Annual Benchmark Report:

Demurrage & Detention fees

2023 4th Edition

- The ongoing Demurrage and Detention debate
- New trends, port rankings and policies
- Solutions and saving potential

A report by Container xChange

June 2023

Contents

Foreword

In the fast-paced world of shipping and logistics, few topics garner as much interest and attention as Demurrage and Detention. These charges, incurred when containers exceed their allotted time at ports, can have a substantial impact on shippers' financial health and operational efficiency.

As we delve into 2023, the significance of Demurrage and Detention fees within the shipping industry has reached new heights. This year, we witness a unique convergence of factors that make the topic particularly intriguing, especially in relation to the decisions looming from the Federal Maritime Commission (FMC).

The FMC's pending decisions on new laws for carriers operating in the United States hold immense implications for Demurrage and Detention practices. As the most expensive region for these charges, the US market occupies the top spots in our comprehensive ranking table. The outcome of the FMC's decisions has the potential to reshape the landscape, presenting both challenges and opportunities for shippers and carriers alike.

Our annual benchmark report serves as a compass, guiding industry players through the complex terrain of Demurrage and Detention fees. We analyze year-on-year trends, unveiling invaluable insights into the ever-evolving practices and fee structures across major ports and shipping lines. By examining these trends, businesses can gain a competitive edge and make informed decisions to optimize their container movements and reduce costs.

In addition to examining global trends, our report showcases the intriguing nuances within different regions and highlights the ports where fees remain exorbitantly high. It is our mission to empower businesses with knowledge and strategies that enable them to navigate the Demurrage and Detention landscape effectively.

As the shipping industry faces evolving challenges and regulatory changes, staying ahead of the curve is more crucial than ever. Container xChange is committed to providing you with the tools and information necessary to thrive in this dynamic landscape.

We hope you find this report beneficial.

Definitions and Context

Demurrage and Detention (D&D) can be complex and often misunderstood, even by professionals within the field. These terms carry significant implications for the cost and logistics of transporting goods. Therefore, it's important to provide a concise and accurate explanation of D&D to ensure a better understanding among industry stakeholders and avoid misconceptions.

Terminology:

Free days determine the number of days a shipper can use the container for free. If the free time is exceeded, the user must pay Demurrage and Detention charges.

Per diem is the daily fee charged by a carrier once the free time has expired; it can either be categorised as demurrage or detention depending on the location of the delayed container.

Demurrage vs Detention

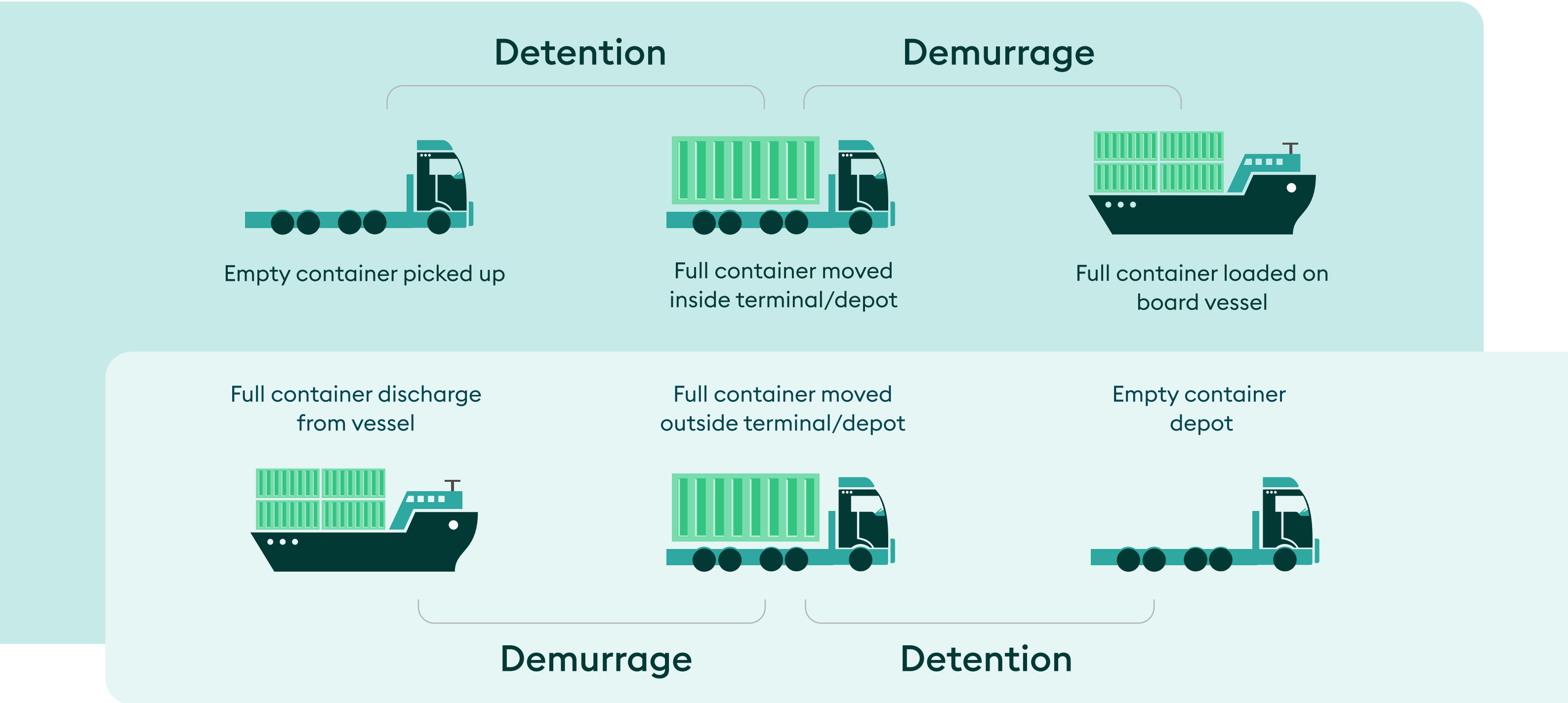
Demurrage is the charge you pay for the delayed use of the container within the terminal beyond the free days.

Although not identical to regular storage fees within warehouses, Demurrage is a type of storage fee charged for storing containers inside the port terminal beyond the allotted time.

A use case: Picture a container offloaded from a vessel. The dock workers go on strike, and the container waits here for two weeks. The shipper must then pay demurrage fees to the shipping line for not returning their container back to them in time.

Other causes of Demurrage Fees: *due to delays that happen within the terminal.*

- Port congestion and operational bottlenecks
- Geopolitical events like war, strikes, pandemics
- Inaccurate or delayed documentation, including customs clearance and paperwork processing.
- Limited terminal capacity, vessel delays, and insufficient infrastructure



Detention is the charge you pay for the delayed use of the container outside the terminal or depot beyond the free days.

A use case: Picture a container on its way to the terminal. It left the warehouse via rail, but the train breaks down, adding a few days of delay. The user will now have to pay detention fees to the shipping line.

Other causes of Detention Fees: *due to delays outside the terminal*

- Delays in cargo retrieval
- Train or truck strikes and traffic jams
- Inefficient distribution networks
- Poor coordination between stakeholders

Why do these charges exist?

For two main purposes:

1. To encourage users to stick to the agreed free days. And return the container to the shipping line as soon as possible.

2. To compensate the shipping line for the delay in returning its container; since a delayed container means a slower turnaround time for the shipping line

These fees are charged per day, per container! And after a certain number of days, they can accumulate exponentially.

The Demurrage and Detention Debacle

Context: A 6-year timeline (2018-present)

Over the past six years, the landscape of D&D charges has undergone significant changes. From 2018 to 2023, we witnessed evolving trends, regulatory developments, and industry dynamics that influenced the way shipping lines and ports handle these fees. This timeline provides a comprehensive overview of the key events and shifts in D&D practices, highlighting the impact on shippers and carriers as well as the overall supply chain.

2018:

In 2018, the shipping industry witnesses a steady increase in Demurrage and Detention fees. Factors such as port congestion, vessel delays, and operational inefficiencies contribute to the mounting costs for businesses. The lack of standardized practices across ports and carriers adds to the complexity and unpredictability of fee structures.

- As early as 2018, truckers and cargo owners ask the Federal Maritime Commission (FMC) to set guidelines on Detention and Demurrage. The Coalition of Fair Port Practices argues that if a problem is not within the control of the trucker, it is unfair for them to pay a penalty.

2019:

In 2019, Demurrage and Detention fees continue their upward trajectory. Rising trade volumes, infrastructure constraints and delays caused by geopolitical events like the US-China trade war exacerbate the situation. The increased focus on supply chain optimization prompts businesses to explore strategies for minimizing these costs.

2020:

The year 2020 presents unparalleled challenges with the onset of the COVID-19 pandemic. The global supply chain is severely disrupted, leading to widespread container shortages, port congestion, and extended transit times. As a result, Demurrage and Detention fees surge, placing immense financial strain on businesses grappling with operational uncertainties.

- Early 2020 – Some regions and countries make plans to waiver Demurrage and Detention fees as much as possible in their reach. For example, Indian railways waivers all demurrage, wharfage, stacking and detention charges during national lockdowns. The Ministry of Transport in Malaysia removes storage charges on a case-by-case basis, but still struggles to get foreign carriers to do the same for Demurrage and Detention charges.

Container xChange publishes the 1st edition of its benchmark report

Key findings include:

- Both Demurrage and Detention charges rise quickly after initial free days to an average of $123 after 7 days and $537 after 14 days across ports and shipping lines for 20DCs.
- Charges vary by $190 on average across the 20 biggest ports. Busan, South Korea is the cheapest port (avg. of $6.46), compared to Los Angeles (US) ($196.88 per day) and the total average across all ports is $35.14 (at day 14, 20DC, import /export combined)
- Comparing charges across ports is an economic necessity! Antwerp is the most attractive port in Europe followed by Rotterdam (Demurrage & Detention charges up by 9.1%) and Hamburg (+ 32.7%)

2021:

In 2021, the shipping industry begins witnessing a shift in fee structures as carriers and ports seek to address concerns about transparency and fairness. Efforts are made to improve communication and streamline processes, leading to more standardised fee structures and greater clarity for shippers. However, the impact of the pandemic continues to reverberate, influencing fee trends.

- May 2021– Demurrage and Detention charges increases by 39% YoY across the 9 leading shipping lines and ports for standard containers.
- July 2021– The FMC begins to assess whether container lines are abusing market power, especially in US markets, and plans to audit the 9 biggest carriers.
- November 2021, OJ Commerce (OJC), a Florida-based importer, files a complaint against Hamburg Sud for improperly billed demurrage fees total $40,680 for 15 containers.

Container xChange's 2nd edition:

Key findings include:

- Across the world's 20 biggest ports, the average Demurrage and Detention charge doubles from 2020-2021, going up +104% after two weeks of delay. That's equivalent to $666 for each container across ports, shipping lines and Demurrage & Detention combined.
- On average, Demurrage and Detention charges reache $1219 per container across container types after two weeks in 2021.The cheapest is COSCO in Port of Busan, and the most expensive is CMA CGM in both Long Beach and Los Angeles.
- The ten leading Chinese ports experience the biggest increase of Demurrage and Detention charges from 2020 to 2021. The costs of Demurrage and Detention went up by +126%

2022:

Continuing the trend to reform, 2022 marks a period of stabilization in Demurrage and Detention fees. Industry stakeholders, including regulatory bodies and industry associations, focus on promoting fairness and efficiency. There is a notable decrease in fees as carriers and ports work towards optimizing operations and addressing supply chain disruptions. But the fees still do not return to pre-COVID values.

- May 2022– Demurrage and Detention charges decreases by 26% YoY but still remains 12% higher than in pre-pandemic times. Additionally, the top 5 expensive container ports are all based in the US.
- 16 June 2022: Joe Biden signs the Ocean Shipping Reform Act (OSR, empowering the Federal Maritime Commission to investigate late fees charged by carriers.

3rd edition's key findings:

- The average D&D charge per standard container across all 60 ports after 2 weeks is $664. While this value decreased from 2021, it's still 12% higher than in pre-pandemic times.
- While D&D charges reduced globally on average, they continued to increase in 8 ports: Jebel Ali, Long Beach, Los Angeles, Ningbo, Qingdao, Shanghai, Singapore, and Tianjin.
- The ports with the lowest D&D charges after 2 weeks are: Busan, Yichang, Rugao, & Zhenjiang. The ports with the highest D&D charges after 2 weeks are: New York, Long Beach, & Los Angeles respectively.
- The shipping line COSCO has the lowest D&D charges out of all the shipping lines across ports, while Yangming has the highest.

2023:

In 2023, the Demurrage and Detention fee landscape faces significant developments, primarily driven by the pending decisions of the Federal Maritime Commission (FMC). These decisions can potentially reshape fee structures and practices, particularly for carriers operating in the United States. The industry awaits the outcome of these decisions with anticipation, as they could have far-reaching implications.

- April 2023: Ahead of the looming official decision to be made by the FMC, some ocean carriers (Maersk, MSC, HMM, Hapag-Lloyd) already consider waiving detention and demurrage charges on days when marine terminals are closed, for example, weekends and public holidays.
- 1 May 2023: Port of Houston stops charging storage fees on import containers when terminal gates are closed but will increase per diem fees on some boxes by 32%*

***What does this mean?**

"Houston has agreed not to charge Demurrage (storage fees within the terminal) on dates that the terminal is closed, but has increased the per diem cost of retaining their equipment once it has been retrieved from the port (so essentially increased Detention fees).

This change will allow shippers more time to retrieve containers at terminals in Houston without penalty but will increase pressure to unload and return the containers quickly, once they have been retrieved."

Drewry Supply Chain Advisors (DSCA)

- June-August 2023: Final decision will be made by the FMC around further billing policies.

More on current times: progress made and the ongoing debate

Progress made: The biggest penalty example since the shipping reform

Hamburg Sud, now under Maersk, has been ordered by an administrative law judge for the FMC to pay nearly $10 million to an e-commerce home goods retailer.

In November 2021, OJ Commerce (OJC), a Florida-based importer, filed a complaint against Hamburg Sud for improperly billed demurrage fees totalling $40,680 for 15 containers. Although Hamburg Sud refunded the charges, the situation escalated when the carrier allegedly failed to fulfill the remaining commitment in OJC's contract and refused to negotiate a new contract for the following year. This left OJC unable to secure a contract with another carrier.

This penalty is the largest imposed by the FMC since the implementation of the US shipping reform. The FMC will review the judge's order within 30 days.

Going forward: more hopeful developments on the horizon

Exciting developments are on the horizon with two highly anticipated final Rules on Demurrage and Detention from the FMC:

1. **Billing practices:** This rule focuses on the crucial details to be included in invoices, the designated recipients of invoices, and the specified timeframes for presenting and responding to invoices. It aims to establish clear guidelines for billing practices in Demurrage and Detention scenarios.

2. **Defining D&D "events":** This rule aims to clarify which events qualify as Demurrage or Detention situations. It addresses questions such as whether charges can be applied when the terminal is closed, when containers are held for government inspections, or when carriers fail to provide sufficient notice of availability. By defining these events, it aims to establish consistent standards and rules for the industry.

But according to an article by JOC, it could "never be as simple" as saying that "shippers will no longer be charged for detention and demurrage when terminal gates are closed.". Already, shippers are facing frustration due to the challenges of locating available drivers and chassis on weekends, leading to elevated expenses and difficulties in maintaining open warehouses. Peter Friedmann, executive director of the Agriculture Transportation Coalition (AgTC), expressed the exasperation of exporters in a LinkedIn post in early May, questioning whether marine terminals deliberately open for a few hours on weekends merely to levy demurrage fees, despite knowing that warehouses and truckers are unavailable.

Peter Friedmann • 2nd
Executive Director, Agriculture Transportation Coalition
1d •

+ Follow

Big debate emerging – should demurrage be charged for containers left at the terminals over weekends? Whose fault is it the containers are even there? The shipper who takes advantage of the "free storage" over the weekend? The ocean carriers who give their favored shippers way too much free time? The terminal which limits access (and appointments) during the week, and closes terminals over the weekend? The ocean carriers that don't communicate with the terminals – including the terminals that they own? The carriers who don't provide the information on blanked, delayed arrivals, and ERD, that the shipper and trucker needs to plan? The warehouses that don't operate on weekends, so can't send or receive containers to or from the terminals? Big topic at Annual Meeting: https://lnkd.in/gzJYJ5ys.

This ongoing predicament highlights the perpetual issue of passing responsibility within the container shipping industry, where the end-customer experience often remains unaddressed. Maintaining fluidity at ports is of utmost importance, as congested ports were the primary cause of the significant supply chain delays observed in 2021 and 2022. Timely removal of containers from terminal yards is considered crucial, and the assessment and collection of terminal demurrage and long-dwell fees play a decisive role in achieving this objective, as emphasized by industry experts.

The debate remains further unsettled because none of those developments resolve the inherent economic question of who is responsible for the underlying storage costs. In the case of demurrage specifically, marine terminals claim there is a cost to store containers on the terminal ground regardless of whether the gates are open or not.

An interview with Drewry

“The FMC must consider the interests of both cargo owners and ocean carriers, striking a balance between their conflicting needs.”

About Container xChange and Drewry

Container xChange and Drewry have an ongoing partnership aimed at combining xChange’s rich platform data and Drewry’s market-leading research capabilities to provide the maritime and shipping industry with access to improved research, consultancy and forecasting of the container logistics market, enabling enhanced decision- making and better market visibility for logistics companies.

We interviewed a few members of the DSCA Advisory at Drewry Shipping Consultants Ltd, who collectively have over 50 years of strategic and operational experience in the container market, advisory and supply chain markets.

We thank them kindly for their insight here and throughout the report.

Q: How have global supply chain disruptions, if any, impacted Demurrage and Detention fees in 2023?

"

The poor service reliability experienced in 2020-2022 led to high inventory levels and a sharp drop in demand in 2023. North America and Oceania are expected to see negative containerized growth, while Europe and Latin America will likely experience stagnation. The decrease in demand has resulted in fewer cargoes being moved, leading to increased flexibility in free time, particularly for detention. Shipping lines prefer customers to hold onto units rather than pay port fees for storing empties, resulting in fuller depots and ports. Lower volumes have reduced port congestion and facilitated easier access to terminals, decreasing the need for on-quay storage.

Additionally, lower demand has eased access to trucking and warehouse capacity, with reports of surplus warehouse space and efforts to streamline for cost efficiencies. The adoption of slow steaming and longer transit times may necessitate the purchase of additional products to fill the extended time gap, potentially impacting warehouse usage. The emergence of new sourcing markets beyond Asia is also expected to influence container and trade flows in the future. Overall, these factors have led to a significant reduction in Demurrage and Detention fees. "

Q: What is your prediction on FMC's pending decision come end-June/July?

"

The FMC must consider the interests of both cargo owners and ocean carriers, striking a balance between their conflicting needs. Prior to the pandemic, carriers based their vessel space decisions on revenue generation, prioritizing profitable commodities while considering factors like cargo weight and equipment availability at destinations. Regulating these market factors will pose challenges for the FMC, especially since a significant portion of US export cargo falls into low revenue and/or heavyweight categories. Drastic changes in cargo acceptance policy by the FMC could negatively impact cargo owners, potentially leading to increased pricing. Historically, carriers have offered low rates for USA export cargo to replenish equipment in Asia, and artificially manipulating the market to ensure acceptance may have unintended consequences. Regardless of the rule's outcome, viewing it as a positive initiative will bring greater transparency to charges for shippers. "

Q: Do you think other ports or shipping lines will follow a similar trend of abiding to the FMC’s rules but opening another loophole or way to cash in?

“This is initially likely, particularly with freight rates dropping and decreasing carriers’ overall profits. Increasing per diem fees, which carriers charge for the use of their equipment, provides a source of revenue for ocean carriers. OSRA regulations do not specify what is or isn’t an excessive fee—only that the terms of the free time must be specified, and that shippers have a procedure for redress if they believe charges are excessive. On the other hand, market forces will also influence this decision for carriers. With the market generally down, carriers with excessive per diem fees will likely lose opportunities, so this will be taken into consideration.”

Q: North America isn’t the only region with persisting escalated fees. Some ports in Europe and Asia also present exorbitant charges this year. Do you think the FMC’s act will affect other governing/ regulating bodies in other regions?

“Regulation in other locations on such charges is very limited. These charges are subject to market forces of supply and demand, and it is more likely that individual shippers will seek to negotiate lower costs because of the current overcapacity dynamic. It is unlikely that the EU, for example, will follow suit as it is more focused on carbon taxes.”

Q: What strategies can businesses employ to minimize Demurrage and Detention fees and optimize their container movements?

"From a regulation point of view, it will be imperative that shippers have good visibility to the movement of their cargo to determine when free time expires, both for Demurrage and Detention. Typically, ocean carriers have provided this information to cargo owners, but the onus is on the shipper to ensure that cargo is retrieved and equipment returned. While the new changes to OSRA specify that carriers must provide clear and concise written information to shippers regarding free time, they have no obligation outside of this, and the ultimate responsibility still lies with the shipper.

From an operational point of view, it is more often that the gap is between the port and the warehouse in-outbound team. D&D mainly occurs due to a lack of last-mile and warehouse planning. Some shippers only custom clear their units when already discharged, rather than practicing pre-clearance and release, to ensure haulage and warehouse space is available on time just before the D&D time starts."

Q: Are there any emerging technologies or innovative solutions that have the potential to mitigate the impact of Demurrage and Detention charges?

"We have seen many supply chain management solutions which are concentrating more on the origin, which is helpful for the shipping line and forwarders to plan in advance for demand, vessel space, equipment flow, etc. Also, they monitor the supplier's performance and cargo readiness but never the destination's inbound capacity."

Results: 2023

Methodology and Disclaimers

Each year, we employ a web scraping technique to gather public data from the websites of the biggest shipping lines. This involves manual retrieval of information such as Demurrage and Detention fees, free days, and other relevant parameters for container movements. The scraping process adhered to ethical practices and respected the websites' terms of service.

The collected data underwent thorough cleaning and standardization to ensure consistency and accuracy. This included removing duplicate entries, correcting formatting inconsistencies, and aligning data points for comparison across shipping lines and years.

! Disclaimer: This year's report on Demurrage and Detention fees does not include data from Maersk due to its unavailability on their website. Excluding Maersk's data has slightly impacted the results compared to previous years, as we removed their data from the entire four-year pool to ensure accurate comparisons. While this omission may have influenced the overall findings, our report still provides valuable insights into the industry using data from other major carriers and ports.

We then conducted a comprehensive comparative analysis of the scraped data, examining trends and patterns in Demurrage and Detention fees over the years. By comparing the data from different shipping lines, we aimed to identify variations, similarities, and changes in fee structures and policies. This analysis provided insights into the evolving landscape of Demurrage and Detention fees within the industry.

It is important to note that the accuracy and availability of data from shipping lines' websites can vary. While we made every effort to ensure the reliability of the collected information, discrepancies and limitations may arise due to factors beyond our control, such as website updates, temporary unavailability of data, or variations in how shipping lines present their fee structures.

Standardization of data

Unless otherwise stated, each graph and table enclosed in this report exhibits and has set controlled variables of

- combined Demurrage and Detention fees
- combined import and export
- standard containers of 20 DC and 40 DC
- accumulated at day 14 (after 2 weeks)

While this may limit our analysis, this is to ensure that we have a fixed control as we continue to make comparisons over the years.

! Disclaimer: The data presented in this report was scraped from the internet during May 2023. We cannot assume responsibility for any inaccuracies within the dataset obtained through web scraping, nor does it account for any subsequent updates. Readers are advised to verify the information with primary sources for the most up-to-date and accurate data.

Key findings 2023

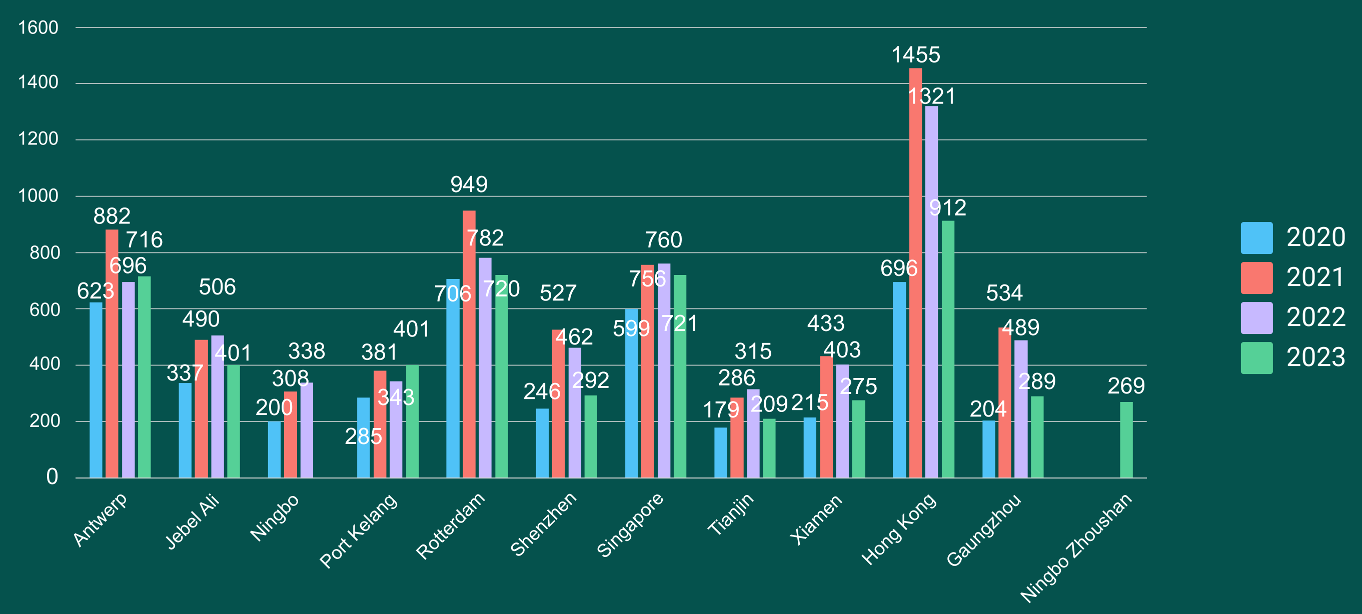
1: Average D&D drops by 25% YoY, and even 14% lower than 2020. This is looking good for shippers – and feels like things are going back to normal.

Average D&D in USD amongst world's biggest/busiest ports:

2020	2021	2022	2023
586	**868**	**664**	**501**
% change	48%	-23%	-25%
		13%	-43%
			-14%

2: Still, 11 ports exhibit D&D fees that are higher than in 2020. These include Antwerp, Jebel Ali, Ningbo, Port Kelang, Rotterdam, Shenzen, Singapore, Tianjin, Xiamen, Hong Kong and Guangzhou.

D&D fees over the last 4 years across shipping lines for key ports



Combined demurrage and detention for both import and export for 20 DC and 40 DC in USD

> **There are several reasons for these ports not returning to normal. These include:**
>
> - Energy prices increasing drastically
> - Higher labour costs
> - Increased land cost and port fees
> - New regulations especially for green energy implementation (which are costly) in EU ports
> - New rules on individualizing shipment customs clearance and no longer under one bill of lading (which is time-consuming), for example in Rotterdam.

Drewry Supply Chain Advisors (DSCA)

3: 7 North American ports are the costliest in the world in terms of D&D. The top 3 being New York, Oakland, and Los Angeles.

4: The ports with the lowest D&D charges after 2 weeks are: Busan, Jeddah and Piraeus.

5: On average, the shipping line that charges the lowest late fees globally is ZIM, while CMA CGM charges the highest. But this differs per region. For example, in North Asia, ZIM charges the highest and Yang Ming charges the lowest.

Ports, shipping lines and regions ranked

65 ports ranked in terms of most expensive D&D charges

Ranking	Port Location	Average combined charge in USD
1	New York	2,478
2	Oakland	2,325
3	Los Angeles	2,069
4	Savannah	2,014
5	Long Beach	1,973
6	Houston	1,919
7	Vancouver	1,816
8	Hong Kong	691
9	Chennai	585
10	Hamburg	584
11	Jawaharlal Nehru	574
12	Mundra	574
13	Bremenhaven	561
14	Singapore	541

15		Tanjung Priok, Jakarta	519
16		Antwerp	499
17		Rotterdam	492
18		Santos	488
19		Felixstowe	488
20		Colon	423
21		Tokyo	403
22		Nagoya-Aichi	355
23		Laem Chabang	316
24		Manilla	316
25		Kaohsiung	305
26		Jebel Ali	286
27		Haydarpasa	275
28		Mersin	275
29		Port Kelang	273
30		Salalah	260
31		Tanjung Pelepas	257
32		Keihin Ports	257
33		Cai Mep	249
34		Hai Phong	241
35		Guangzhou	239
36		Ho Chi Minh City	233
37		Foshan	218
38		Guigang	218
39		Kelang	217
40		Valencia	211
41		St Petersburg	206
42		Algeciras	205
43		Gaungzhou	197
44		Shenzhen	194
45		Ningbo Zhoushan	186
46		Xiamen	178
47		Qinzhou	172
48		Fuzhou	172
49		Beihai Gaungxi	168
50		Tanger Med	145

51	Shanghai	145
52	Port Said	144
53	Taicang	144
54	Lianyungang	140
55	Qingdao	140
56	Tianjin	140
57	Dalian	138
58	Yingkou	135
59	Rizhao	133
60	Suzhou	111
61	Colombo	106
62	Vladivostok	78
63	Piraeus	75
64	Jeddah	43
65	Busan	40

Shipping lines ranked

Shipping lines ranked in terms of average global D&D charges over key ports

Ranking	Shipping Line	Avg D&D USD charge at day 14
1	CMA CGM	591
2	COSCO	462
3	HAPAG LLOYD	440
4	HMM	599
5	ONE	566
6	YANGMING	530
7	ZIM	485

Regions ranked

Regions ranked in terms of average global D&D charges over key ports across shipping lines in USD

1	North America	2008
2	South America	458
3	Europe	449
4	India + IST	453
5	South East Asia	328
6	North / North East Asia	273
7	Middle East	231
8	China	164
9	North Africa	144

Regions ranked in terms of average free days over key ports across shipping lines

1	North / North East Asia	11
2	North Africa	10
3	Middle East	9
4	India + IST	8
5	South America	8
6	Europe	7
7	China	7
8	South East Asia	5
9	North America	4

Free days play a significant (and sometimes underrated) role in determining the accumulative charge for Demurrage and Detention. Notice how average free days is indirectly proportional to how expensive the fees at day 14 are for each region. Carriers purposely set lower free days in ports with high congestion to encourage higher turnaround times, but this can also appear unfair from the start.

! Interesting takeaway: While carriers usually set a similar number of free days to each other per region, it seems COSCO and ZIM usually give the highest amount by giving 2-3 extra days on average.

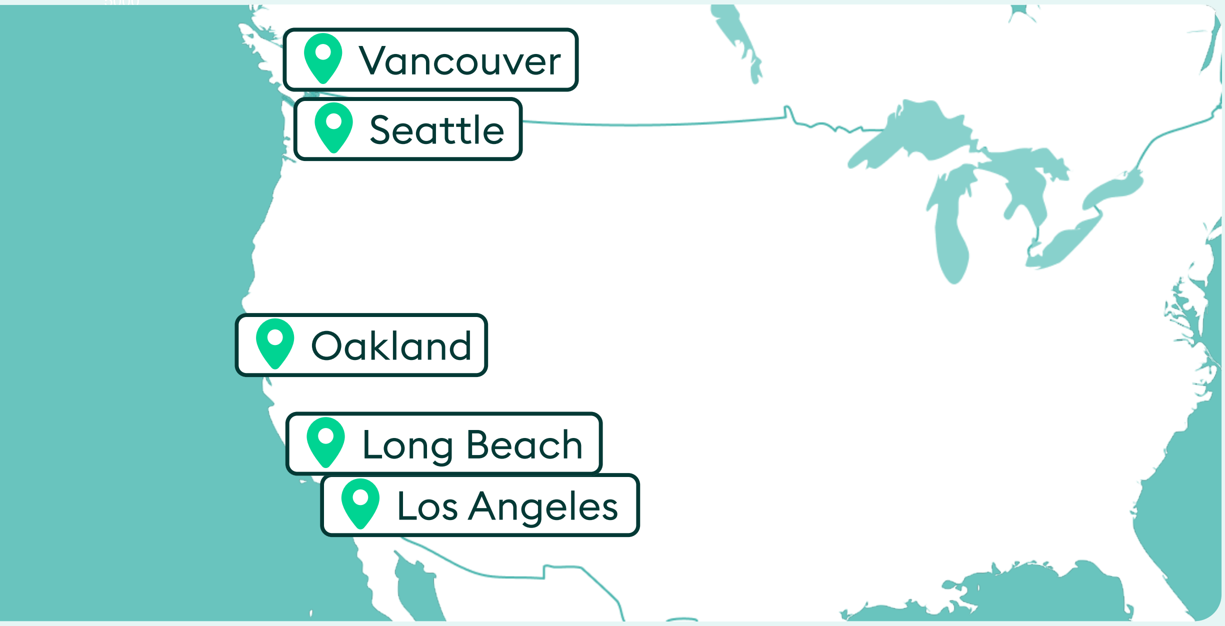
Regional deep dive: trends and cost-savings

It's nothing new that Demurrage and Detention charges differ across ports, shipping lines, regions and countries. We'll now take a closer look region-by-region to identify trends, outline averages and motivate tactics for operational efficiency and cost-savings.

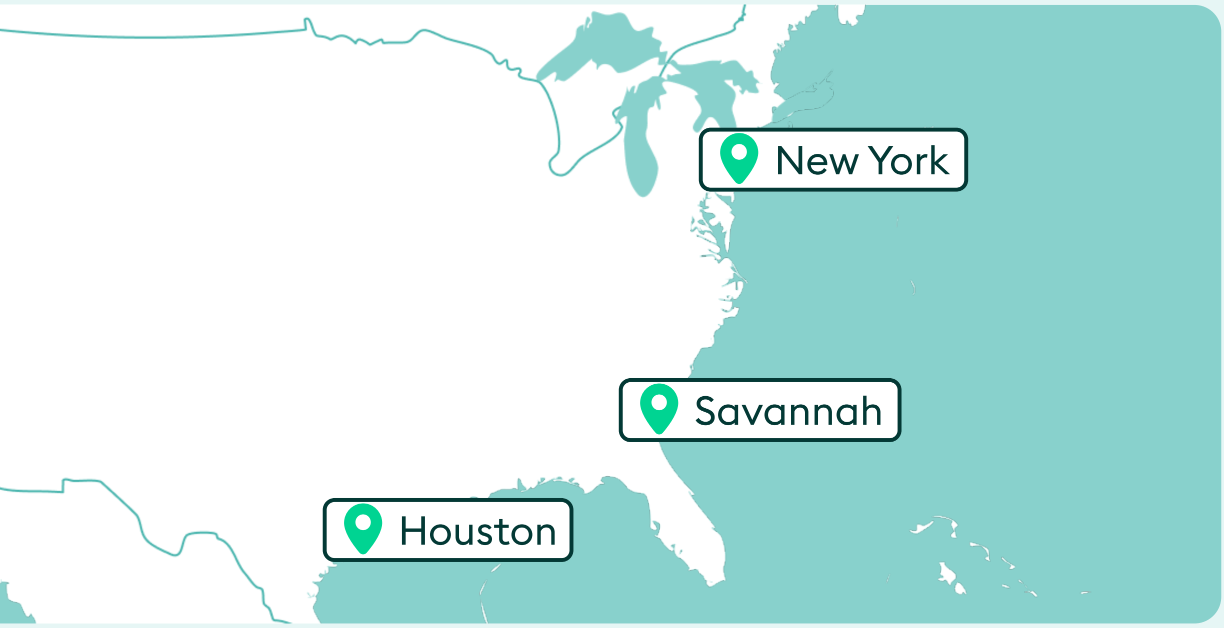
The Americas

North America

Key Western ports of North America



Key Eastern ports of North America



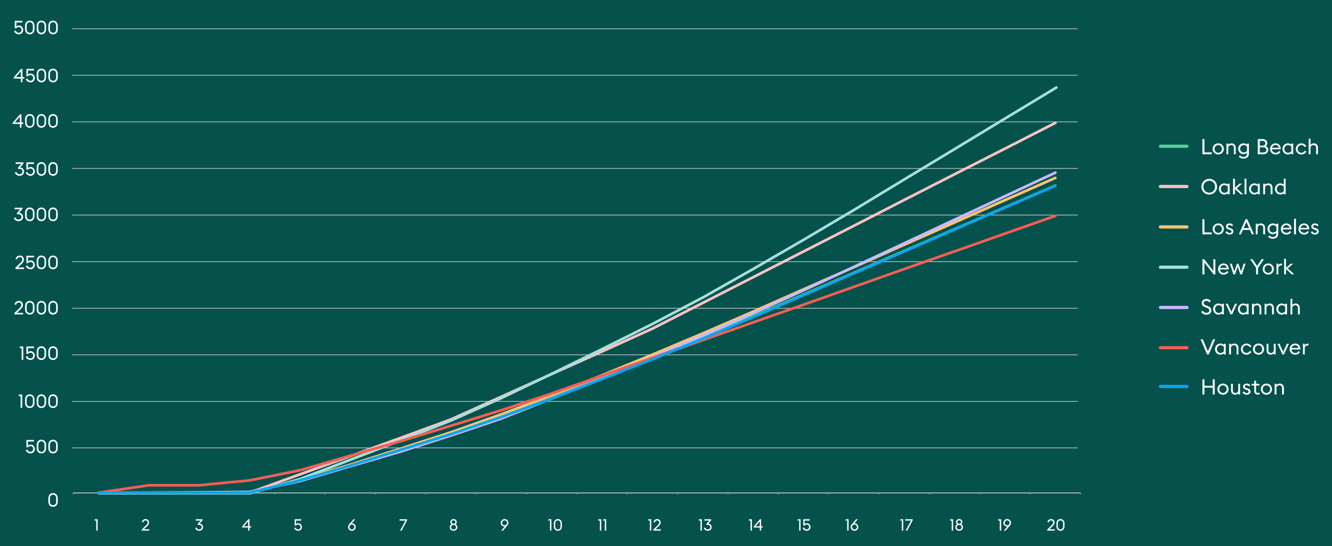
Oakland is the new most expensive west-US port in terms of D&D fees, taking over Long Beach and Los Angeles

Due to port congestion, complex trade regulations, infrastructure challenges and strict enforcements, North America has always been and still is the most expensive region for Demurrage and Detention charges.

And with the port worker strikes at present, we expect more delays and slower turnaround times (around 10-15 days longer than usual) in and around the major Western ports.

> Level of automation also comes into play – the US has lower levels of automation compared with Chinese ports, which means costs are generally higher.
>
> **Drewry Supply Chain Advisors(DSCA)**

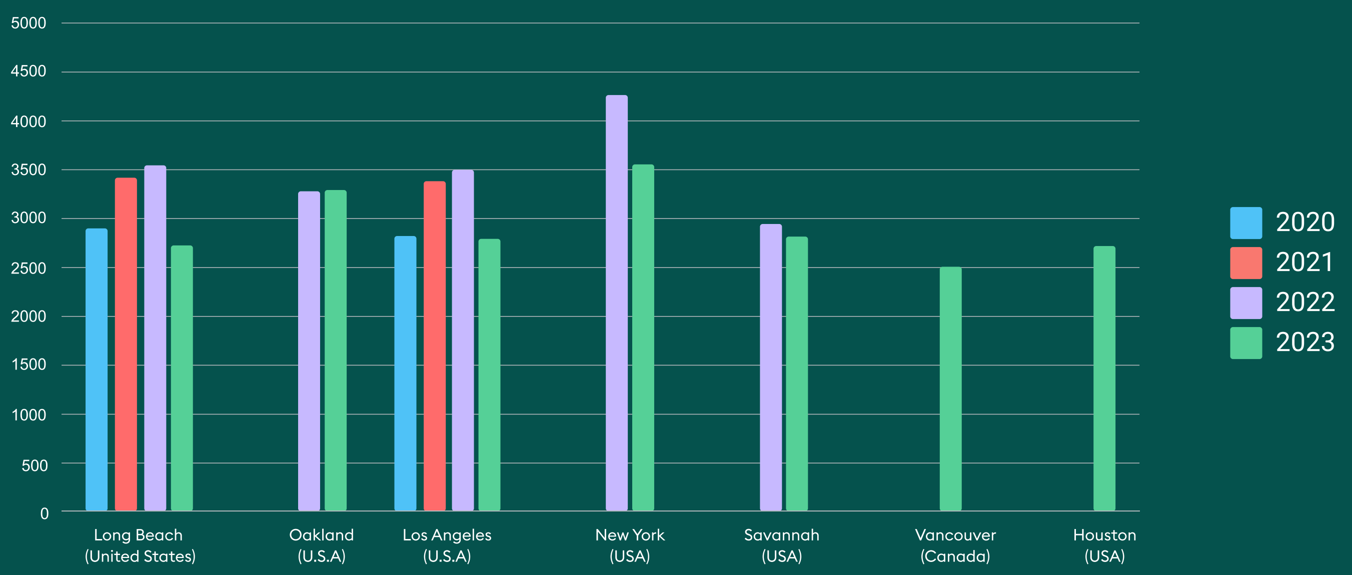
Combined demurrage & detention charges across shipping lines and container types for both import and export shipments in China after 2 weeks in USD 2022



Combined Demurrage and Detention for both import and export for 20 DC and 40 DC

Even though these ports take the top 7 spots in our ranking table, the overall average charge has at least decreased by 25% in 2023 and stands at a value of $2008 (coming down from $2692 in 2022). The late fees at the twin ports of Los Angeles and Long Beach surpassed by another western port, Oakland.

D&D fees over the last 4 years across shipping lines for North American ports



Combined Demurrage and Detention for both import and export for 20 DC and 40 DC

Shipping lines ranked within North America in terms of average D&D charges in USD

1	HAPAG LLOYD	2548
2	ZIM	2371
3	HMM	2212
4	CMA CGM	1953
5	YANGMING	1945
6	ONE	1935
7	COSCO	1785

Europe, Middle East and Africa (EMEA)

Europe

The average D&D charge across key European ports at day 14 drops by 18%

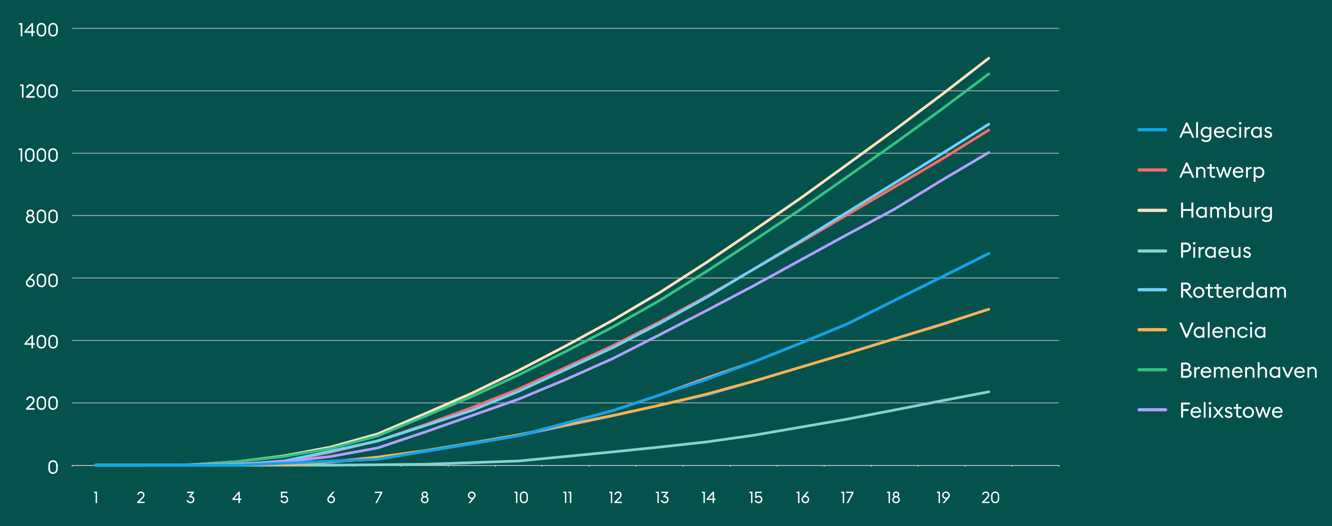
Europe is known to have relatively higher Demurrage and Detention charges compared to other regions. However, it is important to note that Demurrage and Detention charges can vary among different countries and ports within Europe.

Europe as a region averages an accumulative D&D fee of $449 at 14 days. This is down by 18% from $549 in 2022.

Shipping lines ranked within Europe in terms of average D&D charges in USD

1	ONE	569
2	HAPAG LLOYD	533
3	HMM	506
4	YANGMING	492
5	ZIM	314
6	CMA CGM	259
7	COSCO	210

Shipping lines ranked within Europe in terms of average D&D charges



Combined demurrage and detention for both import and export for 20 DC and 40 DC in USD

Among European countries, North European ports, such as those in the United Kingdom, Germany, and the Netherlands, are often associated with higher Demurrage and Detention charges. These ports are major trade hubs and experience higher levels of congestion and operational challenges, which can result in longer container dwell times and increased charges.

While South European ports, such as those in Spain, Italy, and Greece, generally have lower Demurrage and Detention charges when compared to their northern counterparts, they are not exempt from fees. The charges can still vary depending on factors such as port efficiency, congestion levels, and market dynamics.

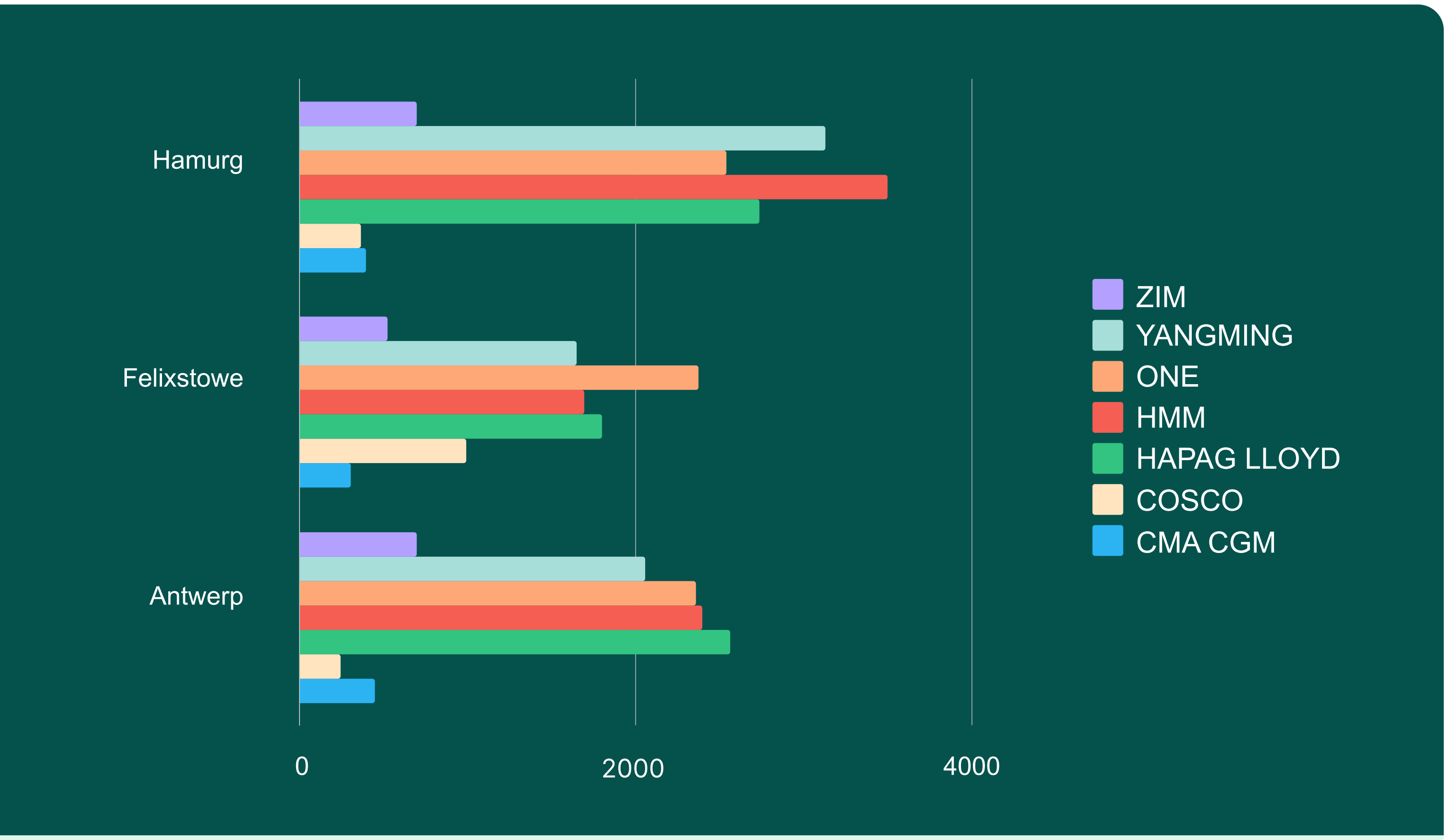
! Note: While choosing a different port may reduce late fees, it is crucial to assess the overall logistics expenses associated with transporting the cargo from the port to the final destination.

Saving Potential

In Northern Europe, it's especially beneficial to check fee difference across ports and shipping lines

Focusing on North Europe, let's compare fees across shipping lines for three major ports.

D&D fees per port per shipping line for key North European ports: 2023



Combined demurrage and detention for both import and export for 20 DC and 40 DC in USD

Cheapest option = Antwerp with COSCO at $242

Most expensive = Hamburg with HMM at $3498

Savings = US $ 3256

Europe is often considered one of the best continents for intermodal transport due to its well-developed l infrastructure, interconnected rail network, geographic proximity and efficient customs procedures within the European Union – so it can be highly advantageous to compare ports within the region, even if they are geographically distant.

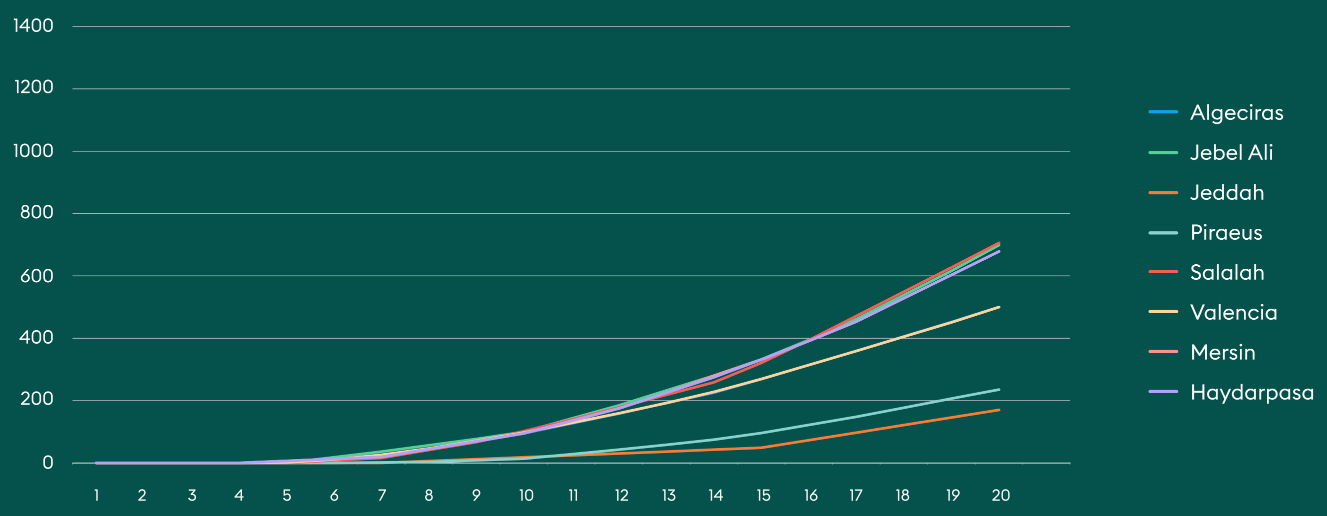
Scenario: If you need to ship to Germany, it would make best sense to select Hamburg as the port but with COSCO as your carrier, you would still save around $3000!

South Europe, Middle East and North Africa

Ports in South Europe serve as key hubs for transshipment, where cargo is transferred between different modes of transportation, enabling efficient connections between the regions. This intermodal network enhances trade connectivity, reduces transit times, and provides cost-effective options for businesses involved in international trade within South Europe, North Africa, and the Middle East.

Key ports of EMEA

Accumulative D&D fees across shipping lines for key EMEA ports: 2023



Combined demurrage and detention for both import and export for 20 DC and 40 DC in USD

Asia Pacific and Japan (APJ)

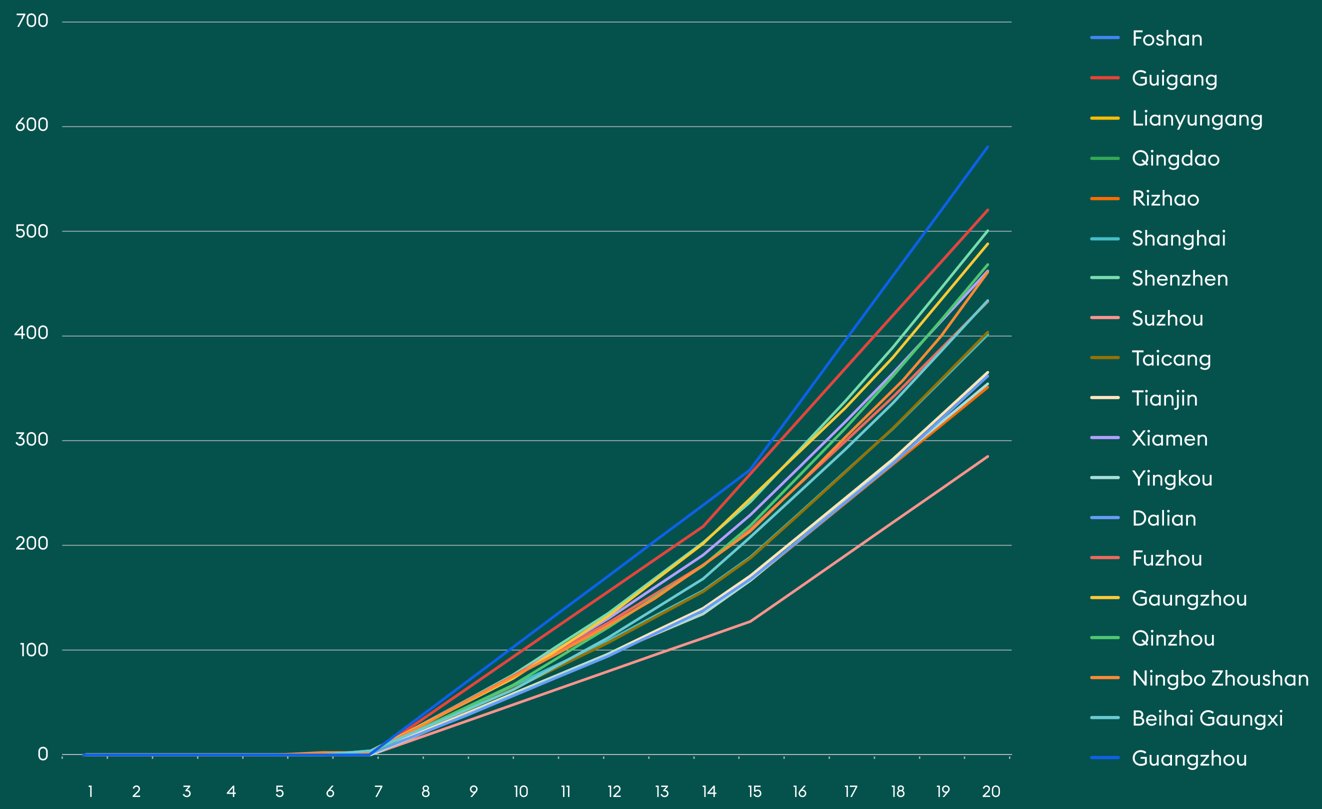
Asia-Pacific and Japan, encompassing countries and territories including China, India, Southeast Asia and Oceania.

China

ONE is generally charging the lowest D&D charges in China

China, as a major manufacturing hub and exporter, has seen fluctuations in demurrage and detention fees. The rapid growth of trade in the country has led to congestion at ports, resulting in increased demurrage charges at times. However, efforts to improve port efficiency and reduce congestion, which has had a positive impact on demurrage and detention fees in recent years.

Accumulative D&D fees across shipping lines for key Chinese ports: 2023

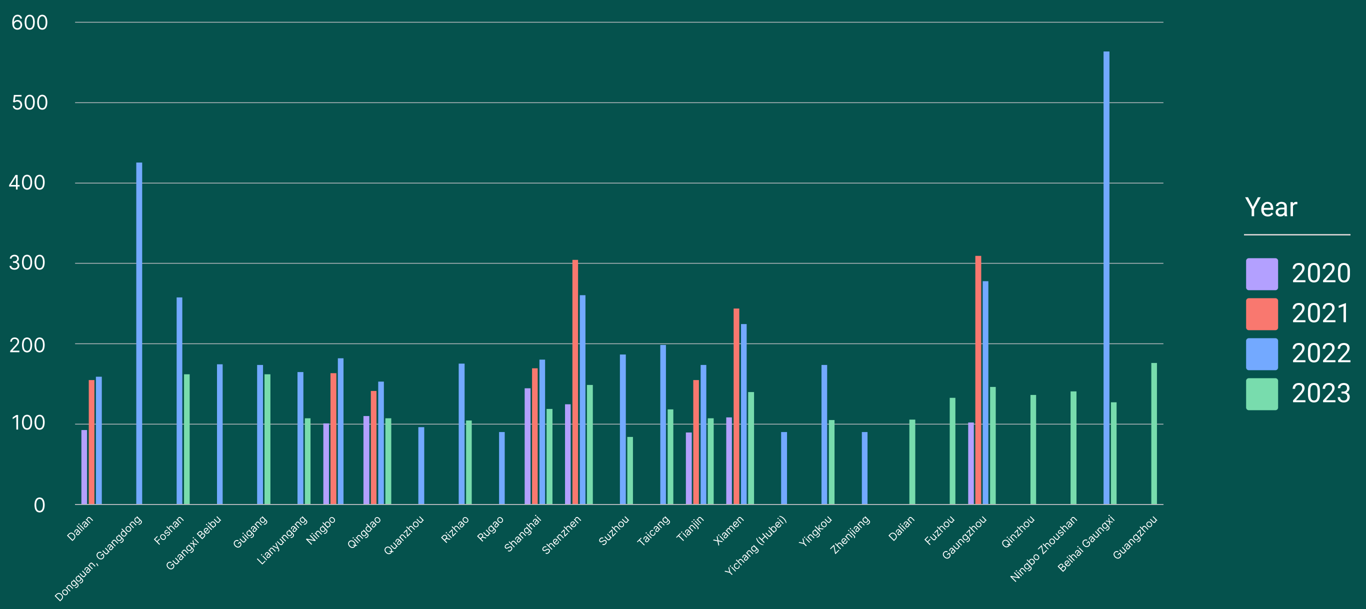


Combined demurrage and detention for both import and export for 20 DC and 40 DC in USD

!Interesting takeaway: If your container is delayed at Guangzhou for 14 days, this would cost you only $238 per container. But just 6 days later, this would double, racking up to $582 . This is just one example of how quickly these fees can exponentially rack up over time.

Here is the data trend over the last four years:

D&D fees over the last 4 years across shipping lines for Chinese ports



Combined demurrage and detention for both import and export for 20 DC and 40 DC in USD

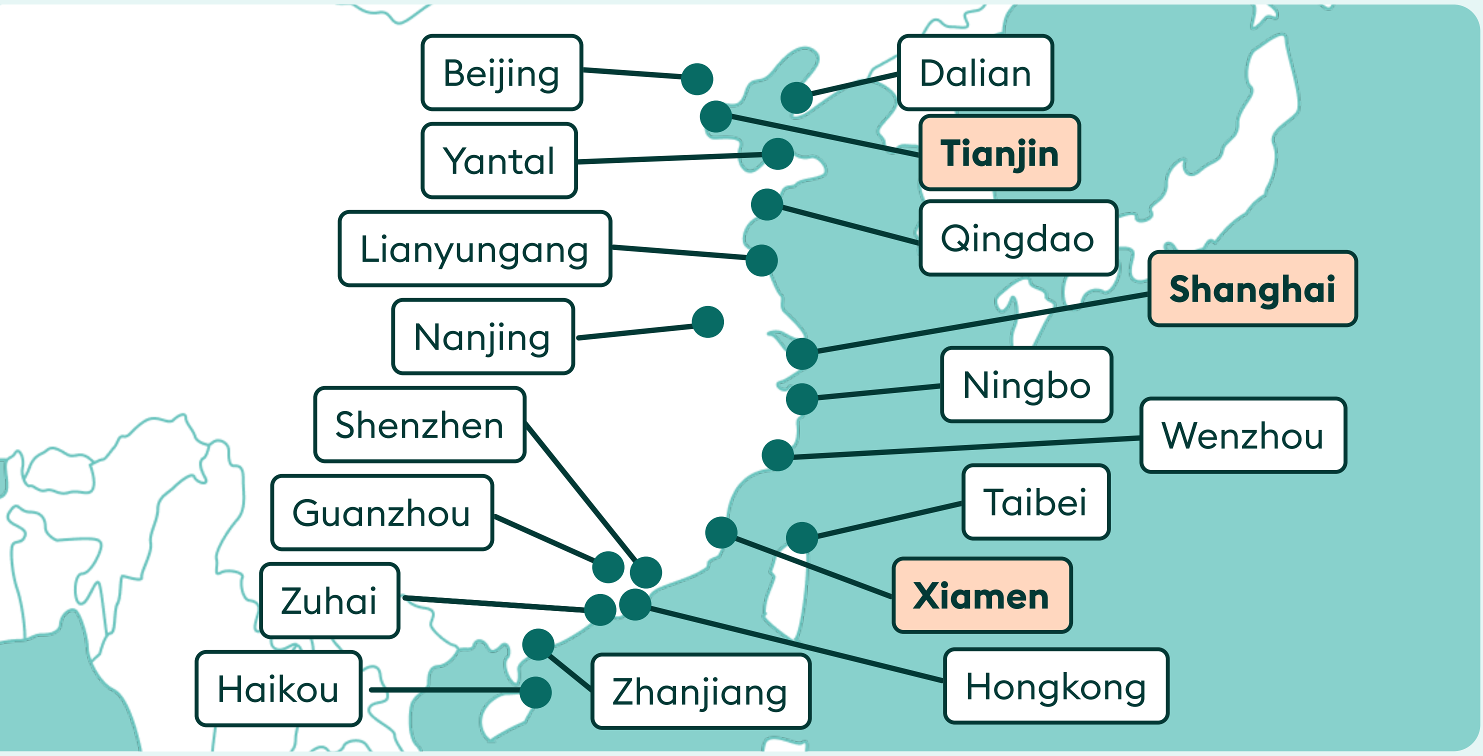
Shipping lines ranked within China in terms of average D&D charges in USD

1	CMA CGM	249
2	HAPAG LLOYD	224
3	HMM	180
4	YANGMING	159
5	ZIM	134
6	COSCO	103
7	ONE	94

Saving Potential

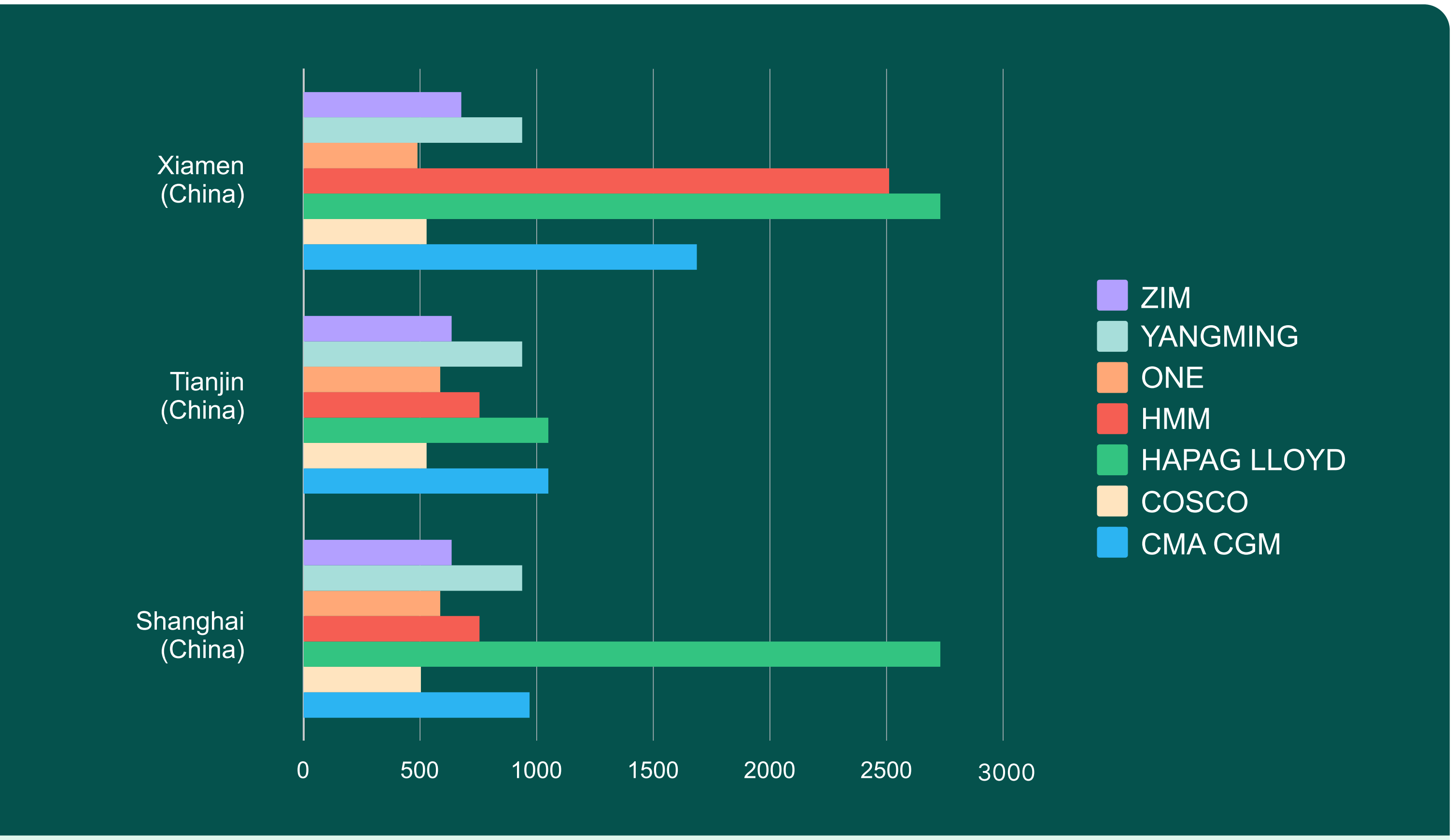
Let's look at these East-China ports across shipping lines.

Key ports of East China



While we stay neutral on whether Hong Kong is part of China, we exhibit it here only to show its proximity to official East-Chinese ports.

D&D fees per port per shipping line for key East China ports: 2023



Average combined Demurrage and Detention for both import and export for 20 DC and 40 DC in USD

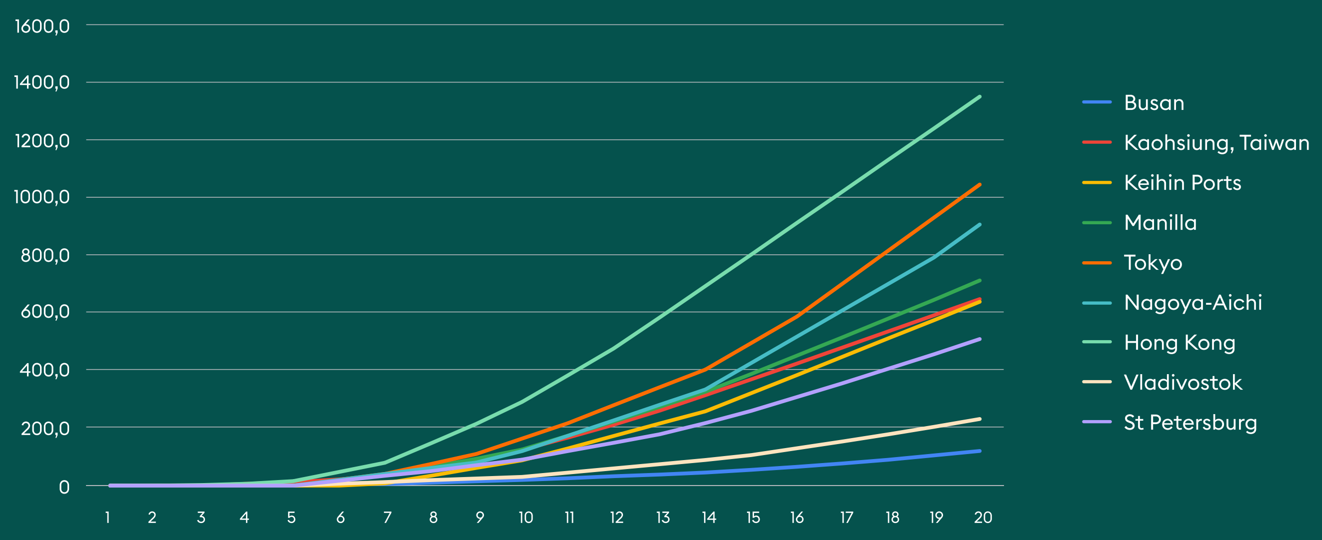
Cheapest option = Xiamen with ONE at $588

Most expensive = Shanghai with Hapag Lloyd at $2730

Savings = US $2142

Northeast Asia and Russia

Accumulative D&D fees across shipping lines for key Northeast Asia + Russian ports: 2023



Combined Demurrage and Detention for both import and export for 20 DC and 40 DC

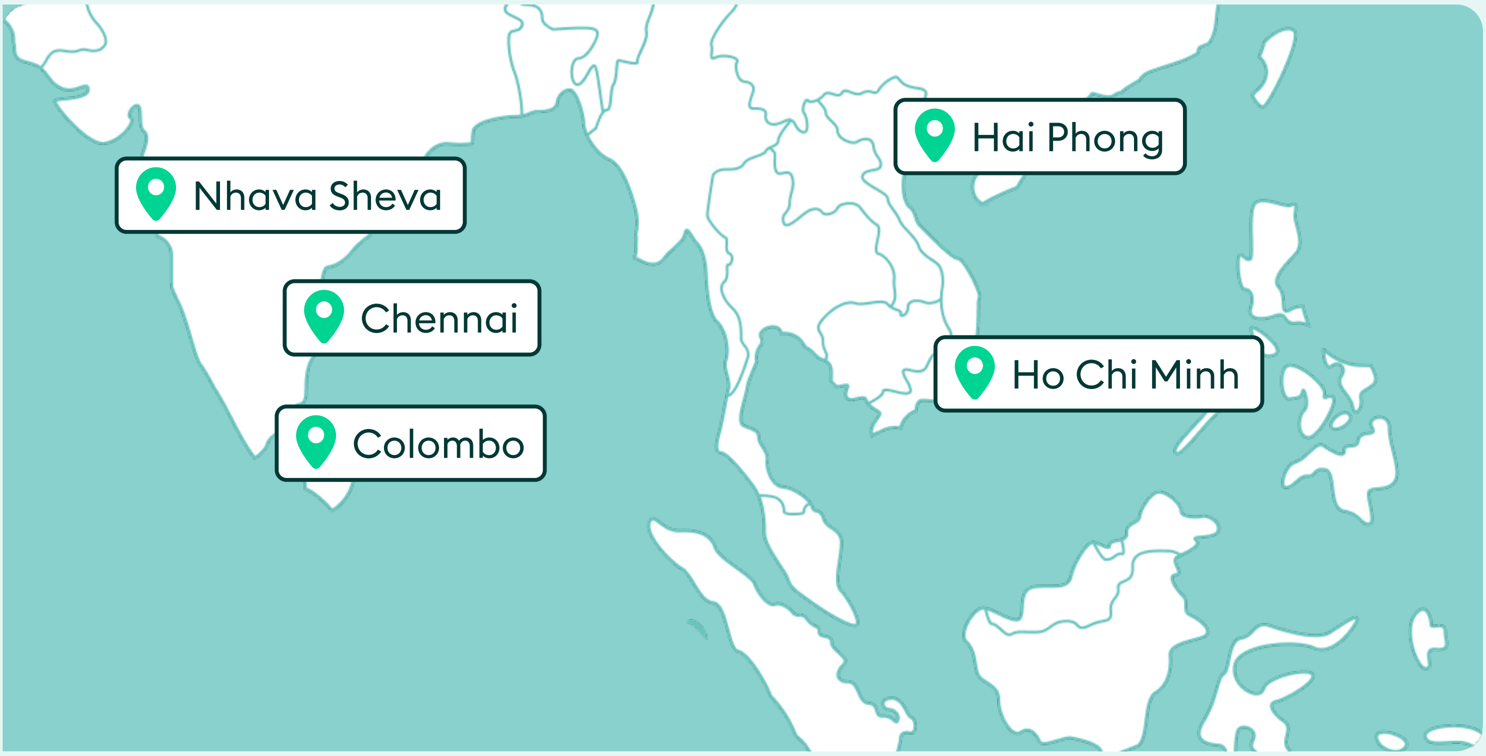
Japan and South Korea, with their well-developed infrastructure and efficient port operations, have generally maintained lower Demurrage and Detention charges. These countries have made significant investments in their logistics systems, resulting in smoother cargo movements and reduced fees for delays.

As for Russia, it is important to note that it spans both Europe and Asia. The country has faced challenges with Demurrage and Detention fees, particularly in its major ports, Vladivostok and St. Petersburg. Factors such as complex customs procedures, infrastructure limitations, and geopolitical considerations contributes to higher charges.

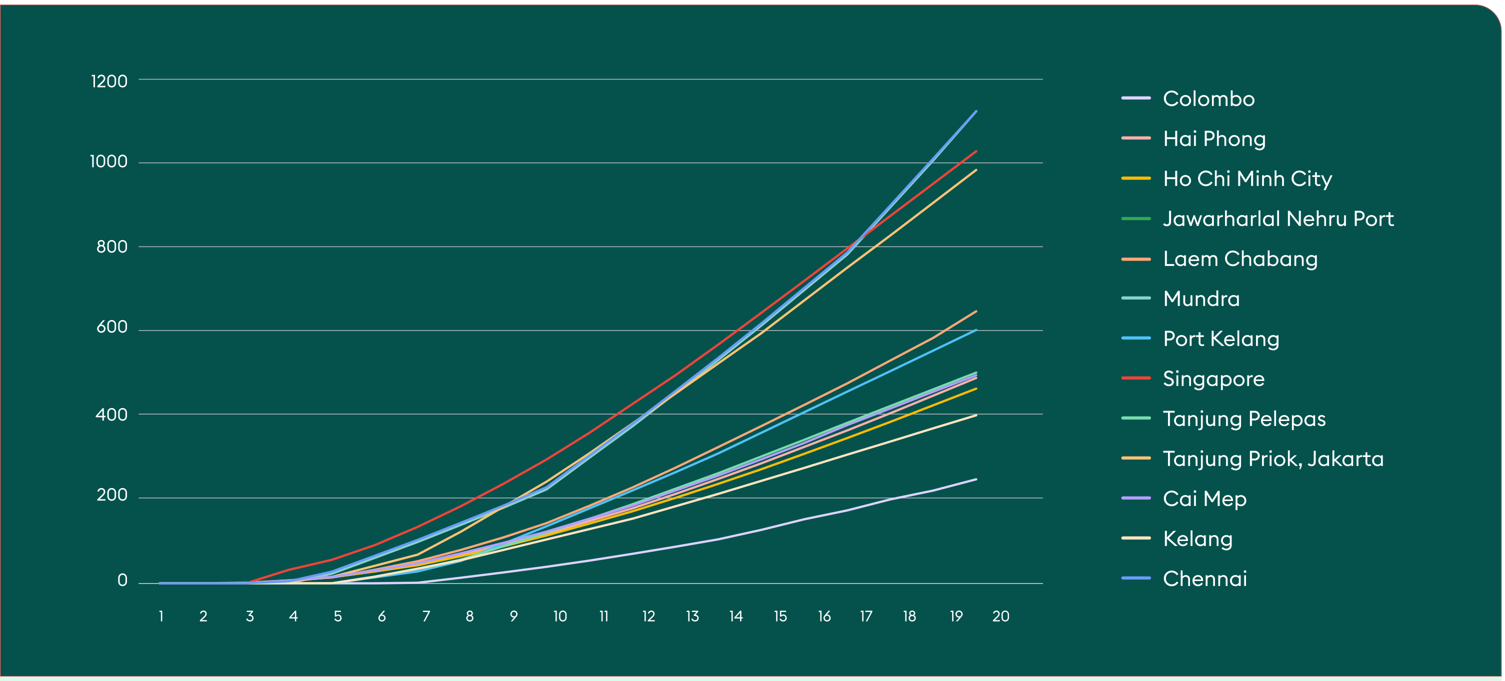
IST and SE Asia

ZIM charges the highest D&D charges in India and IST after 2 weeks

Key ports of IST and SE Asia



Accumulative D&D fees across shipping lines for key IST + SE Asia ports: 2023



Combined Demurrage and Detention for both import and export for 20 DC and 40 DC

Shipping lines ranked within India + IST in terms of average D&D charges in USD

1	ZIM	647
2	HAPAG LLOYD	527
3	HMM	478
4	CMA CGM	434
5	COSCO	358
6	ONE	355
7	YANGMING	353

Shipping lines ranked within SE Asia in terms of average D&D charges in USD

	HAPAG LLOYD	501
	CMA CGM	385
	HMM	315
	ZIM	285
	YANGMING	257
	ONE	249
	COSCO	244

What’s to come for India and Vietnam:

As ports in India and Vietnam emerge as key shipping hubs, are their D&D charges expected to rise?

India and Vietnam have been experiencing significant growth and development in their maritime sectors, establishing themselves as emerging ports with increased importance in international trade. These countries have made substantial investments in port infrastructure, implementing modernization projects and expanding their capacities to handle larger volumes of cargo.

The rise of India's ports, such as Jawaharlal Nehru Port Trust (JNPT) in Mumbai and Mundra Port in Gujarat, has been fuelled by India's growing economy and increasing global trade. These ports have witnessed remarkable improvement in efficiency, connectivity, and technology adoption. With India being a major manufacturing hub and an attractive market for various industries, the demand for containerised cargo movements has surged. As a result, Indian ports have experienced congestion and higher container dwell times, leading to potential Demurrage and Detention fees for importers and exporters. Perhaps we already see this in Chennai, which tops our port list this year at #9.

Similarly, Vietnam's ports, including Ho Chi Minh City and Hai Phong, have also witnessed substantial growth and development. Vietnam's strategic location in Southeast Asia, coupled with its robust manufacturing sector, have attracted significant foreign investment and propelled its export-oriented industries. As a result, the volume of containerized trade flowing through Vietnamese ports has increased, leading to potential challenges such as congestion and longer container storage times, which can result in increased Demurrage and Detention fees.

As India and Vietnam continue to strengthen their positions as emerging ports, it becomes essential for stakeholders to closely monitor the evolving landscape and make informed decisions regarding port selection, carrier partnerships, and supply chain optimisation strategies. By staying proactive and well-informed, businesses can navigate the potential challenges of Demurrage and Detention fees while leveraging the opportunities presented by these dynamic emerging markets.

Solutions

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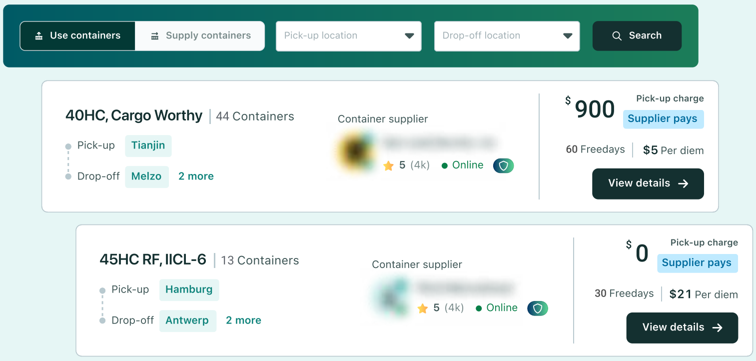

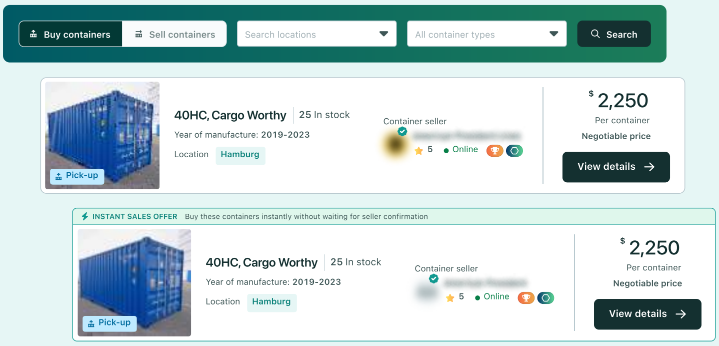

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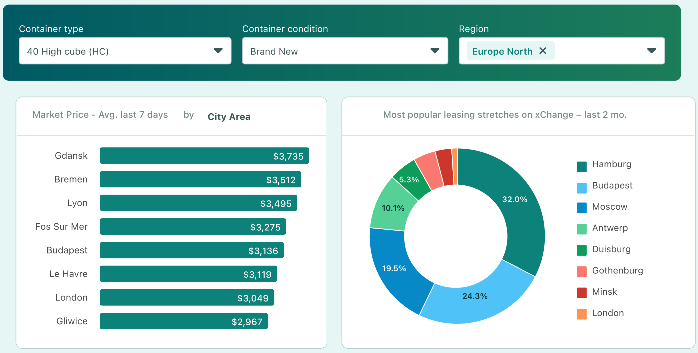

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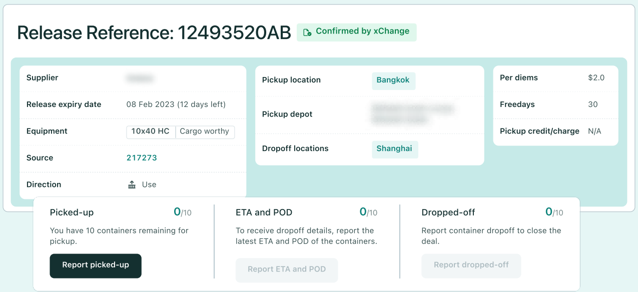
Simplify your container operations



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Established in 2017, Container xChange is a technology company headquartered in Hamburg, Germany. It is the world's first online marketplace for buying, selling and leasing shipper owned containers (SOCs). At present, we have more than 1,500 international companies on our platform.

We offer our members efficient digital processes and market transparency to enhance their operational flexibility. We cover the entire transaction process, from finding new partners to do business with to tracking containers and managing payments.

We are working towards a mission to simplify the logistics of global trade. And we are creating an ecosystem of products and services for container logistics companies to empower them with digitalization and help them reduce their manual workload.

Meet the team behind this report:

Data Collection and Validation

Nilesh Patil

npt@container-xchange.com

Analyses and Content

Candice Buckle

communications@container-xchange.com

Report and Graph Design

Sadie Suhodolli

ssh@container-xchange.com

For press inquiries, please write to:

Ritika Kapoor

rka@container-xchange.com

Glossary:

C

Carrier/Shipper: A carrier or shipper refers to the shipping line, i.e., the company that transports or ships your cargo in containers from one location to another by sea, land, or air.

Container leasing prices: The amount of money it takes to lease containers for shipping between two locations are called container leasing prices.

Container leasing: Container leasing refers to the process of obtaining containers for rent without buying them.

Container purchase prices: The prices at which you buy containers are called container purchase prices.

Container: A shipping container is a steel box used for transporting goods/cargo via ship, trucks or railways.

Cross-docking: In logistics, cross-docking refers to the practice of unloading and transporting goods from one mode of transportation and sending them directly to the customer or another mode of transportation without any storage in between. This process is usually undertaken when the goods being transported are perishables or time needs to be saved.

Customs clearance: Customs clearance is the process of getting official permission to import or export goods in or out of a country.

D

Demurrage: The charges that you (merchant) pay for using a container within the terminal beyond the free time period are called demurrage charges.

Depot: A depot is a place where a large quantity of equipment like containers, goods, or cargo are stored.

Detention: The charges that you (merchant) pay for using the container outside of the terminal or depot, beyond the free time period are called detention charges.

E

Empty container repositioning: The movement of empty containers from an area of surplus to a location of deficit.

Export: Export refers to one country's economic activity of sending out goods or services to another country for sale.

F

Federal Maritime Commission (FMC): The Federal Maritime Commission (FMC) is an independent American agency which is responsible for regulating the trade that happens via shipping in the US. ports.

Free days: The time period during which the container is allowed to be used free of charge. Beyond the free days, the demurrage and detention charges apply.

Freight forwarder: An individual or a company that organizes the shipping of goods from the place of production to the market, customer, or location is called a freight forwarder.

Freight rates: The amount paid by the merchant to the carrier or shipping company for the transportation of goods from one location to another.

Glossary:

Freight: Freight also known as cargo refers to the containerized goods that are transported via ships, trucks, trains or aircraft.

G

Global supply chain: Consumers avail themselves of goods and services that are produced in different parts of the world through cross-border organization of trade activities. These activities include the various phases of development, production, and delivery of goods that constitute the global supply chain.

I

Import: Import refers to the economic activity of bringing in goods or services into a country from another country for sale.

Index-linking: In shipping, the term index-linking refers to the contractual procedure where the Index Linked Container Contract ("ILCC") can be periodically adjusted based on an online index that monitors current freight rates and their fluctuations between different regions.

O

Ocean freight: The method of transporting containerized goods by sea vessels is referred to as ocean freight.

Operators: Any person who decides where a shipping vessel is to call or who is in direct control of is referred to as the vessel operator, or simply operator.

P

Per Diem: Per diem (per day) refers to a fixed detention fee which can be levied per container per day until the container is returned to the port or container yard.

Port charges: Port charges are fixed charges against a ship or its cargo in the port. They can include storage charges, early arrival charges, terminal handling charges, etc.

Port rotation: A ship route includes a sequence of ports that are called by that ship. When the ship returns to the first port after calling at all the ports in its route, it is referred to as port rotation.

Port: A port is a harbor town or city where ships may stop and load or unload cargo.

S

Shipping line: A shipping line or shipping company is a commercial organization that owns and operates ships.

Storage fees: Storage fees are levied on a carrier or shipping line by the port or terminal authorities if the containers remain in the port or terminal beyond a predetermined period.

T

Tariff: Tariff refers to the different types of taxes or duties that have to be paid for imports or exports of goods via shipping.

Terminal: A shipping terminal refers to a location where the loading and unloading of goods or containers takes place. For example, a container terminal is a facility where shipping cargo containers are transhipped between different modes of transport.

Turnaround: The time taken to complete a full cycle of processes required to complete a task before it can start over again is called turnaround. In container shipping, turnaround means the time that it takes for a single container to finish a shipping journey before it can be used again.

V

Vessel: A vessel is a big watercraft like a ship or a large boat. In the shipping industry, a vessel refers to any kind of cargo ship.