



Demurrage & Detention Benchmark 2021

Equipment shortages, blank sailings, sky-rocketing freight rates and port congestion have dominated this unprecedented year in shipping. But how has all of this impacted demurrage and detention charges? Read the report to see how demurrage and detention charges have changed across the world's biggest ports and shipping lines

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Executive Summary

The past year, the shipping industry has been on rocky waters. When looking at 2020 and 2021 there's no way around COVID-19. First it caused the world to shut down. Then it threw the industry into the turmoil of a sudden demand boom, port congestion, and equipment shortage.

If that wasn't enough, demurrage and detention once again became the center of heated industry debate. With containers being scarce and ports clocking up with unheard volumes of boxes, shippers, freight forwarders, and importers were charged increasingly higher demurrage and detention fees. Not only is the reasoning behind the high demurrage and detention charges in question, so is the increasing of these fees in the middle of a global equipment shortage and uncontrollable port congestion.

The lack of transparency when it comes to demurrage and detention charges are at the core of the discussion, as the users of the equipment are put at a significant disadvantage of not knowing exact pricing. Hence, having already gone through half of 2021, we wanted to increase transparency in the industry and find out if and how much the charges have increased.

Why? At Container xChange, we research demurrage and detention to help our customers make the best decisions between SOCs (shipper owned containers) and COCs (carrier owned containers). Already having the information, we decided to share this knowledge with the rest of the industry. An attempt to create this much-needed transparency and comparability.

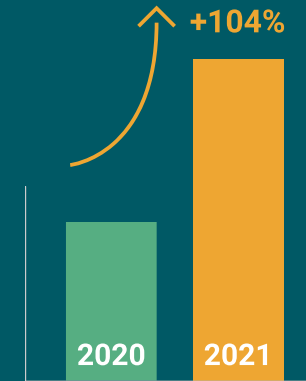
How? In March 2021, we collected more than 20,000 data points from publicly available sources to publish in our report on how much the 10 biggest shipping lines charge across the world's top-20 ports.

Disclaimer: While we used reasonable efforts to include up-to-date information, we make no warranties as to the validity of the collected data and assume no liability or responsibility for an error or omission in the content.



Let's have a look at some of the key findings on demurrage and detention

- Both demurrage and detention increased in 2021 compared to 2020. Across the world's 20 biggest ports, the average demurrage and detention charge doubled, going up +104% after two weeks. That's equivalent to \$666 for each container across ports, shipping lines and demurrage & detention combined.
- On average, demurrage and detention charges reached \$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 experienced the biggest increase of demurrage and detention charges from 2020 to 2021. The costs of demurrage and detention went up by +126%.



Over the following pages, this report will first take you through a short definition of terms, how COVID-19 has impacted demurrage and detention, and some examples on how to minimize demurrage & detention charges. Afterwards, we dive into the data. Here, we look at demurrage and detention charges across ports before we compare the 2020 charges with 2021. Afterwards, uncover a detailed analysis of the leading Chinese ports as well as the Port of Los Angeles.

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Let's start with some background and a definition of the terms

Demurrage and detention tariffs have two main purposes:

- 01** Compensating the shipping line for the use of its container
- 02** Encouraging the merchant to return the container as soon as possible for the shipping line to re-use it and have a fast turnaround

✓ Demurrage

The charge that you pay for the use of the container within the terminal beyond the free time period. For import cargo, the demurrage time is the period from container discharge from the vessel until gate-out of the full container from the terminal. For export cargo, the demurrage time is the period from gate-in of the full container into the terminal until the full container is loaded on board a vessel.

✓ Detention

The charge that you pay for the use of the container outside of the terminal or depot, beyond the free time period. For import cargo, the detention time is the period from gate-out of the full container until gate-in of the empty container into the restoration point. For export cargo, the detention time is the period from the pick-up of the empty container from the terminal or depot until gate-in of the full container in the terminal.

✓ Port Storage Charges

Related costs (but not limited to quay rent) charged by terminal operators for containers staying on the ground. These charges are usually passed by the terminal operator to the shipping line where a margin may be added

What drives demurrage and detention charges?

Demurrage and detention charges can escalate quickly and the location plays a major role as some ports are more expensive than others. Drivers for slow movement of containers (and hence D and D charges) include:



Customs clearance issues

Consignee did not receive documents in time for customs clearance, documentation received is incorrect or insufficient or cargo received was not as per the sales order.



Unforeseen circumstances

Containers can be blocked for an unusually long period of time because of, for instance, terminal congestion, bad weather conditions or labour strikes as well as shortage of truck drivers and chassis.



Delays and miscommunication

Shipping lines announce closing dates for the actual delivery of the loaded export container to the terminal. However, in case of vessel delays, the container might then spend more time than expected in the terminal—resulting in charges that are out of the exporter’s hands.



Why are there currently such heated discussions about demurrage and detention?

COVID-19 and demurrage and detentions

Worldwide equipment scarcity and port congestion was probably not a scenario many expected the industry to be in, when COVID-19 shut down the world more than a year ago. But as countries slowly began to re-open, the industry faced an unprecedented import boom, especially in the US. A boom, we're still in the middle of, with the peak season fast approaching.

Not only has port congestion contributed to lack of containers globally. It's also made it increasingly difficult to plan shipments, predict ETAs, as well as returns. In today's market, containers can be stuck at the ports for an exceptional amount of time. Where coordination issues with trucks play an equally big part in this increasing congestion.

That, in turn, means it's become ever more challenging to uphold the agreed free days. Making demurrage and detention likely fees shippers, consignees, and freight forwarders must pay.

With terms as force majeure and unprecedented times flowing in the air, the debate of demurrage and detention once again heated up with the arrival of COVID-19. Entering the new year of 2021, the debate only increased in power. In this extraordinary period, demurrage and detention can make or break the profit for shippers. Similarly, it can be an incentive to deliver the boxes back within the agreed timeframe, as carriers are tripping to get them to Asia.



Demurrage and detention split the industry

Demurrage and detention have been discussed intensely over the years. Even so intensely, the US Federal Maritime Commission (FMC) has been digging into the use of demurrage and detention charges across the industry. Publishing the document 'Interpretive Rule of Demurrage and Detention' in 2020, FMC clarifies that demurrage and detention should only be used as an incentive to motivate container users to return the boxes in time.

With historic volumes now clocking the ports, the reasoning behind the charges has become the core of the debate. And the question that stands to be answered is:

Are the costly demurrage and detention fees reasonable?

The answer you get depends on who you ask.

For carriers, demurrage and detention charges are fees they have to impose as an incentive. This is because some shippers, forwarders, or consignees hold on to the containers for too long or don't pick up cargo in time. When carriers are forced to wait to get their containers back, they lose money. That's why the demurrage and detention charges are implemented to motivate the container users to deliver the equipment back as quickly as possible. However, these charges can also be negotiated and even waived by the carriers.



The answer will be slightly different coming from the shippers and freight forwarders. **Member of xChange's network partner Globalink, Anthony D'Ambrosio, vice president of business at Supply Chain Solutions.** As a freight forwarding company, Anthony D'Ambrosio highlights the importance of FMC looking into these costly fees:

"Unfairly many small and medium sized freight companies are seeing their business eroded, putting them in bad positions with their client base. In an effort to protect their market share, they're forced to give up what little margins they make to remain competitive to offset these unfair practices as we are under constant pressure from the client to minimize these charges... The only help that we can hope for is with the FMC"

Anthony D'Ambrosio

Globalink member

<https://www.glnk.com>



The FMC is now looking into the practices of the industry and searching for ways to ensure that container users, who've been charged demurrage and detention unjustly during the pandemic, can be refunded.

What can you do to avoid demurrage and detention charges?

In the meantime, demurrage and detention are fees the industry has to deal with. So, what can you do to avoid these costly surcharges?

Most charges are described in detail in the freight rate sheet. Demurrage and detention charges are, on the other hand, often only mentioned with a short remark. That despite the fact that they can quickly escalate to hundreds of dollars per container every day.

The key to minimizing demurrage and detention is to create transparency around the fees. With shippers informed about the costs associated with demurrage and detention, they'll be able to make business decisions and enter negotiations informed of the accurate costs and per diems.

Working in the freight forwarding market, Anthony D'Ambrosio has also shared his tips on how to reduce the risk of being charged demurrage and detention. Here, transparency also plays a vital role.

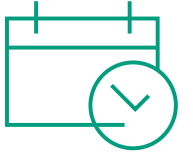


Negotiate terms



Don't sign a contract just as it is, but read through it carefully, as the per diem charges and fees are ultimately determined in the transportation contract. It's always good to negotiate terms of a freight contract, and when it comes to sea freight, it's best to negotiate before the cargo vessel leaves the port, rather than after your container is stuck at the destination terminal.

Manage your schedule efficiently



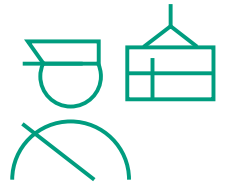
You must make sure to dispatch cargo as early in advance as possible. This gives more flexibility and a bigger time frame for unforeseen challenges such as bad weather or backlogs at the port. The same is applicable to loading times, where just small time-buffers can make a huge difference.

Always have a plan B



Assess alternative truck rates, other truck services, or even look for available terminals nearby in case your cargo needs to be rerouted. If everything goes wrong with the initial plan, it is important to have another option to avoid large costs.

Be prepared for local customs



To avoid demurrage and detention risks, one must be in good knowledge of the customs clearance processes and port regulations. As well as understand that even geography plays a huge role, as different countries have different definitions.



Let's look at the numbers

Demurrage and Detention Benchmark 2021

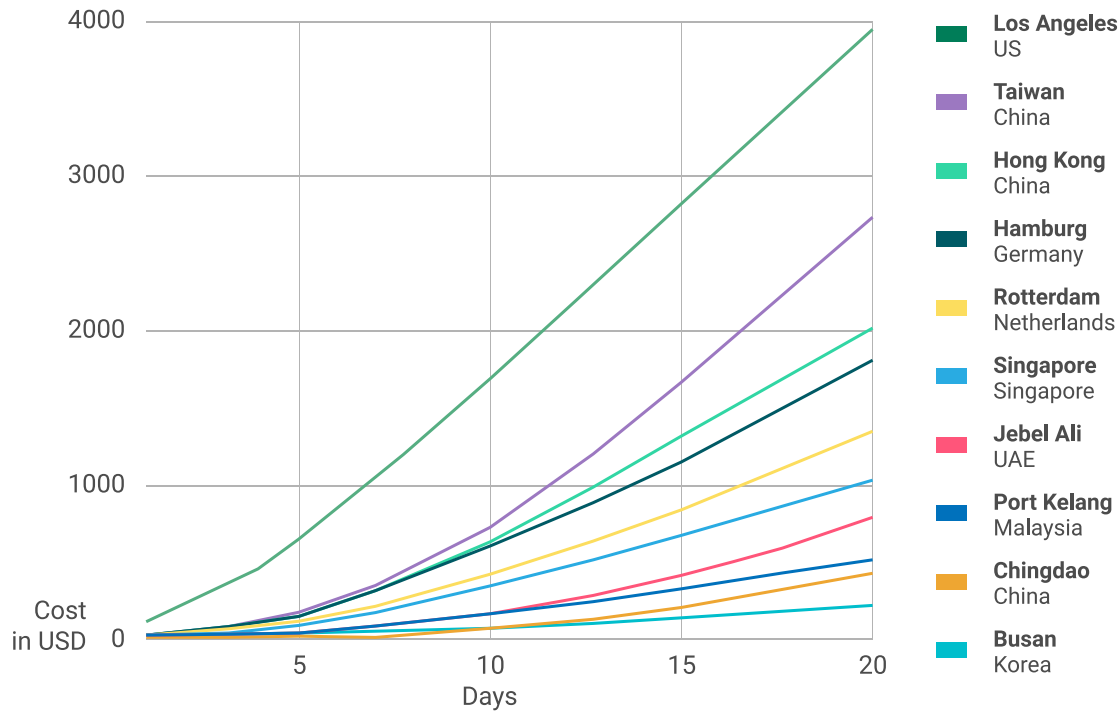
The following pages provide an overview of how much demurrage and detention the biggest shipping lines charged based on the 20 biggest ports globally in 2021. It also gives an overview of how the charges have changed from 2020 to 2021.

To build the report we collected publicly available data from the websites of Maersk, COSCO Shipping, CMA CGM, Hapag Lloyd, Ocean Network Express, HMM, Yang Ming, and ZIM.

Through the report you'll find the following analysis:

- Benchmark of demurrage and detention charges across ports 2021
- Deep Dive I - Shipping to Europe
- The impact of free-days across ports
- Demurrage and detention charges across ports and carriers 2020 vs. 2021
- Deep Dive II - Impact of the equipment shortage on demurrage and detention across China and the US

On average, demurrage and detention charges reach \$1219 per container after 2 weeks



Combined demurrage & detention charges across shipping lines and container types for both import and export shipments in USD



Demurrage and detention charges can quickly escalate. Here, the location plays a major role as some ports are more expensive than others. On the chart you can see the average of the combined demurrage and detention charges at the 20 ports from day 1 to 14. The numbers are merged across import, export, and carriers.

Looking at standard containers only, the average demurrage and detention charge after two weeks, across the world’s biggest ports, is \$720 per container. The ports closest to that average are Rotterdam with an average of \$756, Singapore with \$615, and Antwerp with \$709.

The high jumpers are led by the Port of Long Beach. Here, you have to pay, on average, \$2638 after two weeks. Taking second place is the Port of Los Angeles with \$2593 followed by Taiwan with an average of \$1455.

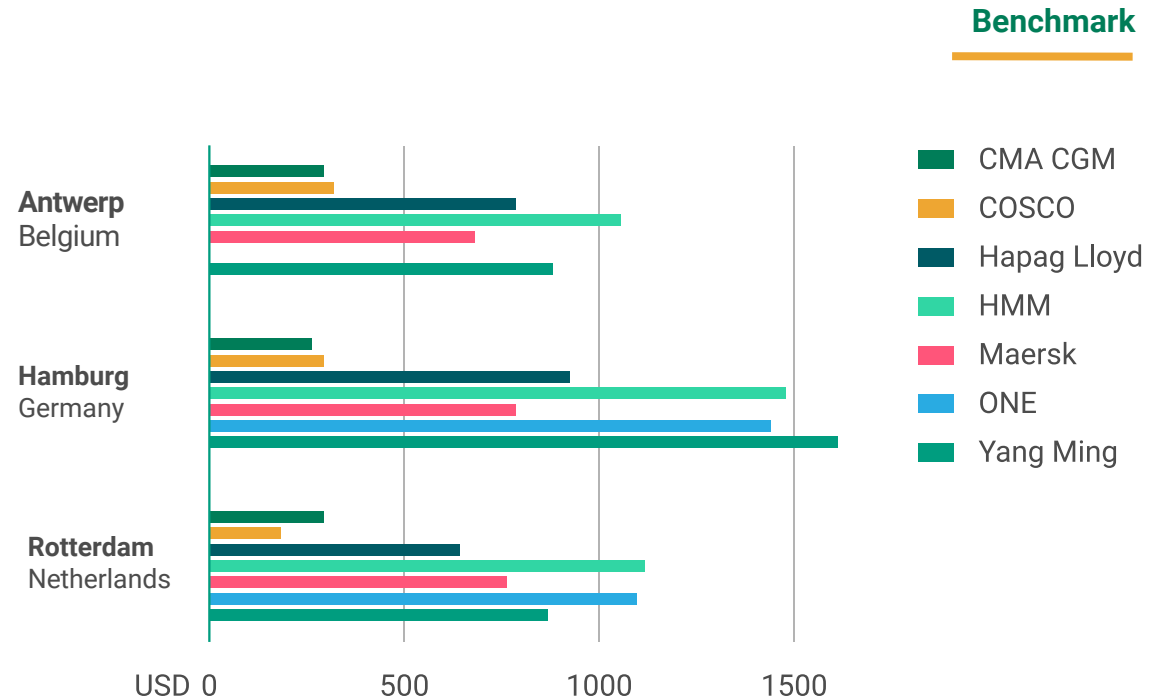
If you, on the other hand, are looking for the cheapest ports when it comes to demurrage and detention charges, China is the place to go. 7 out of the 10 cheapest ports are located there. Let’s have a look at the top three: After two weeks, the cheapest port is Busan (South Korea). It has average demurrage and detention charges of only \$132. Following closely behind are the ports of Dalian (China) and Tianjin (China) both with averages of \$201.

Comparing demurrage and detention charges across carriers can save you up to \$1354 per container

Demurrage and detention charges don't just vary across locations. They also depend on which shipping line you use. Comparing shipping lines can save you \$1354 when, for instance, shipping to Europe. Of the largest European ports, Antwerp has the cheapest demurrage and detention charges. Followed by Rotterdam and then Hamburg.

In Hamburg the prices also vary widely between the lines. The cheapest is CMA CGM, which charges \$258 in demurrage and detention after two weeks, whereas Yang Ming, the most expensive line, charges \$1612. So, if you were operating in Hamburg, it could save you \$1354 using CMA CGM instead of Yang Ming. That's a difference, that's already impressive, but there's more.

Despite Hamburg being the most expensive port of the three, you can still end up paying significantly more in demurrage and detention in the cheapest port, Antwerp.



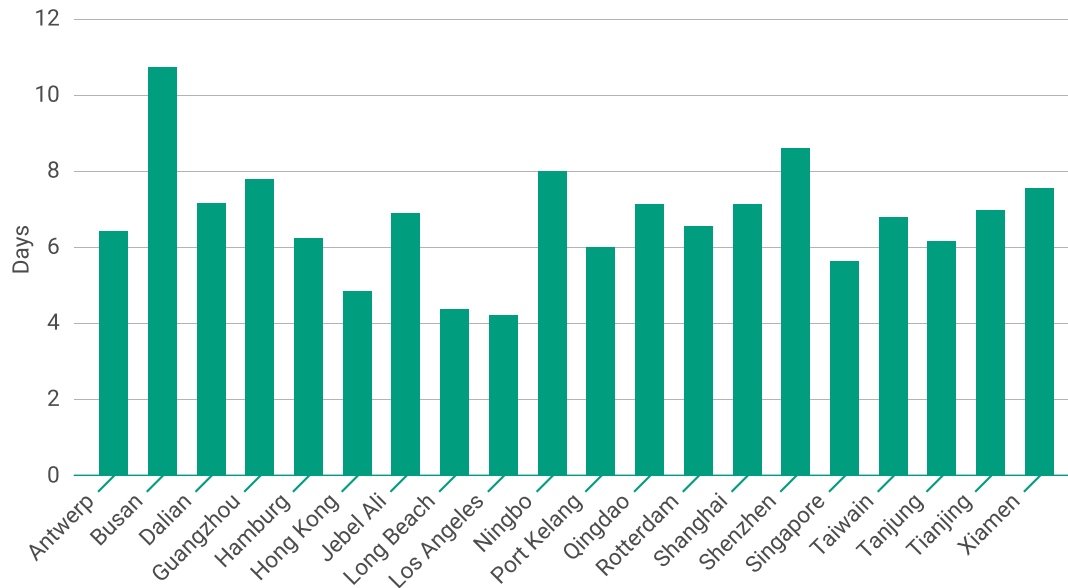
Combined demurrage & detention charges across shipping lines and container types for both import and export shipments at Rotterdam, Antwerp and Hamburg after 2 weeks in USD

Here's an example on how that can happen:

At the Port of Hamburg, by using CMA CGM you'll have to pay \$258 in demurrage and detention charges after two weeks. If you, on the other hand, decide to ship with HMM in Antwerp, you'll end up paying \$1053 after the two weeks. That's a price increase of almost \$800 per container, when shipping in Antwerp.



Save even more money through comparing free-days across shipping lines



Average free days across shipping lines for 20 foot containers, for both import and export and demurrage and detention charges combined.

When talking about demurrage and detention, there’s no way around the free days. They determine how long someone can use a container at no cost. That way, the number of total free days can make a massive difference when it comes to demurrage and detention costs.

Take, for instance, Long Beach. Here, you can only use the containers for 4 days at no cost. In Busan the average is 11 days.

Even at the same port but across shipping lines, free days can vary tremendously. In Rotterdam the total average of free days is 7. So, choosing Yang Ming can turn into a costly affair. The shipping company only offers 4 free days compared to COSCO Shipping that offers 11 days. With Yang Ming you’d, therefore, end up paying demurrage and detention seven days earlier. An expense, that would amount to \$425 per container over those seven days.

Port	CMA CGM	COSCO	Hapag Lloyd	HMM	Marek	Yang Ming	ZIM
Antwerp Belgium	10	11	5	5	5	5	6 Free Days



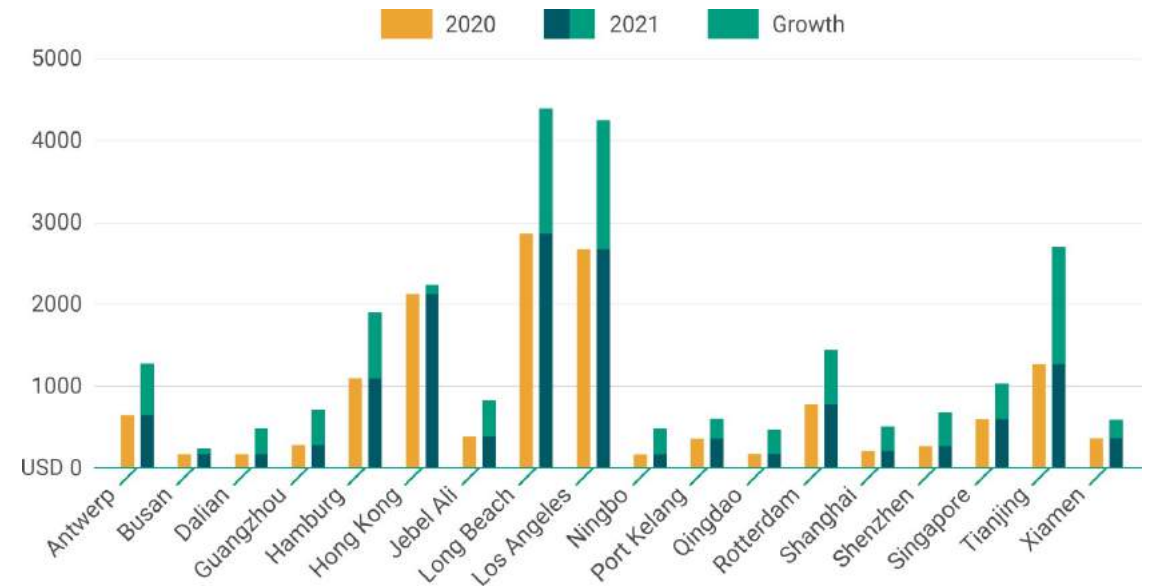
Demurrage and detention charges doubled in 2021

Not only has container scarcity disrupted the industry from late 2020 through to 2021. This development also massively impacted the demurrage and detention that were charged. From 2020 to 2021, the average demurrage and detention charge increased by a whopping +104%. Looking at how much money you'd have to get out of your wallet, we're talking about \$666 more on average in 2021.

And none of the world's 20 biggest ports experienced a decrease in demurrage and detention charges.

Why? In times of equipment shortages carriers have a big interest in ensuring fast turnaround times. That makes it more expensive for shippers, importers, and freight forwarders to keep a hold of the container for a longer time.

The leading Chinese ports especially drove up this average. At these ports the average demurrage and detention charge increased by +126%. The surge coincides with the locations where the equipment scarcity was and is felt the most. Qingdao has taken the lead with an upsurge of +194% since 2020.



Average combined demurrage and detention charge across shipping lines and container types after two weeks in USD, import and export combined for 2020 and 2021.

2020. The ports of Ningbo and Dalian are following closely behind with respectively +188% and +187% increase in demurrage and detention charges compared to 2020.

At the other end of the scale, Busan (South Korea) had the lowest growth rate with “only” 46%. Long Beach followed with +52% and Los Angeles with +42%.



Chinese ports with the biggest increase in demurrage and detention charges with a plus of 126%

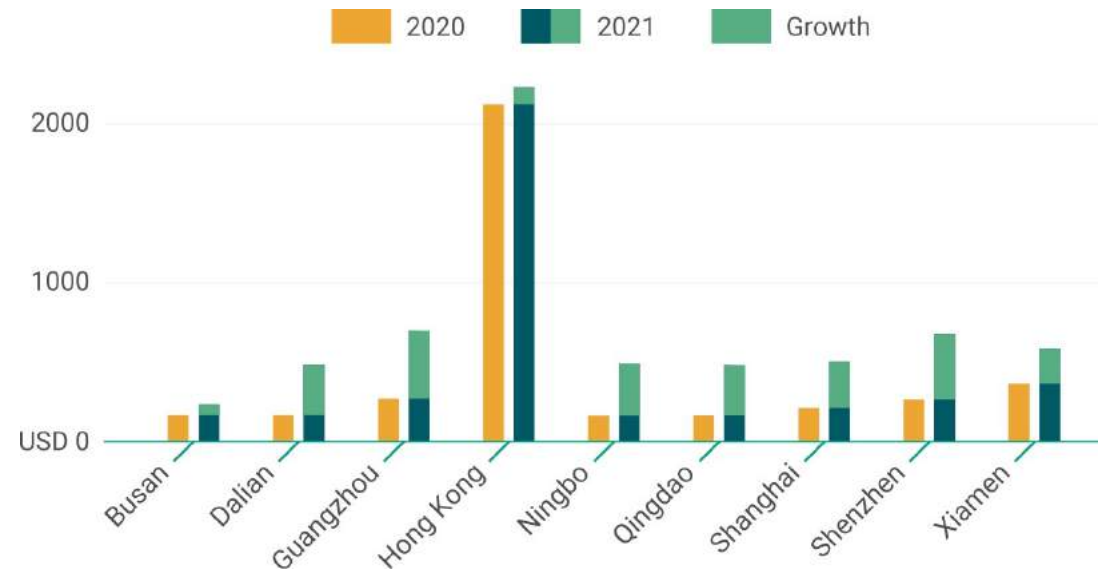
Now, let's take a closer look at the leading Chinese ports.

China is the epicentre for import in the West. So, when containers became scarce commodities in China, the shipping industry came under pressure to keep up with the demand worldwide. This led to carriers wanting a quick turnaround for their containers. A way to make that happen is through fees. In particular, demurrage and detention. This exact mechanism is something that can be seen at the Chinese ports through the past year.

Across the ten biggest ports, the demurrage and detention charges increased with an average of +126% from 2020 to 2021. However, it differs substantially from port to port how much the charges have risen.

At the high end of the scale, we have Qingdao. The port experienced the highest increase in the average demurrage and detention charge with +194% year-on-year. Following closely behind are Dalian with an average increase of +187%.

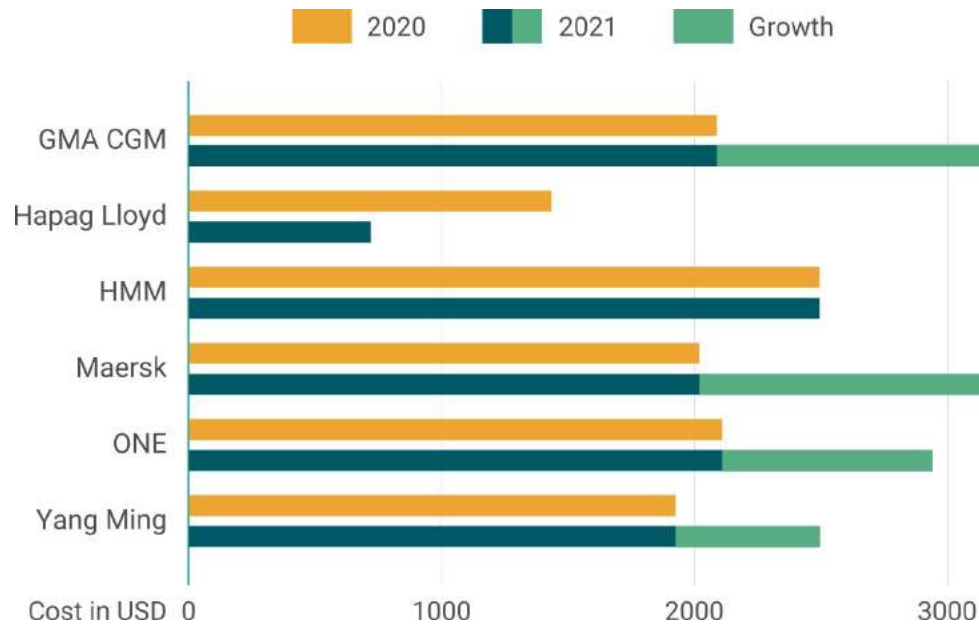
Even though Hong Kong had a high average on demurrage and detention charges in 2020, the port is the one experiencing the lowest increase in 2021 so far. With a +5% increase, Hong Kong has the lowest growth in demurrage and detention charges amongst the leading Chinese ports. The Port of Xiamen is following suit, with the second lowest increase of +62% year-on-year.



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



Charges have increased at Los Angeles possibly due to the repositioning strategies of shipping lines



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

As the demurrage and detention charges have increased across the Chinese ports in 2021, it's the same case at US ports. A combination of global Corona-virus lockdowns, blank sailings by container lines early in 2020, and a surge in US consumer demand for retail imports from Asia saw boxes build up across the US during the second half of 2020.

However, after struggling to keep up with the influx of containers, the port was hit with equipment scarcity. And then, ports such as Los Angeles ended in a similar situation as the many ports across China.

Taking a closer look at Los Angeles, we see that the average demurrage and detention charge has increased by +42% from 2020 to 2021. Across the biggest carriers operating in Los Angeles, CMA CGM is behind the highest boost of the demurrage and detention charges with a +167% increase over that same period. In a close second, we find Maersk with an increase of +161%. In actual dollars, the hike in fees will cost you an additional \$1227.



Increasing demurrage and detention calls for transparency

Want a quick overview of what's happened to demurrage and detention in the past year? Here's the lowdown for you.

Just like the industry, demurrage and detention has had a turmoil filled year. From 2020 to 2021, the average demurrage and detention charge after two weeks increased by +104%. That means an average increase of \$666. Especially the leading Chinese ports and the Port of Los Angeles are pulling the average up, as they experienced the highest upsurge in demurrage and detention.

The high costs associated with demurrage and detention, makes it imperative to know what you can do to minimize the fees. Dispatch the cargo well ahead of time, as that gives you more flexibility and time to deal with unforeseen challenges. It's also a good idea to negotiate the terms of the per diem fees before you sign the contract - and before your container is stuck at the terminal.

If you're looking to avoid demurrage and detention charges from the carriers altogether, SOC containers could be the solution you're looking for. Not completely sure how that works?

[Learn all about it here.](#)

“ Demurrage and detention charges have always been a conflict between shippers and carriers and the increase of +104% in 2021 once again shows the market position carriers have. We hope the provided transparency helps both shippers and carriers better deal with demurrage and detention charges and we'll continue to monitor the development going forward ”

Christian Roeloffs

Founder and CEO
Container xChange



Want to avoid demurrage & detention charges?

Talk to our team to see how SOC Containers can help.

[Schedule Demo](#)

