

A goat wearing a light-colored cowboy hat is looking out of the window of a vehicle. The background is slightly blurred, showing the interior of the vehicle and the window frame.

# Welcome to the Goat Rodeo

Maritime Congestion 2020/2021

Trade School

Mento LLC

March 26<sup>th</sup>, 2021





MarineTraffic

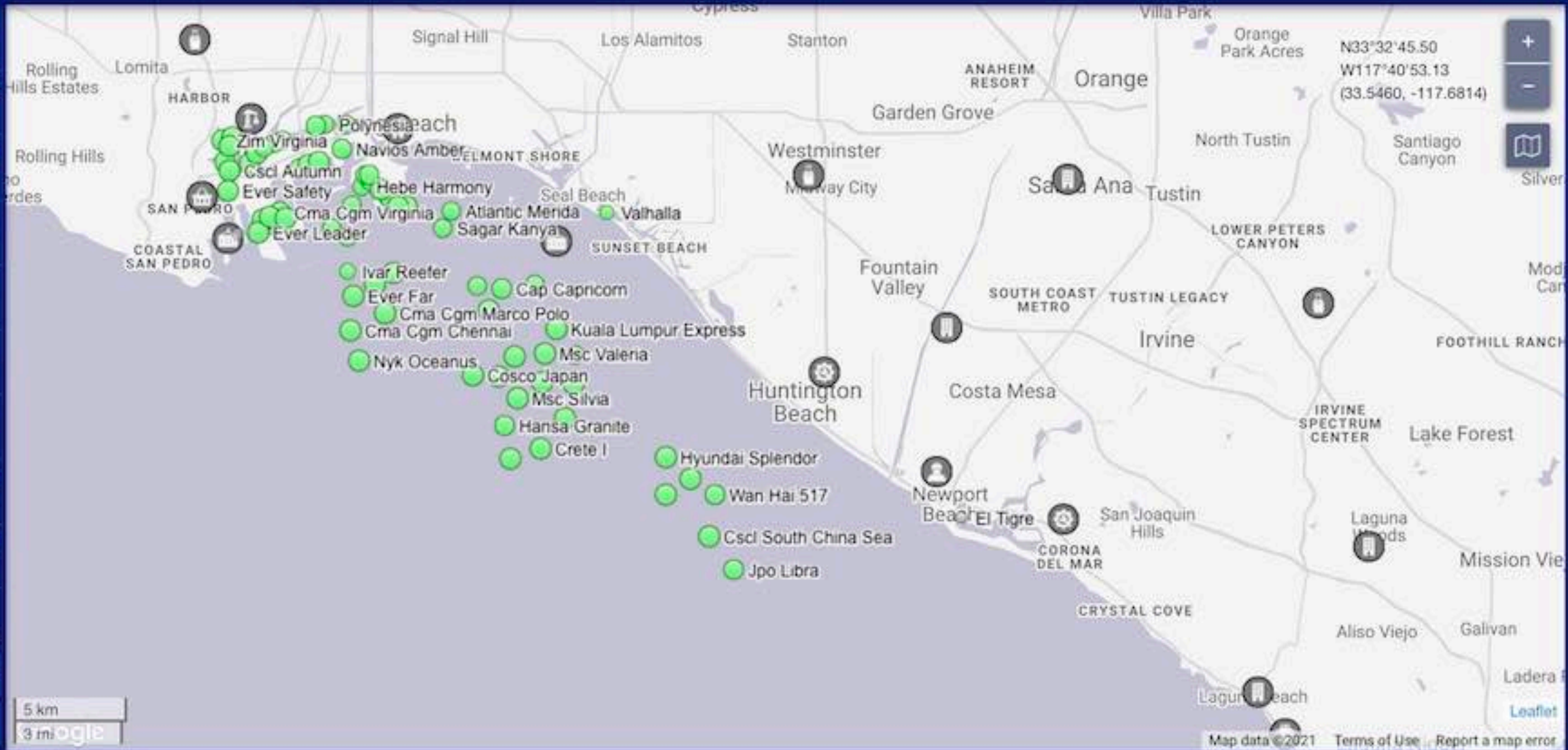
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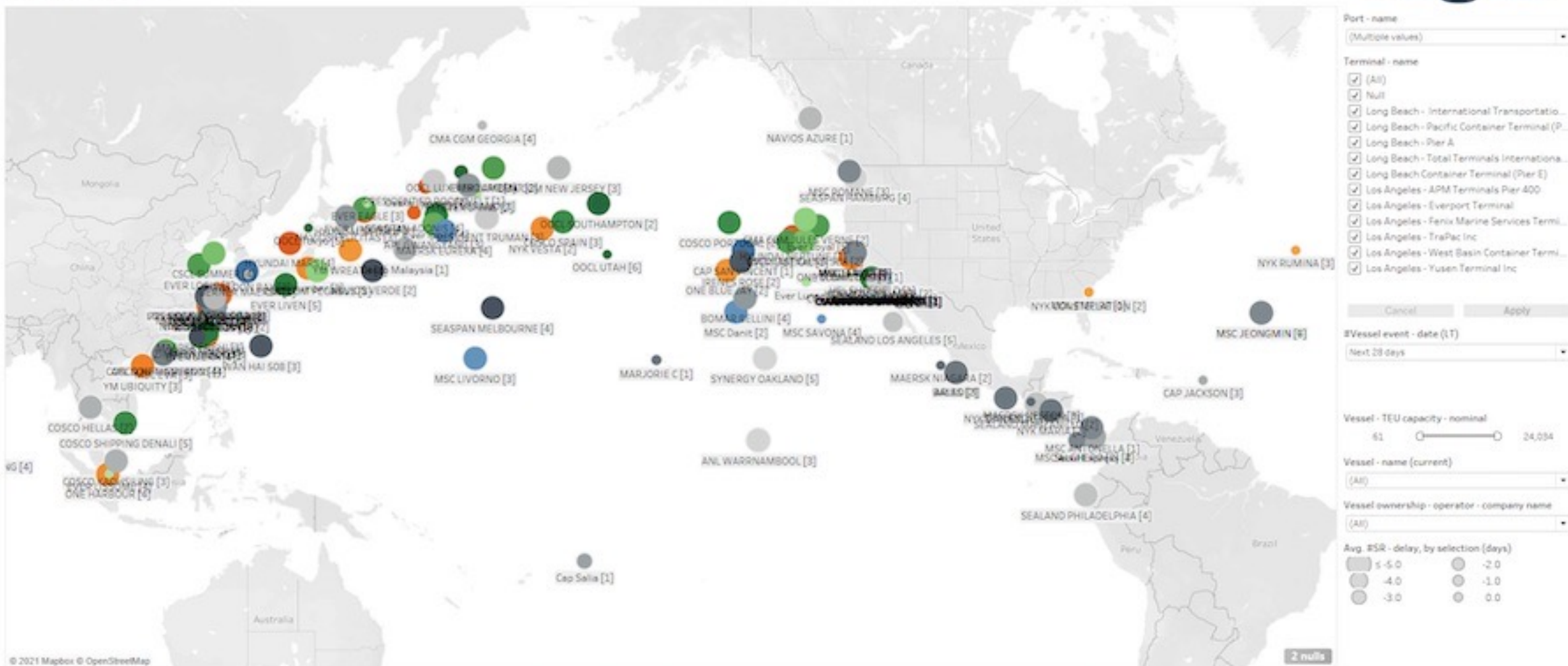


# Los Angeles & Long Beach inbound vessels | eeSea supply chain visibility

Inbound vessels per alliance & service (colour) and delay (bubble size)

Port(s): Long Beach & Los Angeles

eeSea



© 2021 Mapbox © OpenStreetMap

#Service - trade lane - category  
(All)

Service version - alliance code  
(All)

#Service - master name  
(All)

Service version - alliance code, #Service - master name

Null, ANL - PCX   HSUD - P...	Null, COSCO - AACI   DOCL	Null, MATSON - HAWAIIZ	Null, PASHA - LHX   PIL - H...	Null, ZIM - ZEX	2M, 2M - WCNA loop 4   H...	OCEAN, OCEAN - PSW3 &...	OCEAN, OCEAN - PSW9  ...	THEA, THEA - PS3   HL - P...	THEA, THEA - PS8   HL - P...
Null, APL - EX1	Null, HL - MPS   HSUD - MC...	Null, MSC - CALEX	Null, SEAL - WCCAZ   HSU...	2M, 2M - NEUR loop 3   H...	OCEAN, OCEAN - MEA4 & P...	OCEAN, OCEAN - PSW5  ...	THEA, THEA - ALS   CMA -	THEA, THEA - PS4   HL - P...	
Null, CMA - AZTECAZ   HS...	Null, HSUD - SSEA	Null, MSC - Santana	Null, WHL - AA1	2M, 2M - NEUR loop 5   H...	OCEAN, OCEAN - PSW1  ...	OCEAN, OCEAN - PSW6  ...	THEA, THEA - FES & PS7 / F...	THEA, THEA - PS5   HL - P...	
Null, CMA - EOX	Null, MATSON - CLX/AAX	Null, ONE - MAREX   HL - C...	Null, WHL - AA2	2M, 2M - WCNA loop 3  ...	OCEAN, OCEAN - PSW2  ...	OCEAN, OCEAN - PSW7  ...	THEA, THEA - FP1   HL - F...	THEA, THEA - PS6   HL - P...	

# Why ....

- Changed buying patterns brought about by the pandemic have brought extreme consumer demand into North America.
- This combined with Covid outbreaks at local dock working forces and a shortage of container equipment have created what many liner executives have described as the perfect storm in recent weeks.

# Suffering from Consumption

- The National Retail Federation (NRF) said this week that imports will surge on both coasts. NRF is forecasting what could turn out to be record retail sales growth in 2021.
- Liners are taking action to avoid the worst of the congestion.
- Heavy port congestion in Los Angeles and Long Beach has prompted Maersk and MSC to decouple the transpacific strings of the two Europe – Asia – US west coast pendulum services in their joint 2M network to reduce the exposure of the Europe – Asia strings to port delays.

## Imports surge to historic highs

Loaded imports, TEUs

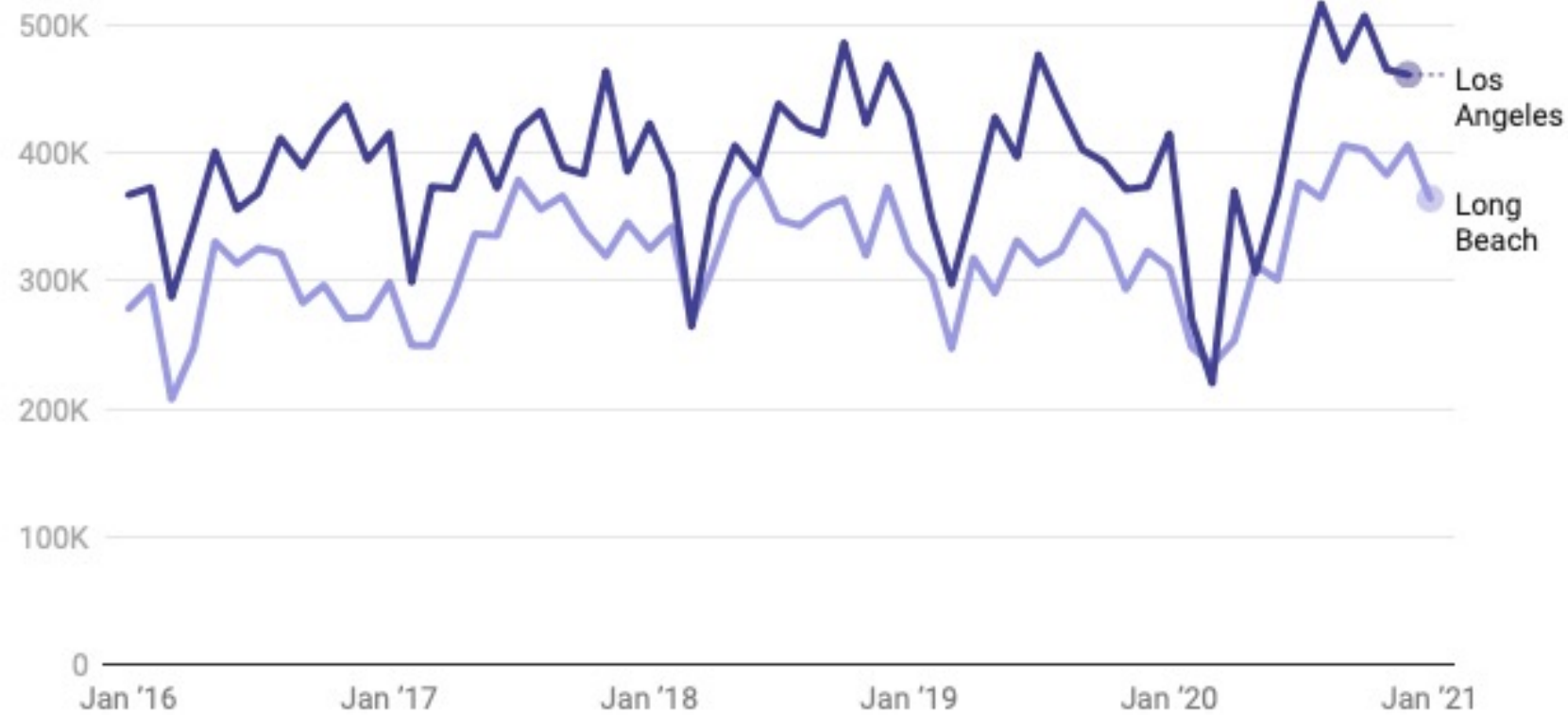


Chart: Matt Leonard / Supply Chain Dive • Source: Listed port • Created with [Datavrapper](#)

# Americans Like to Buy Stuff....

- The ports of Los Angeles and Long Beach have been overburdened with a deluge of container imports over the last few months.
- As a result, cargo heading into and out of the ports has slowed to a relative crawl, as the ports deal with record-breaking volume alongside a reduction in staff related to the COVID-19 pandemic.
- This slowdown resulting from high levels of imports has created congestion at terminals and in surrounding areas.

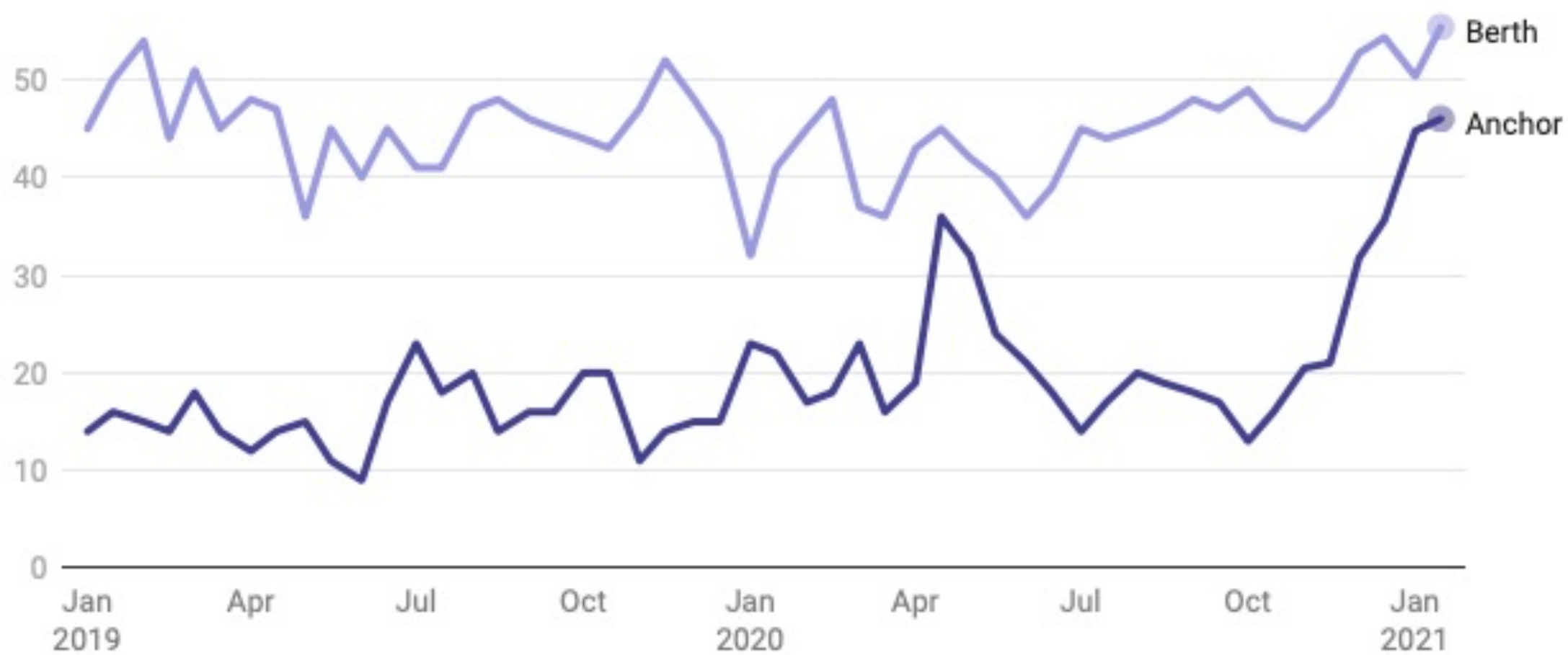
# Retail Returns?

- High import levels are driving the congestion. Loaded imports were up more than 23% YoY for The Port of Los Angeles in December and nearly 26% YoY at the Port of Long Beach.
- The high import levels are a result of increased consumer spending and retailers working to restock their inventory. Spending has shifted away from services, such as movies and restaurants to physical goods, generating record-breaking import levels at the nation's water gateways.



## More ships anchor, waiting their turn to berth

Containership count



# LAX is the choke point

- The import levels are well above the pre-tariff import levels seen in early 2019, as importers tried to beat an increase in fees, which also resulted in congestion and equipment shortages.
- The latest forecast from the Port of Los Angeles shows the heavy stream of containers continuing through February, and Seroka said the backlog created at the port could continue into the summer, as a result.
- This is in line with a forecast from the National Retail Federation, which expects record-breaking import levels through the first six months of 2021.

# LAX is the choke point

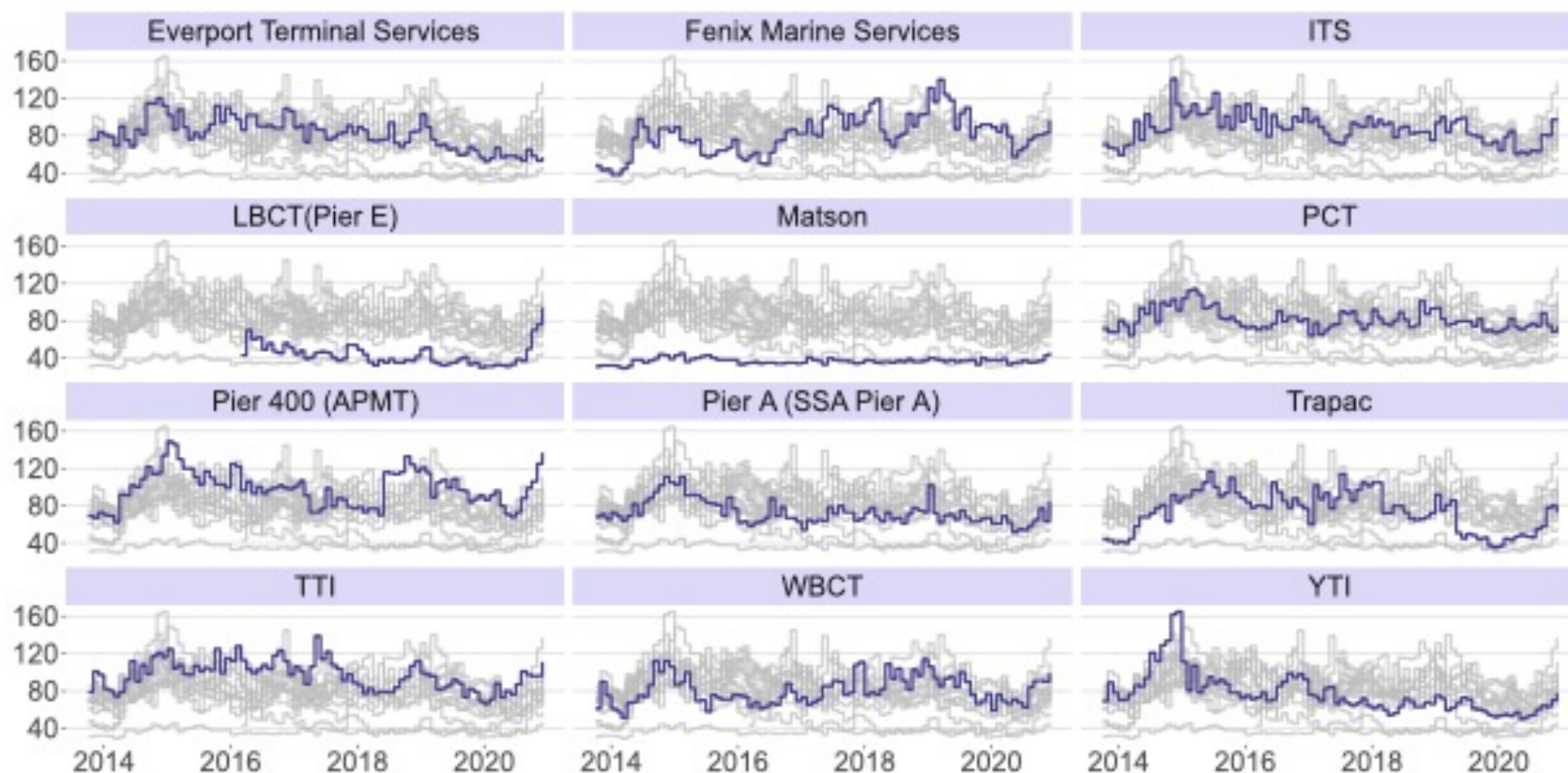
- As the imports are unloaded from container ships and brought onto land, more issues start to arise. Terminals' and facilities' stacks fill, and truckers work to move containers out to their next destination.
- Pier 400, operated by APM Terminals, is the largest terminal at the Port of Los Angeles and has seen its average turn time more than triple YoY (a 213% increase), according to figures from the Harbor Trucking Association.

# Faster, stronger, more nimble?

- Part of the turn time uptick is due to how full the port facilities are. At the Port of Los Angeles, the facility is considered full if containers occupy 80% of the space. As of last week, the space was 95% covered in containers.
- As turn times increase and more imports flow into the ports, the containers are staying there longer. In December, 26% of shipments had a dwell time for greater than five days, according to the Pacific Merchant Shipping Association.

## Some West Coast terminals see uptick in turn time

Turn times for terminals at the ports of LA and Long Beach (minutes)



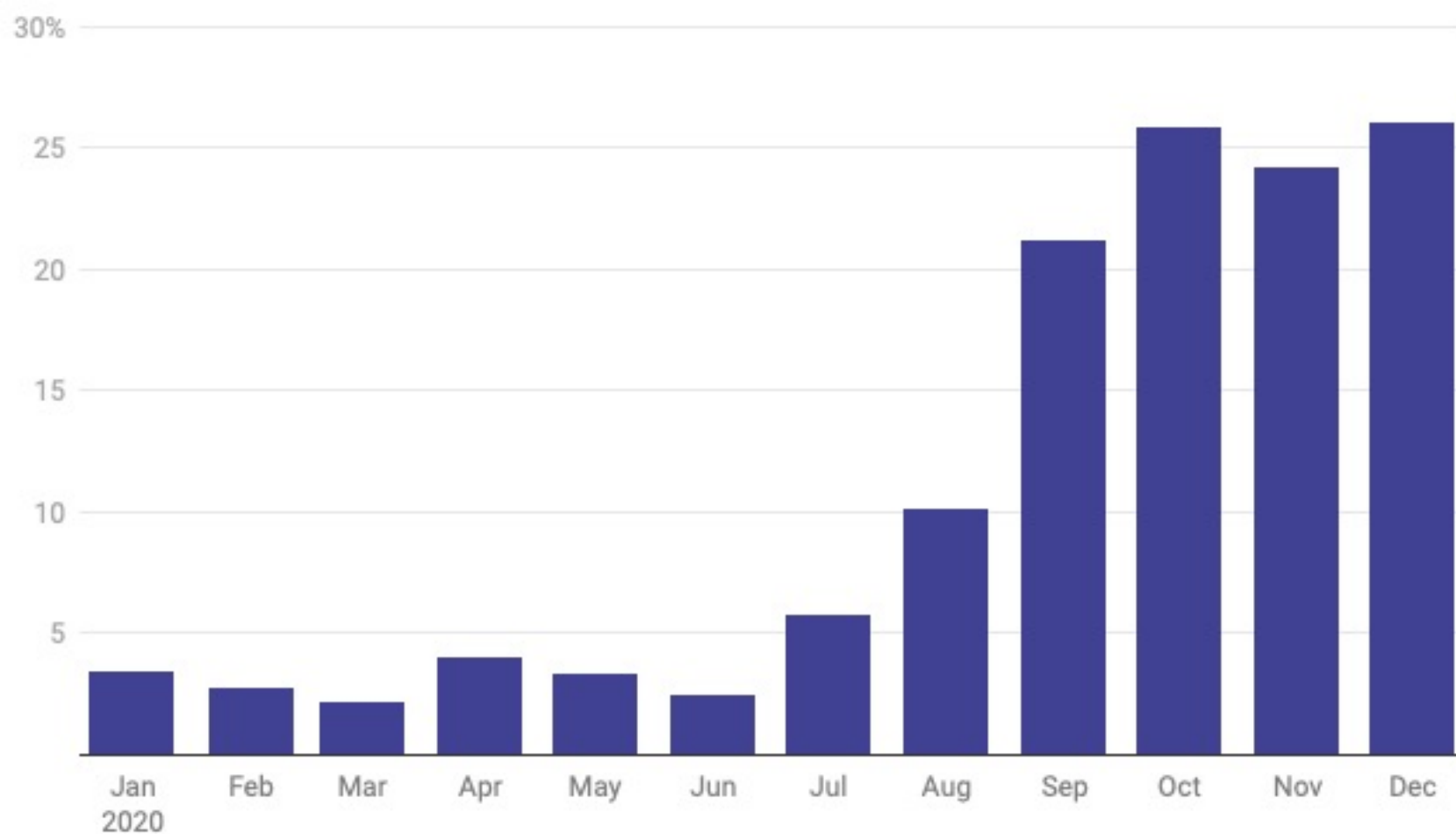
[Click the image to enlarge](#)

*Matt Leonard / Supply Chain Dive, data from Harbor Trucking Association*



## Terminal dwell exceeds 5 days for more than one-fourth of shipments

% of shipments experiencing dwell greater than five days



# Backed up!

- All of this slowdown has resulted in a long line of ships, anchored in the San Pedro Bay, waiting for a berthing spot.
- 40 or more container ships have been seen at anchor recently. And if each is hauling around 10,000 TEUs, that's 400,000 TEUs tied up, which are just not going anywhere while they're waiting for berth.
- The average time ships spent at anchor in December was 4.6 days and reached 7.3 days in January.

# C.R.E.A.M.

- The cost across the supply chain is very heavy, millions of dollars per vessel per day, when they sit not doing their business.
- Getting workers vaccinated is an important part of ensuring the port runs smoothly, as a lack of labor has partially hamstrung the facility.
- The problem is – you can't force anyone to get vaccinated. Well, not yet.



## FEDERAL MARITIME COMMISSION

Office of Commissioner Carl W. Bentzel  
Office of Commissioner Daniel B. Maffei  
Washington, D.C. 20573

January 28, 2021

The Honorable Joseph R. Biden  
The President  
The White House  
1600 Pennsylvania Avenue, Northwest  
Washington, District of Columbia 20500

Dear President Biden:

We write regarding the urgent issue of vaccinating the Nation's maritime workforce as soon as possible. We recommend that this essential workforce be prioritized for vaccinations, and in the interim be given access to rapid testing in order to help minimize workplace disruption, given their critical role in moving medical supplies, personal protective equipment (PPE), and handling what is an unprecedented amount of consumer goods arriving at our gateway ports.

While we recognize that prioritization for vaccination will be determined by the individual states, we believe that the Administration should emphasize the need to keep the supply chain transportation workforce in mind as each state deploys rapid COVID-19 testing and implements the vaccination process.

# Global Issue.....

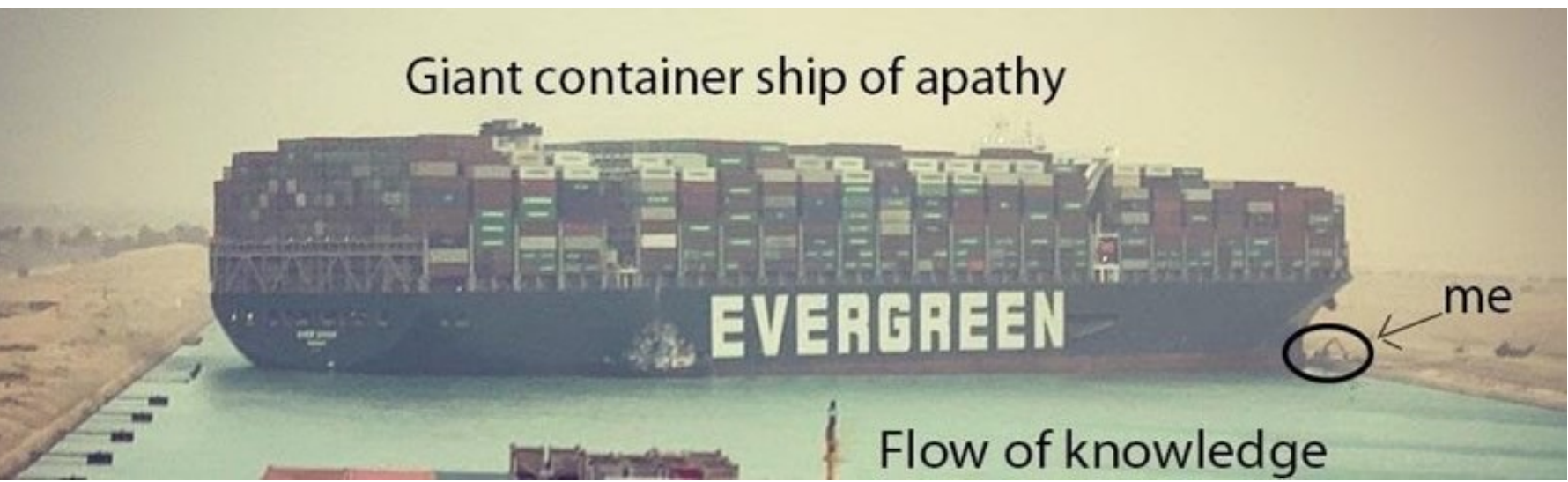
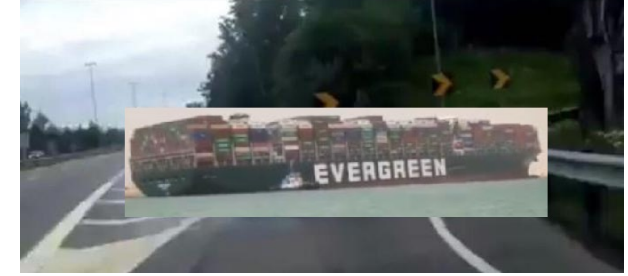
- The bottlenecks in the container market have now spread from the US to Asia.
- Waiting times in Singapore, the world's top transshipment hub, for box ships with a capacity of 18,000 teu and above are currently five-to-seven days from the normal two-day turnaround, a problem compounded by many feeder lines arriving late as global supply chains struggle to beat today's container chaos.



Then there's this ridiculous mess .....











# Suez Syndrome

- At least 30 other ships are just hanging around, waiting for the Ever Given to clear the way.
- When they do, there will be a tremendous backlog to deal with in Europe.
- “If you assume some of those ships are sailing now for 10 or 14 days longer around the Cape of Good Hope and arrive all at the same time at Rotterdam, they all need to find a berth, they all need to be discharged, and that likely will not happen overnight. So we will see a lot of delays and there will be a lot of problems to be solved.”

# Cash Pile(up)

- A prolonged delay in throughput through the canal will have a knock on effect of forcing carriers to cancel future sailings as they try to catch up with the earlier delays.
- The longer this continues, the more likely a new round of blank sailings a month from now emerges, as the vessels stuck in line will be unable to get back in time - and hence force blank sailings.
- Unlike the blank sailings instituted by carriers in response to weak cargo volumes, these would be structural in nature.
- When a ship has been delayed for a week or longer at a given port, the carrier will then institute a “structural” blank for that ship’s next sailing to fix the schedule.



# This could get messy and expensive

- Hapag-Lloyd said Thursday “we are presently looking into possible vessel diversions around Cape of Good Hope.”
- The carrier has five vessels dealing with the Suez closure.
- The long route around Africa was used by some carriers during the second quarter of 2020 when demand collapsed, but it adds more than 3,000 nautical miles and at least another week to the transit time from Asia to Europe.
- Ships also have to speed up to maintain schedules. An increase of two knots over five days burns an additional 1,000 tons of fuel.

GLOBAL TRADE THIS WEEK MONDAYS!  
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