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China port congestion building 'bullwhip' snap on Trans-Pacific

Keith Wallis, Special Correspondent, Journal of Commerce Sept. 23, 2021 3:57 p.m. EDT

Growing congestion at major Chinese ports, with nearly 100 container ships awaiting anchor at the Port of Shanghai, is raising the risk of another “bullwhip” effect on the container trades to Europe and North America.

With the number of ships at anchor growing at Ningbo and Shanghai and in Southern California, the delays at Chinese origins will ripple through supply chains, raising the risk of another wave of structural blanks in which carriers skip port calls to try to get back on a more regular service schedule.

According to the latest ocean reliability reading from Sea-Intelligence Maritime Analysis, carrier on-time performance in the eastbound trans-Pacific declined in July for the third month in a row. On-time arrival to the West Coast was 15.7 percent in July, while reliability on Asia-US East Coast services was 20.9 percent.

The Chinese national holiday on Oct. 1, known as National Day, will slow marine terminal operations there further, forwarders and container lines tell JOC.com. Typhoon Chanthu last week threw another wrench into sailing schedules and suspended operations at Ningbo and Shanghai for four days.

“At Shanghai Yangshan Port, we are encountering 4.5 days waiting time this week with a similar delay forecast next week. We believe the waiting time will gradually drop after National Day holiday from around October 8,” a Maersk spokesman told JOC.com “We don’t plan for blanking; however, we do expect missed sailings due to port congestion globally and we need to focus on fixing schedule reliability first.”

Carriers confirm blankings

Carriers, including Mediterranean Shipping Co. (MSC), Ocean Network Express (ONE), and Hapag-Lloyd have confirmed a raft of blank sailings for week 39 that starts Sept. 25, and week 40. These include MSC’s Griffin, Lion, and Albatross Asia-Europe services and ONE’s PN3, MD2, MD3, and FE2 services covering the trans-Pacific, European, and Mediterranean trades. HMM said it has also implemented so-called vessel sliding, in which ships at Chinese ports are held for a week or more.

As of Thursday, there are 97 container ships at anchor in Shanghai and 125 ships at Ningbo-Zhoushan, according to AIS Live, a sister company of JOC.com within IHS Markit. Approximately 31 ships are berthed in Shanghai with 31 in Ningbo-Zhoushan, AIS Live data showed. According to the Marine Exchange of Southern California, there were 95 container ships in the Los Angeles-Long Beach harbor on Wednesday.

“Increased berthing times are a reality in numerous locations around the world, including Shanghai and Ningbo, with delays of two to four weeks as the norm from originally planned schedules,” William Sim, senior vice president, North Asia, for Toll Global Forwarding, told JOC.com. “Blank sailings may alleviate the number of vessels waiting to berth but may increase demand for equipment and vessel slots.”