

NEWS LETTER



OCTOBER 2018

China "National Day", 1st – 10th October (commonly known as Golden Week) added the usual space pressures and interruption to sailings. The UK port and delivery issues which commenced with a new IT operating system for Felixstowe in June has not only continued but become even more disruptive and widespread.

Shipping lines. The Supply/Demand is tipped in favour of the carriers. Consequently, space availability is restricted more often. Published sailing schedule performance is collectively at the lowest point for a very considerable time due enforced service changes related to port congestion. Harsh weather has also contributed to delays. For most Container shipping companies 2018 has resulted in losses driven by a rise in bunker costs which have been absorbed; they need quick ways of recouping losses. We expect surcharges and more space management to improve their returns and this is something we are addressing with our partner lines on behalf of our clients.

Felixstowe Port. Implemented a new IT system for ALL operations in June which have failed to work to the anticipated level and although its improved very gradually it's far from the pre-change service levels and volumes. This started as a Felixstowe issue but as Cargo Owners and Carriers attempted to mitigate the effects this drove predominantly inbound containers into other ports. It has had a major knock on effects throughout the UK, Europe and Far East wide: Vessels departing (cut & run) without fully discharging or loading, vessels omitting the port for other UK or EU ports. Other UK ports have become congested with the unplanned volume and their infrastructure; crane size, yard space, handling equipment, customs facilities and so forth have proven inadequate to meet the expected service standard. Cory continuously monitor published vessel ETAs comparing them with actual arrivals and any changes. We notify customers at the earliest opportunity and align customs and transport planning accordingly.

Haulage. It has been well documented that the UK Container haulage industry has suffered from a shortage of drivers. This has been exacerbated by an inability to attract younger employees, loss of repatriating EU resident drivers and the drift to less unsociable hours driving hours roles. There is a resource imbalance throughout the UK with container haulage fleets predominantly centred around major ports with Felixstowe having the majority. The Felixstowe port issues have proved contagious as hauliers are encounter serious delays in drop/pick of equipment and at interchange points. Roads are more congested causing journey times to steadily increase further. Rail capacity has not been able to absorb this additional load as they have also been impacted on loading and the evolution of infrastructure improvement has moved slowly. Lines, although unable to satisfy demand continue to penalise their customers with charges of £50-80(LO/LO) for Cory to arrange their own delivery. This is regrettable considering that for Line haulage the current average booking time is around 10 days, longer for any unanticipated changes. Cory have a specialist team managing their haulage strategy to align market capability to customer expectation. It's tough but we are working on a number of initiatives and trying to be a partner to key suppliers.

Links. https://www.lloydsloadinglist.com/freight-directory/news/Box-congestion-now-affecting-Southampton/72936.htm?cl=article_1&elqTrack=true&mc_cid=2f46f8df65&mc_eid=598bcb7440#.W7M7MntKipo

https://www.lloydsloadinglist.com/freight-directory/news/%E2%80%98Fragile%E2%80%99-UK-road-freight-sector-unable-to-respond-to-the-unexpected/72892.htm?cl=article_1&elqTrack=true&mc_cid=6fd99b3eaf&mc_eid=598bcb7440#.W7M7fHtKipo

Cory Logistics continue to manage your supply chain and endeavour to keep you more advised of what issues we face and the solutions we implement.