

Cryptocurrency and Shipping: the TEU

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Shipping companies face the problem of customers backing out of commitments with few if any repercussions. That can sabotage their scheduling, forcing them to hold cargos on the docks but also leave with half empty ships. Booking contracts exist but are rarely enforced.

The problem is costing shippers \$26 billion a year, says [300cubits](#) co-founder Johnson Leung. His Hong Kong-based company introduced the **TEU**, the shipping industry's first cryptocurrency to use an **ethereum**-based booking and smart contract platform. It goes live June 15.

Although a new booking contract system isn't a shipping game changer, Leung says that using TEU tokens is. Currently, cash deposits or bank guarantees are the norm, which can be expensive. Companies using TEU tokens will agree on a deposit amount, put into the booking system. If one party doesn't fulfill the agreement, the tokens are transferred to the other party.

300cubits is the first company to use cryptocurrency for booking deposits and the first in shipping to have a live blockchain production system, said Leung. "Most of the blockchain projects are in the conceptual stage, without a launch timeline," he said.

Free Tokens

In early February, 300cubits started giving free TEU tokens to industry players, based on volume transacted in 2016. Those who get in early will not have to pay for tokens.

Of 100 million total tokens created, 20 million are currently available to the industry, and another 18 million will be sold to the public in March, under a "know your customer" approach.

About 20 industry players have signed on and will start alpha testing the live system in late February, including some of the top 10 freight forwarders, said Leung. Only one company has publicly disclosed that it signed on: the Coopernic Group, a European-based strategic buying alliance with tentacles in 21 countries and four independent trading companies. After May beta testing, the booking platform is expected to go live on June 15.

"I think that eventually, the TEU will replace the (cash) deposit for the booking, Leung said. "In the long run, we'll see this as a common practice in the industry."

He anticipates other booking platforms using TEU tokens in the future. The tokens are restricted to the 300cubits booking platform for two years, after which they can be used on other booking systems or for other purposes. "I think the market will be very competitive later," Leung said.

He also sees the tokens as a medium of transfer for other future shipping functions, including payments to vendors or the terminal, settlement, and payments to truck drivers and warehouses.

For 300cubits, the big hurdle is that in the container shipping market, blockchain and cryptocurrency are still fairly new ideas.