Shifting routes and early peak reflected port volumes boost

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The latest port throughput figures reflect the disruption caused by various unexpected events that disrupted supply chains and caused congestion at key terminals around the globe, boosting shipping lines' income, and making shippers wary of similar crises.

Disruptive events, including the pandemic and wars in Ukraine and the Middle East, not to mention the Ever Given blocking of Suez and drought affecting the Panama Canal have all contributed to the sometimes chaotic and volatile supply chains.

The turmoil has been a major challenge for the industry which has seen shippers reflected in the latest port volume figures released by Alphaliner this week, which show the effects of shippers frontloading peak season freight.

Eleanor Hadland, senior analyst - ports and terminals for Drewry Shipping Consultants, said that the industry has experienced a "rollercoaster" since the currency crisis of 2008, but that the last five years have been particularly volatile.

As a result of these changes shippers have sought to mitigate the worst effects of the latest major supply chain disruptions and to pre-empt the next event, namely the possible US East Coast strike, scheduled to begin on 1 October if a new contract is not agreed before that date.

Current disruptions caused by the Red Sea diversions, as a consequence of the Middle East war has seen cargo diverted around the African Cape, absorbing large amounts of surplus capacity, raising freight rates and, initially, causing congestion.

“Moving cargo around is like free-flowing water: it always wants to follow the path of least resistance,” said Dynamar analyst Darron Wadey, and that is reflected in the first half volume changes at terminals across the globe.

Six of the top eight ports were Chinese, Singapore was second and Busan seventh, with first-half volume increases ranging between 4.4% at Guangzhou and 14.9% at Shenzhen.

Next on the list is the combined LA ports of Los Angeles and Long Beach, which also recorded a 14.7% increase in cargo volumes.

Hadland, however, cautions: “Drewry’s has upgraded its 2024 global throughput forecast on the back of strong 1H performances, but our latest projection of 4.7% must be seen in the context of two years of relatively flat growth in port handling (i.e. 0.5% in 2022 and 0.3% in 2023).”

“Growth in the 2-3% range is the new normal, using the current economic situation, but as soon as something happens the forecasts will change,” warned Hadland. Adding that year-on-year growth must be seen in the context of this “base effect”, with Drewry expecting growth to slow with projections of a more moderate 2.6% for 2025.

In part, Hadland argues that the US West Coast ports have seen a return of some cargo due to the threat of industrial action in the East, but with some “defensive shippers”, who moved cargo to the East Coast when dockers in California were negotiating a new contract, now reverting to the West Coast to avoid possible East Coast disruption.

Meanwhile, on the Asia-Europe trades Sri Lanka’s Colombo port, which had itself been hit by political and economic disturbances in 2022 and 2023, has been a significant beneficiary of the carrier diversions, recording a 12.5% according to Drewry in the first half of this year.

“We expect some volume loss when Suez reopens, but depending on timing. Colombo has been operating near capacity for several years, but new equipment/expansion of East Container Terminal (operated by SLPA) and construction of West Container Terminal (Adani-Keells JV) will provide significant new deepwater capacity that should help secure volumes,” explained Hadland.

Dubai and Mundra have also benefitted from the Red Sea crisis, both rising two places in the port top 30, to places 10 and 24 respectively.

Speaking about the three hubs Wadey said: “Instead of carriers creating new and expensive services around the Cape of Good Hope to compensate for lost connectivity, it is just as easy to relay Middle East/Indian Subcontinent-Europe cargoes to regional hub ports, and then transhipping onto existing intercontinental services to Europe that will be passing by. “It is no coincidence that these three ports are predominantly hubs.”

Drewry said Mundra port volume increases of 11% in Q1 is a result of the booming Indian economy rather than the impact of the Middle East crisis.

"There is an expectation that the re-opening of Suez will further boost Mundra throughput due to improved access to key markets," argued Hadland, Jebel Ali is in a more challenging position, with a similar problem to Mundra, in that the route to markets in the US and Europe has increased, "But the bigger threat to Jebel Ali volumes is the opening of CMA CGM's new terminal in Khalifa Port in 2025," said Hadland.

Mediterranean ports will need to readjust after the resumption of Suez Canal transits, agreed both analysts.

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