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Carriers, shippers scramble amid worsening container shortages in Asia

Ocean containers are also in short supply in Taiwan and Singapore (pictured), forwarders say. Photo credit: joyfull / Shutterstock.com.

Keith Wallis, Special Correspondent | May 21, 2024, 10:55 AM EDT

Shippers are facing worsening equipment shortages in China due to soaring export demand and disruption to both long-haul and intra-Asia services caused by the ongoing vessel diversions around southern Africa.

While the impact varies by carrier, the worst-affected ports are Ningbo, Dalian and Guangzhou, while inland hubs including Wuhan and Chongqing are also experiencing container shortages, forwarders say.

“Carriers are facing equipment issues in China, especially for 40-foot and 40-foot high cube containers,” Tiffany Chan, procurement manager for FIBS Logistics, told the

Journal of Commerce. FIBS said the shortages were worse last week than a week earlier.

Containers are also in short supply in Taiwan and Singapore, forwarders said.

“This growing tightness is something we’ve been seeing over the last few months, but it’s really become a big issue since the beginning of May,” the senior executive of a Hong Kong-based freight forwarder said. “One issue has been compounded on top of another … to create a near-perfect storm of equipment shortages.”

The source said longer transit times to Europe and North America as vessels divert via the Cape of Good Hope to avoid the Red Sea region have delayed the return of empty containers to Asia, particularly China.

“Ocean carriers have also dropped calls at ports in the Indian sub-continent and Middle East on long-haul services to reduce transit delays, so empty boxes aren’t being picked up at ports such as Colombo [in Sri Lanka],” he said.

“But what’s really compounded the tightness in equipment is the unexpected increase in export demand since the beginning of this year,” the executive added.

Containerized exports from Asia were up 13.2% in the first quarter, including a 17% year-over-year rise in February alone, according to statistics compiled by the Japan Maritime Center based on official trade data. US imports from Asia were approximately 24% higher in the first four months of this year compared with the year-ago period, the data showed.

“Carriers are prioritizing equipment for their biggest and most loyal customers with a preference for long-haul rather than intra-Asia services,” the Hong Kong forwarder added.

Carriers forced to implement contingencies

logicall, which formally rebranded from Norman Global Logistics last week, said the equipment shortages have led some carriers to impose priority surcharges, restrict equipment for contracted clients, charge guaranteed space premiums and adjust volume allocations.

Ningbo is the worst-affected port, with carriers including CMA CGM, Cosco Shipping Lines, Evergreen Marine and HMM facing shortages or tight availability of all types of containers. Ocean Network Express, Hapag-Lloyd and Mediterranean Shipping Co. have reported a tight supply of 40-foot high cube containers.

CMA CGM is also facing shortages of containers in Shanghai, Dalian and Qingdao, while Hapag-Lloyd is reporting shortages of 40-foot equipment in Shanghai, Qingdao and further south in Guangzhou and Shenzhen.

Availability of 20-foot and 40-foot containers is also tight for HMM, Hapag-Lloyd and CMA CGM at Taiwan ports such as Kaohsiung and Keelung.

The shortages have prompted a splurge of orders from ocean carriers and leasing companies at leading equipment makers including China International Marine Containers (CIMC), the world's largest box maker. CIMC said it saw a five-fold increase in container sales, to 494,000 TEUs, in the first three months of this year.

Among the carriers investing in equipment this year are Hapag-Lloyd, which ordered 95,000 TEUs of general purpose boxes, and Evergreen Marine, which is spending $65 million on 17,500 containers. Intra-Asia carrier SITC has earmarked $50 million for new containers this year.

Container leasing rates have also soared, with prices on some trades lanes increasing by at least 50% since the start of this year.

Data from online platform Container xChange shows one-way leasing rates for a 40-foot high cube container from Ningbo to Savannah are up to approximately $1,500 compared with about $800 in January, while the price from Shanghai to Long Beach is also up to about $1,500, from $1,000 early this year.

Contact Keith Wallis at keith.wallis@hotmail.com.