

NEW ORLEANS, CONTAINER IMBALANCES, AND QUALITY CONTROL

Even those on the outskirts of the maritime shipping world know that vessel space, equipment imbalances, and port congestion have plagued the industry for over a year. As of May 2021, almost all seaworthy container vessels and the global fleet of shipping containers are fully deployed. Ships are cutting and running, disrupting rotations, in an effort to preserve their calling schedules.

Because the industry is stretched so thin, many subpar containers remain in circulation, waiting to be replaced by new equipment. COVID-19 shutdowns of major container manufacturers in early 2020 caused severe production slowdowns, resulting in a shortage of new containers. Import and export imbalances around the world further exacerbated the situation, creating and worsening the shortage of containers in much-needed head-haul locations. Even though the issue is now being addressed, it has already triggered uncontrolled congestion and never-before-seen rate levels.

A mismanaged global container fleet and the overall lack of new containers have forced carriers to continue using units that would have otherwise been decommissioned. On the ground, OEC trucking partners recognize that good quality 20' container units are in high demand. They also suspect that nearly 75% of available units moving through New Orleans are subpar, and many containers require reinforcement to carry bulk liquid in OEC LLS Flexitanks.

This comes at a very inopportune time, as vessel bunching and congestion have forced ships to skip the Port of New Orleans. With so many skipped calls, carriers are not able to replenish dwindling stocks of equipment at the port. With the lack of new containers coming in for replacement, shippers are being forced to pay for the repositioning of empty containers from the Port of Houston and the Memphis rail ramp by barge to New Orleans. This strategy is an attempt to alleviate some of that difficulty, but it has proven to be very costly.

“The lack of suitable and sufficient equipment is a brand-new nightmare, especially for us in liquid logistics,” explained Lynn Stacy, the Managing Director of OEC’s Liquid Logistics Division. “Chemical refinery hubs are scattered across the southern U.S., specifically in the regions around Houston and New Orleans. The entire sector requires proper quality equipment to continue exporting in a timely and efficient manner.”

