

Weekly Market Update

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Latest News

STATEMENT: Canada's port authorities welcome support for supply chains. The Acting President of the Association of Canadian Port Authorities, Debbie Murray, issued the following statement in response to today's Economic and Fiscal Update. "The Association of Canadian Port Authorities (ACPA) was pleased to hear Deputy Prime Minister Chrystia Freeland dedicate \$50 million in today's Economic and Fiscal Update to strengthen supply chains and tackle bottlenecks via a new call for proposals under the National Trade Corridors Fund. This targeted approach, along with the National Supply Chain Summit, recently announced by Minister of Transport Omar Alghabra, are steps in the right direction. ACPA is keen to collaborate with the government and supply chain partners on supply chain optimization and building the resilient, innovative and sustainable infrastructure needed to connect Canadian trade with the world. Every year, ACPA's 17 members handle more than 340 million tonnes of cargo for small, medium and large businesses across Canada. Our members are powerful generators of wealth, and empowered with the right tools, would be central to catapulting Canada into the position of global leader in green and resilient ports."

Sea Freight

101 ships spread across 1,000 miles waiting for berth space at LA and Long Beach. Out of sight, yet growing day by day, the number of containerships straddling the Pacific shoreline waiting for berths to open up at Los Angeles and Long Beach is now in excess of 100. Spread out across 1,000 miles of North American coastline, stretching deep into Mexico, there are 101 boxships anchored or loitering, waiting for space at America's twin top gateways, according to the latest data from the Marine Exchange of Southern California. The typical pre-pandemic fortnight's passage for ships transiting from Asia to North America is now soaking up enormous capacity with some voyages taking longer than 45 days to berth. Last month, American authorities pushed the vessel parking lot away from the California coast, asking ships to idle some 150 miles from the coastline. While surfers at Newport Beach, south of Los Angeles, are no longer looking at an armada of container tonnage, the volume of backed up vessels has continued to swell. The latest data from the Marine Exchange of Southern California shows there are 101 containerships backed up – 30 ships anchored or loitering inside Southern California waters plus 71 slow-speed-steaming or loitering outside the designated safety and air quality area. "Could you imagine the risk if the 101 container ship backup were all within 40 miles of LA/LB tonight in a rainy storm? Now, they are spread out 1,000 miles including many in the relatively calm waters south off the coast of Mexico," a Facebook post from the exchange stated yesterday. By last night, authorities had actually cleared all ships anchored off Los Angeles and Long Beach in preparation for a big incoming storm.

Charter vessels 'auctioned' as war among carriers for 'any' tonnage heats up. Containership owners are holding "charter vessel auctions" for ships under contracts that expire next year – with new five-year fixtures going to the highest bidder. Shipping lines' vessel operation desks are seeing the workhorses of their fleets depleted by these vessel charter bidding events or "taken from under their noses" through confidential ship purchases by competitors. One broker contact told The Loadstar: "It seems some carriers previously reluctant to commit to charter periods over two years have had a change of heart, and are now prepared to agree 60-month charters, even at the current rates." For example, Hapag-Lloyd has been particularly active with a late rush into the charter market, which included snapping up the no doubt soon-to-be-renamed 8,411 teu Maersk Semarang for a five-year charter at \$65,000 a day. The fixture will provide the German owner, D
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Oltman, with a charter hire backlog of over \$100m, which represents the current value of the 15-year-old vessel, according to VesselsValue data. And according to the online valuation and data provider, the post-panamax ship recently concluded a five-year time charter with Maersk at a daily hire rate of \$13,000. Meanwhile, in its last charter market review of the year, Alphaliner said that after a brief softening, time charter rates were “bouncing back and, in some cases, improving on their previous highs”. The consultant said: “As 2021 draws to a close, it will be remembered as a historic year for the container charter market, with an all-time high demand, a continuously tight supply and record-breaking charter rates.” And it looks like more good news for containership owners for some time to come, as demand for container tonnage is “unlikely to weaken until June/July, with cargo volumes expected to remain strong on most routes”.

Ningbo tightens port entry amid surging infections. Stricter inspections for truck drivers serving the world’s third-largest container port heightens concerns that new port restrictions and factory suspensions in China will add to global supply chain problems. Rising coronavirus cases have forced the world’s third-largest container shipping harbour to tighten restrictions. Container truck drivers will be subjected to inspections of digital health documents before entering China’s Ningbo port. The changes took effect from December 12. Those showing red or yellow-coloured codes, indicating they live in areas with a recent occurrence of new coronavirus cases, will be banned from entry. Drivers who have travelled to those areas in the past 14 days are requested to complete home quarantine and swab tests before being granted the entry. “We call for co-operation from drivers. Those who are not qualified should temporarily avoid heading to the port area,” the port said in a statement. The move comes as the country’s Zhejiang province, a key manufacturing and export hub, reported 74 new cases on December 12, including 55 in Shaoxing, 11 in Ningbo and five in Hangzhou, the capital city. Local health authorities said all cases were related to the Delta variant.

Trucking

Coquihalla Highway to reopen for trucks. A key highway link between British Columbia’s Lower Mainland and the rest of the province will reopen to essential traffic by the end of the day on Monday, five weeks after it was heavily damaged by severe rainstorms. Transportation Minister Rob Fleming said the pending reopening of the Coquihalla Highway (BC Highway 5) is “one of the most remarkable engineering feats in recent memory in the province of British Columbia.” He said the response by contractors and engineers to repair the route is as unprecedented as the storms that damaged it in the first place. At least 20 separate sites were torn up, destroyed, or washed away on the route, including seven bridges that were either undermined or collapsed. Commercial trucks and intercity buses will be the only vehicles allowed to use the route, resuming transportation of goods and services, he said. “The exact time of day will be determined over the next few days as we complete some final pieces of work that are needed for that reopening including some paving,” Fleming said at a news conference Wednesday. Permanent repairs and fixes to the Coquihalla Highway will take time and more information will be given in the new year, he noted. “This is a significant milestone for our supply chains that will have economic benefits for all British Columbians who’ve seen supply chain interruptions and indeed for a connection to the rest of the country,” he said. Reduced services. Some sections of the route will be one lane in each direction and power still hasn’t been restored, so truckers will only have lighting in the snow sheds and brake checks with the use of generators, she said. There’ll be reduced cellphone coverage, electronic vehicle charging stations will not be functional and commercial drivers can expect reduced speed limits, she added.

Market Sources

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Kintetsu World Express is continuously monitoring the situation and will provide further updates as the information becomes available.

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