



# TRANSPORT TRACKERS

INDEPENDENT TRANSPORT RESEARCH

**China Container Pandemonium**

**26 January 2010**

We've been witnessing a rising number of complaints and war stories coming from Shanghai and China on getting cargo out before Chinese New Year (CNY), which this year falls some two weeks later than last year. The current rate hikes and cargo scrambling pre-CNY have taken on a life of their own, irrespective of Bernanke reconfirmation debates and stock market jitters this week.

We've been talking about "super-spike" in Asia/China outbound trade growth since end-Dec, and in recent weeks conditions have approached pandemonium for exporters trying to get cargo out before the Chinese New Year on ship space allocations that have been cut (even as we hear of air cargo growth slowing a bit from its earlier spikes in 4Q09).

Getting cargo out of Shanghai has been hell and cargo owners have been forced to put cargo out at whatever rate being asked. Other follow-on discussions have seen complaints that China factories are being un-cooperative (that 'success has gone to their head' ...), and that for US buyers, Mexican maquiladoras will be re-explored with greater interest (of course this was mentioned in 2007 with higher fuel costs too...).

The current panic scramble for space has about another two weeks to go. For the moment, no one knows how strong markets will be in 2Q10 and 2H10, but if strength resumes post-CNY, then lines will consider adding back capacity, and then all the rate haggling will start over again... and memories of the current scramble will come to the fore. The liner industry is enjoying strong rate action now, but nothing is clear for the remainder of the year at the moment, except that it is not likely to be as poor as last year. ... MEMO: Pls put extra monies from current surcharges into bank account, and get back to focusing on the rest of the year

## **A few crazy examples in recent two weeks:**

- One forwarder talked of a client balking at \$2700/FEU to USWC was all he could offer, while half that was more common a few months ago...
- One importer talked of being forced to cancel their original shipment and rebook on a co-loader at higher rates (+\$400 was the price)
- A cargo owner and their forwarder spoke of being attacked at ballpoint, as a shipping line forced them to sign their contract before they accepted the boxes for loading
- A European carrier offering "upgrade" fees to take cargo even when nothing in contract...
- Large US retailers getting their suppliers to accept to upsurge of cargo to them duty landed paid – effectively shifting the higher cost of panic bookings to their suppliers

We have sourced stories from market reports and every effort is made to reflect news items fairly and accurately. However we can make no warranties of any kind as to the contents of reports and we shall not be held liable for damages. Our views represent our current opinions with respect to available data and information. *Transport Trackers* © is a subscription-based service for paid clients, therefore re-transmission of our reports is not permitted. For more information please contact us at [sales@transport-trackers.com](mailto:sales@transport-trackers.com) or [charles@transport-trackers.com](mailto:charles@transport-trackers.com).