

## The Current State of the Shipping Market - September 2021 Update



The following explains the issues and problems currently facing the global container shipping industry and how these issues impact moving & relocation companies and their customers alike.

The demand for containerised shipping continues to defy expectations, the initial surge once shipping reopened after the pandemic wasn't expected to last, however, demand remains at unprecedented worldwide levels. As an example, shipments to and from the UK, currently show a demand some 200% greater than the available space according to recent figures supplied by one shipping line, that means for every container space a shipping line has available on their ships, there are at least two containers waiting to fill it.

This demand means that available space on ships is severely limited as shipping lines share this space among all their customers, but it also has a secondary equally challenging problem. The continued pressure on the associated infrastructure behind getting these containers onto ships, such as hauliers, port operations, storage and equipment availability.

These secondary issues have as much bearing on the ability to ship a container worldwide, as initially securing space on a vessel has, and I will further explain how each is affected in the current shipping environment.



An important element of a container move is haulage, for exports a HGV is needed to collect an empty container from the port or terminal and deliver it to the customers residence or to a warehouse storing the customers goods for loading and then return it to the port to be shipped. Similarly, for import shipments, a HGV is needed to collect the goods from the port of entry and deliver to the clients' residence.

Haulage in the UK has been negatively impacted by the pandemic, with the latest figures showed the UK is short some 100,000 plus HGV drivers. This driver shortage is further affected by the need for drivers to isolate when instructed, and the increased demand for drivers from other delivery sectors, which will be amplified in the run up to Christmas as retailers stock up.

Next to haulage there is the port where the container is loaded to or unloaded from the vessel, previously ports had excess capacity which allowed customers to store their goods while waiting for their vessel or delivery, this gave customers flexibility. However due to the continued demand, ports are now full and unable to provide this longer-term container storage.

Similarly affected are transshipment ports, these are ports usually in Asia where containers are taken off one vessel and loaded onto a connecting vessel. As these transshipment ports are full, the number of containers that can be accepted on a vessel are limited, this means shipping lines are not accepting as many bookings to locations that route via these transshipment ports. They have in certain cases even chosen to suspend services on a trade lane completely to alleviate this congestion and when this happens its usually done with little notice to their customers.

The congestion at ports has filtered through to all aspects of the move chain making it very difficult for shipping lines to operate, this consequently means shipping lines are likely to make

last minute price increases, schedule changes or have vessels omit ports as they try to deal with the unprecedented demand and congestion.

Each move requires an empty container into which to load the goods, due to the pandemic and continued demand a great many of these containers are now in locations that they aren't required. Normally these empty containers would be repositioned to areas where they are required using the surplus capacity of the shipping lines vessels. However as there is currently no surplus capacity on these ships the shipping lines are experiencing severe shortages of equipment which is affecting their ability to accept shipments.



While these issues affect the whole global shipping landscape, I want to show how these issues directly affect moving companies and their customers:

Price volatility, while the shipping rates provided to moving companies are generally kept to a stable limit, the current shipping environment means that shipping lines have and may well increase rates or apply congestion or service surcharges with very little notice, regardless of any agreements. When applied they are generally non-negotiable with the shipping lines giving the moving companies no choice but to pay the higher rates or surcharges if they wish to continue. As these increases are therefore out of the moving companies hands they will unfortunately need to be passed on to the customers who are moving.

Availability, while pre-pandemic customers could usually move with a week or two's notice, due to the current demand and lack of available space on vessels, it now takes some 6-8 weeks to find an available slot on a vessel, with some specific trades even worse. Therefore, moving companies' customers need to understand that it is just not possible to move in a short period of time and they need to be planning their moves well in advance. As moving companies now need to additionally ensure the shipping line has equipment, haulage availability and a load date that works for both the customer and is achievable within the parameters of the ports, which were all taken for granted pre-pandemic.

Then there all the other what ifs, due to the current circumstances the likelihood of a service failure from the shipping line performing the move has increased dramatically. This could be that on the customers scheduled day of loading or unloading, there isn't a haulier available to deliver the container, there isn't a suitable container available for the move or not positioned for collection in the correct area at the port, or the vessel has been delayed at the port meaning the load date is now outside the acceptable window for the port, or the vessel the shipment is supposed to sail or be delivered on is now omitting its UK port of call.



If a shipping line is unable to provide haulage or a container on the day of loading or unloading, the shipping line may either simply cancel the booking, which means that the moving company and their customer would need to rebook the shipment and possibly wait for the next availability. Or the shipping line may offer an alternative date at that time, however the alternative date may mean the shipment will incur additional charges due to the delay. In this situation there is little a moving

company can do to solve this as they can't force the shipping line to accept the container, this leaves the options as arranging another load date from the residence, or loading the goods back to a storage facility to await the new load date. However, customers need to understand that these additional charges are by no way the fault of the moving company or a direct result of them not carrying out their responsibilities competently.

Due to the mentioned congestion, ports are only allowing moving companies or their partners' limited time windows to collect or drop off a container. This means the load or unloading date at the customers' residence will need to be more flexible than prior to the pandemic, this again may mean the moving company may well need to find a storage option for the customers' goods with the additional associated charges.

If the scheduled vessel omits the UK load or delivery port, then the shipment will likely be rolled to another vessel creating a delay.



Lastly shipping lines and moving companies are both affected by changes in staffing requirements since the pandemic occurred. Covid infections and the associated self-isolations or quarantines can happen at a moment's notice, which when they do will cause operational issues. For shipping lines if discovered on a vessel, it will usually mean that ship can't put into port for 14 days generating delays. For moving companies, it may well mean staff need to isolate at short notice, which may unavoidably force a customer's move to be delayed or cancelled, however this is unfortunately outside of anyone's control.

From the above summary of issues affecting the current shipping environment it should be obvious that international moving has become more problematic than ever. The demand for shipping means that shipping lines can almost operate with impunity as the moving companies and their customers have no choice but to use them and pay whatever price increases they may demand, or similar suffer an operational failure without any real recourse.

Customers about to move should appreciate that these issues are directly caused by the shipping lines inability to handle the current demand in global shipping. While the frustration this creates is understandable the moving companies are severely limited in what they can do if one of the above scenarios occurs. Moving companies just want to provide their customers the services they've agreed but the issues with shipping mean that this isn't always possible. It is hoped by reading this that customers are helped to understand that the shipping element of a move is problematic and that any cost increase, service change or delay is not the fault of the moving company who will be doing all they can to assist, but is due to the current pressure on the global moving environment and the way shipping lines are currently operating.