

European congestion fears allayed thus far as vessel arrivals spread out



APM Terminals' recently completed MedPort Tanger terminal at Morocco's Tanger Med adds 1 million TEUs in annual capacity to the Maersk port division. Photo credit: APM Terminals.

Greg Knowler, Senior Editor Europe | Feb 13, 2024, 9:51 AM EST

The Asia-Europe ocean trade is settling into a new normal of extended transit times, and while vessel schedules have been heavily affected by the diversions around southern Africa, the longer transits are — so far — not leading to congestion at European destinations.

An executive at a North Europe terminal said “something of a new normal is emerging” as vessels sailed around southern Africa in both directions to avoid the uncertain security situation in the Red Sea amid ongoing attacks against commercial shipping by Houthi militants operating in Yemen.

“Adding extra time in round trips initially spread ships out rather than bunching them up,” the source said. “Schedules are not fantastic, but the ship arrivals are mostly quite evenly spaced.”

A Hapag-Lloyd spokesperson described current European port calls as “relatively seamless,” with no equipment shortages reported in Northern Europe.

“Both the Panama situation as well as the Red Sea situation are impacting global shipping ... but at the moment terminals in Europe are handling the operations relatively seamless[ly],” the spokesperson told the *Journal of Commerce*.

A spokesperson for Hutchison Ports, operator of the UK’s largest container port of Felixstowe, said its terminals were not seeing any congestion and no bottlenecks were expected in the coming weeks.

Eirik Hooper, senior analyst at Drewry Ports and Terminals, said in a webinar last week that while ship diversions are in place, waiting times at ports across Northern Europe and the Mediterranean were not likely to become a major issue.

And while there is a risk of bottlenecks when Suez Canal routings resume and those vessels begin to cluster with those arriving from voyages around the Cape, the disruption is expected to be short-lived.

“Unlike the situation that arose during the pandemic, there is generally good availability of terminal capacity across the North Europe and Mediterranean ports and inland transport networks are still operating well,” Hooper noted.

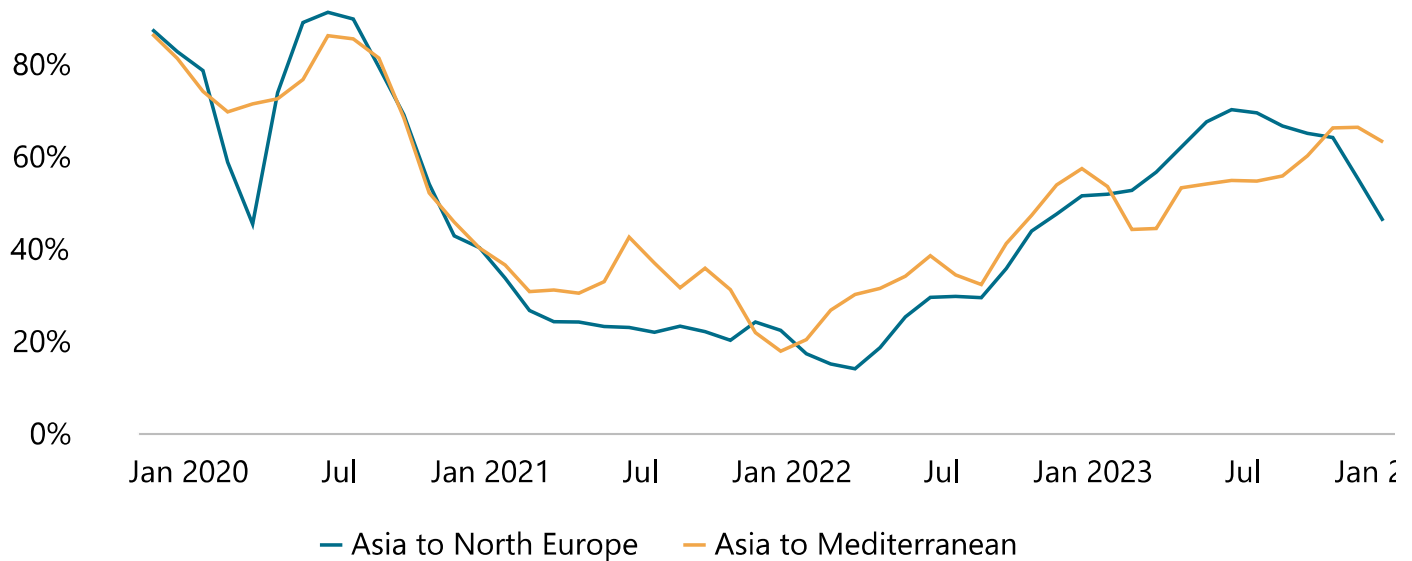
Deteriorating on-time arrivals

The on-time performance of ocean carriers on the Asia-Europe trade lane in December fell to levels not seen since October 2022 and is expected to deteriorate further when the January data is released by Sea-Intelligence Maritime Analysis.

Asia-Europe schedule reliability down sharply in Q4

Percentage of on-time arrivals of container ships. Ships are considered late if they arrive one calendar day or more after schedule





Source: Sea-Intelligence Maritime Analysis

© 2024 S&P Global

On the Asia-North Europe corridor, schedule reliability in December fell 9.2 percentage points from November to 46.4%, the lowest reliability since October 2022 when severe congestion choked ports at both ends of the trade lane.

Alan Murphy, CEO of Sea-Intelligence Maritime Analysis, warned shippers to prepare for routings around Africa — and the higher costs and extended lead times accompanying the diversions — for the foreseeable future.

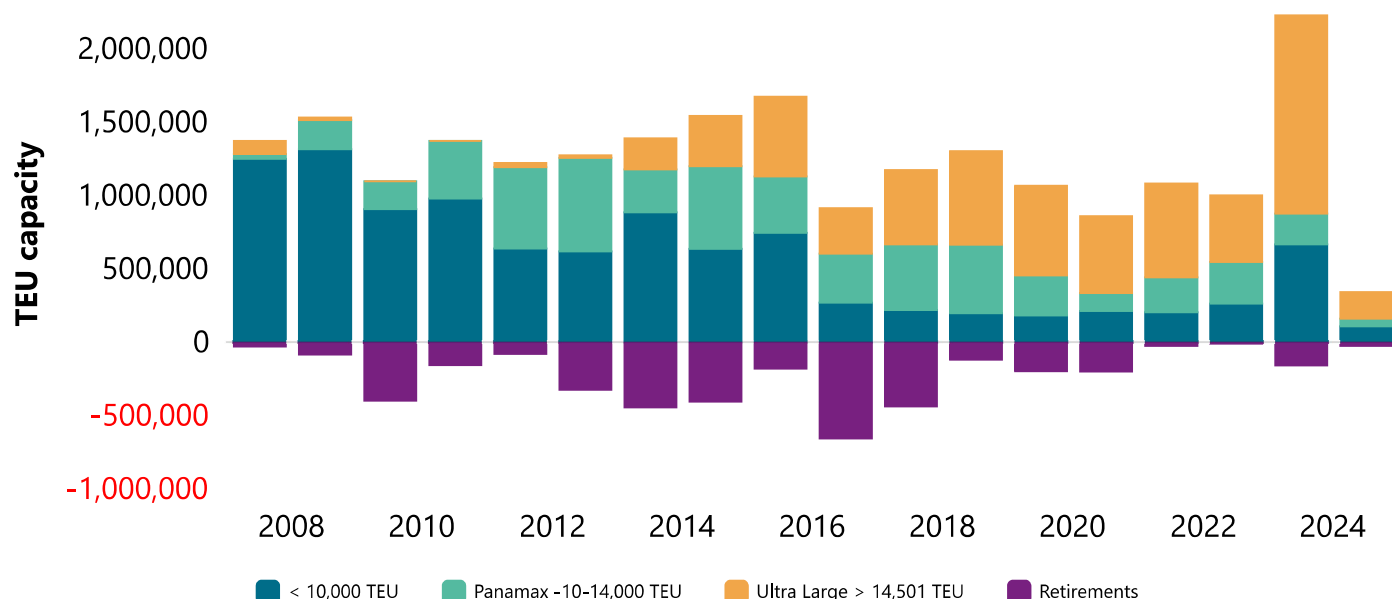
“The global carriers presently have no real incentive to switch back to a Suez routing, even if given a 100% guarantee of no attacks from the Houthis and a reduction of insurance premiums back to normal,” Murphy wrote in the latest Sunday Spotlight newsletter. “Such a reversal would in all likelihood cause freight rates to tumble very quickly, and more than outweigh any potential savings from the shorter routing.”

He noted that although carriers were currently enjoying higher rate levels, the loss-making fourth-quarter financial performances reported by [Hapag-Lloyd](#) and [Maersk](#) were an indication of a container shipping market awash with excess capacity.

Most deliveries in ultra-large segment bound for Asia-Europe

Global container ship fleet development by ship size each year





Related data for this chart

Source: S&P Global [Click here](#) to explore related data on Gateway

© 2024 S&P Global

5Y 10Y MAX

The extent of the tonnage coming online on the Asia-Europe and Mediterranean trades was captured by data from Sea-web, a sister company of the *Journal of Commerce* within S&P Global. It shows vessels of 14,500 TEUs and higher with a total capacity of 1.35 million TEUs were delivered in 2023 for deployment on the Asia-Europe trades; in the first month of this year, 181,000 TEUs in ships above 14,500 TEUs came online.

Extended voyages absorbing capacity

Estimates vary on how much capacity is being absorbed by the need for carriers to reroute ships around the Cape of Good Hope to avoid the Red Sea, with the extended voyages adding seven to 10 days to Asia-North Europe transits and 14 days or more to the Mediterranean.

Maersk CEO Vincent Clerc last week told analysts on the carrier's 2023 earnings call that 6% to 7% of the global container fleet was being affected, as was 36% of Maersk's volume. Sea-Intelligence estimated 16% more capacity was required due to the diversions, while Drewry has estimated up to 30% of the global fleet capacity has been affected.

The largest impact of the diversions in terms of lost cargo volumes is falling on ports in the eastern and central Mediterranean. To save time, some carriers are offloading at the strategically located terminals in Tanger Med; Morocco; and Algeciras, Spain, at the

western entrance to the Mediterranean, with the cargo then being transshipped to destinations.

Data from Drewry shows weekly calls at Egypt's main ports of Damietta, Port Said and East Port Said are down 31%. Weekly calls are down 32% at Malta, down 22% at Gioia Tauro in Italy and down 29% at the Grecian port of Piraeus.

With no sign of any improvement in the Red Sea security situation — the US-owned bulk carrier *Star Iris* was hit by a missile this week — carriers are adapting their schedules to provide better weekly service levels.

One of those is Maersk, which has diverted its ME2 service linking the Mediterranean to the Middle East and South Asia. Cargo will be discharged at APM Terminals in Algeciras and Tanger Med with Maersk providing onward connections to North Europe and the Mediterranean via relay transshipment to other mainline services calling at the ports and through feeder services.

“Maersk's APM Terminals has just completed the expansion of its MedPort Tangier terminal that provides the carrier with an additional mainline berth and also adds 1 million TEUs of capacity on an annual basis,” Eleanor Hadland, lead analyst at Drewry Ports and Terminals, told last week's webinar.

Contact Greg Knowler at greg.knowler@spglobal.com.

© 2024 S&P Global. All rights reserved. Reproduction in whole or in part without permission is prohibited.

You are permitted to print or download extracts from this material for your personal use only. None of this material may be used for any commercial or public use. For more information on reprints/eprints, please visit <https://subscribe.joc.com/mediasolutions/>.