

Europe facing container shortage after Chinese port slowdowns

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China lockdowns and war in Ukraine have impact container volume, capacity and prices at ports in Europe, according to a recent analysis by Container xChange. The shortage of containers was persistent, and now the port throughput had also decreased.

Christian Roeloffs, co-founder and CEO, Container xChange, said that “ports of Antwerp and Rotterdam handled a lower volume of containers in the first quarter of 2022 as compared to the same period last year. The containers meant for the ports in Europe are now piling up at the ports in China (due to the lockdowns), potentially causing greater chaos in the coming weeks or even months. If the lockdowns persist, the throughput volumes will be further impacted in the coming months for these ports in Europe.”

Also noted by the company in its monthly analysis was the decline in container prices in Europe. The average price of 20ft DC and 40ft HC (cargo worthy) containers have declined at the ports of Antwerp, Rotterdam, and Hamburg.

The average prices for 40ft high cube (cargo worthy) containers peaked in July 2021 at around \$4,400 and had been declining since then at these ports. These prices further declined sharply soon after Russia’s invasion of Ukraine, from \$3,350 on February 23rd to \$2,760 on May 3rd.

The Russia-Ukraine war has had a dire consequence on Europe’s supply chain, said Container xChange, noting that, on a macro level, the two immediate impacts had been rising energy prices and the resulting inflation

It was predicted that these two outcomes would create a further imbalance between demand and supply across industries and regions.

“A perspective on the current scenario indicates that the demand for goods can decrease, owing to inflation and higher costs of transportation. But at the same time, we can expect a growing pressure to source goods from cheaper countries.

Essentially, this can drive up the demand for overseas goods, and in turn increase the demand for transportation services,” said Roeloffs. Therefore, the changing demand-supply and sourcing patterns will worsen the container imbalance globally. Meanwhile the lockdowns in China had slowed the global supply chain.

“The outlook for the supply chain and container logistics industry remains grim and uncertain amidst the disruptions. Covid lockdowns and the war in Ukraine will continue to impact the global economy significantly”, Roeloffs said.

He predicted that companies would want to diversify their supply chains in the coming times “because they’ve seen the risks of linear supply chains where there is a concentration of supply chains in a few areas, regions or countries”. Companies were likely to want to diversify their sourcing strategy into a broader set of countries and geographies. “Branching out the trade routes will help distribute the risks and at the same time source the same component from multiple regions. And that will split up the supply chain demands”, Roeloffs predicted.

He noted that “in the pre-pandemic times, the supply chain was all about efficient prices and just-in-time delivery model to make more profits. Now, companies are fundamentally reimagining their supply chains, the trade lanes, the partner locations, vetting of partners (especially now when there are first, second and third-order sanctions on many companies), and container routes.”