Container shipping still far from pre-COVID 'normal' for exporters

Container rates for U.S. imports have normalized. Rates for America's exports have not. Both spot and contract rates for U.S. exports are still up double digits from pre-COVID levels. And rates are not the biggest cost issue exporters face, according to Peter Friedmann, executive director of the Agriculture Transportation Coalition. He told *FreightWaves* that sailing schedules are now more irregular than before the pandemic, while ocean carrier communications to exporters are as bad as ever.

Consequently, exporters are paying more in detention and demurrage and spending more on storage and trucking due to insufficient communications on erratic sailing schedules than they did prior to 2020. "Higher rates have not been the primary issue because the rate issue is being overwhelmed by the additional costs imposed on exporters by the carriers' inability or unwillingness to provide timely and accurate data on things like ERD [earliest return date], when the ship is coming in, and which terminal exporters should send the cargo to," said Friedmann.

Spot and contract rates still elevated

Import rates collapsed back to pre-pandemic levels following the end of the supply chain crisis (in some lanes, to below those levels). The indexes do not show the same reversion for export rates, at least, not yet. For the week ending Thursday, the World Container Index (WCI) of U.K.-based Drewry assessed spot rates in the Los Angeles-to-Shanghai lane at $838 per forty-foot equivalent unit. The WCI New York-Rotterdam rate was at $734 per FEU. These rates are well below pandemic peaks, but still up 66% and 27%, respectively, versus rates five years ago.

In contrast, on the import side, WCI's Shanghai-Los Angeles spot index was down 9% from September 2018, and its Shanghai-New York index was down 16%.

For more information: freightwaves.com

Publication date: Tue 19 Sep 2023