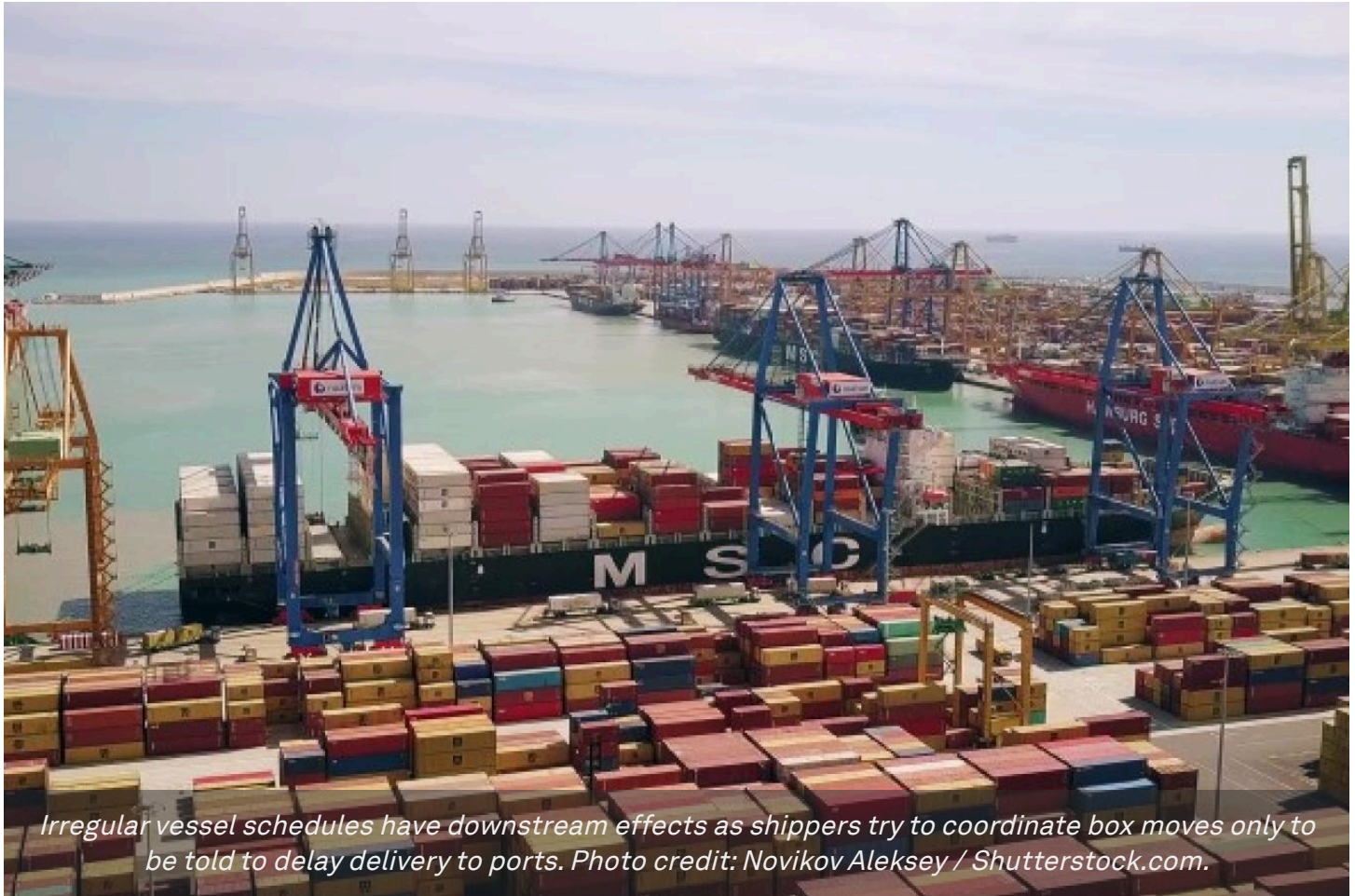


Global port congestion taking out capacity, creating more delays



Irregular vessel schedules have downstream effects as shippers try to coordinate box moves only to be told to delay delivery to ports. Photo credit: Novikov Aleksey / Shutterstock.com.

Michael Angell, Senior Editor | May 31, 2024, 4:00 PM EDT

Congestion at Mediterranean and Asian ports is contributing to worsening vessel schedule reliability and prompting concerns about further supply shocks for container capacity. Barring an end to the Red Sea crisis or slowing demand, industry experts see the congestion and delays persisting through the rest of summer.

With the global container fleet expected to reach 30 million TEUs in June, between 6% and 7% of that capacity is getting tied up by port congestion, according to Fabio Santucci, president of Mediterranean Shipping Co.'s US operations.

Santucci, who spoke in Tacoma, Wash., at the recent annual meeting of the Agricultural Transportation Coalition (AgTC), said that COVID-19 era port congestion, which was

chiefly confined to North America, took out 15% of vessel capacity at its peak. While there have been more ships delivered since then, Santucci said the level of port congestion is “historically significant.”

“It’s not as high as the COVID era, but it’s the second highest since 2008,” he said.

The rerouting of ships away from the Suez Canal due to the militant attacks in the Red Sea is forcing more cargo to be dropped off at western Mediterranean ports for transshipment throughout the rest of the region. Now ships are waiting longer for a berth due to those ports being overwhelmed with cargo, Santucci said.

“Not only are we adding 10 days of transit time bypassing the Suez, but we are also transshipping a lot of cargo in ports that are not big transshipment hubs,” Santucci said. “They are being very challenged.”

The Port of Valencia saw a total of 300 container ships arrive during May, according to Sea-web, a sister product of the *Journal of Commerce* within S&P Global. It was the highest number of container ship arrivals in 12 months of available data. One-third of those arrivals were ships over 6,000 TEUs, which was also a 12-month high, according to Sea-web.

Container ship calls to the Port of Barcelona to the north hit 196 in May, Sea-web data shows, which was the lowest since December 2023. However, container ships are spending a longer time at the port, with calls averaging 23 hours, the highest in 12 months.

Schedule reliability back to 2022 level

Other more transient factors such as heavy fog at the Shanghai and Ningbo ports and heavy rains in Southeast Asia have also contributed to global congestion, Santucci said. But “I don’t believe the transshipment ports are going to get better” over the summer, he added.

Santucci said the direct consequence of congestion is worsening global schedule reliability. According to Sea-Intelligence, only 52.1% of ships across the world were within one day of their scheduled arrival during April 2024. While that’s up from January 2024’s low of 51.5%, the April reading was the second lowest since October 2022.

With ships delayed or sailings cancelled entirely to restore schedules, US exporters continue to face the challenge of when they can stage an export container at a port. Natasha Vang, director of logistics at Touchstone Pistachio, said 29% of her outbound

shipments in 2024 have been affected by vessel delays and resulting changes to the earliest return date (ERD) for bringing a container to port.

Janelle Stahl, global logistics manager at soybean exporter SB&B, said that an ocean carrier informed her of a delayed ship two weeks before its expected arrival, but the ERD didn't change. However, on the day the containers were supposed to be trucked to the port for delivery, she was told the ERD had changed.

Santucci said vessel arrivals were easier to calculate when it was simply the time between a ship reaching its berth from just outside the port zone. Now, many non-maritime factors such as terminal congestion and rail or truck delays can also impact vessel schedules.

“Any time terminals, transshipment ports, and rail ramps cannot process cargo in a reasonable time, there are lagging effects that create vessel bunching,” Santucci said.

Lars Jensen, president of consultancy Vespucci Maritime and a *Journal of Commerce* contributor, told the AgTC audience that port congestion is one of the drivers of the current surge in spot freight rates.

“There are growing problems with port congestion in Asia, growing problems with port congestion in the Mediterranean — all directly due to the Red Sea crisis,” Jensen said.

Some of the current capacity crunch could be that shippers are simply moving products earlier in the season, in which case the strain could ease, Jensen said. But until carriers can return to Suez voyages, Jensen said supply will be tight.

“This could be a phenomenally early peak season, in which case, things could ease in three, four, five weeks,” Jensen said. “The market is so precariously balanced right now that it could easily tip into a situation where we are back in a pandemic-level disruption.”

Contact Michael Angell at michael.angell@spglobal.com.

© 2024 S&P Global. All rights reserved. Reproduction in whole or in part without permission is prohibited.

You are permitted to print or download extracts from this material for your personal use only. None of this material may be used for any commercial or public use. For more information on reprints/eprints, please visit <https://subscribe.joc.com/mediasolutions/>.