



Global Shipping Conditions - 1st February 2024

STATE OF THE MARKET:

The continued attacks on vessels in the Red Sea, has meant that all shipping lines are now routing their vessel around the Cape of Good Hope, to avoid transiting the Suez Canal. This rerouting comes with longer transit times in excess of 14 days and the increased chance of rolled cargo or other delays.

Shipping lines have also implemented emergency surcharges to recover their additional cost, which the moving companies have no control over. These surcharges have been given various names depending on the shipping line, such as “war risk”, “Equipment or operational recovery” and “PSS” and the amounts levied vary dramatically, but on some routes, they’ve added as much as USD2,500.00 to the shipment cost.

Rerouting of vessels causes further issues for the shipping line, with equipment imbalances, and more vessels being needed to operate the same service. This has meant some shipping lines have made the decision to levy these surcharges on shipments from Europe to the USA, Canada and Mexico, even though these don’t transit the Suez Canal and wouldn’t typically be thought of as affected.

Shipping lines have made it clear these surcharges are for operational disruptions, so it is unlikely they will simply disappear the moment vessels resume transiting the Suez Canal. From current opinion it will take a minimum of 6-8 weeks once all shipping lines are again transiting the Suez Canal for the operational issues to return to normal and the shipping lines to review the application of these surcharges.

Lastly this is a very fluid situation, shipping lines are asserting the safety of their vessels and crews is paramount, so there is currently little interest in transiting the Suez Canal until the attacks are brought fully under control. However, until this happens further delays and disruptions are inevitable.

Issues with the Panama Canal and the consequent delays are impacting shipments to both the US West Coast and the West Coast of Latin America. Climate change is having an unprecedented effect on the canal as a current draught has resulted in shipping delays causing a pattern of supply chain issues. Customers with shipments transiting through the Panama Canal should expect significant delays.

While all of these present unique challenges, the most noticeable issue to someone moving, will be the possibility of the increased notice required to secure space on a vessel, and the inevitability of increased transits times or delays. Some shipping lines have already advised the need to give 4-6 weeks’ notice when booking to Jebel Ali (Dubai) and the wider Middle Eastern region. It is likely that other ports/trades will follow suit, and while BAR members are generally covered by allocation agreements with the shipping lines, some of the more popular destinations may become an issue.

Additionally, the likelihood of a container being rolled, left off its intended vessel and moved to a later vessel is increasing as shipping lines manage their volumes, if this happens it is totally outside of the movers control.

It is suggested that customers are transparent and plan moving dates in advance with their chosen mover, to allow sufficient time to book appropriate vessels to move customers belongings.



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Shipping-lines continue to introduce measures to compensate for the falling freight rates, including cancelation of an entire vessel schedule forcing all bookings to a later vessel, dropping some previously routine destination ports-of-call, and 'slow-steaming' to reduce vessel fuel consumption. The result is slower than advertised voyage times, and arbitrary last-minute re-booking (of loaded) containers onto a later vessel.

We reiterate our previous message that moving companies and customers alike, should be prepared for uncertainty and slower overall transit times, even after a vessel has departed. Shipping lines are notorious for their lack of compensation for delays.

Imbalance of trade on some trade routes is still a problem because of the lack of import shipments arriving at European and UK ports. This imbalance is an additional challenge for the shipping-lines, causing a shortage of empty sea-containers readily available for re-loading and export. In some cases, this will impact customers' preferred moving date.

As reported last time, freight-rates on some trades have fallen so far that the shipping lines countermeasures of reduced vessels and slow steaming are even encouraging freight rates on those lanes to rise. Despite this, BAR movers continue to benefit from negotiated annual freight contracts which smooths the impact and contributes some degree of stability. We expect this uncertainty will gradually settle and stability will return slowly over the coming months.

Ultimately, severe service challenges, short-notice changes to container bookings, and variable freight rates, despite downward trends, will be reflected in your BAR mover's inter-continental door-to-door quotation and terms.

MARKET AVAILABILITY

Generally, acceptance of container bookings for export shipments from the UK has vastly improved in recent months. However, the current issues are causing challenges on several routes with available space currently outstripped by demand.

Eastbound trades from Europe (shipments to Asia, Oceania, India, and Middle East). These are the routes most affected by the Suez Canal diversions and will almost certainly be levied an operational surcharge. Acceptance of bookings is currently low, we are starting to see increased notice required for all of these routes. These trades are also the most likely to be impacted by cancelled sailings, and slow steaming. Customers should be aware that sea-container shipments may take longer than expected to arrive through no fault of the BAR Mover.

Westbound trades from Europe (USA, Canada, Caribbean, and Latin America): Acceptance of bookings is currently good and ships 'waiting time' for unloading at most USA ports continues to improve. High demand for container space aboard vessels on these trade routes during the peak season summer months may cause a shortage of empty containers. Destination ports in the Pacific Northwest, such as Seattle, Portland, and Vancouver, are still not being served on a direct 'all water basis', with alternative routes offered via ports on the US East Coast. However, expect delays because of intermittent congestion on the US rail networks which carry the containers from East to West Coast.

Southbound trades from Europe (South, East, and West Africa): No change. Where a shipping Line does offer a service on a given route to this area, it is usually quite reliable. However, many hinterland destinations (usually served via main ports with overland on-carriage to inland freight terminals) have been removed from the Shipping Line schedules because of lengthy main port



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congestion and or poor on-carrying transport infrastructure. This has caused a reduction of the main destination ports of call coverage across much of this region, especially the Indian Ocean Islands.

UK HAULAGE

The recent container road-haulage challenges due to a lack of drivers experienced across the UK has much improved in response to easing demand, with the majority of shipping lines withdrawing their Driver Retention surcharge (DRS). During the prior driver shortage, most moves were transhipped from van to sea-container, via loading at the movers warehouse, which safeguarded against substantial additional costs associated with a container no show at the customers residence. Whilst the preference is to direct load containers at customer residence whenever possible, it must be noted that most container-hauliers prefer the certainty of collecting from the movers warehouse. This is particularly the case in and around busy cities with difficult parking, poor access to residence and increasing prevalence of Low Emission Zone surcharges. So, Customers are cautioned that direct residence loading is prone to container no-shows, whereas loading via the mover's warehouse offers much greater certainty.

CURRENCY EXCHANGE DIFFERENCES

Shipping Line's container-freight rates and ancillary charges are usually quoted by them in foreign currency, mainly US Dollars and Euros for sea-freight, and local destination currency for destination port and on-carriage charges. These 'freight charges' are, however, payable in British Pounds (GBP) and converted typically at time of the ships' sailing date, applying the currency exchange rate at that point in time. BAR Movers generally will include these container-freight costs in their GBP quotation offered to the customer using the indicative exchange rate(s) valid at the time of their quotation. Customers should therefore expect an adjustment of the Mover's final invoice versus quotation, reflecting the actual exchange rate applied by the Shipping Line at time of despatch. A BAR Mover has no control over the actual exchange rate used and applied by the Shipping Line.

FUEL COST CHANGES

Sea container freight contracts are subject to periodical ships fuel (bunkering) cost reviews. This is a mechanism applied by Shipping Lines which compares the average price of bunkering quarter-on-quarter and then adjusts the rate either up or down based on the change. With the well-publicised energy supply issues, bunkering increases adding to the overall sea-container freight cost are highly probable. We have seen increases as much as US Dollars 350 per container in recent examples.

PORT STRIKES

Our UK Ports have experienced labour and Border Force strikes over the past 9 months; while no actions are currently scheduled that we are aware of, customers should be aware of the impact of potential future strike actions which invariably cause unexpected delays to both outbound (export) and inbound (import) shipments, particularly the inbound UK customs clearance time and subsequent container deliveries.

Lithium-Ion BATTERIES

The acceptance of 'Li-ION' batteries in household and personal effects shipments is a complicated subject. There is a widely reported increased fire risk associated with these batteries. Shipping Lines themselves are so far inconsistent in standardising their rules for their inclusion or exclusion from a consignment. Typically, we experience that Shipping Lines will decide on a shipment by



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shipment basis whether Li-ION batteries can be included. This extends to all and any items which may require such power units, examples include but not limited to cordless power tools, laptops, e-scooters, e-bikes and similar.

BAR Overseas Group recommends that Li-ION batteries are NOT shipped. If however, you include them in your shipment, your moving company is likely required to declare the shipment as 'Hazardous Cargo'. This is not as simple as it sounds. Firstly, your mover must obtain the shipping line's permission to include *Li Ion Batteries* as hazardous cargo (not all carriers accept). Next, you will incur a substantial freight surcharge, driving up your cost of shipping. The rules for including hazardous material in a shipment are fastidious; it will also impact the time it takes to secure a confirmed container space booking on a ship.

Failure to declare Li-ION batteries (or other hazardous goods) in a shipment, whether by intent or in error, is treated by the Shipping Line as a **misdeclaration**. This is a serious offence under maritime law and would lead to a substantial fine (payable by the customer) (currently circa 30,000 US Dollars); in addition, the Shipping Line could confiscate and dispose of the consignment.

IN CLOSING

We assure all customers that your BAR Overseas mover is highly experienced and will always use their best endeavours for an efficient and trouble-free overseas move. This update is intended to provide you with unbiased information on the state of shipping, and its many challenges. If you have any questions, please contact your BAR mover.



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