistics Rotterdam BV *The Netherlands*

Reefer Terminal SpA *Italy*

SEA-invest *Belgium*

SIELSA *Costa Rica*

Zoomweg Zeeland Cold Stores *The Netherlands*

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