

# Ocean Freight Rates Are On The Rise! Have You Renegotiated Your Rates Lately? By: [Ray McGuire](#)

**Ocean freight rates are on the rise.** This is particularly true of ocean container shipments. In the last three months **average ocean freight rates (container transport particularly) have climbed up to 55%**. Have you renegotiated your rates lately? If not now is the time!

**Effectively negotiating ocean freight is not so simple and depends on knowing a fair amount of detail.** Will you have many "one-time" shipments, or more a repetitive business with each shipper? How much product are you shipping at one time, or if repetitive, each shipment? If repetitive, how often? The answers to these questions also determine if you want to use a freight forwarder or negotiate directly with the ocean carriers.

**Door to door transit time is also a huge consideration.** Will you ship to a major or "gateway" port and then truck to multiple distribution centers? Or will it all go to one DC? If you are planning on moving the containers intact to an inland DC, some difficulty may arise depending on the ocean carrier, and rail charges can be quite high. A forwarder (or the customs broker) can often manage the container delivery trucking to and from the port much better than a carrier (if the carrier even would). Otherwise you must arrange the trucking.

**There are quite a few charges that may be a part of the total ocean / delivery transport costs** on a typical import shipment. Some may be negotiable with the carrier / forwarder (given sufficient volume and frequency) and if you understand how ocean freight rates are calculated.

**Let's take a look at what some ocean freight cost components might be:**

- BAF - Bunker Adjustment Factor Surcharge
- ACC - Alameda Corridor Surcharge
- PNC - Panama Canal Charge
- SUZ - Suez Transit Surcharge
- PSS - Peak Season Surcharge
- AMS - Advance Manifest Surcharge
- CHS - Chassis Usage Surcharge
- CAF - Currency Adjustment Factor
- DDC - Destination Delivery Charge
- THC - Terminal Handling Charge
- ARB - Origin Arbitraries
- AGS - Aden Gulf Surcharge
- WRS - War Risk Surcharge

**Depending on your terms of sale (Incoterms) you may pay origin charges including:**

- ORC - Origin Receiving Charge
- ODF - Origin Documentation Fees
- THC - Terminal Handling Charges
- DTHC - Destination Terminal Handling Charges

**If your shipment is moving inland from the port you may pay:**

- DDC - Destination Delivery Charges
- IPI - Inland Point Intermodal or MLB - MiniLandBridge
- IFC - Inland Fuel Surcharge

In addition, your container freight **rate may depend on the actual commodity** being shipped.

Of course there are **the myriad of other costs** not directly associated with the ocean freight or container rate, some of which include:

- Importer security Filing (ISF or 10+2)
- Customs Brokerage
- Duty & Taxes
- Stripping and / or Transloading of Containers
- Interim warehousing

and, and, and ...

**If you need more detail or clarification, we will be happy to work with you to setup a bid or RFP (Request For Proposal), or to audit or review your current rates and processes for possible improvement.**

Whatever you do, **plan for success!** Poor planning can result in much headache and unnecessary expense. **Great success will follow your good planning.**

**Contact us today at [inquiry@raymcguire.com](mailto:inquiry@raymcguire.com) for more information.**

**[Ray McGuire Consulting Group](#)** provides direction, tools and training to help you quickly and successfully execute international and domestic logistics, inventory management, agent/supplier relationships, safety, social and governmental compliance or security programs.

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#### **About the Author:**

**Ray McGuire** (President – Ray McGuire Consulting Group), seasoned logistics and supply chain executive with experience in Asia, Europe, and the United States, provides advice, direction, and project management to well known high-end consumer electronics, fashion apparel retailers, paper and packaging products manufacturers, and other importers, as well as customs brokers and international forwarders; successfully implementing **[international logistics](#)**, **[Customs](#)**, C-TPAT, NAFTA, **[Importer Security Filing](#)**, TSA, **[social and vendor compliance](#)**, cross-dock, pick & pack fulfillment, and distribution solutions. He has expert knowledge and experience in C-TPAT certification (Customs-Trade Partnership Against Terrorism), Importer Security Filing (ISF or 10+2), AES, FAST, TSA, and other supply chain security programs

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