# Voice of the Independent





FEBRUARY 2022 | SERVING THE INDEPENDENT FREIGHT FORWARDING COMMUNITY | No.122





# Maersk confirms capacity cut for forwarders

## More than 70 per cent will be reserved for long-term contracts

MAERSK has confirmed that it is cutting capacity available for freight forwarders to between 25 and 30 per cent of its total 4.3m teu.

In an earnings call covering its 2021 results, which saw the group's full year net profit hit a staggering $18bn, up 520 per cent from 2020, the logistics group said long-term contracts with shippers had increased by 15 percentage points to 65 per cent of its ocean business. It expects this to reach 70 per cent this year, equalling more than 7 million FEUs.

It acknowledged that forwarders paying spot market rates – the only deals available to the sector now – was a healthy source of revenue, but one it was willing to forego.

"The profitability levels [from forwarders] is obviously very high at the moment because they are principally the ones paying the short-term spot market rates today," said Vincent Clerc, CEO ocean and logistics.

"But I think for us, we're investing in the long term, building a more sustainable, more resilient, and more stable business. And therefore, we've made the decision to forfeit some of the spot opportunities to invest into the long-term relationships."

> "Some of the contracts are flat for the next two years"

However, Maersk is also set to up its prices on long-term contracts. Group chief executive Soren Skou noted that contract prices rose on average by $1,000 per forty foot equivalent (FFE) to $3,000 in 2021.

"Looking at 2022… we currently expect an annualised increase in average freight rates on the long-term contracts of around $800 per FFE versus 2021."

The largest 200 customers accounted for 62 per cent of Maersk's organic growth.

"We sell more logistics services when our ocean customers book containers," he said.

The company explained that it offers a wide variety of contracts, between two and 10 years long.

"Some of the contracts are flat for the next two years," said Clerc, "so we already know what it's going to be for the next two years. The majority is longer, has a duration of between three and 10 years. And then they will have adjustments based on market development, and on the Container Trades Statistics index. And so they will have a lag with the market and a smaller level of adjustment compared to what you see on some of the indexes, such as the SCFI."

Skou emphasised the stability of long-term contracts. "This will markedly make our earnings more stable because we, of course, also have contracting seasons that continue all the way into the first half of this year until May, which will be contracts that then spill over."

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# Forwarders question Maersk strategy

INDEPENDENT forwarders are becoming increasingly concerned over the changes to the shipping and logistics landscape.

In an extremely fragmented market the accessibility of capacity and contract rates for the largest companies compared to SME forwarders seems to be widening.

A senior forwarder said that the "size of network and scale is revealing a clear distance between the top three and the next group. The market is favouring larger global players."

And UBS weighed in, commenting on the possible sale of DB Schenker by Deutsche Bahn: "In light of the recent ocean carriers' moves, we believe the freight forwarders' need to consolidate is stronger than ever."

As a result, smaller forwarders locked out of Maersk's capacity are looking to alternative carriers to provide the capacity needed. Especially with the prospect that CMA CGM is increasingly aiming at a similar strategy to its Danish rival. And with fewer services available, WCA members are wondering whether they should utlise their strength in numbers.

One WCA member said: "I will not use Maersk services at all.

"Fortunately MSC is now the biggest shipping company, and I hope the rest of the shipping companies will increase their capacity to absorb the capacity that the forwarders will take out from Maersk.

"Another possibility is to build up a shipping line for WCA, I think it has to be really studied as there is enough volume."

The idea follows the news that at least two forwarders have now begun shipping services in a bid to keep their customers congestion-free. The UK's Uniserve has re-launched Ellerman City Liners, while Italy's RifLine has begun a sea service to Italian ports.

> "In light of the recent ocean carriers' moves, we believe the freight forwarders' need to consolidate is stronger than ever"


There remains hope that Maersk could reverse its strategy, which not everyone in the market agrees will be successful.

One senior executive at a very large forwarder said: "Is Maersk's strategy really flying? Most of our customers say they prefer that every player tries to do the things it does best. Not a lot of our customers buy integrated services. Maersk is trying to use its strong position to force customers to use more than one service. But so far customers are careful, they are not looking for one provider."

And DSV's chief executive Jens Andersen told investors that only about 200 top customers, representing 30 per cent of sales, were relevant for cross-selling.

"Some customers don't want to allocate too large a proportion of business to us."

Another risk for Maersk and its customers is that it has some serious work to do in integration. During its earnings release, it announced a US$1.68 billion acquisition of Pilot Freight Services, a US-based trucking group. It has also yet to integrate Senator, its German air freight forwarding outfit, and Li & Fung's logistics arm, based in Hong Kong.

But it is well-known that companies lose customers during periods of integration.

Andersen of DSV, which has famously taken over Panalpina, Agility and UTi, said: "It is a fundamental fact that when we do acquisitions, we are not in a position to offer market growth. There is some dilution. Some customers get a drop in service levels and will leave."

Maersk, however, seems undaunted. While acknowledging that it has "three big ones" to integrate, chief executive Soren Skou said they were "different products and different geographies".

"So it's not the same management team, so to speak, around the world that has to do all three."

Ocean CEO Vincent Clerc added, in words he may come to regret, "it's actually relatively easy to integrate for us".

He said that any further acquisition decisions would be based on finding "facilitator companies that can give us the capabilities that we need to create a very different value proposition to our customers than what is otherwise available in the market today".

> "I hope the rest of the shipping companies will increase their capacity to absorb the capacity that the forwarders have to take out from Maersk"

## *WCA & EGLN members win big in BIFA battle*

*WCAworld members have once again thrived in the British International Forwarding Association (BIFA) awards.*

*WCA member Ace Forwarding won the Project Forwarding award, just pipping EGLN member Ucargo to the top spot.*

*Brunel European, also a WCA member, won the Supply Chain Management award, beating competition from WCA member Hemisphere Freight Services. However, Hemisphere did win the Extra Mile Award, despite strong competition from the WCA's Unsworth UK.*

*And Unsworth won the Staff Development category, competing against WCA member Espace Europe. Both Espace and Unsworth were also finalists in the European Logistics category.*

*Maltacourt (WCA) meanwhile, was a finalist in the Air Cargo Award, while B&H Worldwide (WCA) and Cargo Overseas (EGLN) were runners-up for the Specialist Services category. United Worldwide Logistics (EGLN) was cited in the Cool & Special Cargo category.*

# Focus ON

## Sourcing &

# It's coming home...?

INCREASING availability, improved quality, and reduced costs at the start of the last decade for 3D printers generated hype that global supply chains would be usurped. 3D printers would be the mode of manufacturing and all production would be conducted in the final market. Unsurprisingly, the level of hype did not match reality and what has resulted is something of a compromise, with the practice of "nearshoring" beginning to take off in some markets. Although, speaking to forwarders, the level of interest in this altered mode of production has not been as infectious as some were hoping for.

**AMERICO RIBEIRO**
**Olicargo**

Head of logistics at Olicargo, Americo Ribeiro, appears somewhat let down by the pace at which nearshoring has caught on – or not. Ribeiro tells Voice of the Independent (VOTI) that it hasn't - "not really, not as fast as expected". His position is not uniformly held across the sector though, with chief executive officer of Two Eight One, Bharat Ahir, believing a number of factors – which of course includes the pandemic, but not as the sole factor – has resulted in more and more firms opting for an approach that reduces the length of their supply chains.

> "We have absolutely seen a notable rise in nearshoring solutions"

"We have absolutely seen a notable rise in nearshoring solutions," says Ahir. "Nearshoring is increasing across a broad range of industries, due in part to the strains on global supply chains of the last few years, in particular evolving geopolitics, the pandemic and the ensuing high cost of shipping. Organisations are looking to shorten supply chains and reduce product delivery times. We have seen positive indicators for businesses employing nearshoring in Turkey both as a source and as a rapidly developing hub for North African and Eastern European production."

What exactly is "nearshoring" though, other than a "magic bullet" for some and an overhyped buzzword – similar to "blockchain" and "digitisation" - for others. In effect, it is a compromise that seeks not to bring all parts of the supply chain "back home", but instead to bring them closer to home. A report by insurer HDI notes that the benefits of this are not only from the reduction in shipping time but also greater levels of visibility over operations – this can be in the form of more frequent site visits, greater property rights controls, and being within the same time zone. Big names have taken to it too, with the likes of Boeing, Nike and Samsung all having upped their nearshoring game.

Despite Ribeiro's belief that the hype has not matched up to the reality, he notes that "momentum is there" for nearshoring and says that he is personally aware of multiple companies with plans and projects lined up for not only nearshoring but also re-shoring. One country that has been singled out by many is Mexico, with experts pointing to nearshoring as the source of a post-pandemic economic boon for the country. Should this come to fruition it would be well-received. Mexico's economy dropped more than eight per cent in the midst of the pandemic, although there was a six per cent rebound last year, and there are hopes of more to come, with the International Monetary Fund predicting a four per cent bounce this year, taking the country above its pre-pandemic levels.

Mexico is not the only country in the region eyeing new trade, with a surge in interest among Latin American counterparts looking to re-imagine themselves as nearshoring hubs of trade. The Relocate Latam initiative, which describes itself as the "first specialised platform for re-shoring, nearshoring, and offshoring" in the region, has attracted 16 Latin American countries, among which are Argentina, Brazil, and Chile, with hopes of boosting the practice of nearshoring. One report last year suggested that if the programme was a success, an additional US$72 billion for the region would be generated. Of the programmes that Portugal's Ribeiro is aware of, he expects these to take shape in the next year or two, but he appears surprised that the practice is not being more widely considered in Europe, especially given that the pandemic exposed the continent's vulnerability and over-reliance on just-in-time processes.

"Some supply chains came almost to a stop with the onset of the pandemic crisis, leaving Europe and the world void of certain essential goods, such as personal protective equipment," Ribeiro tells VOTI. "This resulted in massive losses for a great number of companies, giving them different thoughts about the way they have organised their production in recent decades. Increasing inventories was, and still is, an inefficient part of the solution."

> "In our opinion this nearshoring trend is here to stay"

It is perhaps unsurprising that Europe has yet to bite. Indeed, financial analysts do not see western Europe, at least, as a likely site for manufacturing. Instead, there is a belief that what companies are looking to do is less "bring it home" and more move away from such a heavy reliance on China and east Asia for consumer goods. Latin America will likely be one of the big winners from nearshoring products destined for the US, while eastern Europe is also likely to experience increased demand for products destined for its western neighbours.

**BHARAT AHIR**
**Two Eight One**

Ribeiro is not alone in thinking the market has been slow to adapt to the benefits of near-shoring. McKinsey & Co, in a report published at the tail end of 2021, noted that while supply chains had become more resilient as a result of the pandemic, changes had "not gone far enough" suggesting that more was needed to improve visibility and increase talent within the sector. In terms of nearshoring, the report noted only minor moves in this direction, with 11 per cent of respondents to McKinsey's survey moving production closer to final markets – a decrease on the 15 per cent it reported in 2020. Indeed, it seems more short-term thinking has dominated strategies, with companies more likely to increase inventory than shift production or diversify their supplier base. Ribeiro seems confident that those who have made the switch have done so for the long-term.

"In our opinion this nearshoring trend is here to stay," he says. "Nevertheless, we will probably see a reaction from China as an opposing force to this trend. Several large container vessels are being produced to increase the transport offer and consequently the reduction of prices in long-distance transport. Despite that, there is a mind shift towards more efficiency and shorter lead times. This is very promising for nearshoring, especially in companies that are implementing new technologies in their production plants and supply chains to increase lead times

# & supply chain trends

and reduce uncertainty.

"The increasing transport costs and shortages relating to equipment and containers, allied to the increasing costs of labour in Asia, are some of the main stimulants for this shift. In leading economies, those companies that have international operations have been shown by studies to, in almost 50 per cent of cases, be looking to source additional suppliers and increasing inventories. Such findings normally imply that some nearshoring will take place during and after the pandemic crisis."

In terms of sectors, Ribeiro's experience matches wider reporting – with fashion, sports brands, and IT manufacturing all among those making shifts to the purported burgeoning nearshoring hubs of eastern Europe and Latin America.

"Some others are making investment decisions in Eastern European countries such as Bulgaria, Romania, Turkey and Ukraine," continues Ribeiro. "The automotive industry is under pressure and severely affected by the ship shortage and looking for solutions via near-shoring. Plans for developing new plants in Turkey and other eastern countries are already taking place."

**"The automotive industry is under pressure and severely affected by the ship shortage and looking for solutions via near-shoring"**

Ahir concurs, noting that he and his team are seeing shifts in production, particularly in the textile and apparel production markets. Turkey appears to be looking to become one of the big winners, accounting for 13 per cent of the EU's imports of textiles and apparel in the first quarter of 2021 – up by two per cent on the same period in 2019.

McKinsey & Co has noted that, following a poll of 38 chief procurement officers at fashion companies, some 71 per cent plan to up their nearshoring operations – with more than one tenth intending a fairly substantial increase of at least 10 percentage points.

US-based National Council of Textile Organisations (NCTO) seems particularly keen on bringing production closer to home, with chief executive officer Kim Glas reportedly attributing the heightened interest within the west to labour shortages following the outbreak of Covid, surging freight rates, and concerns over reports of forced labour within China. Indeed, the NCTO only this month praised the benefits of a US-Dominican Republic-Central America Free Trade Agreement (US-CAFTA-DR), with Glas noting that it has come at a "pivotal time", amid a worsening global supply chain crisis.

"The global supply chain crisis and concerns over forced labour in Xinjiang have sparked a shift in sourcing out of Asia and a renewed focus on nearshoring and onshoring jobs back to the Americas," says Glas. "As outlined in the Werner Report, the US-CAFTA-DR agreement is a critically important and deeply economically impactful agreement that has fostered a co-production chain for textiles and apparel supporting over one million jobs in the region and the US. This is due to a key element of the agreement called the 'yarn forward rule of origin,' a unique investment-based rule that ties lucrative duty-free access to the US market to investment in yarn, fabric, and cut-and-sew production in the region and the US."

Glas's position is echoed by Textile Caucus co-chair Bill Pascrell, who notes that the crisis is leading to "recalibration" within global supply chains to nearshoring and onshoring in a effort to hold firm on "those essential rules" that support domestic textile workers. Pascrell's co-chair agrees that nearshoring and onshoring are two critical components in bolstering the US's textile industry. As far as Ahir is concerned, he believes the practice is here to stay - but thinks the hype will likely oversell it as a multi-tool for any operation, rather than what he really sees nearshoring as.

"Ultimately, global supply chains are a complex matter and there is no easy solution that will suit all businesses," Ahir continues. "Nearshoring may be the way forward for some industries, whilst others may be better suited to continue with previous solutions. It certainly seems that this shift will remain long term for many businesses in the years to come."

For logistics operators, he and Ribeiro note that the focus will always be on the clients and the market more broadly. But it seems that the China-centric model of global supply chains is declining, with Ribeiro noting a decrease in Olicargo's Asia operations.

"Consequently, the presence and activity in eastern European countries was strengthened, witnessing the growth of land transport activity to and from these countries."

Ahir adds that forwarders' operations are "for the most part reactive".

"As this trend continues towards the summer, they will start making changes," he concludes.

## *Turkish gets smart in Istanbul*

*TURKISH Cargo is certainly preparing for an uptick in trade. One of the fastest-growing cargo airlines, the carrier has now moved into its new hub at Istanbul Airport, having finally left its base in Ataturk Airport.*

*Its passenger and belly operations moved in April 2019, but now all its freighters, in a 72-hour relocation operation, will also be based at its Mega Cargo Facility, called Smartist.*

*"During the last three years, we carried out a highly substantial operation in both of our hubs," explained Turhan Ozen, chief cargo officer.*

*"While we made use of our freighters at the Ataturk Airport, we benefited from our passenger aircraft and the passenger-freighter capacity at the Istanbul Airport. We performed approximately 30,000 flights, 23,000 ... using our freighters, and 6,000 ... by passenger freighter, and we transported more than 4 million air cargo shipments, 2.5 million tons [at] Ataturk Airport and 1.8 million tons [at] Istanbul Airport.*

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**TURHAN OZEN**
**Turkish Cargo**

*Smartist is the biggest industrial building at the airport, with a capacity of 4m tons, over 340,000 sq m. It is equipped with technologies including augmented reality, automatic storage systems, robotic process automation and unmanned ground vehicles.*

# Spotlight ON

## Carl Hobbis

# Education starts at school

**Executive director for training**
**British International Freight Association (BIFA)**

WITH labour shortages around the world, and a focus on bringing new blood into logistics, apprenticeships - and more training - could be the answer to the skills gap.

Carl Hobbis, executive director for training at the British International Freight Association (BIFA), which has been celebrating the UK's national apprenticeship week, says there are many things smaller companies can do to boost training and recruitment.

> "About 65 per cent of delegates said they would rather do a course face-to-face"

Training has, inevitably, been hit by Covid.

"I think for the last two years, our courses have all been on Zoom," explains Hobbis. "However, we are seeing more of an appetite for people to go face-to-face now. About 65 per cent of delegates said they would rather do a course face-to-face, which has given us the confidence to move forward."

He added that Covid had hit apprenticeship schemes "really hard", but that members were enthusiastic.

"The skill shortage is everywhere across the transport and logistics sector, so the challenge really is to get more members to think about apprenticeships, and buy into it. There's not enough experienced people to go around. We all know that. And that's why we try to promote the industry to be more outgoing in this respect."

He added that Covid has been bad for young people.

"Working from home is a nightmare for young people really, because we've all got that experience where, when you were younger, you had personal mentors, or you could just ask across the desk. And that is very, very difficult with people working from home.

"Many still are, but thankfully, most are back in the office. So that was the biggest challenge I think during the pandemic."

He recommends an organised training programme, which allows people to work towards a qualification. "So that's a big thing that we're trying to promote, to add to your talent by taking people into the workforce and apprenticeship programme."

To improve recruitment among forwarders, Hobbis says: "More and more, logistics companies need to make more of an effort. I keep saying, 'just do one thing with your local community' - that would make such a difference.

"People talk about recruitment being difficult but they just need to put in a bit of effort.

> "People talk about recruitment being difficult but they just need to put in a bit of effort"

"We need to get more people in the industry. Try and talk about it more in schools, and so on, bring it into the curriculum, but that's a huge task, no doubt."

He explains that appealing to women also would help the industry.

"It's been a male dominated industry, and so things are changing. And that's nice to see.

"I would say companies can just do one thing a year. One member is going into a local school to talk, which is fabulous. We just need more people to do that. And I think then people will know about the industry. So we've got an array of ideas and tips and stuff.

"I get a lot of inquiries about apprenticeships which is brilliant, but it is very reactive, and often they can't find anyone to do it.

"But if you do it right, there are absolutely fabulous young people in our industry at the moment.

"And it doesn't have to be that we just need more people to talk to young people in their communities. Take young people with you, if you've got them - that's really, really important."

He also recommends that companies develop relationships with schools and universities – and also emphasise the technology involved in the industry.

"There's this stigma or perception, which is powerful, that people just see logistics as driving or warehouses. And we all know it's a lot more than that. So when we go to schools and colleges or community groups, we need to talk about that more."

There are advantages to be had in brining younger people into teams. "Young people will bring your business a fresh perspective.

"Young people are also important in a digital world. When you know the digital transformation, the way the world is going in our industry, in a sector with an ageing workforce, bringing in people can only be good for business."

Apprenticeships are one way of supporting younger people to come into the industry, and they can last varying amounts of time. BIFA has been involved in one that is minimum 18 months, other businesses may decide on two years, explains Hobbis.

Costs again will vary, depending on any government scheme, and individual companies.

"You can have apprentices off the payroll, but a lot of them are put on the payroll because it's a job at the end of the day. But you would need what's called an apprentice training provider. These are simply organisations that come in, sit with the apprentices, make sure they're on track, and are going through their programme.

"But you need a company to manage it, and not all companies can manage all the practice standards. But a lot of the training happens when an apprentice is actually on the job. So companies do get involved.

"But the training provider that you work with will probably send them on other courses such as technical training, but an apprentice has to do about 20 per cent on-the-job learning.

"The end game really is to offer a job, and companies have that in mind, most of the time.

"The bottom line, I think, is that smaller companies need to follow what the big companies do really well - although they've got teams in place to do this.

"We're trying to do what we can as BIFA to promote the industry around schools and colleges where we can."

**Apprenticeships are one way of supporting younger people to come into the industry**



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# Insights IN

## Seafreight – comment by Mike Wackett

# Let's take another look at the "grey" box concept

**MIKE WACKETT**
**Sea Freight Consultant, FICS**

IN 2021, a record 7.2m teu of equipment was added to the global container pool to take the total of the ubiquitous multi-coloured boxes in service to more than 50m.

Moreover, it is estimated that another 5m teu of equipment will be ordered and delivered to lessors, ocean carriers and logistics providers this year, as the transport cycles of containers grows ever longer.

Ask any shipper, and he or she will tell you that the availability of equipment is second only to securing space on a ship as a threat to their supply chains.

Shipping line container controllers report that a standard 20 ft or 40 ft container is taking an average 30 per cent longer to complete its roundtrip than before the pandemic, due to port and landside congestion, haulage shortages and creaking inland infrastructures.

However in practice, in surplus regions large empty container pools in overflow 'depots' on farmer Giles' spare bit of land around the back of a cow shed, are rarely recycled due to a lack of permanent equipment and labour on site.

Conversely, in the container-deficit high exporting areas in Asia, equipment is not only being rationed by carriers, but the shipping lines are charging shippers hefty premiums to secure equipment.

Notwithstanding the nice premium bonus for carriers, which can be as much as $5,000 for a container in a high-demand area, if the lines do not physically have a box then they cannot carry the cargo, so it's a lose-lose for the shippers and the carrier.

Japanese carrier ONE, for example, said that in the fourth quarter it had deployed a number of extra sweeper vessels on the transpacific tradelane in order to evacuate empty containers back to high export demand regions.

> 'shippers are grateful to get any box at their premises, whatever the colour'

It is interesting to note that ONE's backhaul allocations from the US to Asia were only 56 per cent utilised in Q4, however alliance partner pressures and a gridlocked empty restitution problem at US west coast ports most likely thwarted the best laid plans of its container control department to evacuate boxes in a timely manner to meet demand.

It is assumed that ONE deployed the extra charter ships entirely for its own purposes, rather than sharing the daily hire cost and the vessel allocations with its partners in THE Alliance.

ONE said that its equipment issues in Asia had "eased", however it is understood that in general, container availability at depots at some Chinese ports still remains tight.

The concept of using a "grey" box in the container industry has been looked at many times in the past, given the obvious cost savings of a common pool of boxes, but it has always been dismissed by carriers citing the commercial implications of losing identity and branding.

However, in the new normal, shippers are grateful to get any box at their premises, whatever the colour, the logo on the side and to a certain extent, they are less fussy than previously about the condition of the equipment.

As members in an alliance share and account for the space on their ships, could they also not look at purchasing a pool of grey boxes, potentially managed by an independent firm, that at the very least could be deployed in tight equipment situations?

The additional back-up equipment grey box pool facility would thus give the carriers in the alliance an advantage over their competitors in rival alliances.

The pool would need to be owned boxes, as it is difficult to see the container lessors agreeing to a multi-carrier lease. However, with carriers now flush with cash the ownership of containers is now shifting from majority leased to majority owned.

In order to shorten container transport cycles, is it not time to reconsider deploying the dull, unexciting, but equally functionable, grey box on liner trades?

# Useless schedules hit forwarder-client relations

FORECASTING transit times for ocean cargo is little better than a crapshoot these days. The long line-up of ships waiting for berth space on the North American West Coast is merely the tip of the iceberg.

Ocean liners' schedule reliability plumbed new depths in December, according to a report from Sea-Intelligence. It sank to 32 per cent globally, the lowest level since the consulting firm started publishing such numbers in 2011.

Not surprisingly the picture was worst in the transpacific arena, where only one in 10 container ships reached the North American West Coast on schedule. From a level of 22.1 per cent in December 2020 it slumped to 10.1 per cent, with average vessel delays of 15 days.

On the Asia-US East Coast sector schedule reliability was 19.2 per cent, down from 26.2 per cent a year earlier.

In the Asia-North Europe lanes on-time performance was down to 22.9 per cent from 40.6 per cent in December 2020, while 23.2 per cent of ships crossing the North Atlantic reached North America on time, down from 39.8 per cent in December 2020.

Bob Imbriani, executive vice-president international of Team Worldwide, reckons that 10 per cent on-time performance on the China-US West Coast routes may be a generous reading. Terminals on both ends are backed up, so more cargo gets rolled and sailings blanked, he noted.

The large Chinese gateways have struggled with congestion as vessels returning late from the US arrive way behind schedule, bunching up traffic. Even if they depart fairly close to schedule, they are going to face another round of delays waiting for berth space on the North American side, Imbriani noted. With this in mind, some are running at low speed, or they cancel port calls, he added.

"The reliability of sailings is very low," he said.

This makes it virtually impossible for forwarders and importers to plan on arrival times. "The ability to forecast is really bad," said one forwarder. "It's really difficult to tell customers when they will get their freight."

**BOB IMBRIANI**
**Team Worldwide**

Unloading times at the ports of Los Angeles and Long Beach are going to get stretched again, he warned, as the recent outbreaks of Omicron have prompted terminals to short crews once more.

The situation has exposed the limitations of tracking capabilities. The experience of the early days of the pandemic pushed shippers and consignees to focus on supply chain visibility, which has fuelled a torrent of new tracking options from outfits like Four Kites and an emphasis on capabilities to provide estimated arrival times for cargo.

Forwarders find that visibility has improved. "We do have access, we do get information that a vessel has sailed, that a shipment has been rolled," said Imbriani. "The information is not too bad, but we find out when something happens, not before, when we could make alternative arrangements."

It is not only advance visibility that is lacking. Between the milestones when shipment status is updated, shipments are still invisible to forwarders, and the only way to find out is to call the line's customer service department to find out.

"The wait times for customer service calls are huge. You wait 40 minutes on hold before you get to talk to somebody," a US-based forwarder remarked. "You keep revising your ETA."

Often it takes more than one call to get status information, keeping forwarder staff from other tasks. "Everything is much more time-consuming," said Imbriani. "A transaction that took two man-hours before the pandemic now can take 12 or 14 man-hours."

Where electronic information is available, it is not always a reflection of the reality on the ground. Upon logging the final milestone of a journey, a system deems it ready for pick-up, but this fails to take the situation in the warehouse into account. Team has received automated messages that an inbound shipment was ready, but when a driver arrived at the facility he was told to come back the next day as it was impossible to get to the container in question, as it was blocked by other boxes. The company has also encountered situations where it received notices that a terminal was closed due to staff being out with Covid infections but the tracking system showed that the shipment was in place and ready for collection.

The situation is straining forwarder-customer relationships, Imbriani finds. "Nothing is reliable or dependable right now. Some clients almost don't believe it," he said. After more than a year of struggling with this chaotic situation, they become incredulous that there has been no improvement.

"Your credibility is getting questioned. And you tell the customer: 'It's unbelievable, but you've got to pay three times as much as it cost you before'," he concluded. "The situation is worse than it's ever been."



Voice of the Independent
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