The EU agri-food chain partners, CELCAA, Copa-Cogeca, and FoodDrinkEurope, would like to draw the attention of your services to the impact of increased costs of maritime transport and degradation of freight services on EU trade of agri-food commodities and products.

You are certainly aware of the tensions in the freight sector. As reported by agencies¹, costs of maritime transport have exploded over the past two years. At the end of last October, rates on the Asia-northern Europe trade lane, as recorded by the Shanghai Containerised Freight Index, tipped over $1,000 per teu. By the middle of June this year, the rate had risen to more than $6,300 per teu. Reports from the industry suggest some shippers are paying up to $20,000 to ship a 40 ft container from Shanghai to Rotterdam². Vessel deployments during Q4 2020 added only 4% extra capacity to East-West routes compared to Q4 2019. Growth in trade increased 9.5% over the same period, leading to tensions on the market³.

This situation has become highly critical for agri-food trade, in particular because perishable goods are concerned, impacting the competitiveness of all EU agricultural and food sectors. In the long term, this will disrupt EU markets and impact the revenues of European farmers and other operators in the chain. Today, the lack of freight capacity leads to cost increases, which cannot be absorbed by European traders as they work with long-term contracts. For many, the current high cost of container shipping risks putting them out of business; this is true for European cooperatives and food industries reaching out to international markets. As the leading exporter of agri-food products (representing in 2020 a value of €184.3 billion) the reputation of the EU as a trusted trading partner is also at stake.

Disruptions in the freight sector, which pre-existed the Covid-19 pandemic, were exacerbated by the crisis of the last eighteen months and rapid re-growth from China. There are currently no signs that the lack of capacity of maritime freight will be resorbed naturally once the sanitary situation returns to normal. This will likely impact the long-term competitiveness of the EU agri-food chain, putting at risk its leading position.

We understand that this issue is common to all EU Member States and across food and commodities traded worldwide. We would appreciate that it be discussed at an AGRI Council meeting, to raise awareness and exchange on possible solutions. While the EU has been successful in increasing the competitiveness of its agri-food sector, in negotiating successful FTAs and opening new markets, the lack of freight capacity prevents EU operators from taking full advantage of these successes.

¹ MDS Transmodal quarterly review of trends and performance of global container shipping market
² Fitch Ratings; Drewry freight rate trend for the World Container Index
³ Special Report, Half-Year outlook, Lloyds’ list, 2021
⁴ MDS Transmodal review
We also encourage the Commission to collaborate with trading partners, e.g. in the context of G20, OECD or FAO, to raise awareness and identify a common way forward.

We understand that the European logistics sector raised the issue of possible collusion in the EU transport maritime sector to DG Competition and asked for monthly reports to establish the causes of disruption. We encourage a discussion with all the services concerned within the Commission to develop a common strategy moving forward.

We thank you for the consideration given to our request, and we would be grateful if you could accept exchanging on the above matter with the under-signed,

Yours sincerely,

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