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# Container Leasing

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# What is Cargo Container

- ❖ internationally-approved standard dimensions
- ❖ can be moved by various modes of transportation
- ❖ size ~ “ twenty-foot equivalent units “ or TEUs

# Container Types

- ❖ dry for all types of dry cargo
- ❖ reefer for frozen or chill cargo
- ❖ special for over size or liquid cargo

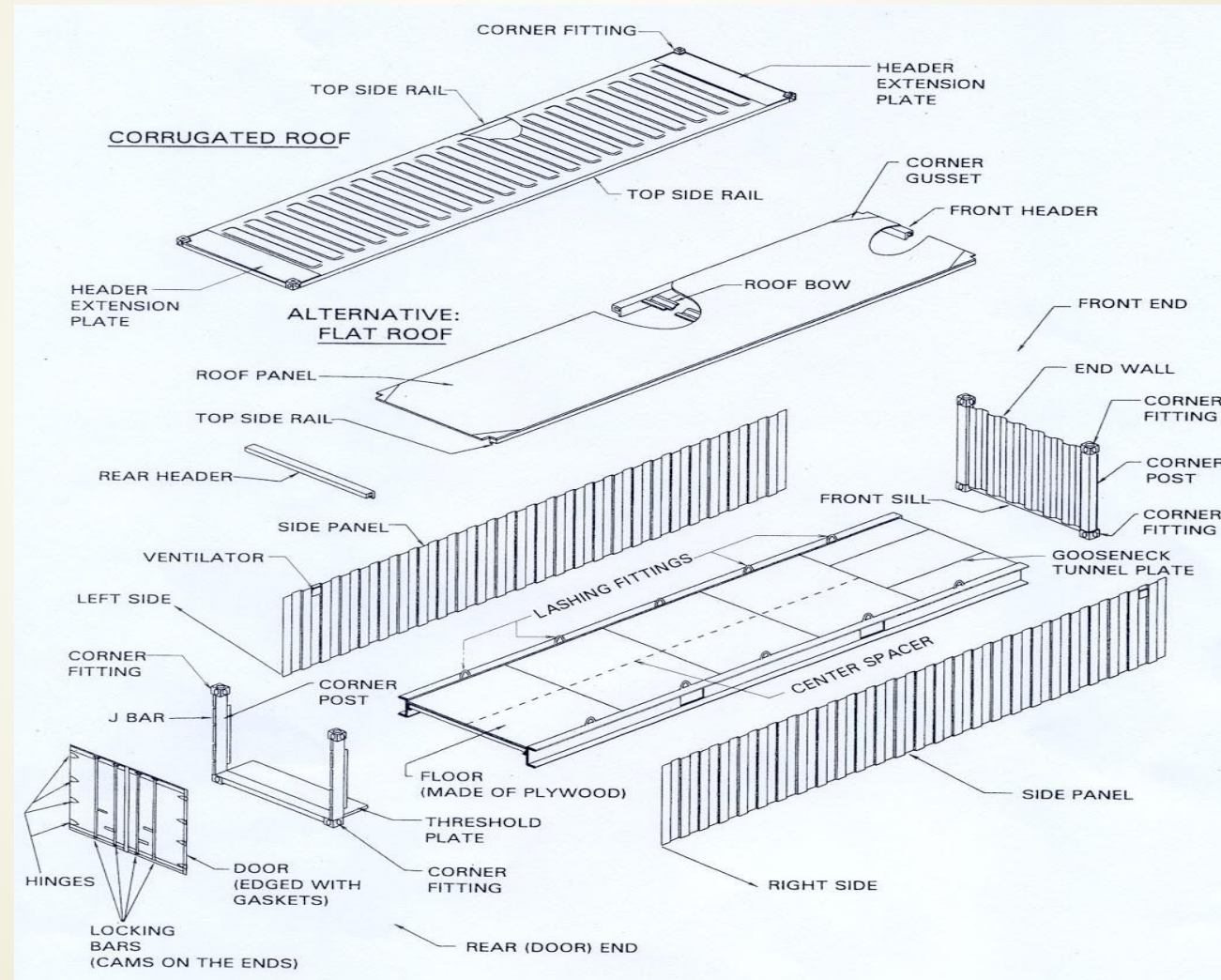
# Standard Dry Freight Containers

- ❖ twenty-foot standard (8.5 feet)
- ❖ forty-foot standard (8.5 feet)
- ❖ forty-foot high cube (9.5 feet)

85% standard dry containers

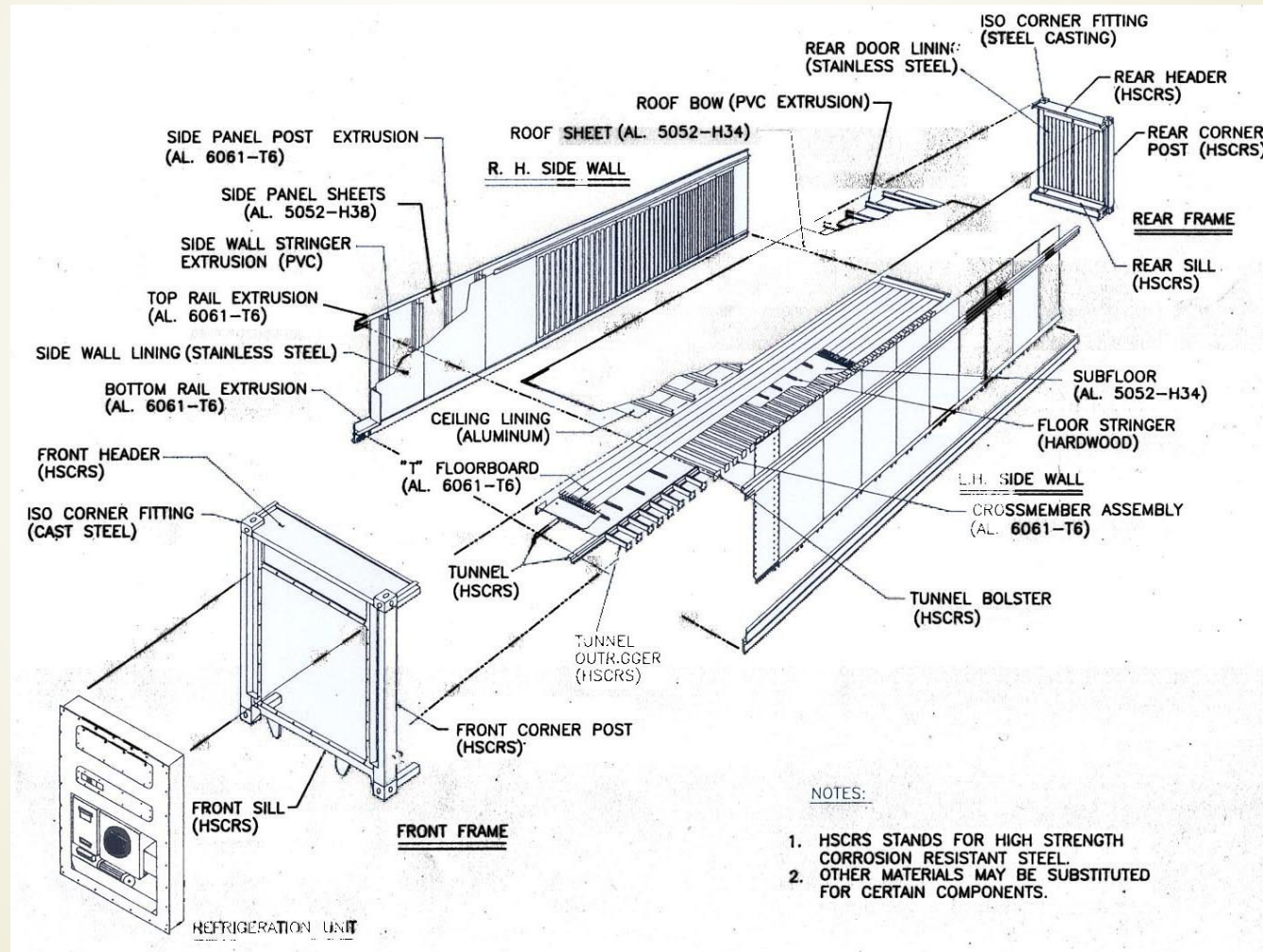
15% specialized containers

# Dry Cargo Container



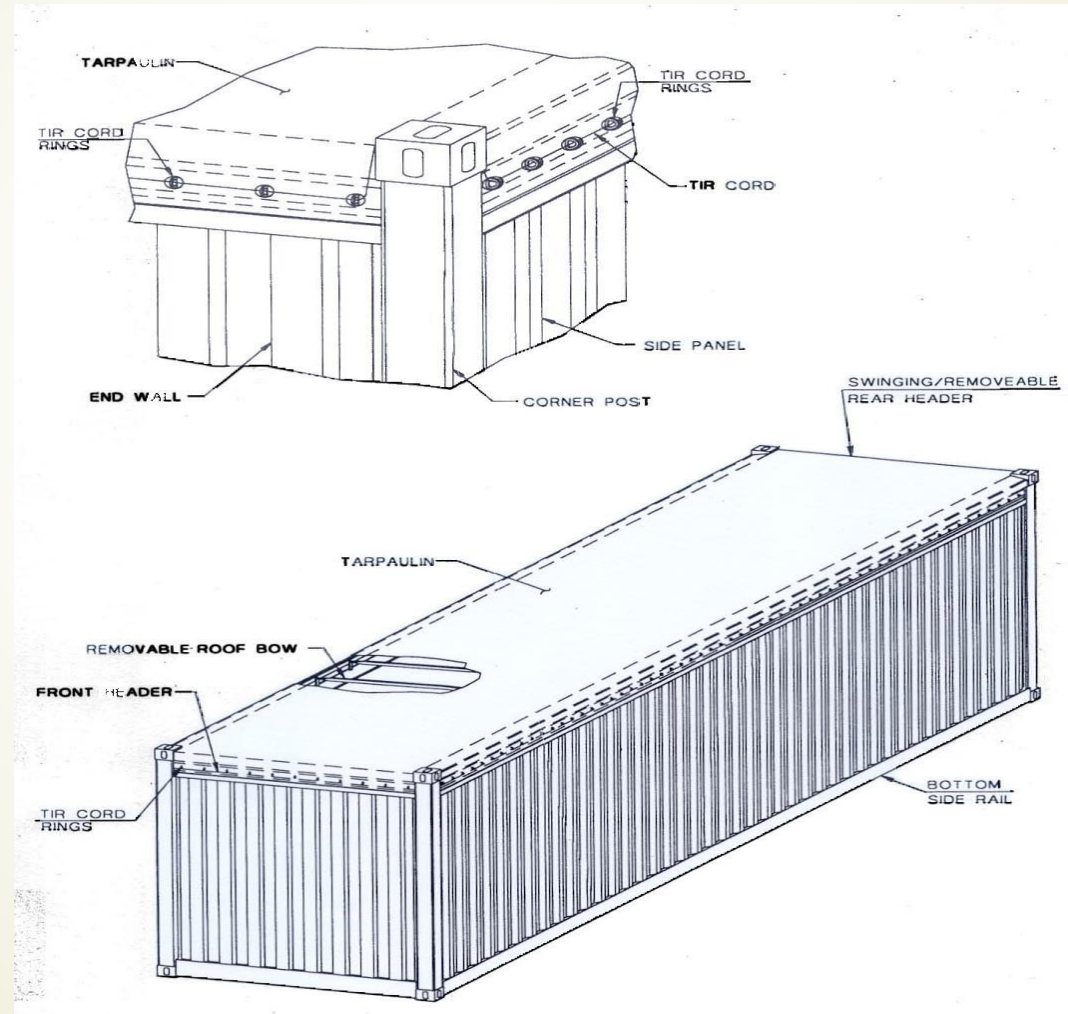


# Reefer Container





# Open Top Container





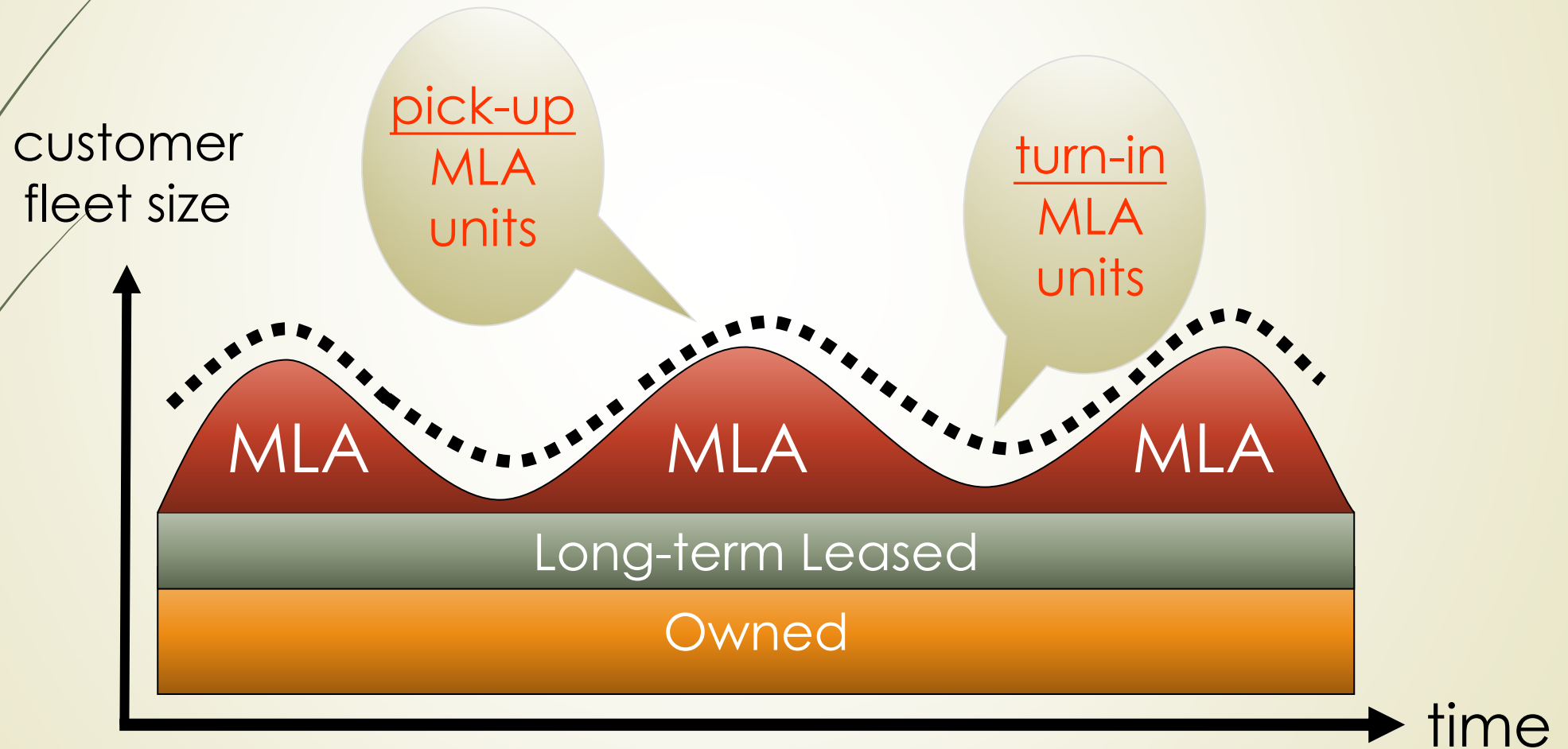
# What Drives the Leasing Industry?

- ❖ world trade
- ❖ globalization of manufacturing
- ❖ container replacement

# Why Lease Containers?

- ❖ cargo volume imbalances
- ❖ experimental trade routes
- ❖ contract cargo
- ❖ lack of adequate capital

# Uncertain Equipment Demand



# How does Leasing Company Operate?

## **Car rental company**

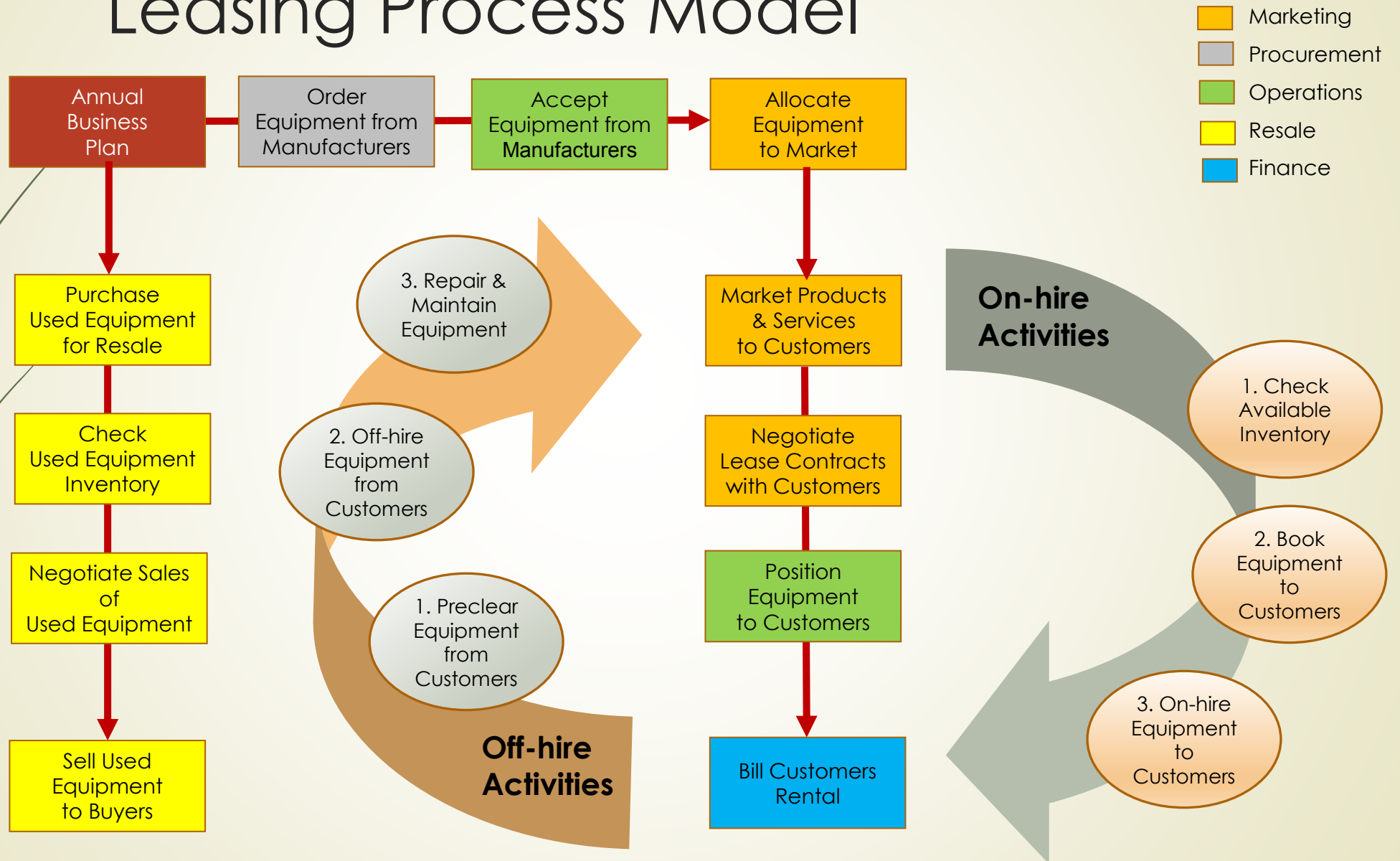
- ❖ higher daily rate
- ❖ convenient pick-up and return locations
- ❖ customer responsible for damage/liability insurance or damage waiver

## **Container leasing company**

- ❖ higher daily rate
- ❖ pick-up and return locations along various trade routes
- ❖ customer responsible for damage/liability insurance or damage waiver



# Leasing Process Model



# What is Container Lease Agreement?

- ❖ responsibilities of lessee
- ❖ M&R costs responsibilities & LOSS
- ❖ billing and payment conditions
- ❖ daily rental rate
- ❖ container on-hire locations & costs
- ❖ terms of the contract
- ❖ off-hire locations, costs & CAPs

# Types of Lease Agreements

- ❖ Lease Purchase
- ❖ Long-Term Lease
- ❖ Master Lease

# Lease Purchase

- ❖ purchase option
- ❖ negotiate a deal with Lessee
- ❖ manufacture containers
- ❖ position to lease-out port
- ❖ lease out to lessee
- ❖ bill & collect per diem
- ❖ sell container at the end of lease for \$1.00

# Long-Term Lease

- ❖ 3-8 years lease period
- ❖ pre-clear units for redelivery
- ❖ estimated for repair
- ❖ request survey
- ❖ authorizes repair amount
- ❖ repair the units
- ❖ repair - local bill
- ❖ repair - central rebill
- ❖ depot invoices is paid
- ❖ ready for next lease-out

# Master Lease

- ❖ no commitment on lease period
- ❖ contract re-negotiation
- ❖ booking & credit control
- ❖ redelivery control
- ❖ enter into repair process



# Major Challenges of the Industry

- ❖ shipping line consolidation
- ❖ pressure from competitors
- ❖ periodic new start-ups
- ❖ IT improvements
- ❖ slow cargo growth rate
- ❖ management risk
- ❖ aging

# Related organisations

- **BIC - Bureau International des Containers**
- <https://www.bic-code.org/check-digit-calculator/?biccode%5B%5D=F&biccode%5B%5D=C&biccode%5B%5D=I&biccode%5B%5D=U&serialstart=345643&serialend=>
- **IICL - International Institute Container Lessors**
- <https://www.iicl.org/>
- **COA - Container Owner Association**
- <https://www.containerownersassociation.com/>

# Q & A