

Gard warns of hazards in booming container market

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Are Solum, Gard senior claims adviser based in Arendal, Norway, has warned that there is a flipside to the currently booming container market. “The turbulent market comes at a cost, and now is the time to exercise diligence”, he said.

While the bounceback from the Covid-19-induced dip in trade was fast and hard, which was good news for logistic companies and container carriers, from other points of view it had become a container crisis.

The major ports in Asia, USA and Europe had become bottlenecks, with Covid outbreaks and restrictions slowing down operations. There had been temporary closing of terminals, massive congestion of vessels in some ports and a lack of empty containers in others. Cancelled sailings had caused problems for cargo shippers.

The demand for transportation had reached an all-time high, with the cost for shipping goods increasing by more than 600% during the past year for certain areas. Solum observed that this would have a positive effect on the bottom line for the container shipping industry. A purchase of a container ship could currently be earned back by only a few voyages from east to west. “The struggle is to find enough containers and slots on board”. This meant that certain cargoes and bookings moved more quickly these days.

However, Solum warned that shortcuts were tempting in such a fast-moving highly profitable market. He noted that “badly produced, wrongfully secured, and misdeclared cargo [had] tormented container shipping with catastrophic fires for many years”. This year had been no exception, with a large number of incidents and near-misses. He noted that only the high-impact incidents reached the eyes and ears of the general public.

Solum advised that shippers, terminals, vessel planners, cargo professionals or container carriers should maintain their integrity: they should be careful to pay attention to details.” No shortcuts should be allowed in the cargo supply chain, or when containers are booked and shipped”, he said.

Surging markets result in creativity, and Solum noted that this time was no different, with Gard receiving “an increasing number of enquiries regarding shipping containers on-board other types of vessels including bulkers”. He said that such carriage could be arranged, but clients and members needed to know what they were doing with class and flag approval being vital.

Finally, Solum reminded members that the last winter season “was the worst we have seen in terms of container losses at sea”. Carriers and insurers were hit by a high number of multiple stack collapse cases.

He concluded with the observation that “the complications which come with these cases are severe in terms of environmental damage, costs, liabilities, authorities’ demands and bad publicity to mention a few. The market gain for container carries comes at a cost.”

<https://www.gard.no/web/updates/content/32446072/container-shipping-winter-is-coming>