

# Shippers struggle as carriers' profits soar

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**For immediate release**

***Importers and exporters are facing a rapidly disintegrating container shipping market as deployed capacity fails to keep pace with returning consumer and business demand and shipping rates escalate beyond reach for many SMEs.***

The findings from the latest Container Shipping Market Review compiled by MDS Transmodal and the Global Shippers Forum (GSF) show a slight increase in the numbers of ships deployed, which allowed higher numbers of containers to be moved in Q2 following a lull in the first quarter of 2021.

Mike Garratt, Chairman of MDS Transmodal, said:

*“Global levels of container traffic grew again in Q2 2021 to reach record levels but have still not yet quite recovered to the level that trends implied 3 years ago, when lines reduced their level of new buildings. Capacity shares based on vessel sharing agreements (or consortia) in some key markets now exceed 40%. This high level of consolidation has the benefit of enabling lines to adjust capacity allocation in line with changing demand but, combined with the resulting very high levels of utilization, have allowed freight rates to remain at historically unprecedented levels and imply that some potential freight may be being suppressed. Performance indicators, including skipped ports, continue to compare poorly with pre-pandemic levels.”*

James Hookham, Director of the Global Shippers Forum said

*“Importers and exporters are facing a meltdown of the container shipping market, with rates in the stratosphere, slots up for auction and service performance in the trash. The prospects for the coming peak season look grim”.*

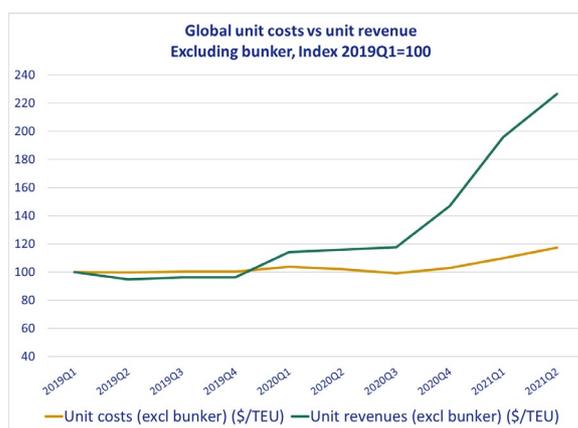
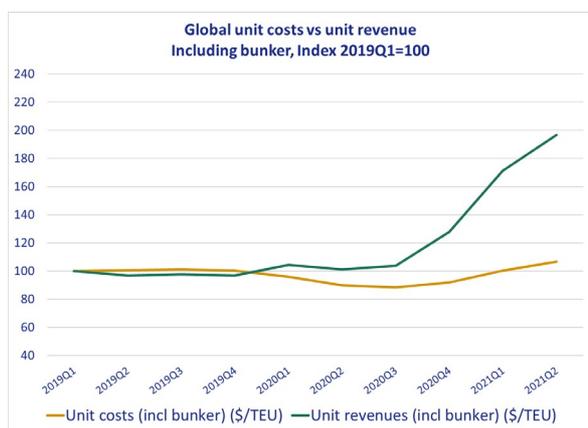
This was the quarter that the impacts of the Ever Given's closure of the Suez Canal was felt on schedules and port calls in Europe, North Africa and North America, but the effects are barely discernible in a globally consistent picture of rising rates, declining service and ships sailing at close to their maximum capacity.

James Hookham continued:

*“What none of the industry metrics show are the huge numbers of shipments that are NOT being moved – the boxes left on the quay, stacked in the terminal or stockpiled in export warehouses awaiting a slot. Getting these goods to market will be the difference between economic recovery and empty shelves and consumer price inflation.”*

*“Also at stake is the solvency of thousands of SMEs banking on the coming peak season to help get them through the Covid Crisis. Governments need to look closer and harder at a shipping market that is out of control!”*

Carrier profitability in the meantime is soaring and the Review shows the continued growth of the average earnings per container carried (average unit revenue, blue lines) compared to the unit costs of carrying that container (yellow lines), which have barely changed over the course of the past 18 months. Globally, carriers are earning more than twice per container than at the start of the Pandemic.



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#### Notes to Editors

1. *Mike Garratt, Chairman of MDS Transmodal, is available for interview. Please contact +44 (0) 1244 348301*
2. *James Hookham, Secretary General of GSF, is available for interview. Please contact: +44 (0) 7818 450440; [secretariat@globalshippersforum.com](mailto:secretariat@globalshippersforum.com)*
3. **The Container Shipping Market Quarterly Review for Quarter 2 2021** may be downloaded from: [GSF/MDST Global Container Shipping Market Report \(globalshippersforum.com\)](https://www.globalshippersforum.com/GSF/MDST%20Global%20Container%20Shipping%20Market%20Report)
4. The **Container Shipping Market Quarterly Review** is produced every three months and reports, interprets and comments on trends and developments in the container shipping market as experienced and understood by shippers – the importers and exporting businesses that own the cargo carried on container ships. Shippers are the customers of the container shipping industry.
5. The Review collates and reports outputs from MDS Transmodal’s established and respected Container Business Modal and other tools that are relied upon by governments and international agencies around the world. Working with GSF, MDST has generated eight new indicators showing how the market is performing in terms that are relevant and applicable to shippers as users and customers of these services. A copy of the Shippers Dashboard summarising these findings follows these notes.
6. MDS Transmodal (MDST, [www.mdst.co.uk](http://www.mdst.co.uk)) is a UK firm of transport economists which specialises in maritime and all other modes of freight transport. MDST works with senior management in the public and private sectors to provide strategic advice based on quantitative analysis, modelling and sectoral expertise.
7. Global Shippers Forum ([www.globalshippersforum.com](http://www.globalshippersforum.com)) is the global business organisation speaking up for exporters and importers as cargo owners in international supply chains and trade procedures. Its members are national and regional shippers’ associations representing hundreds of manufacturing, wholesaling, and retailing businesses in over 20 countries across five continents. GSF works for safe, competitively efficient, and environmentally sustainable global trade and logistics.

SHIPPERS DASHBOARD Q2 2021		
KPI	Indicator	Status & Overview
1	Trade volumes	After stalling in Q1, global trade volumes increased 4% in Q2, returning close to pre-Covid levels of trend growth.
2	Shipping capacity	Some new capacity was returned to the market, especially in the VLCC and ULCC ranges (10,000+ TEU), providing 8% more capacity on the trades served by these sizes of ships during Q2 2021. This was still insufficient to meet demand.
3	Capacity utilisation	Nearly all container ships are effectively full, with utilisation exceeding 90% on many trades. The data does not record the cargoes un-booked, rolled-over, or simply left behind.
4	Carrier costs & revenues	Unit operating costs for ships (\$/teu) have barely moved over the past 18 months despite stronger charter rates and a recovered oil price. Earnings per container moved have doubled over the same period for no discernible increase in costs.
5	Market competitiveness	New analysis is revealing the numbers of shipping lines whose market shares exceed the threshold for application of the EU Consortia Block Exemption Regulation and they should operate under general competition rules
6	Port connectivity	Port connectivity remains relatively stable despite the fluctuations in service patterns over the period, which saw many patterns disrupted due to the closure of the Suez Canal for six days.
7	Service performance	Predictability of services remains poor with the number of skipped port calls increasing in Q2, mainly due to the impact on Asia-Europe services from the closure of the Suez Canal for six days at the end of March.
8	Carbon dioxide emissions	CO <sub>2</sub> emissions per TEU have remained broadly flat since 2016, and remained so throughout the pandemic, despite the frenetic activity in the market. New global measures were adopted by IMO in June 2021 effective from 2023. This indicator will be used to monitor their effectiveness in reducing shippers' Scope 3 emissions of CO <sub>2</sub> .