

Rates Soar as Space Shrinks



Rates soar as space shrinks - where is all this cargo going, and how is it going to get there? The shipping industry is racking its brain at how to solve the global gridlock that seems an impossible problem to overcome. Since the onset of COVID-19, the world had to adapt to an entirely unfounded logistics process. Rates have only been moving up, as less and less cargo is efficiently being circulated. The culprit

lies in more than one sector, as the ripple effect of nation-wide shutdowns, limited manpower and unusual buying habits rocked the flow of shipping.

When COVID cases began to decline, the ability to fill the back orders of goods were brought to the surface. In the U.S. imports were recorded at an unprecedented level. However, once an imbalance has been created, it takes a long time to regain equilibrium, even under normal circumstances; add in the impacts of COVID, including limited manpower, new regulations, and change in procedures, that it is easy to get backed up at more than an acceptable level. The predictable patterns that shippers typically account for were suddenly put into a state of shock and a scramble to handle the new normal began.

Port Pileup

Containers leaving Asia bound to western U.S. ports started to pileup as there was limited ability to unload vessels and reload in a timely manner. The demand for imported goods was also rising, impacting Asian exporters who were now desperate to receive empty containers in order to fulfill and expedite the backorder of requests. Because of the supply and demand imbalance, rates to ship containers to the U.S. rocketed from around 2,000 to nearly 10,000; an increase that can hardly be believed.



The port pileups also put pressure on the rail yards and truckers, as they too must deal with the influx in demand, but the limited ability to move cargo. Where there was usually little to no wait to berth, some ports, like LAX were recording nearly 2 to 3 weeks of dwell time. Truckers that were expected to remove containers from the yard, had an impossible time retrieving cargo due to the congestion and backlog. Leaving even less space for vessels to unload, and consequentially re-load. Adding to the even more increased need for returning Asian vessels to carry empty containers because of the extended timeline of returning vessels.

Similar issues arose in many international ports with exports and imports to and from Asia causing multiple issues of pileup. The demand for COVID-19 supplies like masks and sanitizer also created an uproar in the usual business, as everyone was seeking covid-necessities making the usual supply and demand of goods obsolete.

International gridlock

When life slowly started to return to pre-covid conditions, unimaginable upheavals weakened the already fragile shipping system.

- ❖ Extreme weather hit the U.S. slowing the already congested ports.
- ❖ The Suez Canal closed from a stuck vessel for over a week.
- ❖ India went into a second lockdown with COVID numbers higher than the first wave.
- ❖ Israeli ports reached a level of unmanageable congestion
- ❖ Several countries are faced with impending strikes in shipping-related industries

Above just to name a few. Other countries in Europe and Central and South America are experiencing soaring rates and limited availability as COVID related issues continue to plague the world. The beauty of a world logistics process is that supply and demand need to be distributed equally among the shipping lanes. Imbalances create upheavals that are not easily solved.



Solution in sight

Vessels are stuck sitting at ports now more than ever. Sailing vessels are taking longer routes, berthing at different than planned ports all to try and find the optimal solution to avoid further conflict. Flexibility and creativity are the short-term solutions to getting cargo moving in a timely manner. COVID has brought to light just how fragile the chain of logistics is, and without proper infrastructure, well trained industry-related employees and emergencies procedures put into place, problems can and will continue to arise. Decision making optimization through technology could be the best case for avoiding serious backlog in the future.

The Rose Commitment...

Our team at Rose uses the power of technology to combat common issues such a time difference and language barriers by offering instant sea quotes, tracking, tracing and a multitude of other functions through the power of e-tools. Our team has been able to switch to remote work, while still maintaining the efficiency of an office. Though vessels cannot sail remotely, it is clear that technology and shipping can work hand-in-hand to offer real solutions.

Rose is solution driven and aims to provide clear concise information to get cargo moving and delivered at a competitive rate. We stay on top of current conditions to help our team see trends and help maximum efficiencies. Though the global gridlock for shipping is widely out of Rose's control, our team is here to offer clarity and build long lasting relationships. Contact a Rose agent today to see how our team can help Navigate the World.