

# POST-PANDEMIC READINESS OF SHIPPING SECTOR FOR A RAPID RE-EMERGENCE OF THE ECONOMY, DEMAND AND TRADE GROWTH



# MAIN FACTORS DRIVING THE SHORTAGE IN CONTAINER EQUIPMENT AND SHIPPING SPACE IN THE 2ND HALF OF 2020



## LANDSIDE DISRUPTION

Shortage of truck drivers and warehouse capacity expanding landside turnaround of containers by 25-30 days longer



## GLOBAL PORT CONGESTION

- Container yard is full with laden import/export containers and disruption in port labour supply affecting productivity of ship side operations.
- This causes berthing delays and snowball effect on vessel scheduling and bunching of vessels.



## UPSURGE IN CONSUMER DEMAND

- Consumer Spending – Furniture & Household Appliances
- Work From Home Goods
- And Exercise Equipment
- Medical Supplies – PPE, Gloves
- E-commerce



## SHIFT FROM AIR CARGO

Shift in air cargo to ocean shipping due to huge spike in air freight charges as 90% of passenger aircraft is grounded.

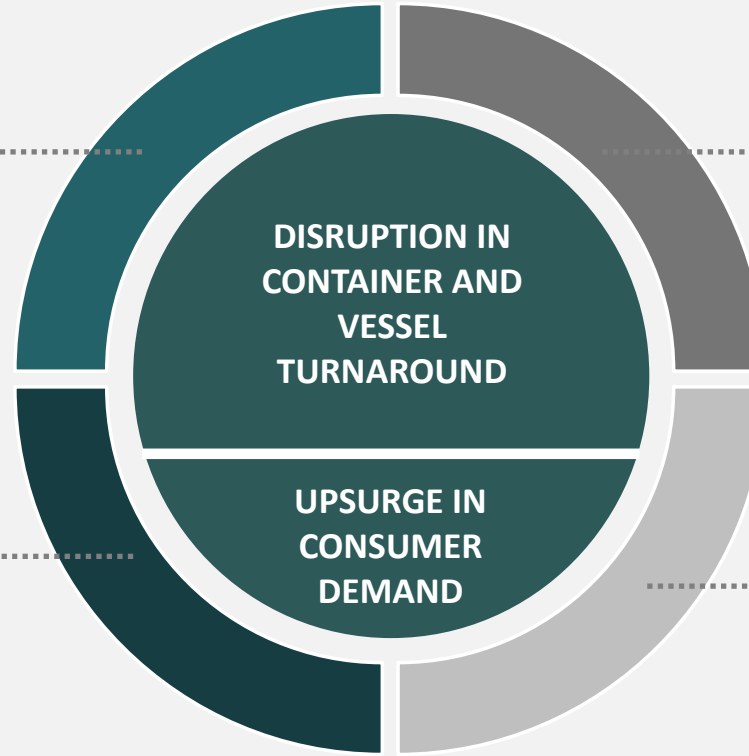
# THE EFFECT OF GLOBAL SHORTAGE IN CONTAINER EQUIPMENT AND SHIPPING SPACE

## Hike in Ocean Freight Rate

Prioritising containers for high-yield cargo primarily from China. China being the production factory of the world, has led in this freight increase phenomenon as Chinese exporters are partly responsible for pushing the rates up in order to achieve their export order fulfilment.

## Increase in Charter Hire Price

Charter rates have more than doubled with certain size of ships even having a two-fold increase in hire rates.



## Increase in Container Leasing Rate & Longer Lock-In Period

Leasing rates have increased by more than double and leasing companies are demanding longer lock-in periods of 8-12 years at very high leasing rates.

## Higher Price of Newbuild Container

New build container prices have also doubled with factories only able to open for new order quotation in 2nd half of 2021.

# WHAT IMPORTERS & EXPORTERS CAN DO TO HELP EASE THE SITUATION?



## **Review And Improve Work Process To Improve Landside Container Turnaround**

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- Faster clearance and return of import containers to carrier



## **Avoid Early Pick Ups**

*Empty Pick Up Of Boxes Only When Goods Are Ready for Stuffing*

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- Container stuffing only require 1-2 hours
- Hauliers can deliver timely
- Early pick up is unique to Malaysia exporters only
- A lot of wastage and inefficiency with the current system

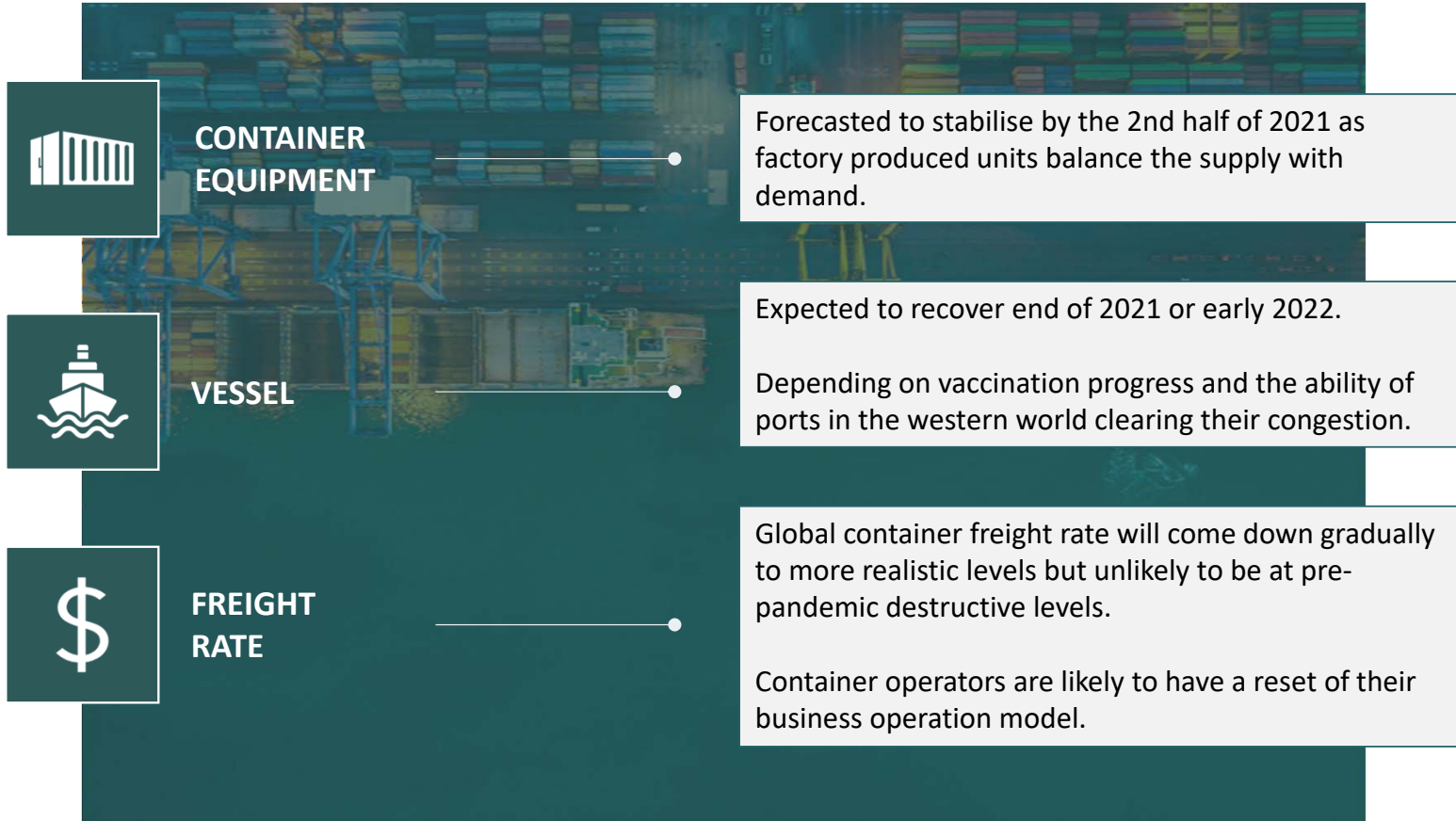


## **Do Away With Requests For Food Grade Or Grade A Containers**

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- Cargo is already protected by many layers of packaging material
- The standard should be clean and cargo-worthy only

# WHEN WILL THE WORLD REVERT TO NORMAL?





**ARE SHIPPING LINES READY TO COPE WITH  
THE RE-EMERGENCE OF THE ECONOMY,  
DEMAND AND TRADE GROWTH?**

# SHIPPING LINES ARE ABSOLUTELY READY



## CONTAINER EQUIPMENT

Due to the disruption in box turnaround, shipping lines have already mopped up all available container inventory from leasing companies and container factories – both old and new boxes



## CONTAINER VESSEL

Shipping lines have already chartered in all available tonnage in order to cover for the shortfall in capacity brought about by the disruption



When box turnaround reverts to normal and port congestions are cleared, shipping lines will have excess container inventory and vessel capacity to cater for any potential upsurge in trade volumes.

Biggest worry for shipping lines is a contraction in trade volumes as consumer switch to spending on services instead of consumer goods.



THANK YOU.

