

## Rerouted Asia-Europe voyages to cause space, equipment shortages



*Getting empty containers to Asian factories where they are needed for exports could be a problem over the next few weeks. Photo credit: FooTToo / Shutterstock.com.*

Greg Knowler, Senior Editor Europe | Jan 4, 2024, 10:28 AM EST

Asia-Europe forwarders and shippers are bracing for ocean space and equipment shortages for the next few weeks as pre-Chinese New Year demand and longer voyages by ships diverting around the southern tip of Africa remove capacity from the trade lane.

Attacks on commercial shipping in the Red Sea by Houthi militants have forced container carriers to reroute vessels via the Cape of Good Hope, adding 6,000 miles and an additional two weeks in transit time.

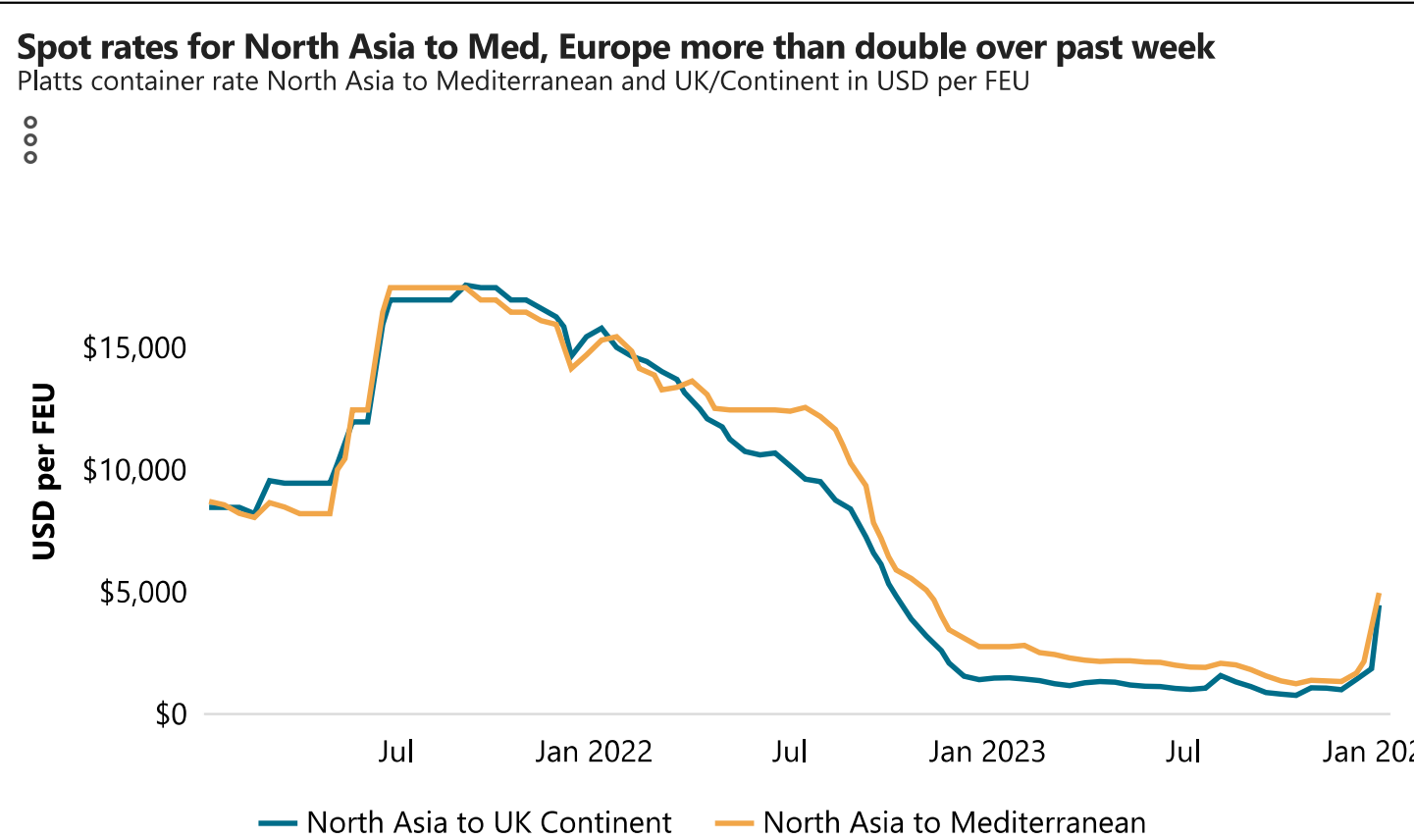
Kuehne+Nagel data on Wednesday showed 360 vessels were steaming around Africa in both directions, extending the voyages of almost 5 million TEUs in capacity and

putting sharp upward pressure on rate levels.

“Currently there is a lack of space in the market,” Ivo Roex, global supply chain manager at transport solutions provider e-llis, told the *Journal of Commerce* Thursday. “We are now seeing prices of over \$5,000 per FEU in the FAK [freight-all-kinds] market compared to \$2,000 to \$2,500 two weeks ago.”

Those prices are reflected in data from Platts, a sister company of the *Journal of Commerce* within S&P Global. Average spot rates from North Asia to the Mediterranean were at \$5,000 per FEU this week, with North Asia to the UK rates at \$4,500 per FEU, both more than doubling over the past two weeks.

Drewry’s World Container Index shows a 115% increase in rates from Shanghai to Rotterdam compared with last week, and a 114% increase in Shanghai-Genoa prices.



Related data for this chart  
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Roex said the rising rates were related to the traditional approach to get shipments on the water ahead of Chinese New Year that begins on Feb. 10.

“Shippers have today no choice but to accept the rates unless they can live with no replenishment for the next two to three months,” he said. “If they don’t ship now, even at elevated prices, they will have to wait until after Chinese New Year and then, depending on Red Sea safety, there is the possibility of a lack of equipment. The risk factor is just too high.”

## Ship delays begin to rise

A Red Sea update by container visibility platform project44 Thursday noted that carrier schedule changes were beginning to show arrival delays.

Southeast Asia to Europe was seeing the biggest impact so far, with delays increasing 105% from the week of Dec. 17-23 to the week of Dec. 24-31. Vessels on the route were expected to arrive eight days late on average. China to Europe ships were showing delays of four days, with vessels on the Southeast Asia to US East Coast lane coming in 2.5 days late.

However, project44 said although the data does not show a large increase in transit times, containers that have been rerouted have not yet landed at their destination.

“These numbers will increase as carriers continue to update their vessel schedules,” the update noted. “Within the next few weeks as the impacted containers start arriving and gating out of their destination ports, this number will spike.”

An executive at a global forwarder who declined to be identified said his ocean freight team was preparing for equipment shortages over the next few weeks.

“We are expecting customers to try to delay shipments from Asia and hope the Red Sea situation is resolved soon, but that does not appear likely at this stage,” the source said. “The longer transit times for Asia-Europe will tie up equipment on the water, delaying its arrival at places where it is needed.”

The executive added he was anticipating the traditional pre-Chinese New Year demand and a capacity shortage for the next few weeks with rates likely to increase even further.

“Obviously, everything depends on the [Red Sea] situation and how it will be solved, but it looks like we are back to premium rate products on the Asia to North Europe and Mediterranean trades,” he said.

Meanwhile, in a joint statement Thursday by the World Shipping Council, the International Chamber of Shipping (ICS) and BIMCO, the organizations expressed thanks to the 12 nations that have condemned the ongoing attacks on ships in the Red Sea and the unlawful detention of vessels and crews.

“The shipping associations call on all nations and international organizations to protect seafarers, international trade in the Red Sea, and to support the welfare of the global commons by bringing all pressure to bear on the aggressors so that these intolerable attacks cease with immediate effect,” the statement read.

*Contact Greg Knowler at [greg.knowler@spglobal.com](mailto:greg.knowler@spglobal.com).*

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