



# SUEZ AND THE IMPACT ON GLOBAL EQUIPMENT AVAILABILITY



Image source: [With the “crisis” of the Suez Canal .. An “unexpected” development in the oil price](#)

Ever Given, the [containership that blocked the Suez Canal](#) since March 23, has finally been [pulled clear](#) of the bank side. Evergreen Marine officials stated that the ship was “suspected of being hit by a sudden strong wind, causing the hull to deviate... and accidentally hit the bottom and run aground”.

Since the vessel ran aground, tug boats and dredgers have been hard at work trying to refloat the ship. Subsequently, the ship has been pulled clear.

The ship is now in mid-channel, according to AIS data from Lloyd’s List Intelligence, and the backlog of vessels at the Suez Canal is expected to be cleared within the next few days. This is good news for an already-strained [global supply chain](#), considering that over \$9 billion worth of goods is moved through the 120-mile canal every day - around \$400 million per hour - according to Lloyd’s.

[Leth Agencies](#) estimated over 350 vessels over 10,000 dwt trading internationally were waiting on both sides of the canal.

- 180 Bulk carriers
- 98 Containerships
- 17 Product tankers
- 24 Crude Tankers
- 29 LPG or LNG carriers
- 11 Vehicle carriers
- 13 Other

The cascading impact of the weeklong closure of the Suez Canal is not going to be small, given that we’re talking about a sizable global value of merchandise trade (\$18 trillion). The resultant [bottleneck of cargo vessels](#) means that the delays that can be expected are not going to be weeks but months.

## The Challenges of Rerouted Container Ships and Cargo

In response to the Suez Canal disaster, many large liner organizations, such as Maersk, Cosco, MSC, HMM and Evergreen, have rerouted vessels around the Cape of Good Hope, to meet the accelerating Asia-EU and EU-Asia trades.

As a result, there is mounting concern around the influx of vessels expected to land simultaneously in Asia and Europe as the backed-up ships diverted from the Suez Canal arrive at ports across the two continents. Given that approximately 12-15 percent of the world's trade and vessels are expected to arrive at the same time at these destinations, massive congestion at terminals is predicted.

“The expected congestion could result in excess empty containers being left behind in Europe as the first recourse of congested terminals is to place move restrictions and give priority to laden cargo, vessels would then sail light, with empties scheduled to be removed on subsequent voyages or repositioning vessels. [The Asian situation](#) is not going to be a nice one in the coming months given that Asia is already deficient of equipment due to the slow turnaround of vessels from the USWC, [missing sailings](#), cargo piling up in warehouses, etc. The dominoes effect is an ever expanding one” - **Captain Vijay Minocha, Chief Commercial Officer of Solverminds.**

As a result, there is uncertainty around equipment availability which will worsen within the coming weeks and months



**It will take the repositioning coordinators involved several days to find a remedy to this global equipment and container imbalance, and come up with a repositioning solution. This may be too late.**

In spite of the deep domain knowledge that most repositioning coordinators possess, to manually create a repositioning plan at this scale is cause for concern.

The plan will need to take into account the holistic coordination of routes as well as container distribution among all cargo ships across all networks. It also needs to ascertain the costs of each of these routes, while trying to ensure the liner companies have the most cost-effective solution to reposition the empty containers to cater to their laden commitments. They will ultimately need to arrive at a plan that has the shortest transit times to reposition the equipment if they hope to avoid commercial setbacks.

## Solvermind's AI-Powered Equipment Repositioner – “OptiBox” - Mitigates the Equipment Uncertainty

It is not possible for manual repositioning plans to keep up with the day-to-day variables that need to be considered, let alone when dealing with a crisis of this scale and magnitude, and with these deadlines.

Therefore, liner organizations are turning to solutions that use artificial intelligence (AI) and algorithms to cater to the major elements required:

- Liner shipping service construction constraints
- Empty equipment repositioning
- Any sail-on-service opportunities
- Cargo flows
- Cabotage restrictions
- Maximizes the profit earned during repositioning

The AI solution quickly produces repositioning plans and proposes resolution at the lowest possible cost.



The accurate AI-driven solution provided by Solverminds - **OptiBox** - quickly identifies equipment imbalances around the world, and produces extended **equipment repositioning** plans that result in minimal cost with the shortest transit times.

but it's time

**OptiBox** considers all the variable costs involved in the calculation, such as loading, trans-shipment, haulage, feeder, container detention, and discharge costs, and produces an optimized plan that not only protects the bottom line, but also improves fleet utilization and streamlines equipment movement.

## Make the right move

In a scenario like this where acting fast and making data-driven decisions could be the difference between millions or billions being lost in revenue, time, and productivity, **OptiBox** gives you the power to stay a step ahead.



### About Solverminds

Established in 2003, Solverminds is a leading next-gen global technology company with a vision to empower businesses with innovations reimaged. Its exceptional domain expertise and cutting-edge technology solutions offer a complete range of best-in-class products for liner operations management, ship management, agency management, and advanced analytics.

While Solverminds' technological focus is on delivering reliable, resilient, and robust solutions that embrace Artificial Intelligence (AI), Machine Learning (ML), Predictive Analytics, and Big Data, its strategic focus remains on quality & customer-centric approach, research & developments, and thought leadership.

Solverminds is a smart and sophisticated technology provider of a wide range of solutions & services that enfold integrated and bespoke ERP, global consulting, cloud system, and advanced analytics. They help their customers ascend the ridges of an extremely competitive current world by automating their business processes together with an offering of actionable insights, predictive outcomes, and optimized solutions to make informed decisions.

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