

# CLECAT Freight Forwarders Forum

More stability and predictability in liner shipping?



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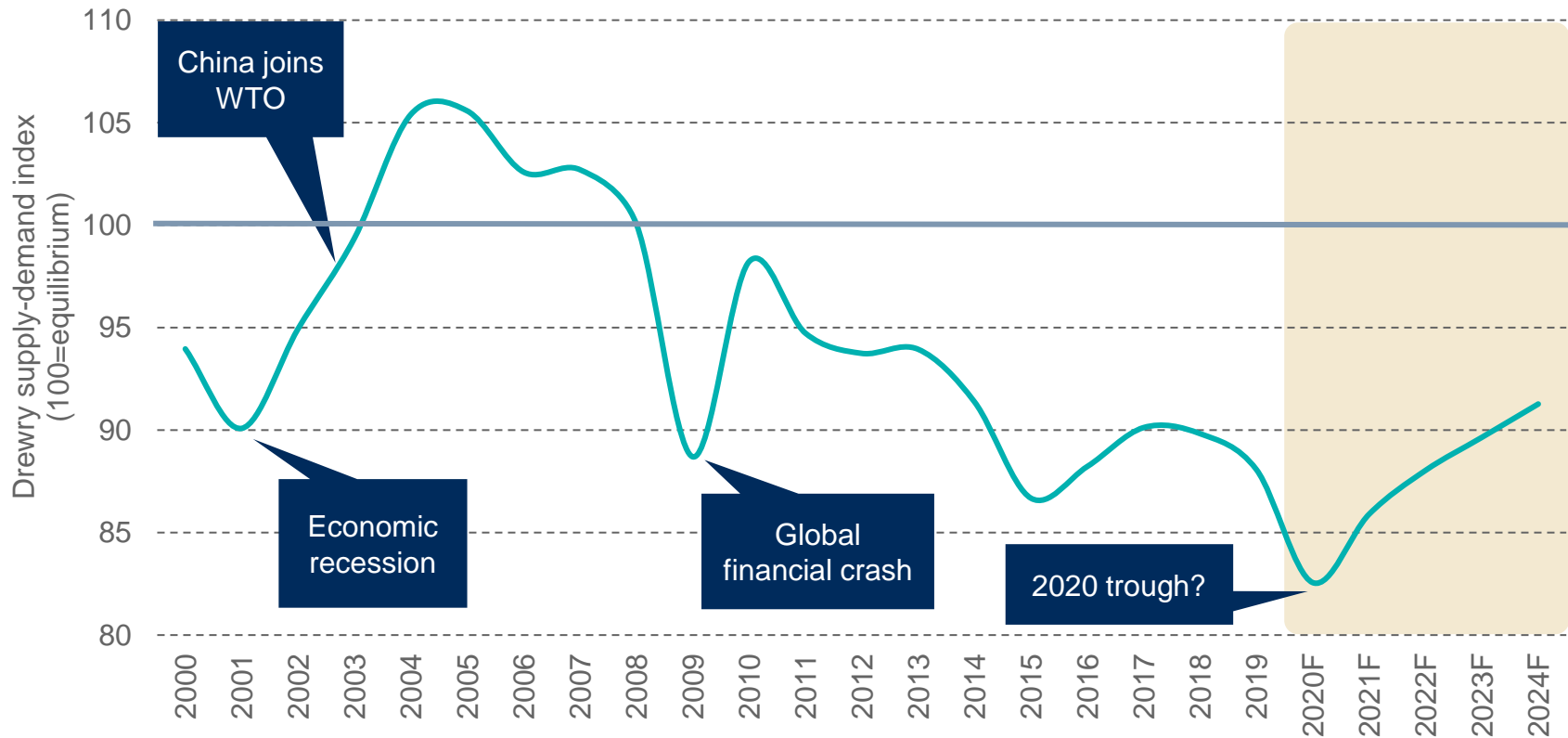
12 November 2020

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# 1. Liner fundamentals: Drewry's supply-demand index

The liner industry remained unable to address over-capacity since the 2008-9 financial crisis.

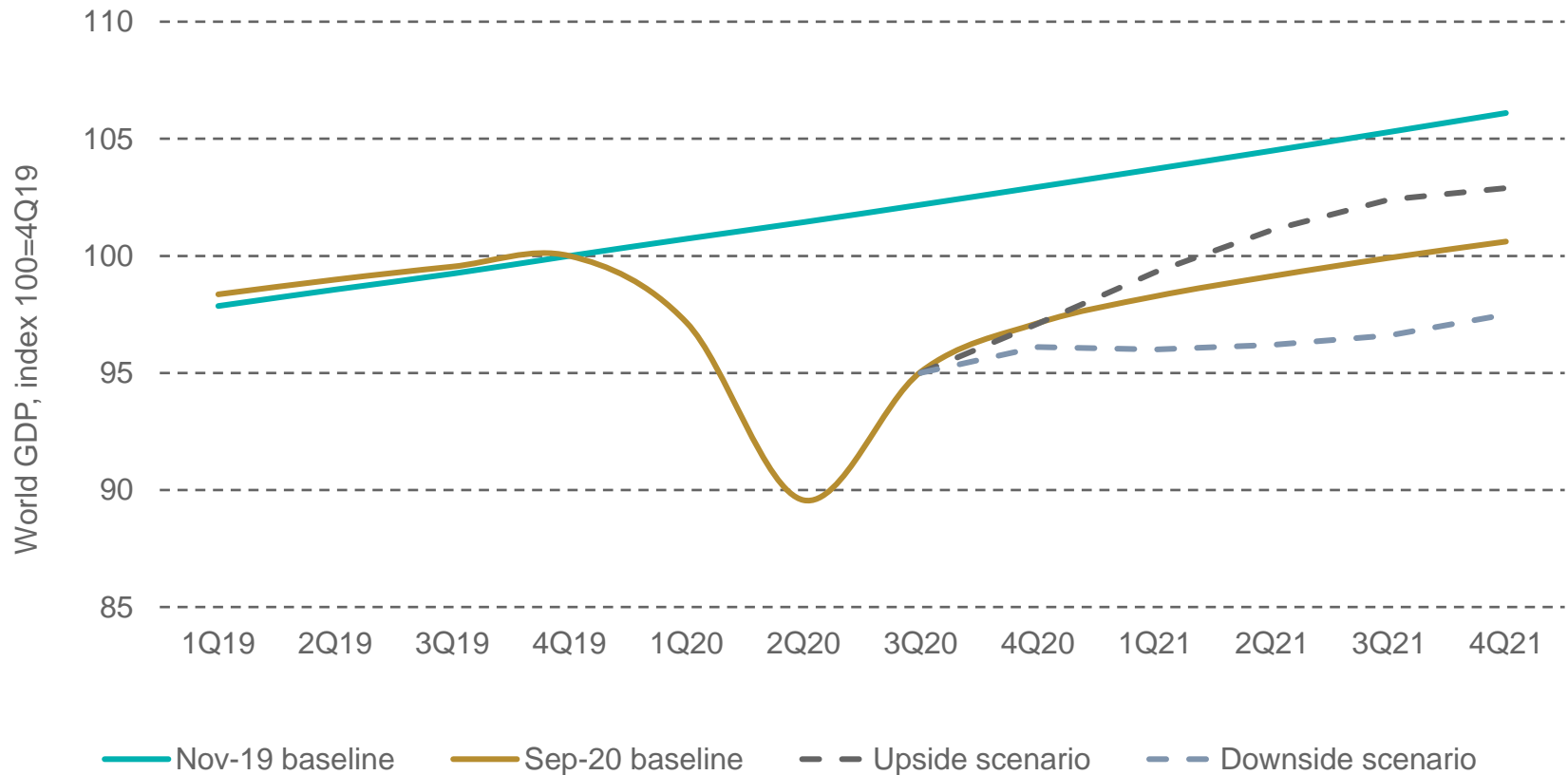
## Drewry's Global Supply-Demand index



## 2. Covid impact on economic growth

The outlook for economic growth for 2020 was upgraded during Q3 to -3.3%, from -7.3% in Q2.

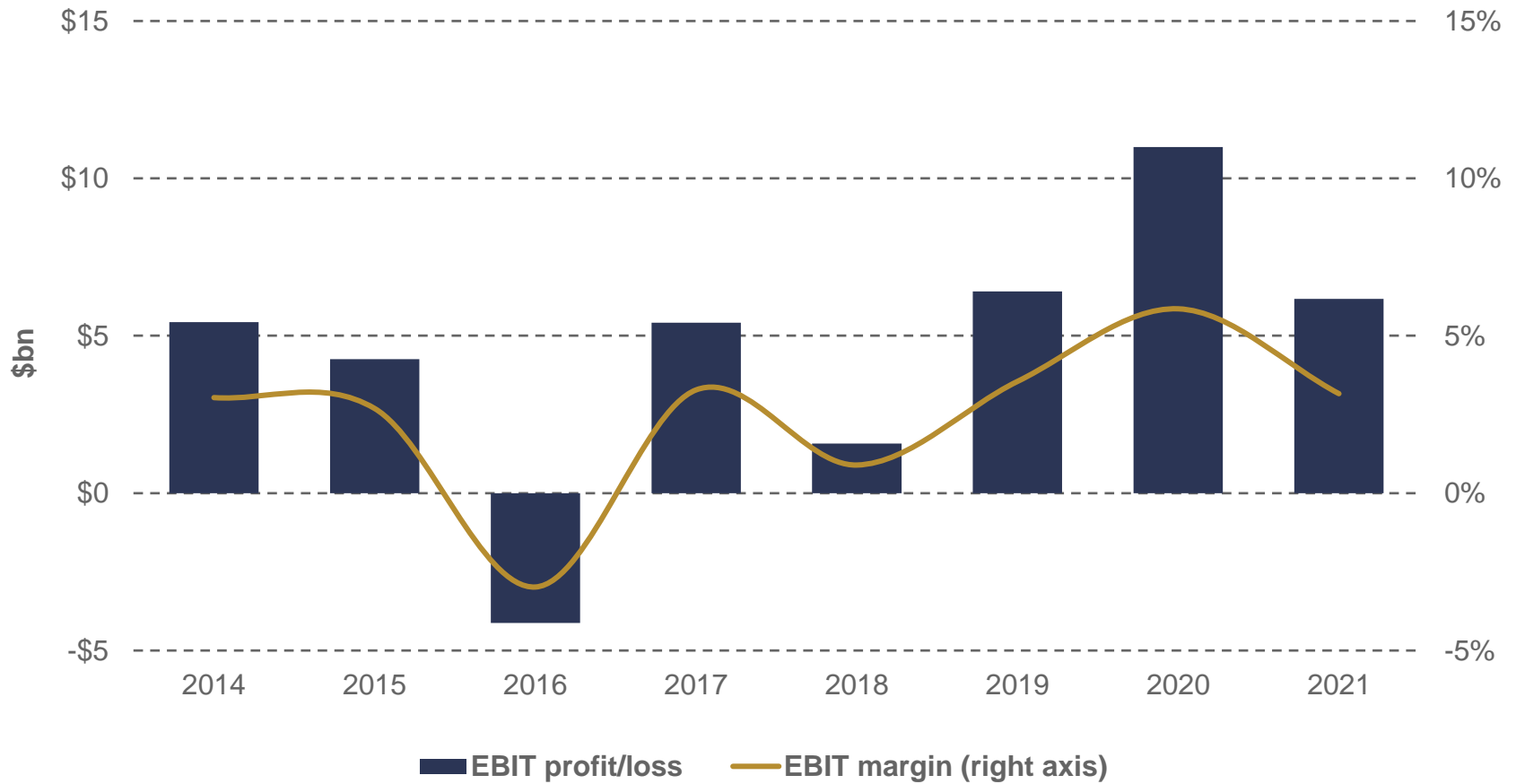
### World GDP projections



### 3. Liner fundamentals: Carrier profitability

Shipping lines have been unable to earn their cost of capital for a decade now

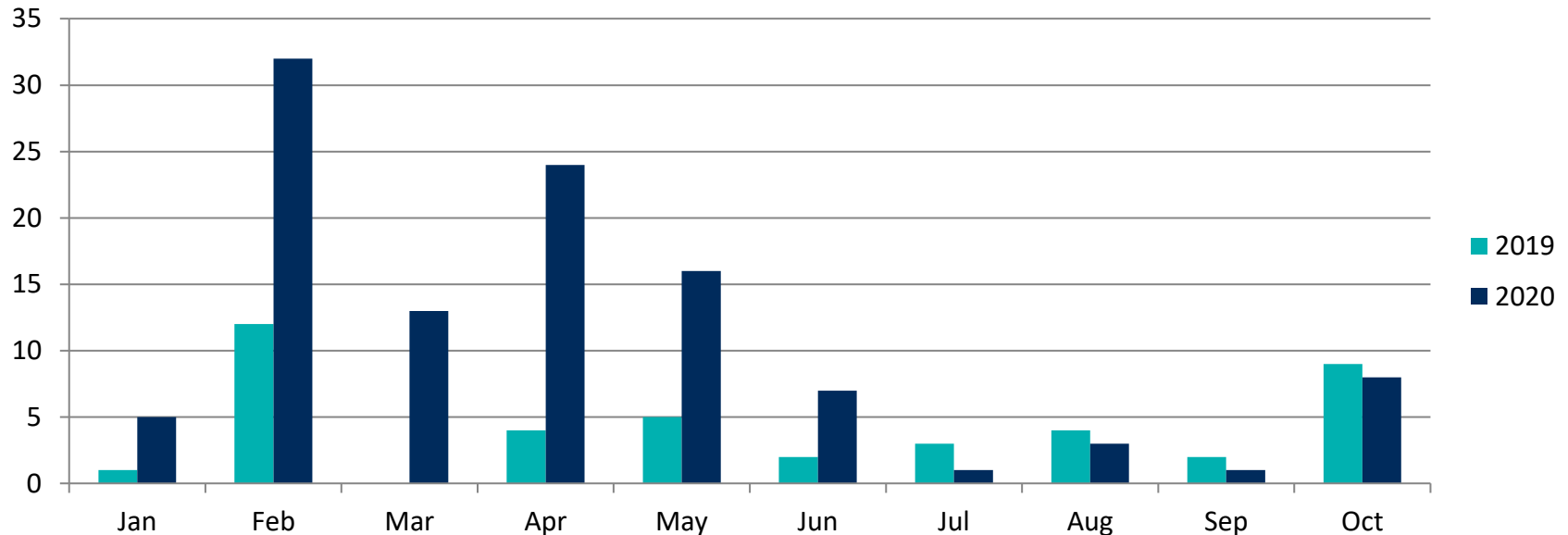
#### Liner industry profitability



## 4. Covid-19 capacity conundrum

Carriers responded to the Covid-induced demand collapse by an unprecedented wave of blanked sailings. On East-West routes 513 departures were cancelled between January and October.

### Cancelled or blanked sailings Asia – North Europe: +162% ytd



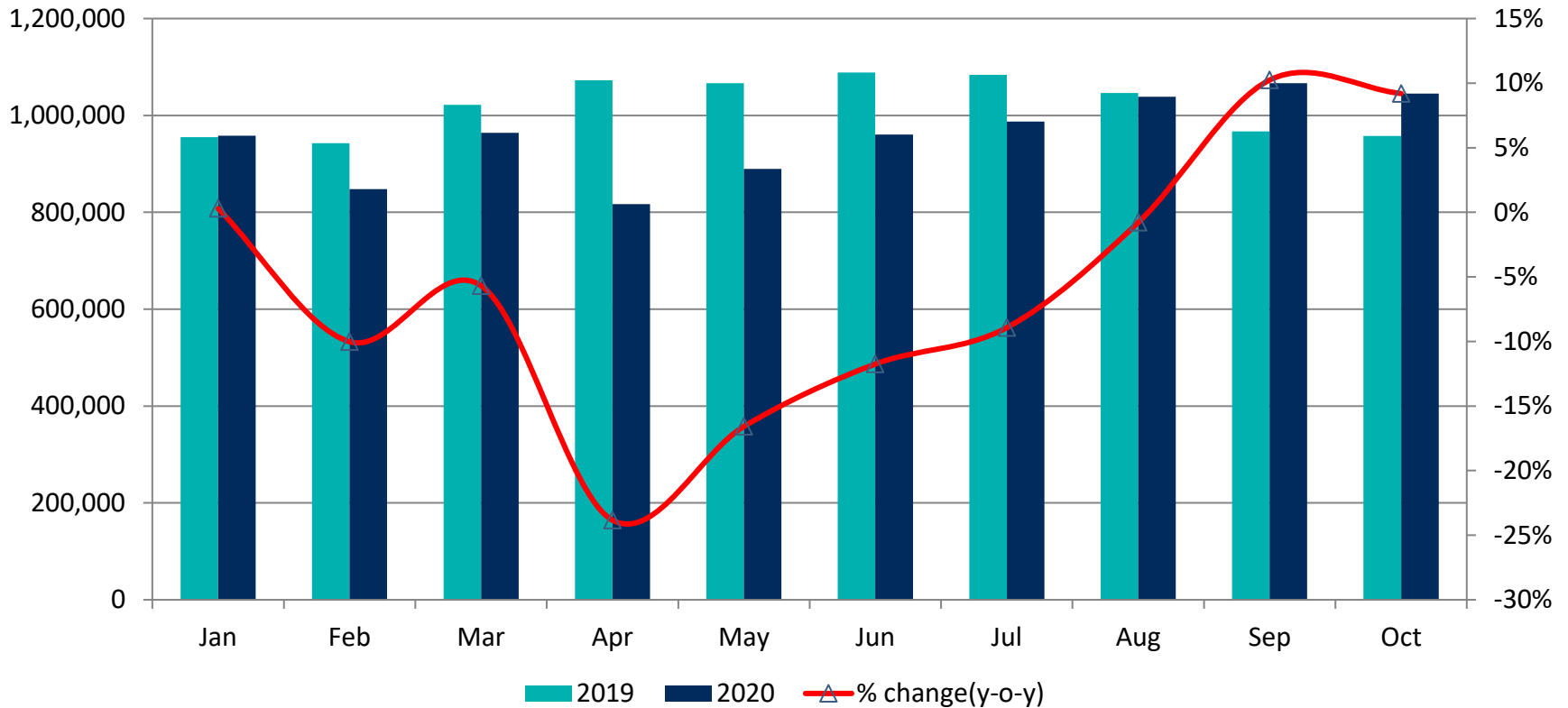
Source: Drewry's weekly Containership Cancelled Sailings Report

- 110 blanked sailings on Asia-N-EU, up from 42 in 2019

# 5. Post-Covid-19 capacity conundrum

Capacity was restored by August (departing in Asia) but compared to 2019 there was 6.2% less capacity in 2020 from January to October

Effective capacity on Asia – North Europe: -6.2% ytd



- Year-on-year, carriers withdrew 24% of the deployed capacity in April

## 6. Impact on shippers/exporters/importers

Risk of cost and service levels spiralling out of control

- Direct cost implications of service (un)reliability – simulation for Asia-Europe

Per 40ft container	2019	2020		Δ
Avg. ocean freight rate	\$1,547	\$1,847	+\$300	+19%
In-transit cost of finance (door-to-door)	\$1,001	\$1,169	+\$168	+17%
D&D	\$15	\$20	+\$5	+33%
Avg. cost for booking processing	\$102	\$128	+\$26	+25%
<b>Overall</b>	<b>\$2,665</b>	<b>\$3,164</b>	<b>+\$499</b>	<b>+19%</b>

→ Large differences in reliability between the different shipping lines and alliances

→ Importance of **actively measuring + benchmarking Carrier Service KPI:**

- ✓ Booking Confirmation turn times
- ✓ Booking Acceptance and Roll Over ratio's
- ✓ Blank sailings and 'on time' vessel performance

# 7. Carrier's performance measuring

*Drewry is launching a Carrier KPI Benchmarking Club to meet the growing market demand for insight and data regarding ocean carrier performance*

## Drewry's Carrier KPI Benchmarking Club



### Benefits:

1. Benchmark your carrier's performance confidentially with your peers
2. Unique KPI scope, covering documentation, booking and D&D
3. Improve your position in the cost / service trade off with data driven decision making

### Key Carrier KPI

Domain	KPI	Data field 1	Data field 2
Documentation	Booking turn time	Booking request	Booking confirmation
	BL issuance	Vessel ATD	Original BL
Booking	Booking acceptance ratio	Booking request	Booking confirmation
Vessel loading	Loaded as booked	Booking confirmation	Container moves
Vessel reliability (incl. blank sailings)	'on time' departure	ATD	ETD
Vessel punctuality	'on time' arrival	ATA	ETA
Detention and Demurrage	Origin D&D	Gate in move	Vessel loaded on board move
	Destination D&D	Vessel discharge move	Gate out move



# Thank You

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