

## Questions Directed to Shippers

### **1. What do you see as the advantages and disadvantages of slow steaming?**

Advantages: Reduced emissions, reduced costs, ability to make up time if vessel is behind. Disadvantages: Requires more vessel capacity, longer transit times, increased inventory and cost in the supply chain.

### **2. How has slow steaming of ocean liner services impacted your overall business costs? How significant are those costs? What measures, if any, has your company taken to mitigate any negative cost impact on your business arising from slow steaming?**

Increased inventory requirements have stressed our supply chain. In some cases, expedited shipments have been required at higher costs.

### **3. Has your company benefited from the fuel cost savings that slow steaming makes possible by obtaining, for example, lower freight rates or bunker adjustment surcharges? If so, identify those benefits and explain how significant they are.**

There has been no assignable cost savings as a result of slow steaming.

### **4. Describe how, and to what extent, the slow steaming of ocean liner services has impacted your company's supply chain, space availability, and container availability.**

Transit times are longer, which now requires us to either use higher cost carriers with shorter transit times, or tie up more inventory that is in-transit. Slower transit times exacerbate equipment shortages.

### **5. Are different services, i.e., slow steaming vs. normal steaming, available to your company from different ocean carriers over the same trade lane? Alternately, do any individual ocean carriers offer your company different transit times over the same trade lane with varying rates or other service features?**

Yes, there are different steaming options available for our company. Yes, there are different transit times offered by the some carriers over the same trade lane.

### **6. In the past year or so, have ocean transit times lengthened between the major port-pairs used in your company's ocean shipping operations on account of the slow steaming of services? If so, how much longer have those transit times become and between which port pairs?**

Yes, there have been lengthened transit times over the past year. Increases have ranged from a few days on Trans-Atlantic to a week or more on Trans-Pacific.

### **7. Do ocean transit times vary significantly among the different services that link the major port-pairs used in your company's ocean shipping operations? When arranging shipments, what role do differences in transit time play in your carrier or service selection process?**

Yes, there are significant differences in transit times. These transit times are an integral part of carrier selection on some of our shipments.

**8. If you have service contracts with ocean carriers, were transit times or slow steaming provisions included in those contracts? Was slow steaming consistent with your governing service contract provisions?**

Not addressed in agreements.

**9. As a U.S. exporter, has the slow steaming of ocean liner services in the U.S. trades put your company at a competitive disadvantage in overseas markets? If so, please explain.**

Yes, because either higher rates are being paid for faster service or more inventory is being tied up in transit.

**10. Identify and describe what benefits your company has derived from slow steaming (e.g., more reliable and predictable sailing schedules, a more stable supply chain, etc.).**

No identifiable benefits have been shown from slow steaming.

**11. Do you believe slow steaming is sustainable over the long-run? Please explain why or why not.**

Most carriers say yes to this question. From our perspective, the answer depends on the cost of bunker, the availability of containers, and supply/demand

**12. Do ocean carriers provide you with information on fuel, cost, or emissions savings that allow you to calculate and consider the benefits of slow steaming in choosing among transportation options?**

No

**13. Discuss whether your company uses slow steaming services to help reduce its carbon footprint on the goods it sells? If so, how substantial are these reductions? How do you measure or quantify these reductions? What type or form of information would better assist you in making choices that reduce your carbon footprint?**

We have not used slow steaming as a way to impact the carbon footprint of our company.

Questions Directed to Ocean Liner Carriers

1. What does your company see as the advantages and disadvantages of slow steaming?
2. What proportion of the ships your company operates in the U.S. trades slow steam? What proportion slow steam outbound from the United States? What proportion slow steam inbound to the United States? Please break this information down by trade lane.
3. Do you have plans to increase or decrease slow steaming during 2011 and/or the years that follow?
4. What factors help your company decide to slow steam any given service string? What factors cause your company to decide whether to slow steam in one direction only?
5. In the past year, by how much (i.e., absolute amount and as a percent of the total) has your company reduced its bunker consumption, bunker fuel expenses, and carbon emissions as a result of slow steaming ships in U.S. ocean liner services?

6. Do you make this information on fuel, cost, and emissions savings available and transparent to your customers? If not, do you have plans to, and what is your goal date? If not, why not?
7. Do you offer shippers, over the same trade lane, different transit times by reason of slow steaming vs. normal steaming?
8. Have you passed cost savings along to shippers through adjustments to any bunker surcharge formulas, or by lowering rates? If not, do you have plans to, and what is your goal date? If not, why not?
9. Are there any costs incurred by the ships your company is slow steaming that would not accrue if they were operating at normal service speed and, if so, what are these costs and how significant are they?
10. What factors constrain your company's ability to slow steam more services or to further slow down ships that are already slow steaming (i.e., super-slow steaming)?
11. How many vessels do you add to service loops that begin slow steaming for part or all of the loop? Are there instances where vessels are not added?
12. Is your company adding new vessels to your fleet to accommodate slow steaming?
13. Are new ship designs incorporating hull and propulsion engine innovations to better accommodate slow steaming?
14. How has slow steaming impacted your company's on time performance of sailing schedules?
15. Are some shipper accounts more affected by slow steaming than others? If so, please explain. What measures has your company taken to try to mitigate any adverse impact of slow steaming on specific shipper accounts?
16. To what extent has slow steaming affected your company's ability to maintain or expand capacity in the U.S. trades and/or its ability to maintain adequate availability of containers at appropriate inland locations?
17. Do you believe slow steaming is sustainable over the long-run? Please explain why or why not.
18. If your company participates in one or more vessel sharing arrangements ("VSAs"), describe whether and to what extent VSAs are positively or negatively impacted by slow steaming.

#### Questions Directed to Rate Agreements That Establish a Bunker Surcharge Guideline

1. Within the geographic scope of your agreement, what proportion of the ships used by your members slow steam? What proportion slow steam outbound from the United States? What proportion slow steam inbound to the United States? Please break this information down by trade lane.
2. Please explain your method used for developing the bunker surcharge guideline. How can the formula be modified to reflect the savings realized from slow steaming?
3. Has your agreement discussed possible ways to pass cost savings along to shippers? If not, do you have plans to, and what is your goal date? If not, why not?
4. What measures has your agreement taken to try to mitigate any adverse impact of slow steaming on the trade?

5. To what extent has the prevalence of slow steaming within the geographic scope of your agreement influenced the type of discussions that take place or the type of information exchanged under the authorities contained in your agreement?

#### Questions Directed to All Interested Parties

1. What are the major benefits and costs associated with slow steaming?
2. To what extent has the slow steaming of services in the U.S. ocean liner trades reduced greenhouse gas emissions?
3. Discuss the likely long-term prevalence of slow steaming and its potential impacts on the economy and/or the environment.
4. How important is slow steaming in the overall effort to reduce emissions of greenhouse gases and other air pollutants arising from ocean liner operations?
5. What data sources are available to measure the economic and environmental impacts of slow steaming?