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No respite for shippers even as demand eases

The unbalanced growth in box demand is likely to see equipment shortages extend to 2022

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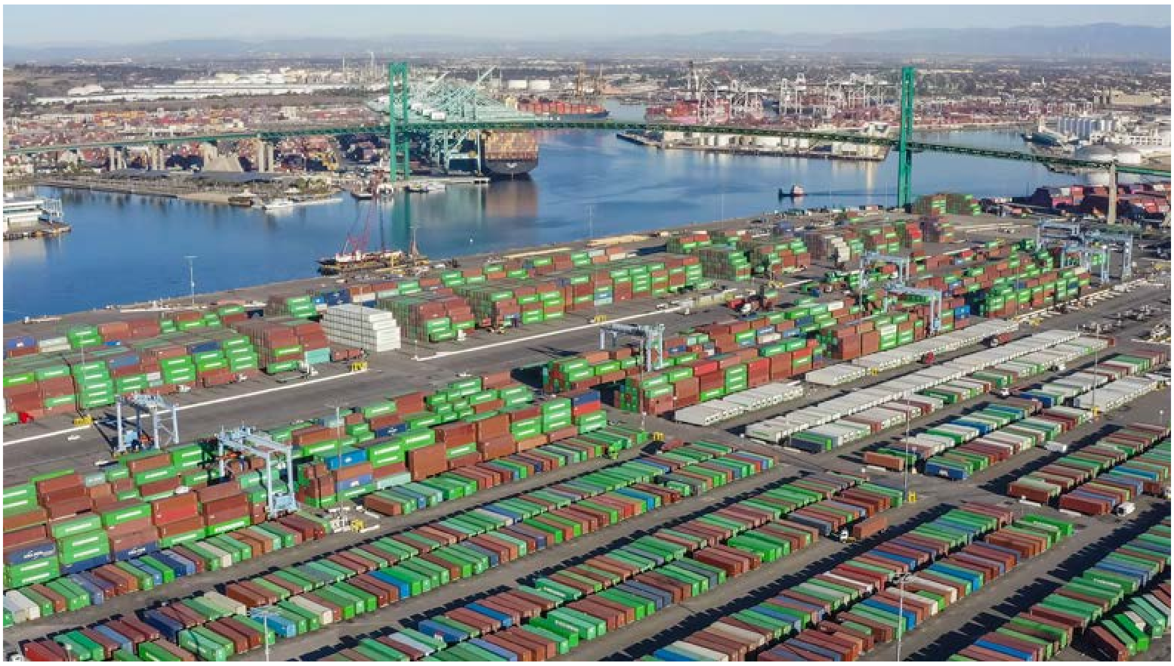
Annualised box volume growth figures show only moderate growth since 2019. But the boom in demand in the US is causing a cascade effect of delays and equipment shortages across the global supply chain



CONTAINERS AT LOS ANGELES. GLOBALLY BOX VOLUMES ARE GROWING ONLY SLOWLY, BUT US DEMAND IS BREAKING ALL RECORDS.

GLOBAL containerised trade volumes eased in April, falling 4.6% from a month earlier to 14.8m teu, according to the latest monthly updates from Container Trades Statistics.

Comparisons with last April are largely meaningless due to the lockdowns at the onset of the pandemic, but global trade figures were up 5% on April 2019, and the year-to-date figure for this year is 6.5% higher than in 2019.

However, the global picture paints a distorted image of the market as a whole even when compared to the last year of “normal” demand.

Analysis by Sea-Intelligence shows that when compared to 2019 figures, annualised growth since last September has been around 4%, declining over the past two months to just 2%.

“To be very clear, if the pandemic had never happened, the reality of April 2021, is that the market has grown 2% per year on average since 2019,” said Sea-Intelligence chief executive Alan Murphy.

US consumers continue to drive the recovery from the pandemic, with volumes of 1.9m teu on a par with March’s figures, according to CTS.

The annualised growth rate in the US market since 2021 had risen as high as 15% in February, and still stood at 10% in April.

Europe, by comparison, had seen no growth on 2019 figures during the corresponding period.

“The [US] status as of April 2021, is that imports are at the same point as they would have been without the pandemic, but with a 10% annual growth for two years in a row,” Mr Murphy said. “This is an extremely high growth rate and would under any circumstances put the port and hinterland infrastructure under severe pressure.”

It was this demand on one major trade lane that was leading to the disruptions in the supply chain that were being felt globally, he added.

Hinterland slowdowns were causing a shortage of equipment, despite carrier efforts to inject more capacity into the market.

“General opinion seems to be that equipment shortages will last at least until the end of this year,” CTS noted. “The situation is complex. Carriers have been buying more containers, but they are getting caught up in the system and not always getting to where they are needed fast enough.”

The congestion at ports was also reducing the sailing schedule reliability of carriers.

“The demand development in itself can clearly not be the key driver for the extreme shortage of vessel capacity in the market presently,” Mr Murphy said.

But delays to voyages were collectively tying up capacity that could not be deployed for cargo.

In February, at the peak of the congestion problem, delayed vessels accounted for 12% of the total fleet capacity. By April this had eased somewhat, but there was still the equivalent of 2.1m teu being held up.

“In very real terms, the congestion problems in 2021 is of such a magnitude, that the effect is the same as if the entire industry had decided to remove all ultra-large containerships from the fleet, without adding any new vessels,” Mr Murphy said.

On the one hand this could be seen in a positive light, as it indicated that both equipment and vessel capacity was sufficient to meet demand once the landside bottlenecks had eased.

It also provides a counterpoint to the shipper narrative that carriers are restricting capacity to force up rates.

But Mr Murphy warned that the root causes of the disruptions could last well into next year.

“We are not done with the operational disruptions driven by Covid-19 just yet,” he said. “In what can only be described as a highly concerning development, we are seeing rapid escalation in waiting times in Yantian, which was impacted by Covid-19 restrictions last week, and this week more restrictions are now rolled out over a wider part of Guangzhou, also impacting the port of Nansha.”

These developments have already been implicated in a downturn in the growth rate of China’s export values in dollar terms in May and indicate that any resurgence of the pandemic at any point along the supply chain could extend the disruption.