



## ***NEWS RELEASE***

# **COA study reveals how shipping lines can benefit from cost savings of up to 13%**

*Industry-wide project finds that container operators can significantly reduce costs when off-hiring leased containers*

*Monday 15 September 2009 -*

A study recently completed by the Container Owners Association shows that savings of, on average, 12.9 percent are available to shipping lines on the cost of repairing containers at the end of a lease contract.

Most shipping lines operate container fleets comprising a mixture of owned and leased containers. When off-hired at the end of a lease contract, the container is surveyed and an estimate is prepared for the repair work that needs to be done to the container, in order for it to comply with one of two industry-accepted interchange criteria. These two criteria are as follows:

- The “Common Interchange Criteria” (CIC), adopted and endorsed in Shanghai in June 2008 by the Container Owners Association (the COA was established to represent the interests of container owners – both container operators and container leasing companies - worldwide)
- The “IICL-5” criteria, endorsed by the Institute of International Container Lessors, (the IICL represents the interests of ten of the world’s container leasing companies)

Until now, the difference in repair costs of these two criteria had never been evaluated on an industry-wide basis. For this reason, in March 2009, the COA established a representative Working Group - comprising shipping lines, leasing companies and repair depots – to calculate the difference in estimated off-hire repair costs between the two criteria.

The project involved the comparative inspection of a total of 600 containers worldwide. Six depots around the world (two in Europe, two in Asia and two in the Americas) each inspected 100 containers (50 20ft dry freight containers and 50 40ft high cube containers). Interchange estimate surveys were carried out on these containers, according to both CIC and the IICL-5 criteria, so that the difference in estimated repair cost of the two criteria could be measured.

Based on the survey's figures (including a weighting index to reflect the higher volumes of off-hires in Asia), the estimated repair costs of containers inspected to CIC were 12.9 percent less than when inspected to IICL-5 criteria. This variance between the two criteria is significant and substantial – especially in view of the very high number of off-hire estimates that take place daily around the world.

For this reason, the COA is calling for the container shipping industry to adopt CIC as the single industry standard for off-hire container inspection. By adopting CIC and including it in their leasing contracts, container shipping lines can benefit from substantial savings in their off-hire container repair costs.

In addition, a single standard would offer the industry a number of other advantages: simplified operations, improved repair depot efficiency, fewer unnecessary repairs, less confusion among surveyors and estimators, greater accuracy of estimates and a higher level of consistency in the quality of containers delivered to operators.

***Further information:***

1. To view the complete report and analysis of the study comparing CIC and IICL-5, go to:  
[www.containerownersassociation.org](http://www.containerownersassociation.org)
  2. Background details about the Study can be found on the page below
- For further information about the Study, contact the COA Secretariat:  
Tel: +44 (0)20 8398 9048  
Email: [secretary@containerownersassociation.org](mailto:secretary@containerownersassociation.org)

## ***Background information about the Study:***

### **A. Parameters for selecting containers that were inspected**

To ensure a useful, realistic and consistent survey sample, certain parameters were applied for the containers to be inspected:

- Where possible, the lease period was about three years, with no container surveyed being less than nine months old
- Only containers leased to the top 25 shipping lines were surveyed (thus avoiding those lines where specific operations can lead to “unusual” damage)
- No single line had a sample volume exceeding 20% of the total sample
- The same repair tariff was applied for both estimates for the same container (CIC and IICL-5 estimates )

### **B. The following depots supported the project:**

#### ***Asia***

OCWS, Singapore  
Container System, Hong Kong

#### ***Europe***

PSA-ACE, Antwerp, Belgium & CCA, Antwerp, Belgium  
Remain, Hamburg, Germany

#### ***Americas***

Agunsa - Tesco, Valparaiso, Chile  
Conglobal, Chicago, USA

The COA formally recognises the important contribution that these container repair depots made to this project in undertaking the surveys and preparing the relevant data.

### **C. Participants in the Working Group**

**The participants in the COA’s Working Group comprised:**

- **Three global shipping lines**
- **Three global container leasing companies**
- **Three container depots, from the US, Europe and Asia**