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The average wait times for barges in Rotterdam arriving to collect import cargo for inland terminals was 56 hours last week, according to intermodal operator Contargo. Photo credit: Swissterminal.

Congestion has reached critical levels at some of North Europe's hub ports with transport and supply chain service providers caught in an endless cycle of logistics challenges that begin with full terminals and carriers missing schedules, and extend deep inland.

The bottlenecks are exacerbated by ongoing driver shortages, and disruptions to inland rail and barge services that not even slowing import volumes and rapidly worsening economic conditions have been able to ease.

"Bottlenecks across the Asia-North Europe network have contributed to an accumulation of delays on our services," Maersk told customers in an advisory Monday. "The situation is driven by a number of external factors, chiefly terminal congestion."

Maersk said the extensive delays driven by congestion required departure dates on its Asia-Europe services to be adjusted. So far, 17 sailings in conjunction with its 2M Alliance partner Mediterranean Shipping Co. will be adjusted from August until November.

With the operational challenges mounting, and shippers overloaded with inventory delaying the collection of their cargo from ports, boxes continue to stack up at container terminals. In the German port of Bremerhaven, this has prompted Maersk and subsidiary Hamburg Süd to warn shippers that containers will be moved to off-dock facilities if not collected "within reasonable time frames."

Hapag-Lloyd, responding to bottlenecks at the French ports of Le Havre and Fos-sur-Mer, has imposed a congestion surcharge of 25 Euros ($26) from July 1 for all import and export truck carrier haulage moves across all container types to encourage the timely pick up and drop off of boxes.

Port challenges pushing delays inland

A crucial link in Europe's import supply chain are the intermodal services that collect and carry containers to inland terminals for distribution via road, rail, or waterway to their final destinations. But with disrupted deep-sea vessel schedules and lengthy delays as a result, service providers such as European intermodal operator Contargo are struggling to manage the congestion across barge and rail services.

“The terminals at the seaports are full and are only accepting containers within very narrow time windows,” Contargo noted in a market update late last week. “The growing shortage of drivers and empty containers is not only increasing the need for organization, but is causing further delays.”

Average wait times for barges in Rotterdam and Antwerp have improved in June compared with May but remain far above pre-pandemic levels. The wait time for barges last week was 56 hours in Rotterdam and 51 hours in Antwerp.

Rail freight in Europe has also faced significant disruption through June with uncoordinated construction work in Germany closing lines and impacting train arrivals and departures, creating imbalances across the network.

“In some cases, trains are not being processed, booked time windows are not adhered to by the seaport terminals, or they are changed or cancelled at short notice, leading to more train cancellations and overbookings,” Contargo noted in its update.

“This situation is causing more and more containers to accumulate at our hinterland terminals, meaning that additional container handling maneuvers have to be carried out in the terminals and throughput times are getting longer,” it added.

Fewer containers, more congestion

The slowing of import volumes into North Europe has done little to mitigate congestion at hub ports in the region. Container volume imported into North Europe and the Mediterranean in the first four months of the year fell 4 percent year over year to 4.16 million TEU, according to the latest available data from Container Trades Statistics (CTS).

With European economies hammered by soaring energy and food prices that have led to runaway inflation and a cost-of-living crisis, analysts warn the decline in demand is set to accelerate.

Chris Williamson, chief business economist at S&P Global Market Intelligence, said the June S&P Global Eurozone Manufacturing PMI survey indicated that the downturn in Europe would gain momentum in the coming months.

“Demand is now weakening as firms report customers to be growing more cautious in relation to spending due to rising prices and the uncertain economic outlook,” Williamson said in his analysis of the PMI result. S&P Global is the parent company of JOC.com.

“Inventories of both raw materials and unsold stock are rising due to lower-than-expected production and sales volumes respectively, hinting that an inventory correction will act as an additional drag on the sector in coming months,” Williamson added. “Backlogs of work are meanwhile falling, which is often a prelude to firms reducing operating capacity, and business confidence in the outlook has fallen to the gloomiest for just over two years.”

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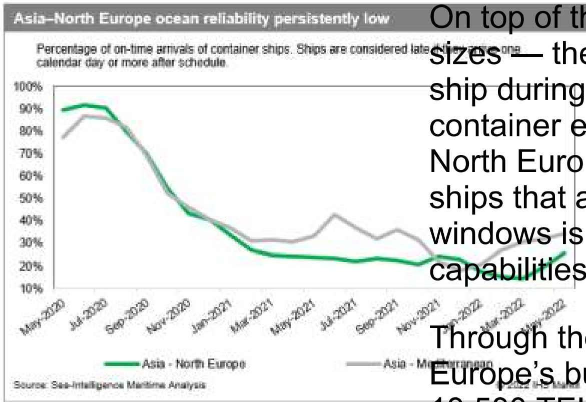
A major driver of terminal congestion is poor schedule reliability, and even though on-time performance on Asia-North Europe improved by 6 percentage points in May, vessel reliability of 25.7 percent meant just one in four ships was arriving within one day of its scheduled slot, according to Sea-Intelligence Maritime Analysis. Schedule reliability on the North Europe trade has averaged 18 percent over the first five months of 2022 compared with 27 percent last year.



On top of the disrupted schedules are increasing call sizes — the volume of containers moving on and off a ship during a single port call, also known as the container exchange. These have risen significantly at North European ports this year, and greater volume on ships that are bunching up outside their arrival windows is placing huge pressure on the handling capabilities of terminals.

Through the first five months of the year at North Europe’s busiest ports, average call sizes of vessels 13,500 TEU and above on the deep-sea trades increased 12 percent year over year while the number of vessels calling at the hubs increased just 8 percent, the latest data from the S&P Global Port Performance Program shows. In the 8,500 to 13,500 TEU category, average call size was up 7 percent while number of vessel calls declined 19 percent from January through May.

The Port Performance Program data shows average call sizes in the first five months compared with the same period last year at Felixstowe were up 30 percent, Gdansk up 26 percent, Rotterdam up 20 percent, and Antwerp and Hamburg both up 10 percent.

Average port hours of the deep-sea vessels across the North Europe hubs in the first five months increased 20 percent year over year to 52 hours, while the average anchorage hours increased 37.6 percent in January through May compared with the same period in 2021.

This was a trend highlighted by Drewry, which noted in a recent report that productivity across North Europe container terminals has deteriorated significantly as the challenges of handling these larger container exchanges with volatile demand saw carriers consolidating port calls.

“The steep increase in cargo exchanges is posing similar challenges for terminal operators as the prior spate of vessel upsizing,” Eleanor Hadland, senior analyst for ports and terminals at Drewry, wrote in the analyst’s latest ports and terminals insight.

“But the difference is that vessel upsizing was planned well in advance, whereas the 2021-22 ramp up in cargo exchanges has happened much faster and with little notice,” she added, adding that “a spike in vessel call exchanges has created a much larger headache for European terminal operators.”

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