

June 1st, 2021

Congestion, Equipment Imbalance and Their Impact on Shipping



U.S. demand for imported goods is still on the rise, even after record-breaking increases seen months ago. This trend has not had favorable outcomes for many major ports, but none more than those in Southern California. The real debacle is not just the increase in imports, rather the lingering effect the pandemic has had and its impact on the logistics chain.

There are two conflicting practices in place: an increase in imports and a decrease in productivity. Ports are forced to operate with less-than-optimal manpower under normal circumstances due to COVID restrictions and infections, but the situation is made even worse with the increase in demand. Though import numbers should be hitting higher on the charts for year-over-year volume, it appears less imports are being recorded. The numbers indicate that port productivity is steadily getting worse as vessels wait to berth. Also, worth noting - once a port gets behind, it is typically very hard to catch up, even as a standard practice.

Prolonged Anchorage

Prolonged dwell time and keeping vessels at anchorage create more layers of issues. Aside from dealing with the congestion at the port, the vessels kept at bay create an imbalance of equipment that is needed to be continuously circulated. The vessel itself is in short supply when its utilization is not being fully applied. A sitting vessel does no one any favors, and only prolongs the timeline for the global chain of vessels attempting to adhere to a beautifully choreographed schedule.

Vessels are sitting unable to unload. If they cannot unload, they cannot subsequently load. Cargo is therefore in limbo, just sitting in terminals. Cargo that can be moved needs the proper equipment to do so. With the vessels carrying the cargo already being held up, the equipment is not being circulated. This leaves truckers and rails unable to meet demand - creating yet another layer to this shipping parfit.



Equipment Issues If ports remain congested, equipment is going to remain unusable. To get things back to normal, equipment needs to be readily available, and ports need to be able to process the demand efficiently. As COVID is still very much a risk, the timeline of normalcy seems further and further away. Add in

variables that make things even more unpredictable such as extreme weather conditions, the Suez Canal closure, and any other catastrophes in an unpredictable future, it is even less likely to see a seamless flow of transported goods.

This imbalance stretches world-wide. Though major U.S. ports like Los Angeles and New York are experiencing some of the worst congestion, international ports, too, are feeling the effect. Vessels need to adhere to a strict schedule to maintain the delicate balance of transportation. When even one lane is disrupted, the whole chain becomes broken. The Suez Canal is a prime example of this trend at play. The week-long debacle left hundreds of vessels standard, unable to follow their plan. The full impact of the canal closure is still yet to be felt, as shippers are only now starting to see the lack of space and available bookings that were the outcome of the vessels being held up.



Navigating the World

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It is a long-haul effort that requires patience and good practice. The global pandemic is not just health related, as the impacts stretch far beyond what was imagined. The best option now is to remain vigilant and understanding as everyone is dealing with the aftermath of COVID. Our team at Rose strives to keep up to date on the on-goings of the shipping sector. Our hope is to be as transparent as possible, not only with the current state of things, but also with our pricing and practices. Rose has made significant improvements to ensure a seamless level of customer service as well offer a handful of online tools to help make the process easier. Though the current state of shipping is widely out of Rose's control, we aim to provide solutions. Contact us today and see how we can help you navigate the world.

