

CFR FREIGHT – WEEKLY OCEAN TRADE SUMMARY **WEEK 45**

GENERAL

Vessel schedule integrity, global cargo demand, constrained vessel capacity and congestion remain a challenge globally.

Both inbound to South Africa and outbound from South Africa are impacted by the severely constrained global supply chain. Published sailing schedules and transit times are indicative only, as carriers' schedule reliability remains poor.

Globally, freight rates remain at a premium and increasing pressure on terminals and container freight stations as well as increasing fuel prices and transport constraints sees an increase in additional surcharges being imposed across the supply chain. These include, *inter alia*, fuel surcharge increases, peak season surcharges, emergency congestion surcharges, emergency operational surcharges, equipment imbalance surcharges and general rate increases.

Delays in hazardous commodity acceptance and shipping to be anticipated as carriers impose stricter controls and requirements across the globe.

The Need For Change: Container Shipping Is An “Accident Waiting to Happen”

Source: The Loadstar Dated 08/11/2021 Author: Mike Wackett

Onboard firefighting regulations have not kept pace with the rapid increase in the size of containerships, and the steel box used to transport goods is a fire risk, a maritime industry conference in London concluded.

Hosted by the London Branch of the Nautical Institute, on board HQS Wellington, industry stakeholders heard from speakers representing the insurance, surveying and salvage sectors on increased fire risks aboard today's containerships.

One insurance delegate said, during a post-conference networking session, she was “shocked” by the serious issues from the day's presentation.

“It seems like container shipping is an accident waiting to happen,” she added.

Peregrine Storrs-Fox, risk management director at the TT Club, said approximately 10% of all containers loaded onboard ships contained declared dangerous cargo (DG).

But he estimated that around 5% of containers shipped consisted of undeclared dangerous goods – either due to administration or lack-of-training errors by shippers, or by being deliberately misdeclared by rogue shippers.

Alarming, he said it followed that there could 1,000 teu or more of undeclared DG containers loaded onboard any 24,000 teu ultra-large container vessel (ULCV) on each headhaul voyage.

Including the most recent fire on the 4,253 teu Zim Kingston, off Vancouver, following the collapse of a deck stack and loss of over 100 containers overboard, there have been 16 serious containership fires in the past five years, resulting in tragic loss of life and millions of dollars in general average claims.

Moreover, there are many more less serious fires and explosions onboard containerships that don't make the headlines, with Gard P&I estimating there to be one fire involving containerised cargo every two weeks.

The marine insurance industry shudders at the potential risk presented by an ULCV casualty; the average value of the contents of each container is put at \$100,000, notwithstanding the potential for huge environmental clean-up costs.

Various speakers at the conference argued that the current SOLAS onboard firefighting regulations were “not fit for purpose”, given the huge increase in the size of container vessels and the limited ability of crew to react to a fire.

Naval architect William Boyd, a director at TMC Marine, said the statistics of containership fires strongly suggested “that there is an urgent need for change”.

He noted that some shipping lines, including MSC, had recognised the increased risk of fire on large containerships and had invested in firefighting equipment in excess of the current SOLAS requirements in their newbuilds.

And Bas Michiels, VP at Dutch salvor T&T Salvage, said that, in the event of an uncontained ship fire, the number of firefighting tugs on standby around the world had decreased significantly, meaning that response times were longer.

“It’s all about the cost, of course,” he said.

Meanwhile, several delegates at the conference questioned why the 70-year-old container design, which in the majority of cases includes the provision of a highly combustible timber or bamboo flooring, had not changed to include a fire-resistant coating or mesh.

The Loadstar has ascertained from one container manufacturer that an intumescent mesh, similar to that used in the construction industry, could be retrofitted to a 40ft container for around \$1,500.

“But there is not exactly a queue of clients wanting safety upgrades to their boxes,” said the contact.

“It’s all about cost,” a delegate told The Loadstar on the side lines of the conference. “Until the insurance industry takes a tougher line, things will carry on as they are.”

CFR Freight and our overseas partners endeavour to load as per our planned schedules. With erratic schedules and capacity constraints, alternative routings and loadings can be expected from time to time to ensure that cargo is moved as efficiently as possible. Extended lead times and advance bookings are recommended to all clients.

SOUTH AFRICAN PORTS & CFS

High traffic volumes and congestion continue in all major terminals in South Africa.

Berthing delays continue to impact already constrained and delayed vessel schedules.

Seasonal strong water currents and winds seen in all coastal regions.

DURBAN

Terminals remain congested and high traffic volumes are present.

Transnet has issued an advisory dated 12th November 2021, with which they advise that the management of the Port of Durban will be engaging with marine staff and the following days:

- 17th November 2021: 06H00-07H00 and 18H00-19H00
- 18th November 2021: 06H00-07H00 and 18H00-19H00

Delays in truck booking confirmations continue, negatively impacting container movement and traffic volumes into and out of the terminals.

High winds experienced in Durban which has impacted port operations.

Damage to the Mhatma Gandhi Sewage Pump resulted in a sewage leak into Durban harbour. As at 12 November 2021, repairs had been completed.

Durban CFS is experiencing high cargo and container volumes.

Vessel berthing waiting times:

- Pier 1: 7 to 10 days
- Pier 2: 3 to 4 days
- Point: 2 to 3 days

CAPE TOWN

Operations affected by wind in the Cape Town terminals.

Truck booking system for Cape Town terminals has caused some disruptions, however processes are gradually improving.

Cape Town CFS is handling high cargo volumes, however operations are progressing normally.

Vessel berthing waiting times:

- CT Container Terminal: 1-2 days
- CT Multi Purpose Terminal: 4 days

PORT ELIZABETH

Port Elizabeth CFS is handling high cargo volumes, however operations are progressing normally.

- Port Elizabeth Terminal: Nil
- Coega: 2 days

NORAM

Amex (MSC & Maersk)

No improvement in the USA, as challenges to cargo and container movement across the country continue. High levels of congestion in terminals and CFS's remain, as well as severely constrained vessel capacity and congestion.

Shipco Transport issued the following on 10 November 2021:

Dear Valued Customer,

To keep you better informed of the current operational situation occurring in the U.S., we would like to provide you with the following updates.

Rail Terminal Updates:

BNSF & UP/LAX/LGB: There is severe congestion. Limited gate capacity, restrictions, rail car shortages, and limited reservations continue, causing increased delays on import rail units. BNSF announced at the end of September an embargo to Los Angeles for all cargo to LAX/Hobart, affecting operations from Chicago. BNSF closure for LAX-bound cargo extended through November 12th. In LAX, containers wait an average of almost 16 days before being picked up.

Effective immediately, Hamburg Sud has put in place a booking stop for all bookings with a rail service to Pier A in Long Beach. As a consequence, no rail billing will be issued during this time from origins such as Atlanta, Chicago, Cincinnati, Cleveland, Columbus, Dallas, Detroit, Houston, Kansas City, Louisville, Memphis, Minneapolis and St. Louis.

Chicago Rail Ramp: The rail facilities in Chicago are experiencing severe congestion due to dwelling containers and chassis shortages. G3 and G4 locations are only allowing ten open spots daily, causing a large backlog for containers to be picked up for imports. There are gate restrictions and lane suspensions, causing delays in pick-ups and deliveries. The rails continue to monitor in-gates with allocation or reservations.

NY/NJ: Chassis shortage inclusive of rail ramps due to the high increase in import volume.

Philadelphia: Severe chassis shortages in the Philadelphia area. Extended delays in pick-ups, deliveries, and drayage.

Charleston: Lack of chassis causing delays in pick-ups, deliveries and drayage over to rail facilities.

Savannah: Continued congestion and delays at the local ramps. Shortage of chassis and equipment continues to affect operations.

Jacksonville and Miami: Congestion issues at both rails. The rail congestion in Chicago is affecting our services out of Miami. The shortage of equipment in Florida has carriers struggling to keep the service due to a slower turn over on import containers coming into the area. Most of our loads are delayed one or two weeks.

Seattle: Congestion due to increased dwell for Import rail cargo. Up to 10 days delay for cargo going to Chicago. Limited trucker capacity, some truckers are booked 2 weeks in advance. The warehouse is up to capacity, long waiting line for export/import.

Houston/Dallas: There is a severe chassis shortage and ongoing congestion in the area. Finding truckers has become a challenge as they are booked for 2-3 weeks in advance.

Chassis issues are challenging in all regions in the U.S. This is due to the division of the intermodal system, the severity of the Covid 19 pandemic, and the lack of additional capacity at different levels of the supply chain.

Terminals:

Due to increased volume, congestion issues at most of the terminals, including Philadelphia, Savannah, Miami, Houston, Seattle, Los Angeles/Long Beach.

Record cargo volumes each month continue to enter the U.S., with all North American ports facing berth congestion.

As a result of the port congestion on both coasts, SSL ONE has put in place some changes to Transpacific Services with temporary omissions in Savannah, Seattle, Oakland and Halifax. Other carriers such as Maersk, MSC and Zim, will temporarily omit service in Seattle due to the increased vessel waiting time at berth.

U.S. East Coast:

Philadelphia: Vessel waiting time up to 2 days due to high import volume.

Savannah: Vessel wait time is 8-9 days due to off proforma vessels and high import volume. Carriers are advancing cut-offs with little to no notice, which highly impact operations.

Charleston: Vessel wait time up to 3 days due to off proforma vessels and crane replacement.

Port Everglades and Miami: Vessel wait time is 1-2 days due to high import volume causing a CFS Backlog. Equipment shortages are resulting in pick-up delays.

U.S. West Coast:

A record number of container ships, 79 vessels anchored and 28 vessels at berth, are still waiting off the coast of California to unload at the ports of Los Angeles and Long Beach. Delays are reaching more than four weeks at times and rails are very restricted.

Los Angeles/Long Beach: Vessel waiting time is 13-18 days due to yard congestion, high import dwell, and labor shortages. Nowadays, about 40% of imported containers are left on terminals for nine days or more, while in normal times containers were only left for four days.

Seattle: 21-day vessel wait time due to high import volume and labor shortages.

Oakland: up to 4-day vessel wait time due to high import volume and labor shortages.

U.S. Gulf Coast:

Houston: Waiting time is 2-5 days due to high import volume and labor shortages.

Equipment Availability:

There are continuous chassis shortages in Los Angeles/Long Beach, New York, Philadelphia, St. Louis, Columbus, Cleveland, Chicago, Memphis, Atlanta, Nashville, and Louisville.

Equipment availability remains an issue at locations such as Atlanta, Chicago, Cincinnati, Columbus, Detroit, Kansas City, Minneapolis, Memphis, Nashville, Omaha, St. Louis, South Florida and Seattle.

Thank you for your continued support and patience as we get through this together.

The market situation in **Canada** remains largely unchanged. In Vancouver, high levels of congestion as well as limited trucking availability and chassis shortages continue to impact cargo movement from the region. Labour shortages in Montreal are ongoing and this is impacting vessel operations.

All terminals are congested and yard utilisation is at 100%.

AMEX vessel schedule changes as received from carriers:

- **MSC Jeanne 142S** – vessel will omit Norfolk and Baltimore.
- **Maersk Vallvik 143S** – vessel will omit Baltimore.
- **MSC Lilou** – vessel will omit Baltimore
- **Maersk Visby** – SA port rotation amended; vessel will call Durban first ETA 16.11.2021 / Port Elizabeth ETA 20.11.2021 / Cape Town ETA 24.11.2021.

LATAM

Hapag Lloyd / Maersk

Capacity out of Brazil is extremely constrained, with carrier choices limited. Currently the Hapag Lloyd / Maersk service is the only direct sailing from Brazil to South Africa. Port delays and congestion are affecting the vessel transit times and delays are experienced on this route. As per the carriers, the vessel schedules are “cascading” to the detriment of the schedule integrity. Carrier service is published as fortnightly, with only 3 vessels currently servicing the trade, namely the Polonia, the Northern Democrat and the Lodur. The vessels do a loop – Paranagua / Itajai / Santos / Durban / Luanda / Paranagua.

Next available vessel for South Africa is the Polonia 2049E – ETA Santos 11.12.2021; there is very limited capacity on this vessel.

GRI has been issued from Brazil to South Africa, effective 15th November 2021.

UK, NWC & MED

MSC, DAL, ONE

High cargo demand, port congestion and erratic schedules continue to negatively impact container loadings and cargo transit times. On both inbound and outbound services, we have been advised by the shipping lines that the vessels are over-committed, and this has resulted in rolled containers and delayed transhipments. Alternative shipping lines may be sourced where possible, resulting in last minute updates and changes to published schedules.

There has been no improvement to transhipment delays being experienced in transhipment ports of Sines and Las Palmas, where we are seeing delays 4 to 5 weeks for container transhipment. Carriers are advising that containers are being processed on a “FIFO” basis. This situation is completely beyond the control of CFR Freight and our partners, however we will continue to update on any changes to the current situation.

Vessel schedule changes as received from carriers:

- **Santa Clara 214S** – vessel will omit Cape Town south bound call and proceed directly to Coega. CPT call will be north bound ETA 26/11/2021.
- **Santa Barbara** is being phased out of the service in Durban.
- **MSC Stella** – phasing into NWC-SA service to replace the Cape Tainaro. Vessel will omit London.
- **Cape Kortia** – vessel will phase out of Ingwe service in Durban (ETA 11/11/2021) and phase onto NWC service – voy. 146R, ETD Durban 17/11/2021.
- **MSC Vita NZ145A** – vessel will remain on the NWC/SAF service
- **MSC Alessia NZ146A** – vessel will slide by one week
- **MSC Lucy** – will no longer join the NWC/SAF service as previously advised by MSC.
- **MSC Letizia NZ147A** – vessel will remain in her current position.

MIDDLE EAST, SUB CONTINENT AND INDIAN OCEAN ISLANDS

All services remain heavily congested with very limited carrier capacity. Blank or delayed sailings continue out of the region into South Africa.

Hazardous acceptance by shipping lines is delayed and our partners will continue to work with origin booking parties and shipping lines to secure acceptance as soon as possible.

CFR Freight and our partners will plan load cargo on first available service and routings may change from week to week.

India remains severely constrained, with carrier services into Cape Town being suspended. Loadings for all SA destinations will be planned over the Durban consol.

Pakistan CFS and terminals are working well, with some carriers advising no available bookings until end of November. We can arrange alternative routing for direct service bookings (Karachi to Durban); this alternative would be via Singapore. However due to Customs requirements and separated CFS facilities, alternate arrangement must be noted at time of booking with Shipco in order for them to amend required CFS delivery address.

Jebel Ali sees very limited export capacity for November, with some carriers advising availability only in late November. CFR Freight will plan our export loadings over our Singapore service for those customers who require earlier loading. On our inbound services, our partners indicate that berthing delays have significantly improved and vessel scheduling has stabilized slightly.

SA export services into **Port Louis** are experiencing severe capacity constraints with limited carrier choices available with suitable transit times. In order to provide short as possible transit, there may be delays and / or amendments to bookings. Import services from Port Louis into SA remain very erratic, with carrier schedules being amended due to voyage and rotation port delays. Our Mauritius offices, CAFS, will load vessels as they are available – carriers published schedules are not reliable and available vessels are advised to CAFS by shipping lines on a daily basis. GRI has been issued from Port Louis and via Port Louis into South Africa effective 14th November 2021.

APAC (including Oceania)

Carrier capacity remains at a premium from the region, with carrier scheduling changes, vessel delays and blank sailings. Possible delays anticipated out of major transshipment hubs.

Both inbound and outbound services are affected by carrier capacity constraints. CFR Freight and our partners will load as capacity is available; irregular carrier schedules and booking releases may result in alternative routings for cargo.

Blank sailings continue from the region, this with majority of carriers. Delays are to be expected as capacity remains tight on services into South Africa.

Inbound freight rates have been more stable, however short validity periods as issued by carriers remain in place.

Port Congestion Cascades Into Intra-Asia Services, Disrupting Container Traffic

Source: The Loadstar Dated 12/11/2021 Author: Sam Whelan

The global cascading effect of port congestion is playing havoc with intra-Asia trade lanes, with large amounts of cargo stuck at transshipment hubs in the south-east.

According to Peter Sundara, global head of ocean freight for a major cargo owner, transshipment freight from Europe, Africa, Oceania and the US is being “dumped” – in Singapore, particularly.

He told The Loadstar: “It’s not a port productivity problem, rather that feeders and mainline vessels are discharging cargo with no mainline connecting vessels coming in on time to load the containers.”

Late last month, Singapore’s port authority (PSA) was forced to open the storage area of its new Tuas mega container terminal to cope with the overflow of boxes.

And, while mainline vessel delays have led to transshipment cargo getting stuck in Singapore, Mr Sundara noted that the “cascading effect” of congestion was impacting intra-Asia feeder traffic, too.

“For example, in Indonesia there’s congestion, and that delays feeder vessels bringing cargo from Jakarta to Singapore. We are also facing a chronic shortage of boxes in Indonesia, Thailand and Vietnam, and a lack of space.”

But Mr Sundara said he was “hopeful” carriers would inject more capacity quickly into South-east Asia, given the dip in demand and rates from China.

“Vietnam has come out of lockdown and there’s a lot of pent-up production; the demand is quite huge,” he said. “So it’s a perfect time for the carriers to put in more capacity, since the production from China has slowed following the power rationing.”

Taiwanese carrier Wan Hai has swapped some transpacific capacity back into the intra-Asia market to serve surging Vietnamese volumes, and also India, but it remains to be seen whether any mainline carriers follow suit. Shipping lines have been quick to blank sailings from China, however, with the Ocean Alliance, for example, recently blanking 21 transpacific eastbound sailings and two for Asia-North Europe, Mr Sundara noted.

“We understand the carriers might be blanking sailings because of power shortages in China impacting export production, but also because of the huge port congestion in the US and Europe, which have disrupted their vessel schedules,” he added.

“The other possible advantage of blank sailings for the carriers is that they stop rates from falling further, allowing them a baseline for upcoming contract negotiations.”

Furthermore, he said, it would likely be a short-lived blip for Chinese freight rates, which would “soon pick up again”, given inventories in the US and Europe would need replenishing – and the Chinese New Year cargo rush is just around the corner.

We are seeing extended periods for hazardous acceptance from carriers in all regions. Acceptance is solely at the discretion of the carriers and erratic schedules, vessel delays and transshipment hub delays are compounded the delays being experienced with acceptance. It is imperative that all correct paperwork and declarations are presented at time of booking request in order to expedite the process of hazardous applications. Carrier are

advising that stricter penalties will be applied for mis-declared cargo in the near future. Notice regarding increase in DG surcharges has been issued by the shipping lines.

AFRICA EXPORT SERVICES

ONE, MSC, Hapag Lloyd

Capacity and scheduling delays are negatively impacting all export services into Africa. As vessels call South African ports already full, there is little available capacity for SA exports to be loaded and carriers are rolling bookings and advising that limiting space availability for the balance of the year. As we see blank sailings into South Africa, in turn, exports sailings are also blanked by the carriers.

East Africa services remain erratic, with carrier scheduling changes, port omissions and rolled over bookings.

We thank you for your continued support and should you require any further information, please do not hesitate to contact your CFR Freight representative.

**CFR FREIGHT
TRADE TEAM**

