

# Transshipment

## What is Transshipment?

Transshipment or transshipment is the shipment of goods or containers to an intermediate destination, then to another destination.

One possible reason for transshipment is to change the means of transport during the journey (e.g., from ship transport to road transport), known as Trans loading. Another reason is to combine small shipments into a large shipment (consolidation), or the opposite: dividing a large shipment into smaller shipments (deconsolidation). Transshipment usually takes place in transport hubs. Much international transshipment also takes place in designated customs areas, thus avoiding the need for customs checks or duties, otherwise a major hindrance for efficient transport.

An item handled (from the shipper's point of view) as a single movement is not generally considered transshipped, even if it changes from one mode of transport to another at several points. Previously, it was often not distinguished from Trans loading, since each leg of such a trip was typically handled by a different shipper.

Transshipment is normally fully legal and an everyday part of world trade. However, it can also be a method used to disguise intent, as is the case with illegal logging, smuggling, or grey-market goods. See the Transshipment show in Figure 1.1.



Figure 1.1. Transshipment

## **Why we use transshipment**

The distance between port of origin of cargo and its destination may be too far. A single direct service is often unavailable in such cases.

The shipment might be on a Less-than Container Load (LCL) basis, leading to changeover of parcel in the containers to a different container so that consolidation of goods going to the same port can take place.

Larger vessels carry a lot more cargo and benefit from economies of scale. However, these vessels cannot berth at smaller ports and transshipment is the logical way to move forward. Direct shipping by large vessels is justified only if a major portion of the cargo is being traded at that port.

It permits customization in the cargo handling to meet specific local, packaging requirements which can be accomplished at an intermediate port where cost of such operation is much lesser.

The use of real-time communication through internet and other wireless media has simplified the operational and transaction management aspect of transshipment and made it much more effective.

## **Transshipment Process**

Transshipment is the process of off-loading a container from one vessel and loading it onto another vessel. A shipment may undergo more than one transshipment during its journey from origin port to destination port since the steamship lines have restrictions in terms of service coverage, which are broken up into trade lanes. Many of the major lines offer service covering virtually the entire globe using what are known as transshipment hubs, which are ports along their service routes which have a transshipment connection to other ports of the world.

## **Advantages of Transshipment**

- No Trans-Shipments costs.
- Containers reach destination swiftly.
- No problem of roll-over at Trans-Shipments ports i.e., the probable delay due to the mother vessel calling the hub port with no space or any possible skipping of mother vessel calling the hub-port.

## **Transshipment at container ports or terminals**

The transshipment of containers at a container port or terminal can be defined as the number (or proportion) of containers, possibly expressed in TEU, of the total container flow

that is handled at the port or terminal and, after temporary storage in the stack, transferred to another ship to reach their destinations. The exact definition of transshipment may differ between ports, mostly depending on the inclusion of inland water transport (barges operating on canals and rivers to the hinterland). The definition of transshipment may:

- Include only seaborne transfers (a change to another international deep-sea container ship)
- Include both seaborne and inland waterway ship transfers (sometimes called water-to-water transshipment). Most coastal container ports in China have a large proportion of riverside "transshipment" to the hinterland.

In both cases, a single, unique, transshipped container is counted twice in the port performance, since it is handled twice by the waterside container cranes (separate unloading from arriving ship A, waiting in the stack, and loading onto departing ship B). See the Container ports or Terminals show in Figure 1.2.

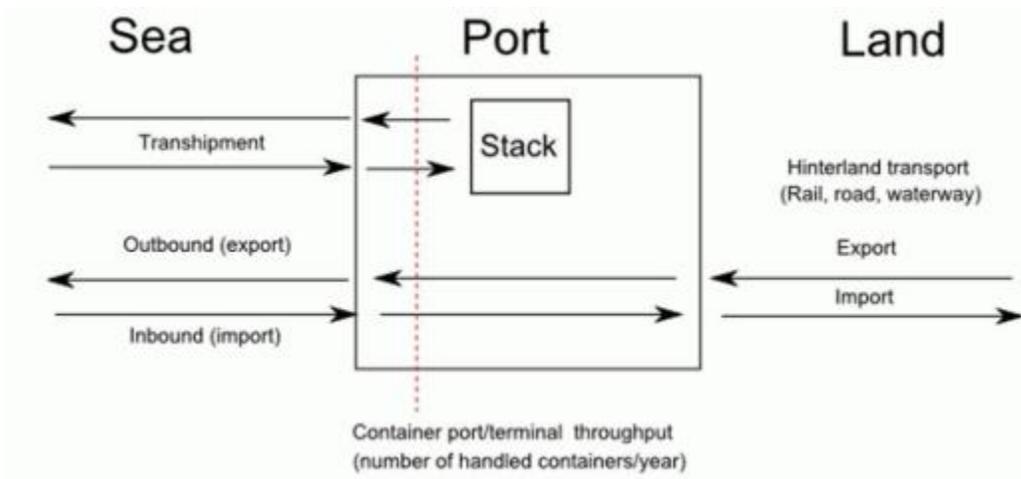


Figure 1.2. Container ports or Terminals

### Transshipment at sea

Transshipment at sea is done by transferring goods from one ship to another. In global fisheries it is used to transfer catch to refrigerated cargo vessels that also supply fishing vessels with fuel, food, equipment and personnel allowing them to stay at sea for months or even years. This guarantees that fish quickly finds its way to the market without a decrease in quality.

Since transshipment at sea encounters often happen on the high seas, in regions with poor regulation and oversight, they are also used to disguise criminal activities such as illegal, unreported and unregulated fishing, forced labor, human trafficking and drug smuggling.

Several states and regional fishery management organizations have therefore prohibited the practice for certain vessel types or issued a complete ban within their zone of jurisdiction.

### **Type of transshipment**

- Direct transshipment
- Indirect transshipment

**Direct transshipment** is where ships are anchored beside each other and cargo is moved directly from the incoming vessel to the outgoing vessel.

**Indirect transshipment** this happens where an importing vessel lands at the transshipment hub and the exporting vessel picks the cargo sometimes to the next transshipment hub or to the final destination of the cargo.

### **Reasons why transshipment activity is undertaken**

- Importers make bulk shipments from the port of origin to numerous transshipment centers and therefore the shipper may decide to break up the cargo into small loads to be sent to different individual destinations as per the bill of lading. This helps to reduce the shipping cost.
- Sometimes transshipment may occur especially when dealing with (LCL) less container loads. The shipper may decide to unload some loose cargo and group it according to the same final destination or the port of discharge.
- In transport and logistics management, we always do routing for strategic reasons. The shipping line may sometimes decide to have importers cargo undergo transshipment if the distance between the port of loading and the port of destination is very long for them to allow direct shipment. In this situation, the transshipment may be used because maybe is cheaper as compared to direct shipment to the final destination.
- The port of destination may be not able to accommodate big vessels which carry thousands of containers to different geographical locations. Therefore for this reason transshipment is done at different transshipment points. In this scenario different types of vessels from different destinations anchor to pick cargo from the main vessel and dispatch it to different countries as per instructions on the bill of lading.
- Shippers may opt to undertake transshipment, especially when dealing with a huge project shipments. Therefore they pool resources together in order to cut cost associated with shipments requiring a huge amount of finances to have shipment reach the destination at the right time and in good condition.