

# Recent developments in container shipping and their impacts on ports

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EU Sectoral Social Dialogue Committee Ports  
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## Key messages

- Despite volume drops, liner shipping enjoyed spikes in freight rates and made record profits
- This paradox was manufactured via joint withdrawal of ship capacity via blanked sailings.
- This has cascaded to ports, creating challenges related to connectivity, peaks and reliability
- It also raises concerns related to competition

# Recent ITF work on container shipping

## COVID-19 TRANSPORT BRIEF

### Global Container Shipping and the Coronavirus Crisis

29 April 2020

As a result of Covid-19, container trade volumes and container port volumes have declined over the first months of 2020. Container freight rates have remained fairly stable because carriers have idle capacity, yet the high debt level of container carriers creates insolvency risks. Any bailouts for the sector should address offloading of risks to the public.

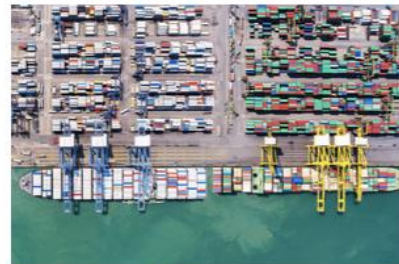
Global container trade volumes declined by 8.6% in February 2020 compared to the same month of 2019. Official figures for March 2020 have not been released, but in view of widespread lockdowns the reduction will likely be larger. The decline in container trade was particularly marked in the Far East. In Europe, North America and Oceania it is also significant, while it is not yet noticeable in other emerging economies (Latin America, Sub-Saharan Africa and the Indian Subcontinent and the Middle East). The table below lists the changes in January and February 2020 for different world regions. The recent development of container trade volumes is depicted in figure 1 at the end of this brief.

Table 1. Changes in container trade volume by world region, 2020

	Change Jan 2019 to Jan 2020 (%)	Change Feb 2019 to Feb 2020 (%)
Far East	0.0	-17.5
Europe	0.7	-4.0
North America	-0.3	-7.0
Australasia and Oceania	6.5	-2.8
Indian Subcontinent and M. East	3.7	6.1
South and Central America	2.4	2.8
Sub-Saharan Africa	5.4	7.6

Source: International Transport Forum, ITC

The main response of carriers to falling demand has been to reduce supply. Ship operators have massively started to idle vessels by cancelling services. These blank sailings have increased significantly compared to previous years, with 188 in February/March 2020, of which 85 were on the Asia-North America West Coast trade lane and 49 on the Asia-North Europe trade lane (Figures 2, 3).



### The Impact of Alliances in Container Shipping



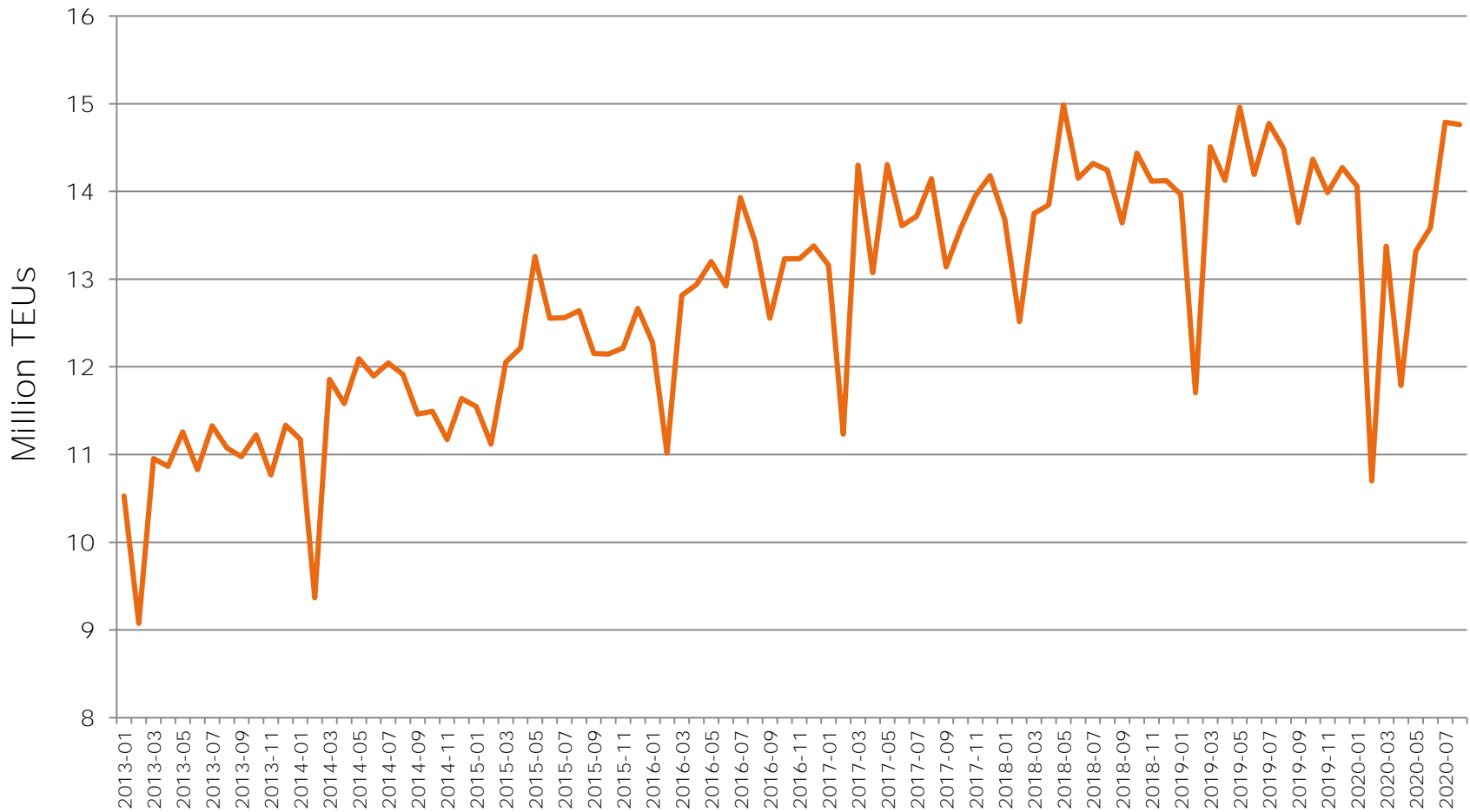
Case-Specific Policy Analysis



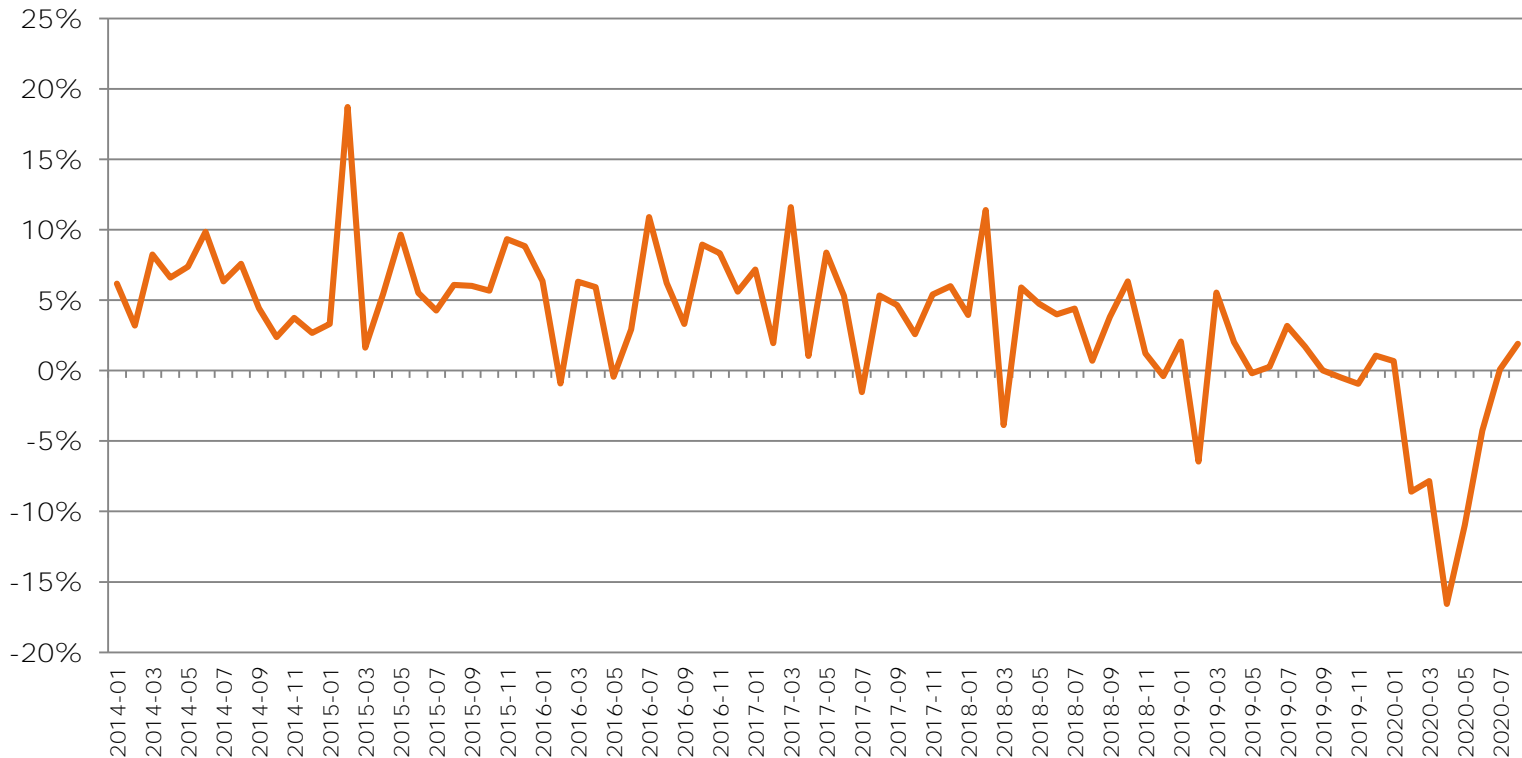
### Container Shipping in Europe

Data for the Evaluation of the EU  
Consortia Block Exemption

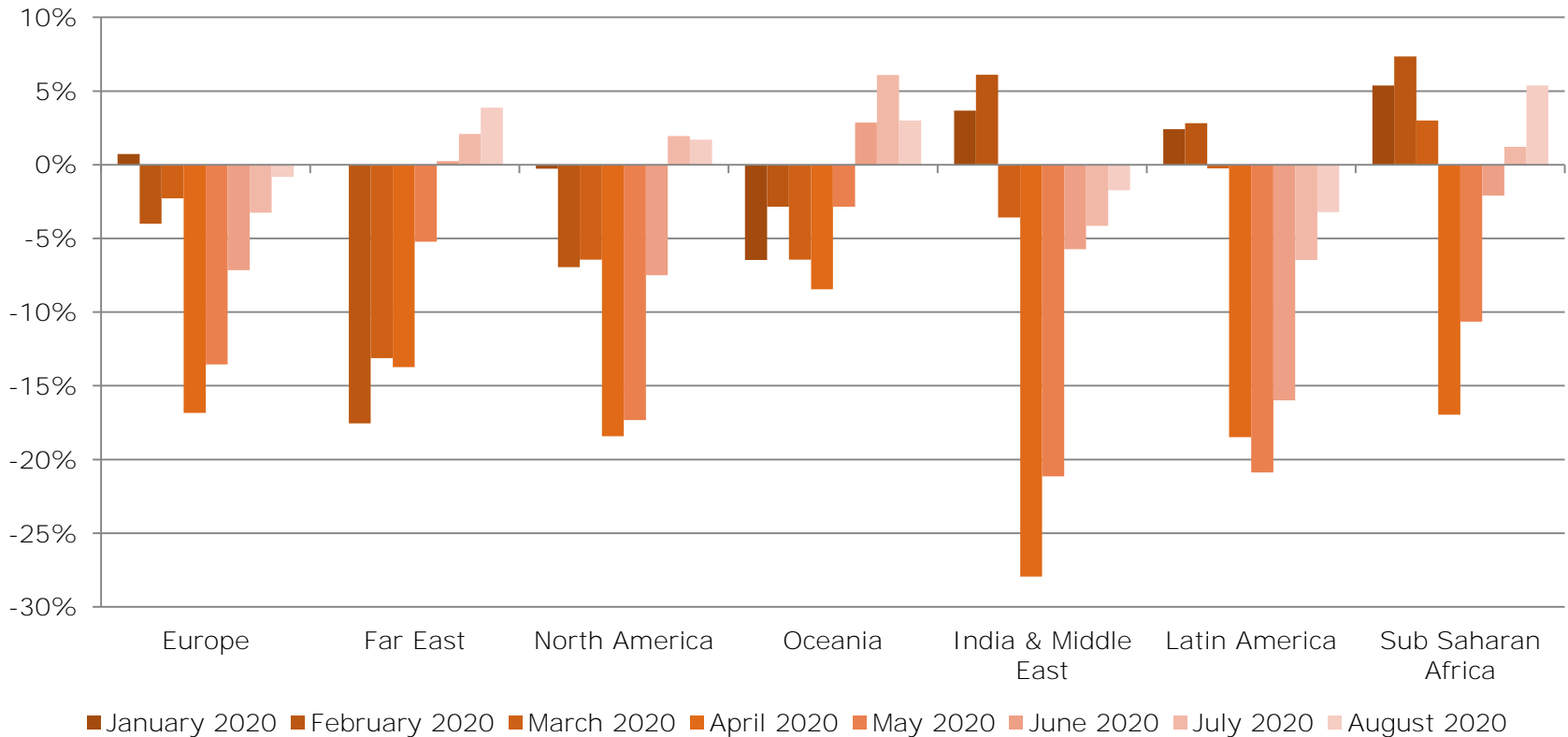
# Global container shipping volumes (monthly)



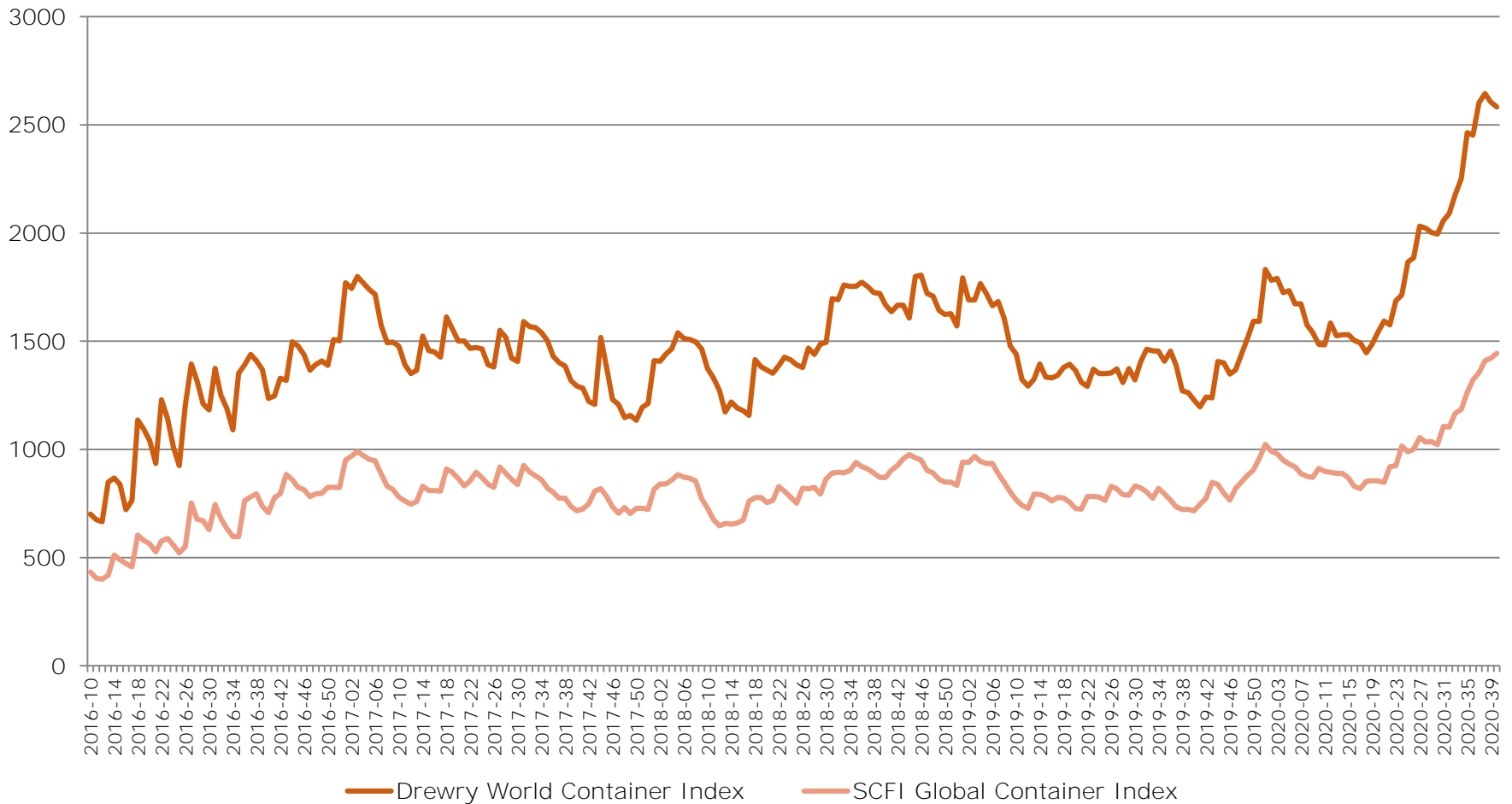
# Container shipping volume growth (YoY)



# Container shipping volumes per world region

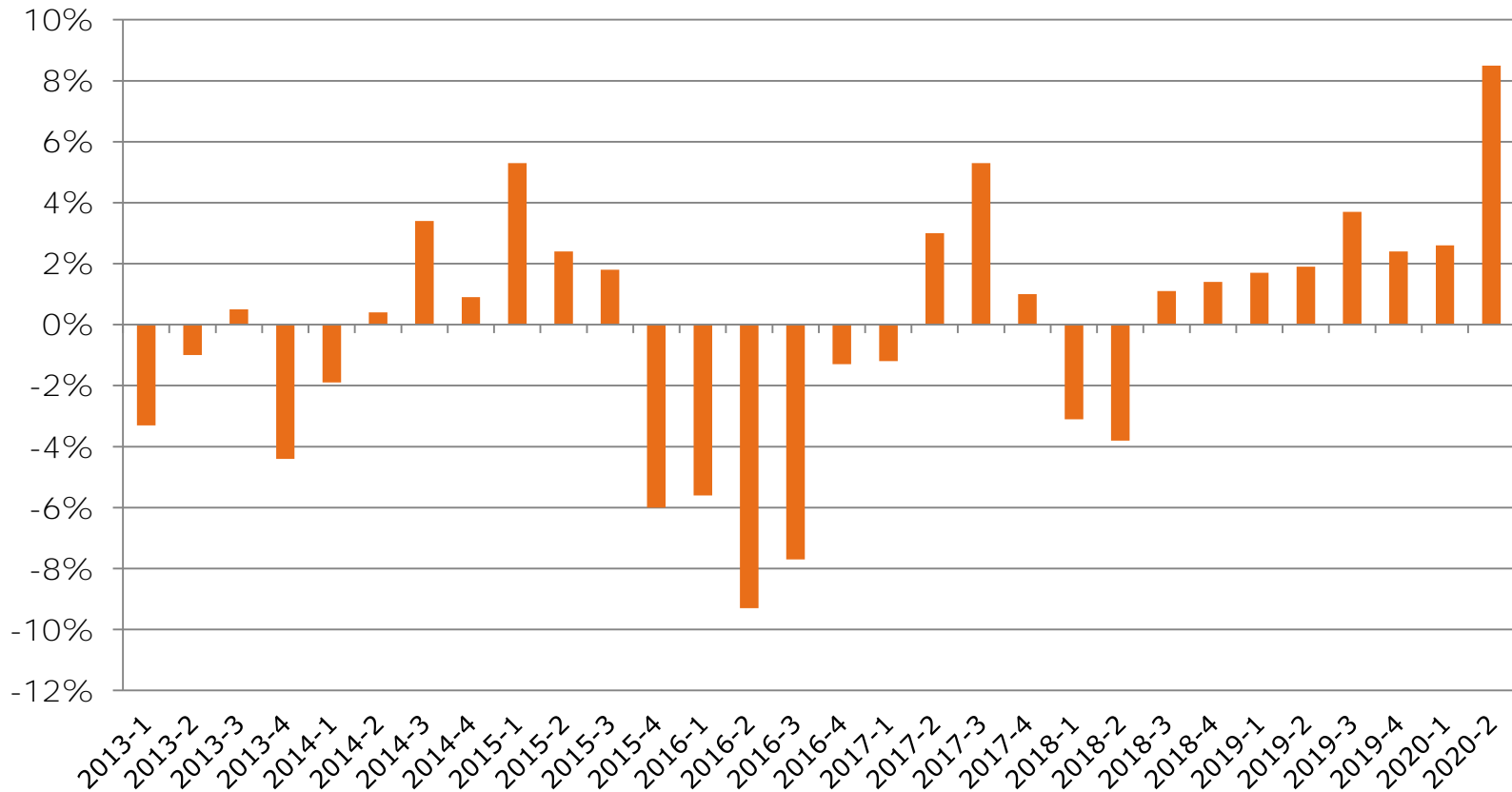


# Development of global ocean freight rates



Source: Drewry, Shanghai Shipping Exchange, ITF

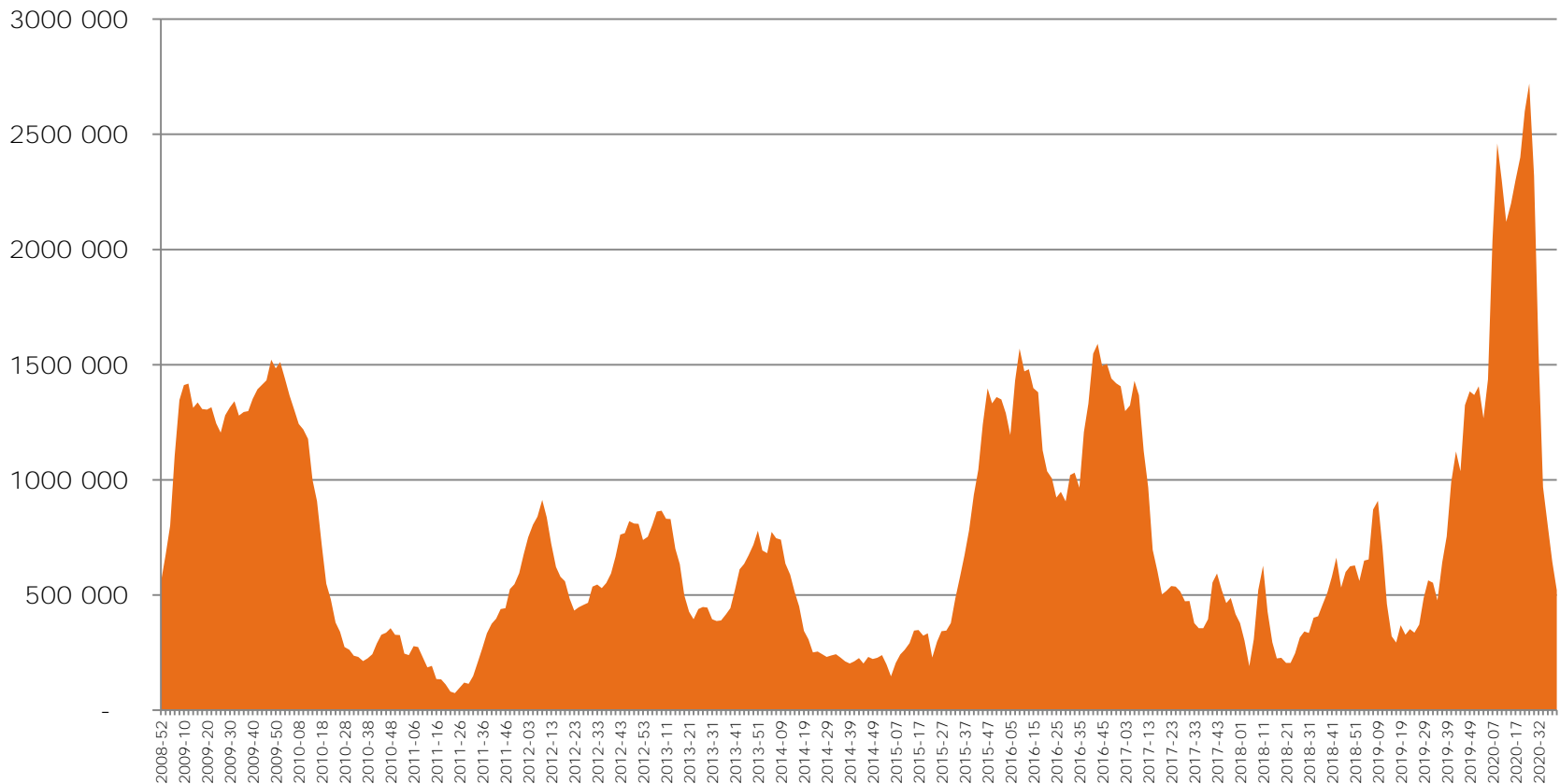
# Profit margins of container lines



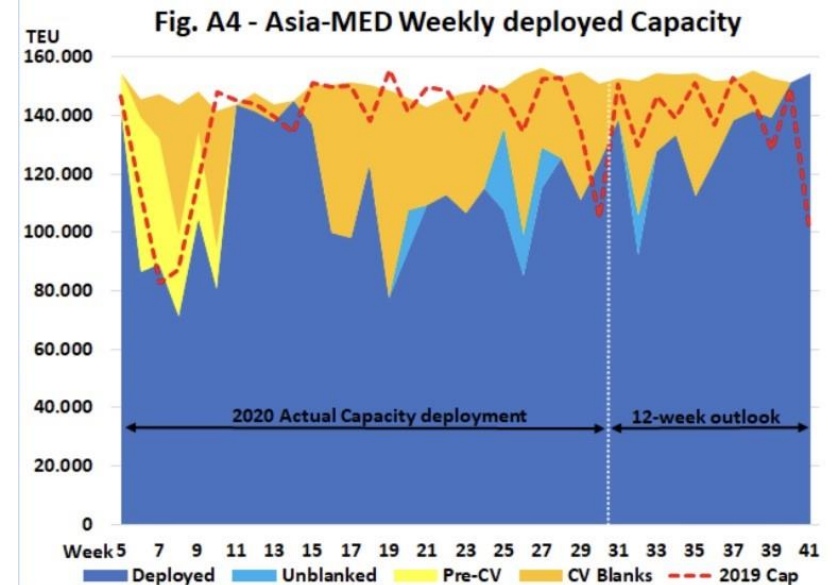
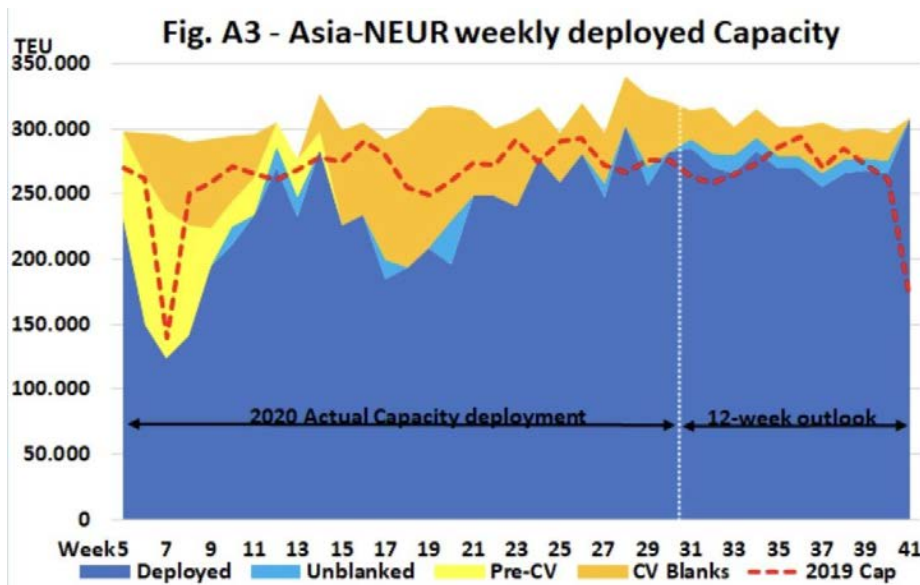


# The magic of “market discipline” (1)

Idle ship capacity in TEUs



## The magic of “market discipline” (2)

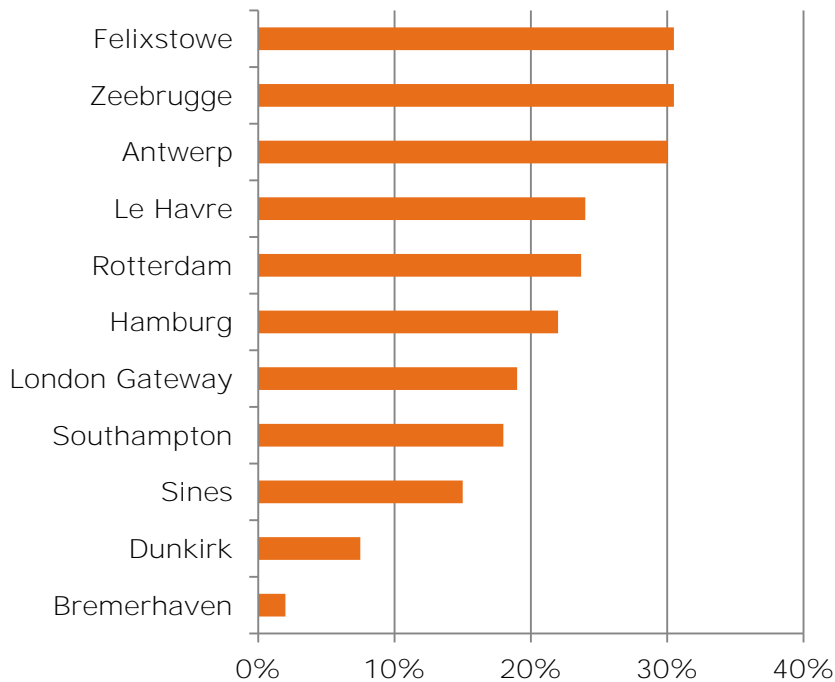


Joint withdrawal of ship capacity: blank sailings: cancelled services

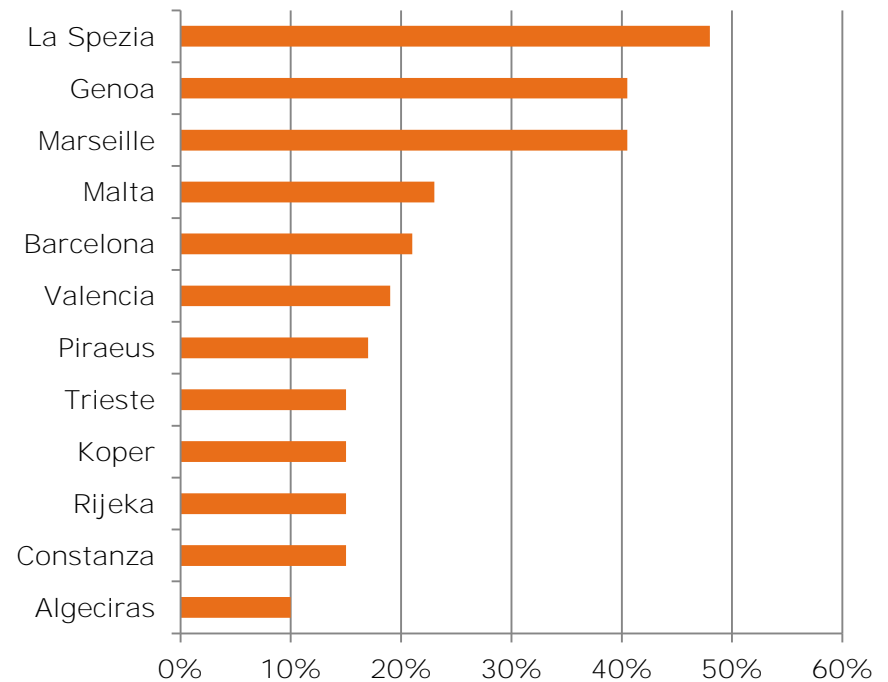
# Effects on ports: connectivity

Asia-Europe port calls cancelled in 2020-Q2:

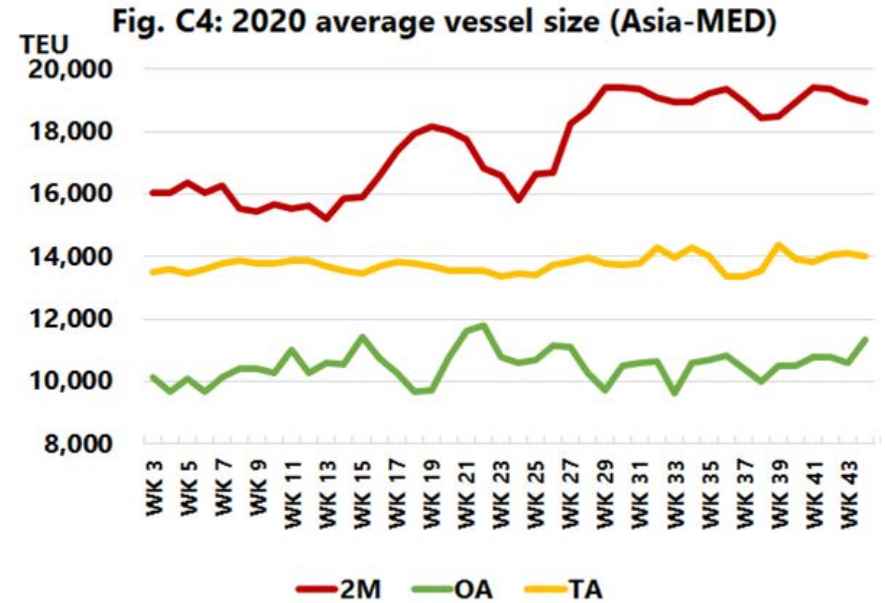
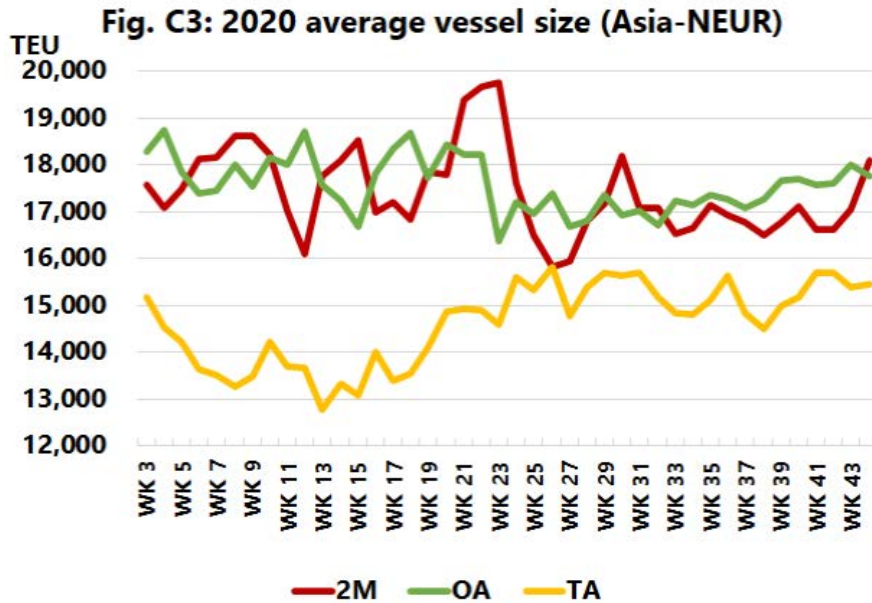
North Europe



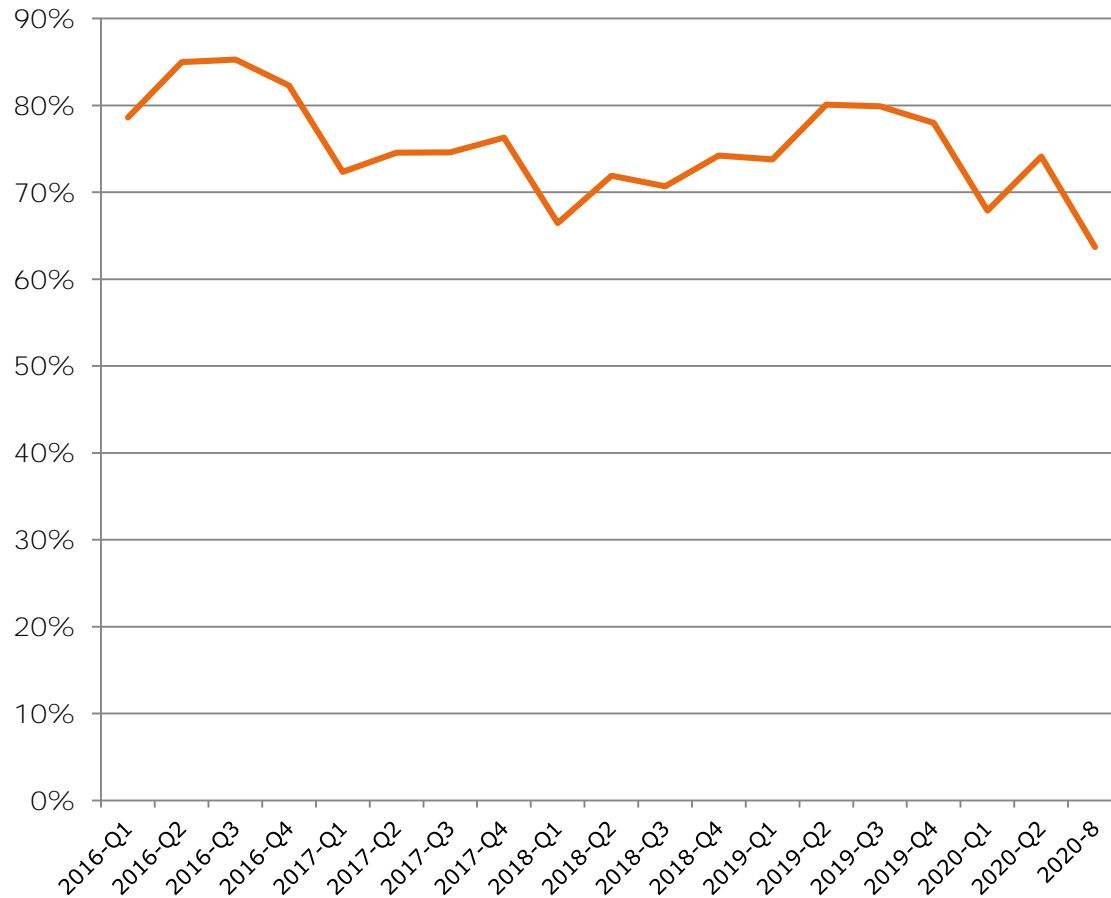
Mediterranean



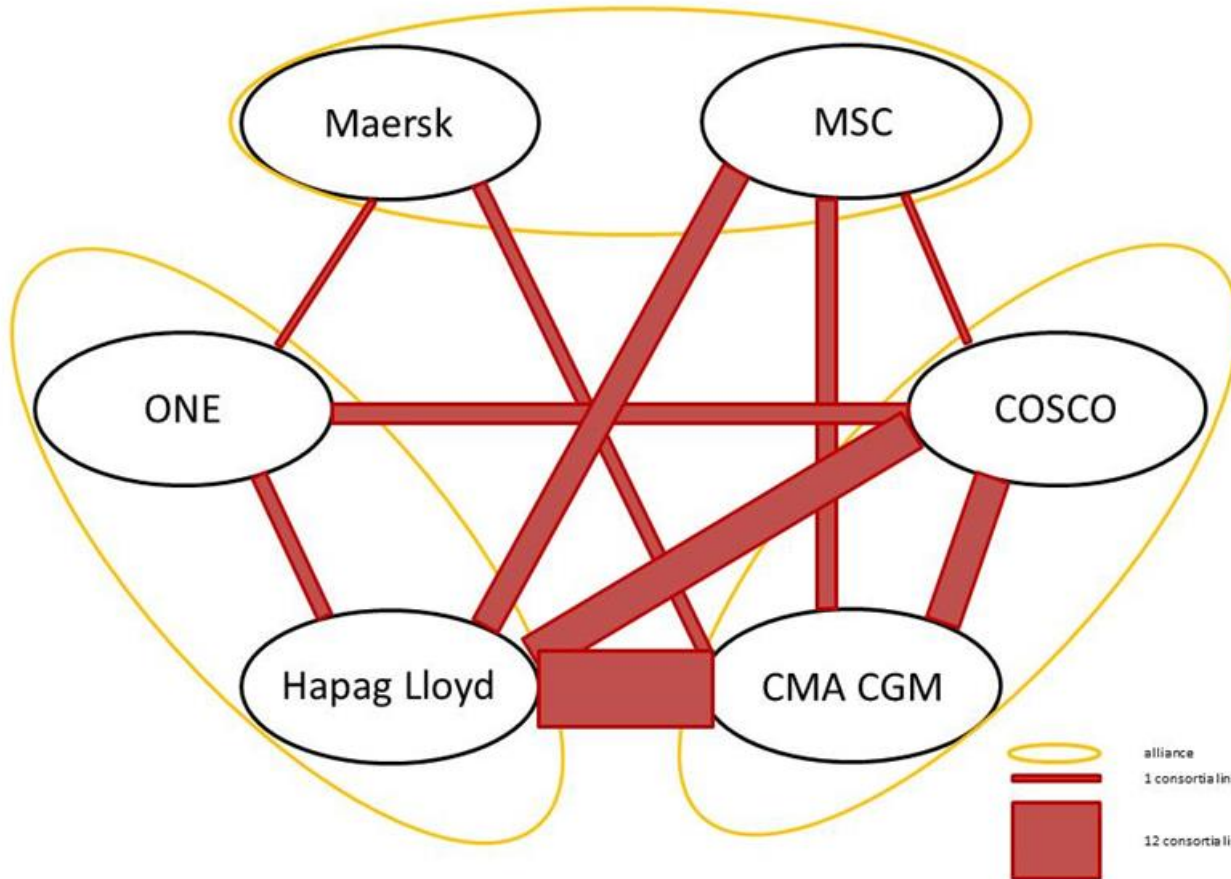
# Effects on ports: peaks and troughs



## Effects on ports: schedule reliability



## Concerns related to competition



## Responses of competition authorities

### Carriers summoned by China to curb transpacific mark-ups

*A transport ministry notification seen by Lloyd's List shows that a total of 14 container lines involved in transpacific trade were invited to attend a 'consultation' in Shanghai last Friday, aiming to 'stabilise the international container shipping markets'. Sea-Intelligence expects more regulatory intervention from the US and European Union*

13 Sep 2020 | NEWS

### US warns box lines against transpacific collusion

*Federal Maritime Commission says it has 'heightened its scrutiny of markets, individual ocean carriers, and the three global carrier alliances in response to the unusual circumstances and challenges created by the pandemic'*

21 Sep 2020 | NEWS

# Thank you!

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