



**Maritime Webinar Series:
The container shipping crisis - Its impact and why it is
different from anything we have seen before.**

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Overview of Shipping Crisis in Asia

: From Reasons, Problem, **Effect**ed to Solution



Reasons

- COVID-19 pandemic & Lock-down measures caused
 - 1) reduced of labor and port productivity in many countries
 - 2) temporarily closed of business & production plants (factories)
- Chinese export recovery and US & EU demand surge
- Suez Canal & another disruption in many ports
- Limitation of Box Production & lack of information sharing

Problems

- Port congestion & longer transit time in key trade lane
- Vessel delayed & slower container circulation in global level
- Container & space shortage
- Freight rate surge
- Limitation of capacity of alternative mode

Effect

ed on Economic & Inter Trade

- Transportation cost surge 3-10 times depend on trade lane
- Delayed, pending & cancelled on Shipment
- Consumer price increasing & inflation
- Chaos in Asia & Global economic & logistics

Suggested Solution

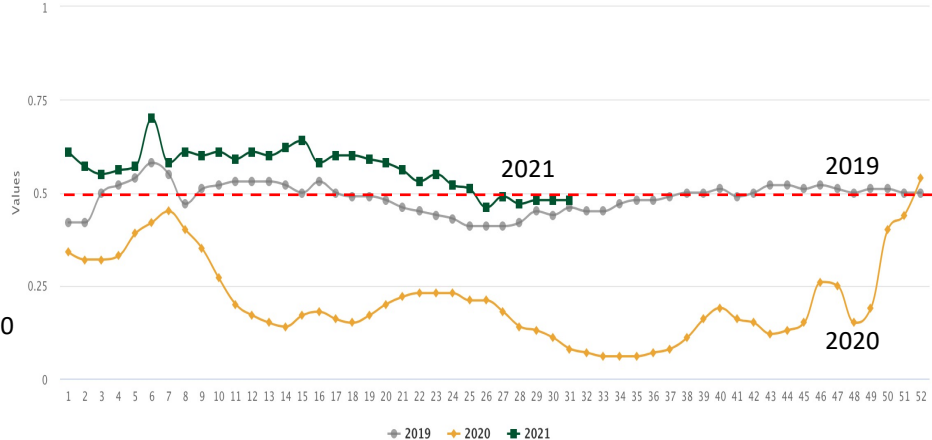
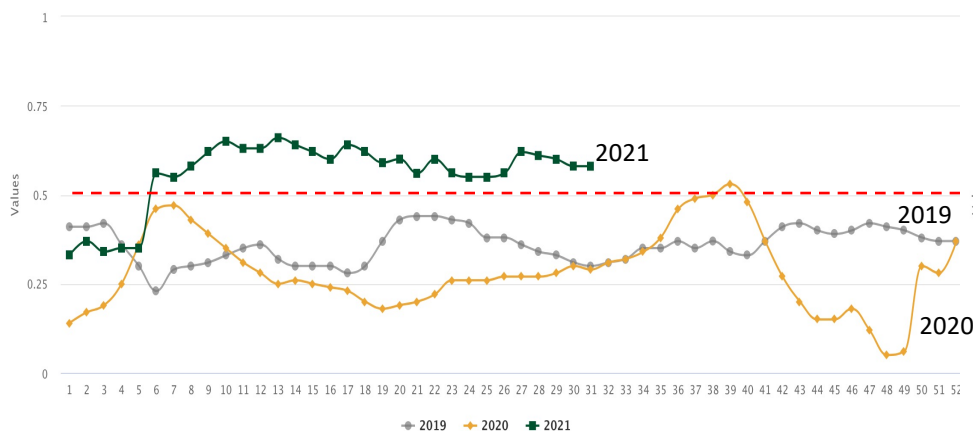
- Enforcement on competition acts
- Service contract for SMEs & low value products
- Improve port efficiency
- Enhancing trade facilitation
- Digital solution to improve information flow efficiency etc.

More details as following;

- Load factor of mother vessel nearly 100%, boxes are waiting at loading ports & transshipment hubs for many weeks!
- Longer transit time risked for shortage of raw material in global value chain, especially for just-in-time system in automotive industry in Asia!
- Longer transit time, longer for payment that bring on cash flow problem to exporters!
- Delayed on vessel schedule caused of lack empty boxes with export and logistics operation chaos that brought conflict in domestic stakeholder such as shippers, ship agents, terminal operators, truck companies, container depots etc.
- Boxes condition are not ready for cargo stuffing. Some shipment claimed by importer for loss of damage, 20-30% of value!
- Increasing on warehousing and inventory cost due to enormous stock of finished product!
- Higher cost but cannot increase product's price due to consumers' purchasing power still not recovered!
- Low value cargo cannot load due to transportation cost increasing 5-10 times in some trade lane and it is nearly to cargo price, customer asked for pending. Some of Thai SMEs cannot ship their cargo since March 2021! (LCB-ECNA is now ~20,000 USD/40', from ~4,000 USD/40' in 2019)

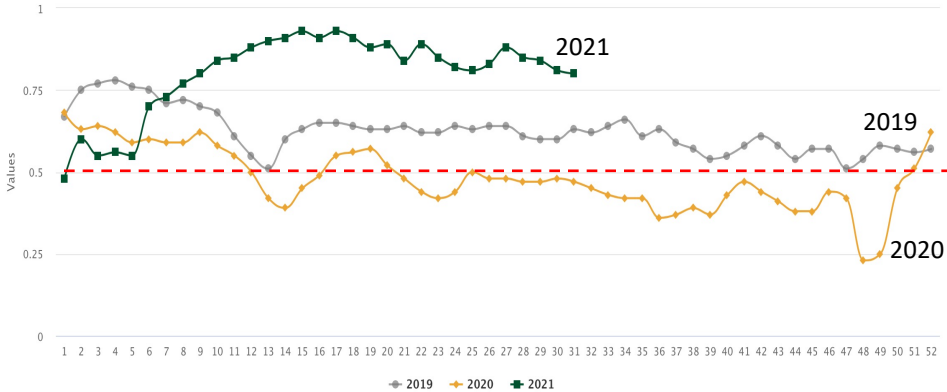
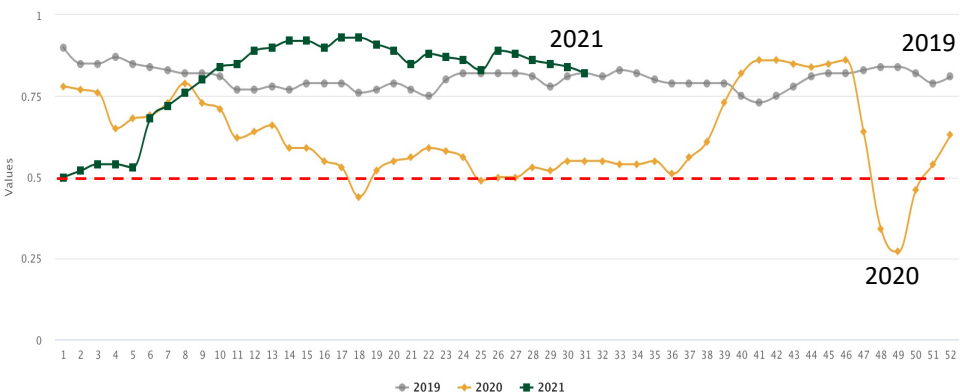
Container Availability Index (CAX)

: Boxes surplus in USA & EU but shortage in Asia.



Shanghai: Due to continuous export growth, Chinese shippers required enormous empty boxes for export. So, continuous boxes shortage in Shanghai for 2019-2020, better situation in 2021.

Singapore: As important maritime hub in Asia, boxes have to circulate to SEA. Delayed of mother vessels & congestion at port caused liners carry empty boxes direct to export countries.



Los Angeles: Boxes surplus at LA ports. Due to US domestic economic recovery and import surge.

Hamburg: Boxes surplus since February 2021. However effected from suez canal caused lower index.

Explanation: A CAX value of 0.5 (Red Line) means that the same number of containers leave and enter a port in the same week. CAX values of > 0.5 means that more containers enter and CAX values of < 0.5 means more containers leave a specific port.

Source: <https://container-xchange.com/features/cax/> : As of July 11, 2021

Shanghai Containerized Freight Index

- : enormous freight rate increased
- : expected stable high until end of 2021



Shanghai (Export) Containerized Freight Index based on Settled Rates (EUR service)



Shanghai (Export) Containerized Freight Index based on Settled Rates (USWC service)

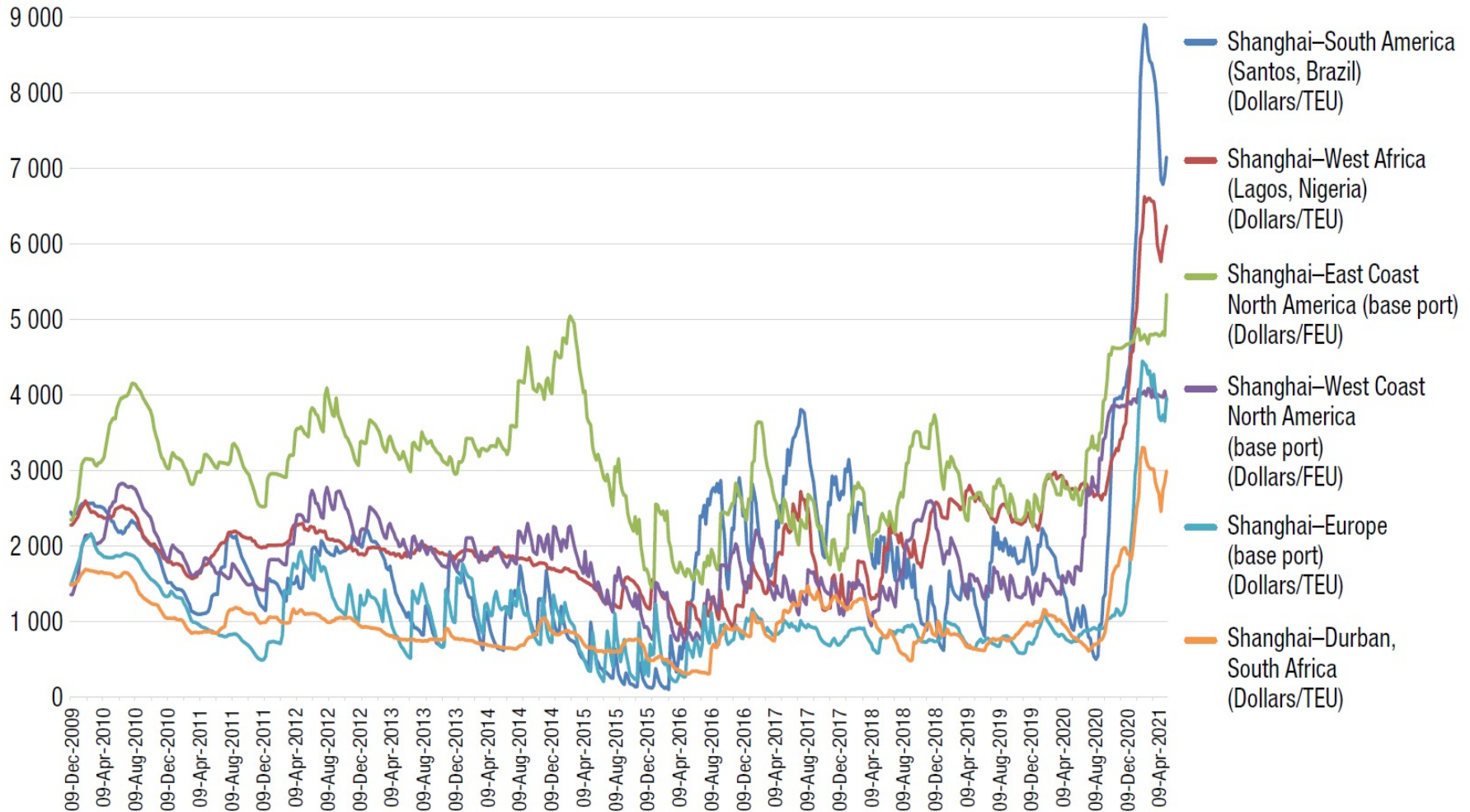


Shanghai Containerized Freight Index



: Freight rate surged in all trade lane since Q4/2020

: Have any reasonable support on this surge? Is cost increasing and demand surge on same level?



Total Logistics Cost of Maritime Transport: Thailand



Year	2017	2018	2019	2020	2021
Target of Logistics Costs to GDP	Forecasted 12% in 2021				
Actual Logistics Costs to GDP	13.5%	13.4%	13.4%	Forecasted 12.9-13.4%	???



Visible Cost

- THC = \$ 90/135 per 20'/40'
- B/L Fee = \$30-50 per shipment
- Lift on Charge = \$ 10/20 per 20'/40'
- CFS = \$90/160 per 20'/40'
- VGM = \$30
- AMS Fee = \$30-40



Invisible Cost

- Inefficient management
- Cost of delayed
- Opportunity cost



Low port productivity

- Lack of equipment in terminal
- Yard management

Lack of information flow in logistics operation

- Lack of information network with terminal
- Delayed of port community system & NSW

Government procedures on export certification

- Cost of operation & fee for certification

Port congestion & connectivity

- Land congestion delayed truck operation services
- Delayed of truck queuing development
- Lack of rail service and connectivity
- Increasing of coastal operation cost due to port authority's regulation.



Joint Statement of ASA

: Asian Shippers' Alliance Online Meeting, 17 June 2021



The Meeting agreed:

- 1. To raise up shippers' voice on dramatically freight and local charge increasing and equipment and vessel capacity shortage in global level discussion.**

➡ together with Global Shippers' Alliance (GSA) and Partners)

- 2. To investigate 'competition practice' with national competition authorities and international organizations**

➡ Ministry of Commerce, Thai Government do support on this matter!

- 3. To enhance shippers' collaboration** such as

- 1) to share information of container availability and best practice
- 2) to negotiate with carrier for space and equipment guarantee
- 3) to encourage government agencies to relax control on COVID-19 measures on logistics for easier movement of container
- 4) to study alternative mode for international transportation
- 5) to support marine container box construction etc.

Will other do the same?

: This crisis is global issue; we need collaboration in global level!

Biden to urge FMC to step up enforcement, work with DOJ

Mark Szakonyi, Executive Editor | Jul 08, 2021 10:01AM EDT

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US importers and exporters have been urging the Biden administration to get directly involved in relieving US port congestion. Photo credit: Shutterstock.com.



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Thank you for your attention!