

The British Association of Removers December 2021 Update

Shipping Market Expectations for 2022

In this update we try and set out what member companies of the British Association of Removers and their customers should be expecting in 2022 and explain how the continued deterioration of service lies squarely on the shipping lines shoulders.



Rates for 2022

During 2021 members rates have, in many cases, been kept artificially low due to the preferential 12-month contracts that were signed by the MTC Ltd at the beginning of 2021. However, the general market 'Freight All Kinds' (FAK) levels have in the meantime risen dramatically.

Rates continue to change so trying to give precise expectations as to what members will be paying on the 1st March 2022 is difficult. The coming year's negotiations will be especially tough and different shipping lines will likely have different ideas as to where the rate levels sit. Unusually for the tender, obtaining the required space or allocation is going to be a driving factor, because as we've seen this year, rates are worthless if the shipping line won't let you book at them.

Therefore, we want to make it transparently clear to everyone where the actual market rate levels sit; below is a small selection of the shipping lines CURRENT DECEMBER 2021 FAK market levels:

Trade Export UK	ONE LINE		Hapag Lloyd		OOCL		MAERSK	
	20ft	40ft	20ft	40ft	20ft	40ft	20ft	40ft
New York	4255	5160	4364	6928	7206	7534	4760	6450
Los Angeles	5200	6650	5829	9458	N/A	N/A	N/A	N/A
Montreal	4805	4610	4364	6928	7690	7876	5170	7050
Vancouver	5650	7300	6229	9858	9190	9376	N/A	N/A
Ver Cruz, MX	4110	5170	4864	7078	8080	8994	N/A	N/A
Santos, BR	N/A	N/A	2500	3065	N/A	N/A	N/A	N/A
San Antonio, CL	N/A	N/A	3040	4600	5650	5900	N/A	N/A
Sydney	6370	8300	3600	7350	5592	9984	N/A	N/A
Auckland	7050	9260	N/A	N/A	5692	10184	N/A	N/A
Jebel Ali	1900	2400	2002	2500	2051	2102	N/A	N/A
Hong Kong	1675	1950	1150	1250	1566	1382	N/A	N/A
Bangkok	1875	2200	1180	1350	1831	1762	N/A	N/A
Singapore	1675	1950	1000	1100	1566	1382	N/A	N/A

All rates are approximate base freight in USD, and exclude surcharges and haulage.

A couple of caveats on the above. These figures are for December sailings per carriers circulated FAK tariffs or Spot products, fuel has been included where necessary for comparison purposes. Maersk Line is included for comparison, but despite having a spot product, it's noted they will not offer service for December or January for most locations.

Whilst we're sure many members knew that rates were increasing we're curious as to how many of your customers do, they may be shocked to see the above market levels, especially the figures some carriers are now charging to North America and Oceania, when compared to what

we were all paying back in 2019. Consequently, moving companies and their customer alike need to be aware that these are the kind of levels we will be paying when the contracts are signed for 2022. This needs to take this on board when offering rates to accounts or customers going forward especially after the 1st March 2022. Acknowledging the time, it now takes to get a booking accepted, members may well be quoting shipments sailing past the 1st March 2022 sooner than we think.

There is a further issue, shipping lines have usually continued to negotiate their rates right up to the day the new contract begins. This means it's difficult for moving companies to quote their accounts and customers as they may well not know where the final rates are. While all efforts will be made to get the new rates agreed as early as possible, customers will have to understand that if they make booking through the transition period they will have to pay whatever the rate turns out to be.



Service Levels.

It's also noted that these increases in freight rates have done nothing to address the just as dramatic decline in customer service and reliability offered by the shipping lines. Over the past 18 months we've all heard the reasons for this decline in service; excessive demand, congestion, equipment imbalances, infrastructure failures, be it haulage, rail, port capacity, lack of staff. But the freight rates keep getting higher and the service levels continue to deteriorate.

This decline has been to such a degree, that we now see an issue or failure on nearly every booking, and we're sure members will all agree it's become almost impossible for members to book, load and ship a container without incident.

We also see how many more complaints are being received from customers who believe wrongly that these failures are the moving company's fault and that there should be something that the moving company can do to solve them.

Consequently, we want to highlight some of the many eventualities that can now happen to a booking that might impact the customers experience with either a delay or additional cost.

1. The booking is rejected as the shipping line doesn't have space.
2. The booking is rejected as the load date is outside the shipping lines arbitrary date range.
3. The booking is rejected as the shipping line no longer offers the required ports.
4. The booking is rejected as the shipping line has suspended that service lane.
5. The booking is cancelled as the shipping line doesn't have haulage available.
6. The booking is cancelled as the shipping line doesn't have suitable equipment available.
7. The booking is cancelled as the port doesn't have capacity to receive the loaded container.
8. The booking is cancelled as the haulier refuses the job at short to little notice.
9. The booking is cancelled as the haulier refuses to attend the load address citing poor access.
10. The booking is rolled as the vessel omits its intended UK port of discharge.
11. The booking is rescheduled as the vessel berthing date changes.



12. The haulage is rescheduled as the scheduled load date is now outside the ports receipt window.
13. The booking is delayed as the shipping line rolls the shipment to a later vessel.
14. The booking is delayed as the vessel is unable to discharge at destination due to congestion.
15. The booking is delayed at destination due to lack of haulage.
16. The booking attracts additional charges as shipping line cites minimum revenue criteria for the vessel, meaning an additional charge is applied.
17. The booking attracts additional charges as shipping line increases its rates with little or no notice.
18. The booking attracts additional charges as shipping line applies a surcharge between the booking and shipping (rate calculation) dates.
19. The booking attracts additional charges as it's stored at port due to congestion or lack of haulage, and these costs are passed from the shipping line to the customer.
20. The booking attracts additional charges as ports/governments have implemented additional costs, and these costs are passed from the shipping line to the customer.
21. The booking attracts additional costs, as the haulage fails on load day and the goods need to be moved to storage.

Shockingly all of the above reasons are actually outside the control of the moving company.

It's understandable for the end customer who is moving to blame the moving company it contracted for these failures, however, as the above highlights nearly all occurrences of delays, rate increases or service failures in the provision of freight are directly attributable to the shipping line or their appointed agents (hauliers/ports). There is little pressure the moving company or the MTC Ltd can actually exert on a shipping line to "make" them meet a customer's needs, whether that's desired load or sail date, to not apply increases or surcharges to the rates or generally make shipping lines provide a better level of service.



What's worse is that shipping lines will generally accept zero responsibility for any of these service failures or rate increases.

The shipping lines seem to accept no culpability for these failures, they can hide behind out of date Bill of Lading T&C's that pretty much allows them to pass on any and every additional charge to their customers and change, reschedule or cancel bookings with impunity.

Shipping lines will generally not entertain claims for consequential loss, even when the failure is obviously theirs, so shippers have no recourse when the shipping line fails to provide the service they were meant to.

Both the direct and indirect costs of these changes and failures will usually need to be met by the moving company and ultimately the customer who is moving.

To that end, it's essential that moving companies and their customers fully understand the changes to container shipping over the last 18 months. We must change and adapt to the new working processes and be mindful that we are likely to suffer some of the failures listed above.



To make matters worse, communication from the shipping lines has become very poor. We see it taking weeks for moving companies to get responses on bookings, amendments and invoicing. There also seems to be no advanced notice of haulage failures, with many of you only realising when the haulier fails to turn up. While the frustration this causes the customer, who is moving is fully appreciated, the moving company is reliant on the shipping line to perform the services it has been contracted to do.

However, customers need to understand that without proper timely communication from the shipping lines there is little the moving company can do.

Somewhat ironically, we see moving companies whose customers threaten to “go somewhere else” when the moving company is unable to get the shipping line to comply. Every moving company, every shipper is in the same position, so for a customer to change to another moving company due to a shipping lines failure is counterproductive as it will simply put that customer in the same position with the new company, and only further back down the queue for the shipping lines services.

Shipping lines have to split their available vessel space across all their customers, this means that moving companies are all trying to book within the same limited allocation. So it’s likely a customer’s first choice of vessel may already have filled its allocation, which means the customer will likely be offered a later vessel, that doesn’t necessarily suit their load dates. Additionally, many shipping lines have applied a loading window, meaning you can only book on vessels within that window. Generally, they apply a 6-week window, meaning you can only book a vessel that sails in the next 6 weeks. Obviously, when new vessels become available in that window the allocation is used very quickly.



We would hope customers would now be aware of the issues affecting the haulage industry, it’s still reported there is a shortage of over 100,000 drivers in the UK alone, but the same problem is affecting all countries around the world. Because of this we now see carrier haulage as a very common failure. Vessel schedule changes are now very common and these can push the booked haulage outside of the 7-day window that ports now operate, which usually result in the haulage needing to be rescheduled, not ideal if

the customer has to vacate their home on a set date. Alternatively, we see more hauliers simply cancelling jobs with very little notice, as they are over booked or can achieve better rates on other cargo. Perhaps worst is the haulage simply fails to turn up on the load date, no email, no phone call, just a packing crew waiting at the customers residence for a container which isn’t going to arrive.

While it’s traditionally been common place in the UK to load the container at residence, the current shortage of haulage and more stringent access controls are meaning its now safer for customers to consider loading via warehouse. As this both protects against inconvenience to the customer, especially if they need to be out of their property by a set date, and factoring the costs of moving via warehouse from the beginning are considerably lower than the additional crew costs of trying to get the goods back to warehouse in the case of a no-show.

Customers also need to be aware that shipping lines are changing their services on a continuous basis. Destination ports and even whole trade lanes can be removed or suspended on very short notice. Consequently, customers need to realise that moving companies may well need to consider second and third choices if the preferred shipping line is unable to provide the required

destination, customers will likely need to pay higher costs if the only option is to utilise a different shipping line.

In summary, we hope this helps customers understand how difficult it's become to ship goods worldwide and that moving companies are doing the best they can. Generally, the problems experienced by customers are being caused by shipping lines who take limited, if any, responsibility for these service failures, and simply pass on to the customer any increase to the cost of the move.