

BRIEFING NOTE FOR PRODUCT AVAILABILITY GROUP

UPDATE ON PORTS AND ROAD HAULAGE [25 March 2021]

[This note was compiled by the CPA using information provided by relevant trade associations and media.]

Global Container Congestion Affecting UK Ports

[The [British International Freight Association](#) has a [very helpful article](#) written by [Lloyds Loading List](#) on the subject of the current market, including congestion, inefficiencies and pricing power. Relevant highlights include:

- Forwarding and other freight sources report some easing of ex-Asia ocean freight markets in the last three or four weeks, including reductions in pricing from China, better availability of containers at origin, and some easing of congestion in destination ports. But some believe it may be ‘the eye of the storm’, with more disruptions to come as recently blanked services come back on line.
- “Congestion is still rife everywhere – we know that,” said a UK freight forwarding source. “It’s still not good. It’s still bad at all the primary UK container ports, we know that. But we think it might have plateaued.” But he said all of these issues are interconnected with every other major trade lane, where there are still significant congestion issues – for example, on the US west coast.
- A UK-based container haulage source this week told Lloyd’s Loading List that congestion at UK container terminals had become less problematic in recent weeks, although this may be temporary, noting: “Things have definitely eased, but we believe this may be the eye of the storm.... A lot will depend on the behaviour of the (British) consumer post-lockdown as to how the rest of the year will look.”
- Regarding schedule reliability, (another UK-based freight forwarder) said: “It’s better than it was” – for example, fewer UK-destined containers offloaded in mainland Europe due to congestion in UK ports. “But we are not where we need to be”, he added.
- And as for the UK landside port and haulage situation, he said “we are noting less congestion and greater reliability in prompt port release and better transport availability”.
- In a briefing earlier this week, UK freight forwarder Norman Global Logistics said intense competition for scarce vessel space and equipment, means that prices are likely to stay strong, even if demand subsides slightly.

[The following from the [British Ports Association](#) summarises some of the persistent, key issues that began before the holidays.]

What is happening?

- Container ports around the world are dealing with backlogs in containers. UK ports are experiencing particularly high volumes as a result of that combined with additional traffic from stockpiling ahead of the end of the transition period.
- Containerised trade carries consumer goods and other smaller supplies around the globe. Containers account for approximately 15% of UK port tonnage.

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Why is this happening?

- **UNPRECEDENTED VOLATILITY:** ...Covid-19 has disrupted the usual flow of trade and we are now seeing unprecedented volatility and unpredictable and changing patterns of demand. We are also seeing some existing trends accelerating rapidly such as an increase in e-commerce which is adding to the surge in container shipping demand as many consumer goods are imported from Asia.
- **LAGGING SUPPLY AND DEMAND:** When the Chinese economy came out of lockdown... we saw a glut in containers arriving in the UK and Europe but depressed demand, which used up a lot of storage and warehousing space.
- **EMPTIES:** Contributing further to the congestion is a shortage of empty containers in Asia, needed to carry cargo. When the Chinese economy opened up again... there was a glut of containers coming in but not many going out as Europe and the UK stayed locked down with exports depressed. The oversupply meant some goods went into storage at the same time as exports were depressed, meaning many thousands of containers ended up on the wrong side of the world. Getting these back where they need to be has added to pressure of freight rates.

Which ports are affected?

- Container ports around the world, from China to the US and Europe are affected. In the UK, ports handling large volumes of containers are dealing with the knock-on effects of this congestion as well as UK-specific factors.

How will it be resolved?

- Some ports and terminals report that the peak has passed, whilst others are still experiencing significant congestion. Ports are working around the clock to clear the backlog. Industry has written to the Secretary of State for Transport to reassure Government that industry will deal with this issue, although volumes are expected to remain high for several months. The freight and logistics industry has made some specific requests of Government to temporarily speed the flow of freight.

The BPA says it is “aware that some in the freight sector have seen increases in shipping costs. This is not something the ports sector has any control over and is a challenge for the shipping community.”

Road Haulage

The [Road Haulage Association](#) has warned that the Government’s failure to employ enough customs agents will mean that the current downturn in trade between the UK and EU will stretch into the summer.

Conditions have resulted in a doubling of the number of vehicles travelling from the UK to the EU carrying nothing but fresh air, from 20% to 41%, the most dramatic monthly fall in exports from the UK to the EU since records began 20 years ago.

Recent figures from the Office of National Statistics (ONS) have shown that UK exports to the EU have dropped by 40.7%, or £5.6 billion. Although the ONS have said that this fall could resolve itself in the coming weeks as traders got used to the new conditions, the RHA is

disputing this claim. The RHA says this drop off in trade is caused by systemic problems with new customs checks and processes, with traders being put off of doing business by the morass of red tape and paperwork which are now required.

A large part of this issue stems from the lack of fully trained customs agents, which are needed by businesses to quickly and accurately handle new customs paperwork. Huge numbers of exporters needing assistance to correctly fill in new paperwork means that customs agents are having to turn away work.

The government's recently announced delay to import checks is welcome but not a universal fix – the RHA says it cannot be confident that operators will even be ready on 1 October.

Rod McKenzie, RHA head of policy and public affairs, said that recruitment of customs agents needed to rise by around 30,000, to give the UK around 50,000 fully trained agents to cope with the new, post-Brexit regulations. Delays and loss of exports would continue until more customs agents were trained, leading to delays until at least the summer.

On Northern Ireland:

[According to Sky](#), the volume of goods being ferried across the Irish Sea between Britain and Ireland has collapsed since the UK left the EU. Road haulage companies say they've changed their routes and are now making huge diversions, shipping between Scotland and Northern Ireland to avoid paperwork in the Republic.

The RHA has also warned that ferry services may be unable to keep up with the increased volume on the circuitous routes when trade returns to normal after the coronavirus pandemic.

The RHA has said that once the Covid restrictions are lifted and the retail and hospitality sectors open up in Northern Ireland, there will be an increase in demand for products coming from GB into Northern Ireland. There will be insufficient capacity on the ferry servicing Northern Ireland because of the increase in the demand from the truck operators in Ireland.

In addition, according to Sky, there has been a 208% increase in the volume of freight transported by ferries from France directly to Ireland in February compared to the same month last year, latest data from the ferry operator Stena Line shows.

More goods are now moving between Britain and Belfast because freight can now be sent from Britain to Ireland through Northern Ireland without complex customs procedures.

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