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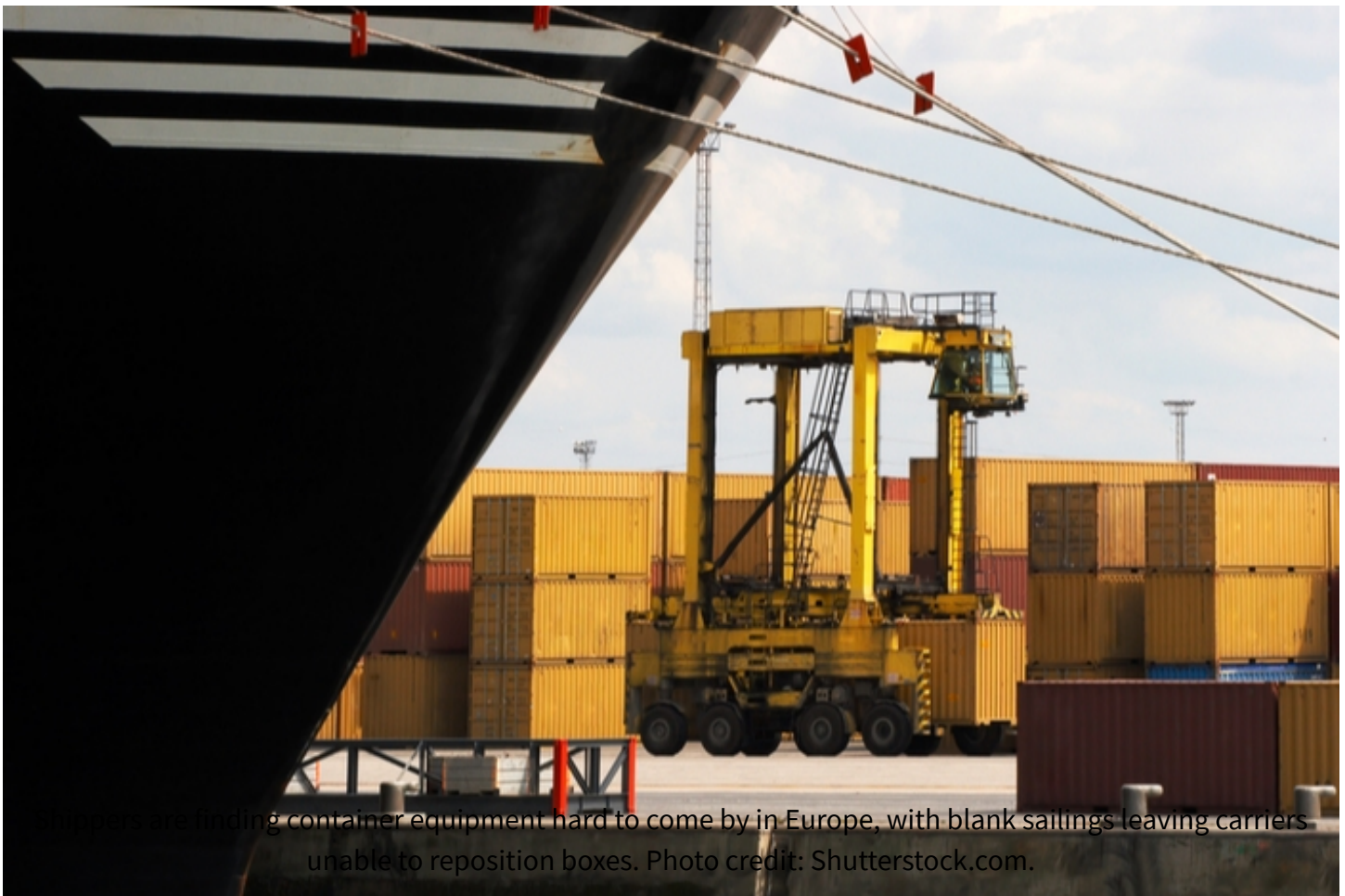
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Coronavirus leaves Europe exporters without empty containers

Greg Knowler, Senior Europe Editor ([/users/greg-knowler](#)) | Mar 16, 2020 1:56PM EDT

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Shippers are finding container equipment hard to come by in Europe, with blank sailings leaving carriers unable to reposition boxes. Photo credit: Shutterstock.com.

Extensive blank sailings have left virtually no empty containers available at European ports, according to the latest data, and extreme measures implemented to slow the spread of the coronavirus disease 2019 (COVID-19) could delay the recovery of container demand.

Container xChange's Container Availability Index (CAx), which forecasts the availability of containers in particular ports to allow better planning, shows there is almost no container equipment in Europe and North America as a result of withdrawn capacity and the inability of carriers to turn around boxes and position them where they are needed.

Empty containers at terminals in the European hubs of Rotterdam and Antwerp are at their lowest levels since the index was launched in 2018, and shippers requiring empties for exports from Europe say the containers are very hard to find.

"We don't have equipment for export to Asia as there is simply no equipment," the logistics director for a large German exporter told JOC.com.

Borders, shops, bars, and restaurants have been closed across much of Europe, with some areas placed under quarantine. While the measures are aimed at restricting the movement of people, there will be a knock-on impact on any part of the transport chain that requires human interaction, such as customs inspections, handling, or stuffing, according to a Monday coronavirus update by Container xChange.

No sign of empties

The growing disruption to cargo movement, and lengthy turnaround times for the cargo that is still moving, is being combined with an almost complete absence of empty containers and blank sailings, Container xChange noted. Alphaliner estimated late last month that up to 60 percent of weekly outbound capacity has been withdrawn from the Asia-Europe and trans-Pacific trades since mid-February, as well as from the intra-Asia routes.

Lars Jensen, CEO of Sea-Intelligence Maritime Consulting, said the net effect of the equipment shortage in Europe over the coming weeks will be a slowdown in the turnaround speed of containers.

“This, in turn, will mean a slowdown in the repositioning of containers to Asia — and hence further increases the likelihood that we will see container shortages in Asia when volumes pick up,” he said.

Empty containers stacked up in Chinese yards are waiting for demand to return, and while US imports from China are increasing (https://www.joc.com/maritime-news/trade-lanes/trans-pacific/asia-us-container-spot-rates-jump-china-imports-surge_20200313.html), demand from Europe in the short term is looking increasingly uncertain. With the major economies in Europe already in poor shape before the onset of coronavirus — IHS Markit data shows Eurozone 2019 GDP growth fell to 1.2 percent from 1.9 percent in 2018 — the measures will dampen consumer spending and weaken the appetite of companies to move into replenishment mode, according to Sea-Intelligence.

In its latest Sunday Spotlight, the analyst noted that companies in Europe were experiencing a sudden and sharp drop in sales, and with cash flow preservation prioritized above all else, they would refrain from ordering goods overseas. This would mean a sharp drop in purchase orders and an equally sharp drop in demand for container shipping, “not only from China, but from any sourcing location.”

Sea-Intelligence said container lines could face a volume decline of 17 million TEU and a shortfall of \$17 billion in revenue this year, while ports and terminals by extension would see a throughput drop of 80 million TEU in 2020.

However, the analyst is predicting a strong rebound starting in the fall or early 2021, driven by a combination of consumers starting to spend money again and businesses needing to not only cater to the increase in demand, but also restock inventories.

“From what we have been seeing over the past week, it now appears clear that we will be getting a demand-driven impact on the supply chain going forward,” noted Sea-Intelligence. “This impact is fundamentally different from the China impact, which was driven by a lack of manufacturing capacity, and the demand-driven impact will therefore be global in nature and also potentially much larger.”

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