

Virtual Container Yard: Assessing the Perceived Impact of Legal Implications to Container Carriers

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Abstract : Virtual Container Yard (VCY) is a modern concept that helps to reduce the empty container repositioning cost of carriers. The concept of VCY is based on container interchange between shipping lines. Although this mechanism has been theoretically accepted by the shipping community as a feasible solution, it has not yet achieved the necessary momentum among container shipping lines (CSL). This paper investigates whether there is any legal influence on this industry myopia about the VCY. It is believed that this is the first publication that focuses on the legal aspects of container exchange between carriers. Not much literature on this subject is available. This study establishes with statistical evidence that there is a phobia prevailing in the shipping industry that exchanging containers with other carriers may lead to various legal implications. The complexity of exchange is two faceted. CSLs assume that offering a container to another carrier (obviously, a competitor in terms of commercial context) or using a container offered by another carrier may lead to undue legal implications. This research reveals that this fear is reflected through four types of perceived components, namely: shipping associate; warehouse associate; network associate; and trading associate. These components carry eighteen subcomponents that comprehensively cover the entire process of a container shipment. The statistical explanation has been supported through regression analysis; INCO terms were used to illustrate the shipping process.

Keywords : virtual container yard, legal, maritime law, inventory

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