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GLOBAL LOGISTICS

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ROLLING ON THE WATER

Considerations For Choosing A RORO Carrier



THE WAY FORWARDER RoRo Carrier ACL Interfaces With Forwarders And Middlemen Rather Than The Actual Vehicle Or Equipment Manufacturers For Cargo Originating In North America.



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SHARELINES

- Considerations For Choosing A# RORO #Carrier

Roll-on/Roll-off (RoRo) shipping—where vehicles are driven on and off ocean carriers via ramps (rather than lifted by cranes)—serves a global marketplace. Department of Commerce data shows that U.S. exports of automobiles and light trucks soared to 2.1 million units in 2014, worth \$57.5 billion, more than double 2009 levels. China, Germany (an importer as well as exporter) and the Middle East, plus dozens of smaller receivers, form a big part of the export growth story. Further illustrating the vagaries of the trade, imports from Mexico—which ships many finished autos by rail into the U.S. —also move via RoRo into U.S. Gulf ports.

Here are some considerations to mull over before choosing a RoRo carrier.

BACKHAULS AND FRONTHAULS

“The port’s rotation and scheduling is critical in choosing a carrier,” explains Dona Toteva Lacayo, director of Business Development at Port of Hueneme. “It’s all about where the vehicles are being marketed.” The port, with three auto processing centers, moved 321,000 autos in the past year, with imports greatly outnumbering exports. Lacayo adds that reliability and consistency were vital, suggesting that shippers’ global relationships with the carriers were critical to smooth flows. For Port of Hueneme’s mix of imports and exports, she stresses that backhauls are a plus, “as vessels with otherwise empty space must return to their load ports for the next move.” She mentions that the Japanese stalwarts Honda, Toyota, Nissan and Acura, as well as General Motors, are moving autos westbound to Asia.

Looking to the future is Volkswagen Group of America (VWGoA), which moves 650,000 imported and domestically produced vehicles to its dealer network and roughly 20,000 vehicles outbound from its Chattanooga plant (mainly to South Korea and the Middle East). Jan Bures, the automaker’s executive vice president of Group After Sales & Services, says VWGoA is looking broadly at its network, which currently includes movements through Davisville, Rhode Island; Jacksonville; Houston; and San Diego. He also expresses concern that vessel schedules sometimes lack the desired flexibility, especially in the North Atlantic. “It’s always a close-finish scenario” to get cars to market with the desired timeliness, Bures says.

NETWORKS AND EASY ACCESS

In remarks at a recent logistics conference, Bures emphasized the importance of process

efficiency—where the vessels provide a vital link in the chain—and talked about optimizing the network to support VWGoA’s goal of 1 million North American units by 2020.

Network considerations are the driver of port choice, which, in turn, will lead to choices of carriers. VWGoA’s network analysis might lead to a recommendation that vehicles move through a second West Coast port.

Another perspective from the port side comes from John Haroldson, manager of International Trade, at the Port of Wilmington on the Delaware Bay. As a “landlord port,” waterfront real estate is leased out to automobile processors whose customers include Chrysler and General Motors, both of whom export cars to the Middle East.

Haroldson stresses the importance of ample storage, dedicated deep water RoRo berths and experienced labor. Recognizing the broader supply chain and network issues, he notes Wilmington’s proximity to the Atlantic—with no bridge issues and easy interface with interstate highways and Class I rail service (with sidings that can handle bi- and tri-level railcars).

LOTS OF ACCESS AND ZERO DAMAGE

RoRo ships are also used for transporting heavy trucks, tractors and oversized machinery and project cargo to far-flung destinations. Officials at Grimaldi Group, which has counted Atlantic Container Line (ACL) as one of its companies since 2001, are proud of their zero damage-level targets and say customers such as Fiat Auto, Ford Motor Co. and General Motors have rewarded the company for the quality of its services on numerous occasions. ACL’s interface with forwarders and middlemen (rather than the actual vehicle or equipment manufacturers) for cargo originating in North America also emphasizes the network benefits possible from the Grimaldi matrix, which stretches far beyond Europe and serves West Africa and destinations farther afield.

Advances in information technology may enhance the shipper experience in the future. At the same logistics event where VWGoA’s Bures spoke, panelists from leading auto manufacturers discussed the feasibility of a shared information platform that would include shipment tracking and damage reporting. The big data trends flowing across all parts of the logistics landscape might just benefit the increasingly complicated seaborne RoRo business—no longer the old “Point A to Point B” operation of days gone by.

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