



"NAVIGATING THE FUTURE: EMERGING TRENDS IN THE SHIPPING INDUSTRY - CONTAINERIZATION AND THE EVOLUTION OF CONTAINERS"

Law

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KEYWORDS

Container and Containerization-

It is worth noting that containerization has been a significant and enduring trend in the shipping industry for several decades. However, the sector is dynamic, and new trends and developments may have emerged since Lex Mercatoria. It evolved as a system of custom and practice, enforced through a system of admiralty courts along the main trade routes and modes of transportation, especially container vessels.

A concept for the ultimate combining of cargo used by Shipping Lines, Railway Lines, and Air Cargo Lines. Containers allow more cargo protection from weather, damage, theft, pilferage of goods, etc. For example, some commodities like fruits, vegetables, and medicines need to be carried in air-conditioning containers by ship from one port to another port. In such circumstances, goods carried in containers are safer than those carried in cargo holds of the vessel.

Having said that one of the effects of the modernization of sea transport is the introduction of Transport of Cargo by containers. The carriage of cargo by container load has assisted in the concept of multimodal transport, as the container can be carried by Rail, Road, or Sea, or a combination of any of these. As such, it has become necessary for port terminals to have inland container depots to store the containers and stuff and de-stuff them whenever necessary.

With the introduction of Container Traffic, terminal operators have been exposed to greater risk not only to cargo but also to the risk of damage or loss to the containers themselves. Terminal operators are also exposed to liability to vessel owners even though there is no contract with the shippers. The cargo contained in the containers could be a full container load for a single receiver, or it may be that the Container has a mixed cargo for several receivers, which have to be de-stuffed for delivery of the cargo. Once the container is de-stuffed by the master, Owner, or Agent of the vessel in the Port Shed or warehouse, the Port will issue its receipt subject to the provisions of the Major Port Trusts Act, 1963, if it is in India. All Major Ports have therefore framed Rules and Regulations for dealing with Full Container Load (FCL) and Less Container Load (LCL). The responsibility of the Port Authorities for the goods is outlined in the judgment of Shaw Wallace Co. Ltd. vs. Asstt. Collector of Customs & Ors, discussed below.

Containerized Cargo:

In an un-reported Judgment of the Bench of the Bombay High Court, in Appeal No. 551 of 1987, in Writ Petition no. 1354 of 1984, the Board of Trustees of the Port of Bombay Vs. Shaw Wallace & Co. Ltd., guidelines have been laid down in respect of the liability of a vessel owner, (in case of containerized cargo), for duty and penalty under the Indian Customs Act. These guidelines are as follows:

Cargo Brought in a Container:

F.C.L. Container (Full Container Load)

It is pertinent to note that when a full container load is unloaded from the vessel and the seals are found intact, then the vessel owner shall not be held responsible for any short landing or be made liable to pay a penalty. On the other way round, if the seals are found broken and open, or there is any short landing of goods, in such circumstances, the vessel owner does not absolve liability.

In the case where the seal is found broken, a survey report will be prepared of the contents of such container in the presence of the Customs Officer and this survey should be carried out within 72 hours after the container is unloaded and the seal is found broken. The Customs officer and the Port Trust Authorities should ensure that the

container is re-sealed after completion of the survey reports of the contents. Any shortage noticed in such survey report will have to be accounted for by the carrier and the liability for such shortage will be solely of the carrier.

L.C.L. Container (Less Container Load)

Having said that at the time of unloading of the L.C.L. Container, if the seals are intact and again at the time of de-stuffing of the container, the seals are found intact, then the carrier should be responsible for accounting for the difference between the manifested quantity and the de-stuffing tally. The Tally report must be prepared with due diligence by the tally clerk.

In case, the seals of the L.C.L. containers, at the time of unloading, are found to be intact, but are broken or tampered with at the time of de-stuffing then the responsibility for the difference between the manifested quantity and de-stuffed quantity would be that of the Port Trust Authority and not of the carrier.

On an appeal filed by the Mumbai Port Trust, the High Court reconsidered the issue and merely held that the carrier would not be responsible and deleted the statement that the port would be responsible.

For similar guidelines in Liquid Cargo, Dry Bulk Cargo, General Cargo, Hazardous Cargo, and Short landing of goods, the Judgment of the High Court at Bombay, may be referred to as an advantage.

Since containerization has become the accepted mode for international trade, the International Chamber of Commerce framed certain Rules based on which the United Nations Convention on Multimodal Transport of Goods 1980 came about.

In India the President promulgated an Ordinance on 16th October 1992 called the Multimodal Transportation of Goods Ordinance 1992 which became an Act on 2nd April 1993. As a result of the passing of the Multimodal Transportation of Goods Act, of 1993, it became necessary to carry out certain amendments to the Carriers Act, of 1885, The Indian Carriage of Goods by Sea Act, of 1925, and The Sale of Goods Act, 1930. In this background, the established relationship of bailor and bailee has changed the multimodal transport operator who issues a Single Transport Document covering at least two out of three modes of transport becomes and remains liable to the cargo owner until delivery of goods to its ultimate destination.

Container technology has now become an established feature of the liner trades of developed countries. It has been observed that faster and safer deliveries of goods at competitive landed costs in the international markets are achieved by containerization. It is the most easy and convenient mode of transportation of goods from one country to another and from one port to another.

The introduction of the box or the container in liner shipping has woven a magical web, out of which neither ship owners nor shippers can extricate themselves.

Unitization of cargo, mechanization of handling and movements at ports, and intermodal transportation services have emerged as the hallmark of container technology. Mechanization of operations at all stages and computerization of all monitoring activities have virtually displaced physical and manual labor. However, containers can be easily transferred between different modes of transportation, such as ships, trucks, and trains. This intermodal connectivity reduces the need

for manual handling and speeds up the overall transportation process.

Besides, the use of container technology has opened up an enormous scope for competition in international marketing by a substantial reduction in time and space barriers.

Further, it is noted that the multimodal container technology has assumed the task of physical movements of goods right from the premises of the exporter to the final delivery to the importer's warehouse. This has considerably relieved the marketing executives from the usual hassles involved in the shipment of cargo, coordination with various modes of transport, and dependence on a multiplicity of intermediaries.

It has been observed that the rapid development of the container fleet in developed maritime countries has also brought in an aggressive thrust of technology in the trades of developing countries.

1. The container vessels of foreign nationality appear at Indian ports with their container handling gear and ground equipment.
2. Pressure on port authorities to develop container berths with shore equipment in terms of gantry cranes, heavy-duty forklifts, electric power generation systems for air conditioning containers, cargo movers, etc.
3. Development of container berths in India and other countries.
4. Demarcation of separate berths for handling cellular container ships at ports.
5. Handling of containers in the fashion of conventional cargoes at ports of Mumbai, Calcutta, Cochin, and Madras and private ports too.
6. Establishment of Inland Container Depots (ICDs).
7. Commissioning of container freight station (CFS).

Shippers having full container load (FCL) cargo, generally in the average range of 10 to 12 tones can only avail of the facility of stuffing/de-stuffing and clearance by the customs in their premises within the distance range permitted by the customs authorities around seaport or ICDs.

In the future, it's expected that we'll see fewer bulk carriers transporting goods, and instead, containers will play a bigger role. Using containers makes handling cargo much easier compared to the older method of carrying goods in open hatches and cargo holds.

It's interesting to note how quickly the shipping industry is changing. Just three decades ago, ships were powered by steam and Direct Current, and now they mostly use diesel and gasoline engines with Alternating Current for power. Looking ahead, ships will likely move towards unattended machinery spaces, and remote systems (joystick) will control them.

Cargo holds, where goods were traditionally stored, may become obsolete, and containers will become the preferred way to transport goods. This method offers a safe and efficient way to move cargo using various modes of transportation.

Containerization brings a lot of order to shipping processes by using standardized container sizes like 20-TEU and 40-TEU. This standardization makes loading, unloading, and transporting goods more efficient.

Considering environmental concerns, the shipping industry is starting to focus more on sustainability. Some companies are exploring greener technologies, like alternative fuels and more energy-efficient container ships.

However, there are challenges faced by port authorities worldwide. These include congestion at ports, a shortage of containers, and the need for infrastructure upgrades to handle larger vessels. Shallow water at ports for Very Large Crude Carriers (VLCC) is also a challenge that needs attention.

In conclusion, as we navigate the future of the shipping industry and explore the evolution of containerization, it becomes evident that this transformative trend has become an indispensable asset for the safe and efficient import and export of goods in the maritime domain. The innovation of containers has not only streamlined logistics but has also redefined the landscape of global trade.

Containers have proven to be a game-changer, facilitating the seamless movement of goods across oceans, improving cargo security, and optimizing loading and unloading processes. The standardized and modular nature of containers enhances the overall efficiency of shipping operations, contributing to the growth and globalization of trade networks.

In a world where connectivity and speed are paramount, containerization stands as a beacon of progress in the shipping industry. Its adaptability and versatility make it a cornerstone for the safe and reliable transportation of diverse commodities. As we embrace these emerging trends, it is clear that containerization will continue to play a pivotal role in shaping the future of shipping and marine industries, ensuring that goods can traverse the seas with greater safety, efficiency, and ease.

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