Market update container logistics

The situation in the chain remains unsettled. Everyone notices that. But what exactly is going on? In this market update we explain the situation.

There are still noises in the market that there are too few empty containers or ships available. Is that really the case? And what does that mean? Perhaps it is good to first look at the entire chain. At the moment, containers travel from door to door - from Asia to European destinations - for an average of 4 months. By comparison, before Corona the transit time was just over 1.5 months. The longer transit time says something about the amount of loaded containers in the chain.

Currently, the chain is continuously filled with ships of a larger class and a much higher utilization rate. So it seems that there is at least 2 to 3 times as much cargo in the chain. There are much more full containers in the chain at the moment. We also see that the market is having great difficulty handling this cargo. Terminal capacity at the beginning and end of the liner chain, together with hinterland capacity, determines whether we get more cargo out of the chain than we put in. However, with the current stack utilization at terminals in the seaport, it is virtually unthinkable that we will be able to reduce the number of containers in liner shipping to comfortable volumes in the short term. We are already seeing terminals further limiting the cargo windows for delivery of export containers.

The volume of transshipment cargo has increased enormously in Rotterdam and Antwerp. This is also understandable because the enormous sea-going vessels with high occupancy cannot, because of their dimensions, reach many other ports. Much cargo is dropped in the main ports and then sailed on to other smaller ports. This means that for these containers, 2 more handlings are added to the seaports. This is at the expense of capacity for the cargo that needs to be transshipped for the actual hinterland of those ports.

Matters that also affect capacity are the large volumes of containers that cannot continue due to the sanctions against Russia. And the valuable Eastern European workers in transport and logistics who are no longer available because they have returned home to protect family, home and hearth. In addition, the effects of downtime due to last week's storm and the reduced availability of workers due to Covid still impact operations.

An accumulation of circumstances, ports becoming completely congested and productivity severely reducing. As a result, even less cargo can be transported collectively to and from the seaports. This in turn means that more has to be done by truck, which also, from the road, creates enormous waiting times at terminals and depots at certain times. Last week our drivers had to queue for over 2.5 hours at various places in the port to be able to drop off or pick up a container. At certain times it was totally impossible for containers from some shipping companies to be dropped off at a free available spot.

Within this environment, we are extremely happy that loads still goes well and succeeds. We do have to deploy 1 or 2 more ships because of the difficult handling, but fortunately everything is still moving. We can make use of various methods to move containers into the hinterland. Inland CY, Drop off, Pick up and Re-Use of containers ensures that we can reduce the number of actions in the seaports at terminals and depots. Where we now see that this is very necessary. For the return of empty containers we have to rely on more use of depots which then have to ship these empty containers to a deep sea terminal for transport to Asia. This also means 2 extra handlings in a seaport that is already heavily congested.

In the coming weeks we will have fewer working days available to process the total quantity of containers. In addition to the weekends, several depots are closed on public holidays during the week. This increases the pressure on these depots and the number of pro-forma slot requests for handling barges. We see that at several depots that the available capacity is already fully booked up to a week in advance.

As much as we would like to, transporting parties cannot expand the capacity in the seaports. We can only try to deploy our ships and trucks as efficiently as possible within the handling space available at the terminals and depots. At some terminals this works well because of the individual or collective fixed window agreements. At other terminals we see that the handling of inland vessels unfortunately does not get the structural priority and capacity. The capacity that would enable barge transport to make its contribution to the rapid removal of import containers and the delivery of export containers as late as possible. With its enormous capacity potential, inland shipping can make a valuable contribution to keeping the productivity of seaports high, but this means that the position of inland shipping for landside handling must be structurally improved.

High productivity of terminals is beneficial to all parties. Shipping companies because ocean vessels and transshipment can be handled faster, terminals since they can perform more handlings per 24 hours, and for the hinterland carriers waiting times are reduced. Also, the cargo stakeholder benefits as containers will be picked up and returned within their agreed time windows.

For export bookings we currently see that almost no booking can be executed within the framework as agreed between shipping company and shipper when making the booking. This therefore means that bookings have to be processed without it being clear whether it is feasible and whether it is possible to work within the previously specified timeframes.

Arrivals of deep-sea vessels are delayed resulting in available windows being pushed back, affecting handing in and picking up full and empty containers. In some cases we first see a number of delays in ETA but it also happens sporadically that an acceleration follows and the ETA moves up. We are able to check the status of individual containers in relation to these shifting ETAs in advance via MCA from Portbase, Nextlogic communication and our in-house developed ETA scraper. Of course, we will keep you informed of our observations to the maximum extent. However, we can only observe information that is offered to us. There has not been an offer regarding a real-time integrated overview of all seagoing vessel ETAs in ports, meaning we are reliant on our fragmented sources.

All in all, in the next few weeks it will be very challenging to process the containers in a timely manner. You can assume that we have prepared well, to the extent that it is within our control. Despite this preparation, there is a real chance that we will have to inform you, with regard to previously accepted bookings, that it will ultimately not be possible to execute the booking within the set timeframes. Unfortunately we cannot look into the future, looking one day ahead is already a very uncertain expectation. We are making every effort to transport the maximum number of containers for our valued customer base. In doing so, we may be forced to inform you, after acceptance of the booking and even after the container has been loaded, that the booking may not be feasible within the agreed timeframe. In view of the external circumstances mentioned in this market update, we do not consider ourselves liable for any costs arising from this.

We would like to express our hope in shipping companies and terminals, finding ways to increase the productivity and handling at the sea ports to a maximum. Perhaps you can also contribute by asking the right parties about this.

On behalf of our team of hands-on experts, we wish you a happy Easter and following public holidays.

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