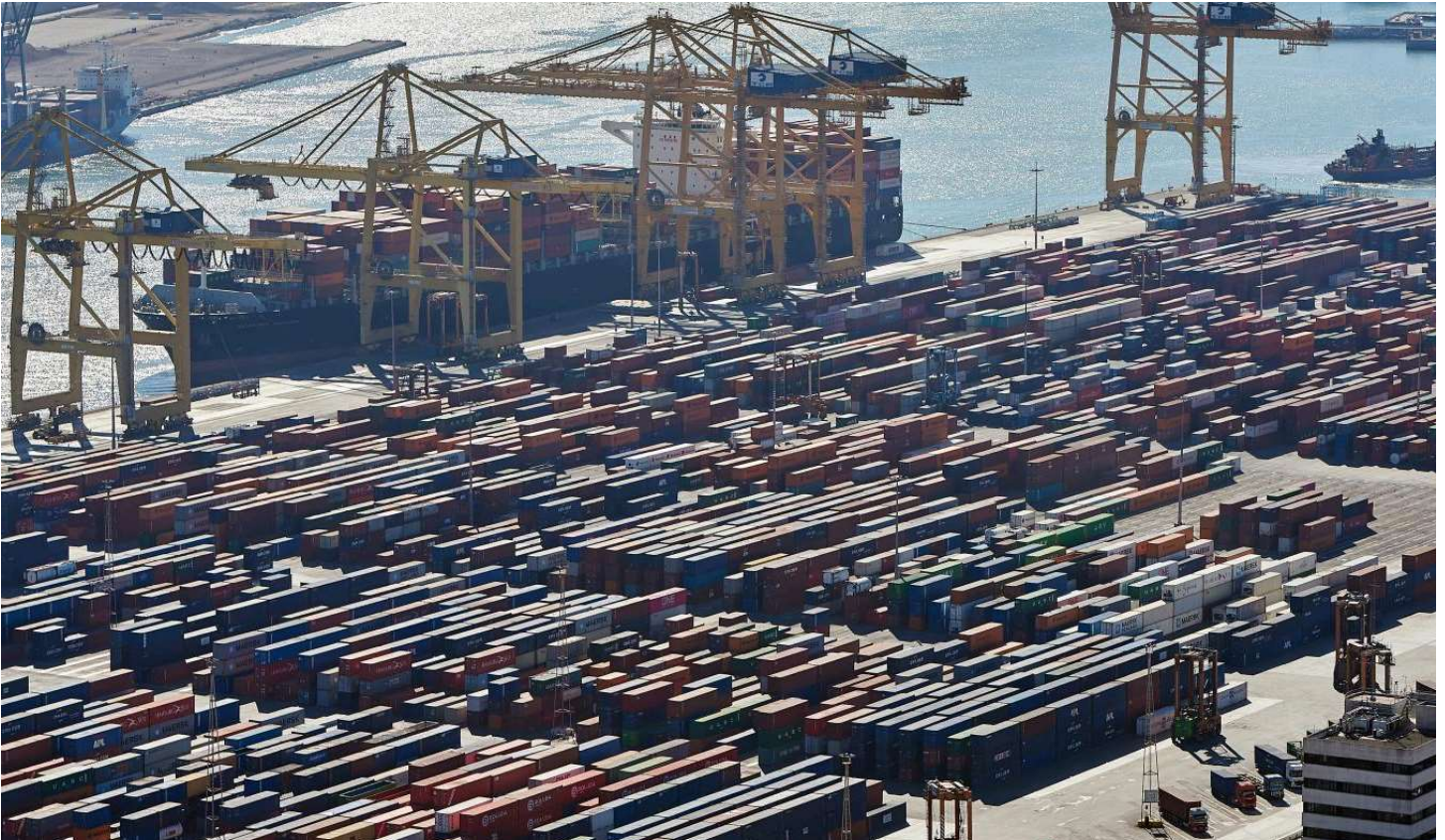


Rising volumes, larger ships overwhelm West Mediterranean container hubs



Average call size at the port of Tanger Med in Morocco spiked 27% in the first quarter, while the Port of Barcelona (pictured) reported a 14% jump. Photo credit: Shutterstock.com.

Greg Knowler, Senior Europe Editor | May 9, 2024, 12:43 PM EDT

Ports near the entrance to the Mediterranean are facing growing bottlenecks with volume rising and a sharp increase in transshipment as carriers offload cargo destined for southern Europe.

Larger vessels, an increase in ship calls and greater container exchanges during port calls are adding to the pressure on the West Mediterranean gateways — particularly the ports of Tanger Med, Barcelona and Algeciras — and frustrating carrier attempts to mitigate the extended transit times caused by sailing around southern Africa to avoid Red Sea attacks.

Maersk estimates the Asia-North Europe and Mediterranean trades will lose 15% to 20% of its capacity in the second quarter as carriers are forced to add even more ships to strings to maintain weekly sailings.

“As recent attacks have reached further offshore, this has forced our vessels to lengthen their journey further, increasing costs and sailing time,” the ocean carrier told customers in an advisory this week. “The knock-on effects of the situation have included bottlenecks and vessel bunching, as well as delays and equipment and capacity shortages.”

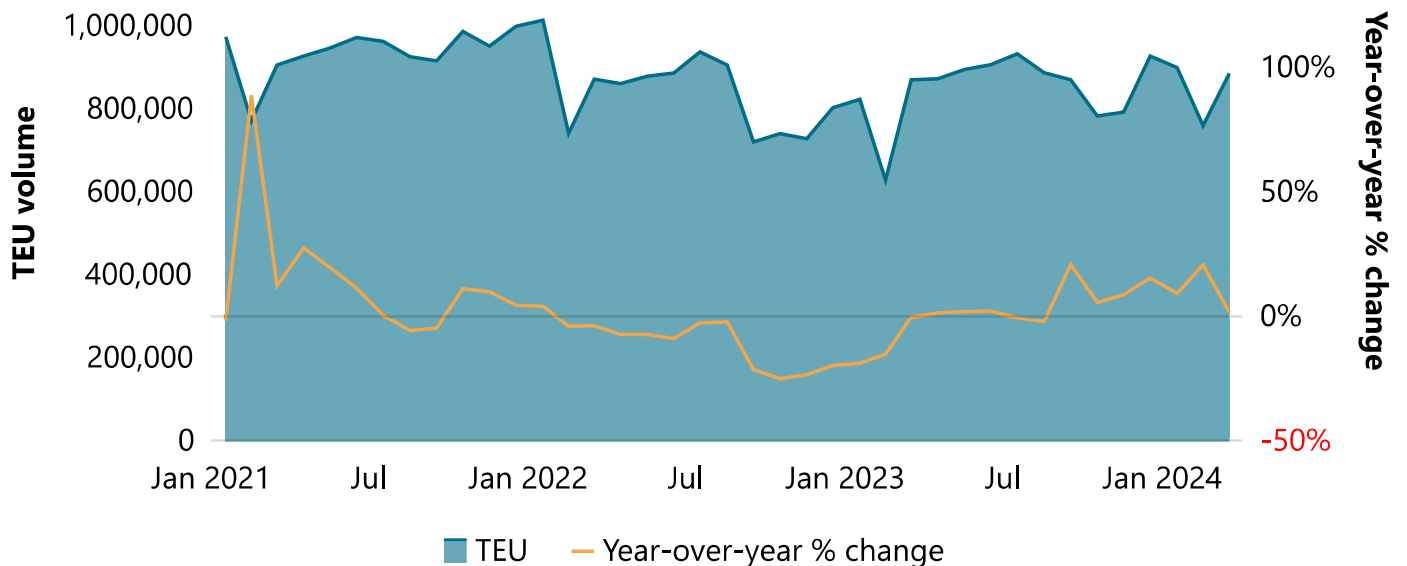
Maersk CEO Vincent Clerc said in a first-quarter earnings report last week that 6% to 7% of global capacity has been absorbed by the diversions around the Cape of Good Hope.

According to Container Trades Statistics, volumes from Asia to the West Mediterranean and North Africa increased 10% year over year to 759,595 TEUs in the first quarter, with shipments from China rising 14% in March. Asia-East Mediterranean/Black Sea volumes were flat at 271,994 TEUs, although imports from China ticked up 4.5% year over year in March.

Asia–Europe volumes rise for seventh straight month in March

Containerized imports to North Europe from Asia, with year-over-year change

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Source: Container Trades Statistics

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Larger vessels, calls

The sharp rise in volume on the heavily disrupted trade lane resulted in a significant increase in vessel and call sizes — i.e., the number of containers offloaded and loaded during a given call — as well as an increase in the number of ships arriving at the main West Mediterranean transshipment ports.

The average call size at the port of Tanger Med in Morocco, for example, spiked 27% year over year to 1,700 TEUs in the first quarter, while the Port of Barcelona reported a 14% jump in average call size to 1,216 TEUs, according to data from *Journal of Commerce* parent company S&P Global's Port Performance Program. Average call size at Algeciras was flat compared with the first quarter of last year.

Within the largest ship segment — 13,500 TEUs and above — average call size rose 11% year over year across the three West Mediterranean hubs, while call size among vessels ranging from 8,500 to 13,500 TEUs surged 17% during the quarter. The largest percentage increase in container exchanges, however, was recorded among 5,000-8,500 TEU ships, a segment that handles the bulk of the transshipment work in the Mediterranean.

Average vessel sizes at the West Mediterranean hubs saw a similar spike in the first quarter. The average capacity of ships calling at Barcelona grew 11% to 5,633 TEUs, while Tanger Med recorded a 5% increase to 6,272 TEUs; Algeciras vessel sizes edged down 1% to 6,692 TEUs.

Total moves by vessel size show the transshipment-friendly 5,000-8,500 TEU ships again leading the way, with the number of moves at Tanger Med, Barcelona and Algeciras spiking 50% year over year to 382,992 TEUs. Ships greater than 13,500 TEUs saw total moves increase 17% compared with the first quarter of last year to 667,196 TEUs, while moves in the 8,500-13,500 TEU ship segment were up 28% at 459,375 TEUs, according to Port Performance Program data.

Record volumes

The rise in volume arriving for transshipment at Barcelona was also captured by rate benchmarking platform Xeneta. In a market update Thursday, Xeneta noted that Barcelona handled 154,000 TEUs in container transshipments in March, a 63% year-

over-year increase. Total volumes through Barcelona rose 48% to a record 446,000 TEUs in the first quarter.

The sharp increase in volumes and resulting congestion have also pushed Asia-Mediterranean spot rates higher. Helped by a series of carrier rate increases, average rates from Asia to the Mediterranean rose nearly 20% in the last week alone to \$5,500 per TEU, and is now up 147% year over year, according to Platts, a sister product of the *Journal of Commerce* within S&P Global.

Higher vessel utilization is putting further upward pressure on rates as outbound capacity from Asia tightens, and shippers and forwarders are reporting difficulty in finding space for European imports. Jochen Gutschmidt, senior advisor for inland supply chain and logistics at supermarket chain LIDL, told the *Journal of Commerce* last week that some carriers are charging guaranteed space premiums, adjusting volume allocations and even cancelling contracts in some cases.

The congestion has dashed hopes that the Asia-Europe trade lane had adjusted to the longer transits around Africa to avoid Red Sea attacks and that schedule reliability would continue to improve.

After falling to a record low in January, schedule reliability on Asia-Mediterranean routes began to improve, rising to 40% in March from 33% in February, according to data from Sea-Intelligence Maritime Analysis. While the data for April is not yet available, the bottlenecks building at key Mediterranean ports will not be helpful for the carriers' on-time performance.

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