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No solid pattern in detention increase

In issue 504 of the *Sunday Spotlight*, we analysed the developments in container detention rules – daily charges to be paid by cargo owners for use of the shipping lines' empty containers outside of the terminal or depot – as this is highly relevant given current equipment shortage crisis. Tightening detention rules would incentivise cargo owners to return their equipment faster, in turn helping resolving equipment shortages.

Unfortunately, shipping lines do not provide consistent data on detention charges across the industry, and in some cases the data is very country and carrier specific. To get a reasonable and comparable time series and given the quality and consistency of their publicly available data, we have used data published by Hapag-Lloyd for the analysis. This should not in any way be construed as the German carrier being "better" or "worse" than any other carrier, but simply reflects the availability of good, long-term data from Hapag-Lloyd.

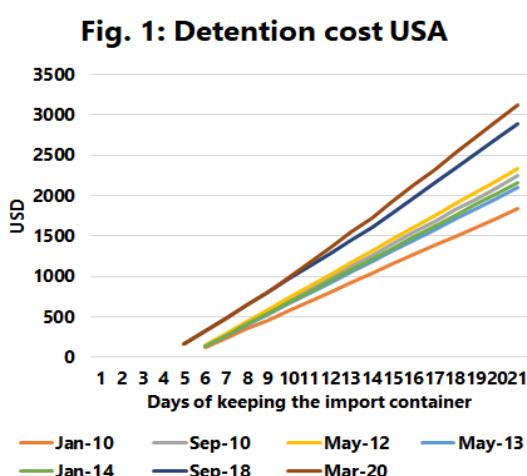


Figure 1 shows the detention costs for a US importer, based on the time it takes to redeliver the empty container to a depot. It can be seen that the detention charges have grown over the years, as the slopes of the curves increase over time. Furthermore, there is a shift in 2018, where the amount of free time is reduced from 5 to 4 days. However, the latest increase came into effect in March 2020, so it cannot be seen as a consequence of the current equipment shortage crisis.

For Germany and UK, the recent container shortage challenges did not give rise to changes in the standard detention rules, not even Brexit in the case UK. In Turkey, a recent announcement in April 2021 changed the detention rules, with no change to detention being paid if the container was returned within 10 days, but a sharp increase when this was exceeded. A similar development was seen in Spain, with no change if the container is returned within 20 days, and a 20% increase if this period is exceeded.

At least for the sample of countries included here, there is no indication that the pandemic and the associated bottleneck problems have led to a systematic increase in the detention charges. Some countries have indeed seen recent sharp increases, but others have seen no increases. There is no pattern to be seen. It is equally clear that the development is purely locally driven, even to the point of how the days and charges are defined differ by country.

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All quotes can be attributed to: Alan Murphy, CEO, Sea-Intelligence.

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Sea-Intelligence is a leading provider of Research & Analysis, Data Services, and Advisory Services within the global supply chain industry, with a strong focus on container shipping. Combining strong quantitative analytical skills with a deep understanding of the supply chain industry, based on many decades of experience at all central parts of the Ocean supply chain, Sea-Intelligence supports customers across all stakeholder groups.