



Maersk Asia Pacific Market Update – May 2021

Dear Valued Customer,

We remain committed to ensuring your supply chain needs are met in this period of uncertainty and intensified congestion all around the globe. In this "Asia Pacific Market Update", Maersk provides you with the most relevant and up-to-date information so that together we navigate this period of heightened volatility and keep your supply chain moving.

Industry Trends:

As our world and businesses continue to face challenges, Asia Pacific leads the way in projected GDP growth: China 8.9%, Vietnam 7.7%, the Philippines 8.0% and Malaysia 6.5%¹⁾.

The apparel sector is expected to grow by 8.2% globally in 2021, with more than half annual spend happening outside of North America and Europe. Asia already leads the way with 38% share of the 2020 global spend and this is expected to increase to 41% by 2025²⁾.

Consumer habits are changing, and online shopping is growing rapidly in Asia. Sourcing from South East Asia is growing as companies continue to look for solutions in addition to China.

So we can see that while the supply chain and logistics industry continues to face challenges, new opportunities abound as well.

**Source*

1) Maersk GDP forecasts based on Oxford Economics

2) Maersk Asia Pacific customer insight analysis based on Statista Apparel Report 2020 (Aug 2020) and Seabury Database

Ocean Freight Updates:



- **We expect strong demand for exports from Asia to continue in Q3** and ocean networks are projected to be highly utilized. Our focus remains on securing coverage and providing reliable capacity solutions.
- **Equipment shortage remains an industry-wide challenge in Asia Pacific.** 20-foot dry containers are sufficient, but 40-foot and 45-foot- dry containers are short. 40-foot non-operating reefer is also insufficient.

This chart shows the latest equipment status traffic for main loading ports in Asia:

Area	20DRY	40DRY	40HCRY	45HC	40HCRF	20REEF
Mainland China, Hong Kong, Taiwan	Green	Red	Red	Yellow	Red	Green
Korea/Japan	Yellow	Red	Red	Green	Yellow	Yellow
Vietnam/Cambodia/Myanmar	Yellow	Red	Red	Red	Red	Yellow
Thailand/Malaysia/Singapore	Yellow	Green	Yellow	Green	Green	Green
Indonesia/Philippine	Yellow	Yellow	Yellow	Yellow	Yellow	Green
Australia/New Zealand	Green	Green	Yellow	Green	Green	Red
Oceania 20' and 40' supply	flexi grade and food quality restricted					

**Green colour indicates the equipment availability is enough to cover demand forecast; Yellow colour indicates it's tight to cover demand forecast; Red colour indicates it's insufficient to cover demand forecast.*

- **Australia and New Zealand ports continue to experience significant congestion.** We have introduced our new service, the Sirius Star, and added capacity to our Southern Star service to improve network flexibility and supply chain stability.

Our Oceania/Americas services continue to be impacted by delays in the US and terminal congestion in New Zealand. To protect overall network stability, and therefore available capacity, the OC1/Trident service (connecting Oceania to the US East Coast) will now be calling at Napier and Port Chalmers bi-weekly. In Australia, we have deployed Soroe Maersk to reposition empty containers and ease depot congestion.

- **Less-than-Container-Load (LCL):** Container shortages for China LCL shipments are expected throughout May. LCL space will be impacted by general ocean capacity and schedule reliability. Lead time for LCL shipments is expected to be longer than usual as carriers are omitting ports, putting pressure on LCL capacity.

Major Trade Lane Market Overview

TRADE LANE	COMMENTS	DEMAND TREND
ASIA to Europe	<ul style="list-style-type: none"> ● Demand for retail products and fast-moving consumer goods is growing, especially into the UK who lead in vaccination coverage and the lifting of COVID restrictions. Maersk remains committed to support this market with strong network coverage across 4 direct services. We hope customers will continue to work with us closely on volume forecasts for better network planning. ● The Mediterranean network is facing schedule delays. To improve schedule reliability, we will omit certain origin ports when needed. 	Strong
Asia to the United States	<ul style="list-style-type: none"> ● USWC: US port congestion continues to impact schedule reliability and capacity. We forecast 2 missed sailings and may slide 4 vessels in the coming weeks. To improve schedule reliability, we have planned a port swap on ZIM San Diego and Maersk Singapore, improving arrival times by 7 days. ● USEC: the Suez Canal congestion continues to impact the USEC network capacity and schedule reliability. Please plan for at least 10 days lead time between planned departure date and actual departure date. 	Strong
Asia to Latin America	<ul style="list-style-type: none"> ● AC services sailing to Asia are highly impacted by delays from port congestion in destinations. Maersk is considering multiple omissions to mitigate the impact and improve schedule reliability. 	Strong
Asia to West Central Asia	<ul style="list-style-type: none"> ● India's recent COVID surge and lockdowns have resulted in lower terminal productivity and cargo delays. Maersk is offering a weekly service from Asia to East India (Ennore), and a fortnightly service to South East India. 	Flat
Asia to Africa	<ul style="list-style-type: none"> ● In North China and South East Asia, limited space is impacting cargo acceptance. Please plan advance booking to secure space. Our South Africa service continues to drive Non-Operating Reefers to support the fruit season. 	Strong
Asia to Oceania	<ul style="list-style-type: none"> ● Port congestion is impacting the schedule reliability of Dragon/Jstar services and port omission is expected. Equipment shortages and high reefer export demand from Oceania means Non-Operating Reefer is now priority. 	Strong

Air Freight Updates:



- **China:** export by air remains strong especially into the US. In the near future, the market will likely be buoyed by high-tech product launches as well as annual retail sales events (e.g. Amazon's Prime Day). Capacity remains strained by the shifting of passenger flights to other routes and scheduled annual aircraft maintenance/safety checks.

The recent surge of COVID cases in India has resulted in many airlines cancelling scheduled services. Shippers are forced to consider alternative solutions, including dedicated charters.

- **Thailand, Malaysia and Singapore:** we see capacity constraints to and from the US. For shipments with deadlines or committed transit times to the US, please secure space using our Express service to prevent delays. Capacity from Thailand, Malaysia and Singapore to Europe and within Asia is still manageable. Bookings for all lanes need to be placed 5-7 working days ahead.
- **Indonesia and the Philippines:** demand for garments, apparel, retail and electronics is increasing, especially on US & EU lanes. Demand from Jakarta and other parts of Asia results in tighter air space in Indonesia. To secure space, please make bookings at least 10 days before your planned departure date, especially for US & EU lanes.

Some Philippine airlines are experiencing backlogs from Manila. Advance block bookings of 1-2 weeks are required and must be finalised 48 hours prior to departure.

- **Vietnam, Cambodia and Myanmar:** demand for technology, eCommerce and retail products continues to be strong in particular to destinations in North America. Passenger travel continues to be subdued. Strong demand for Myanmar is mostly caused by an accumulated backlog of shipping requests.

- **Australia and New Zealand:** import market remains flat, with limited in- and out-bound passenger flights. Large consignments are often spread across multiple flights. Capacity from Australia and New Zealand is subject at carrier discretion with terms of booking subject to change. Where transshipment hubs are backlogged, airlines continue to opt for smaller tonnage consignments. Schedules for long-haul shipments are mostly tentative and connecting flights are subject to change.
- **Japan export demand** has increased with 20% YoY growth mainly from temperature-controlled shipments, automotive, consumer goods and raw materials. **Korea export demand** has grown 3% YoY mainly from automotive and chemicals. Recently, significantly reduced capacity of wide-bodied passenger aircraft has increased dramatically, with 20% growth for Japan and 80% for Korea, meaning air freight market has been slightly stable but still remains volatile from long term speaking. We continue to offer tailor-made solutions such as air charters, sea and air services to help manage disruptions.

Inland and Intercontinental Rail Update:



- **Thailand, Malaysia and Singapore:** equipment shortages will impact trucking capacity in Thailand in May, but demand remains strong. Cross-border trucks are operating normally.
- **Oceania Inland:** Maersk Connect continues to support cargo movement in New Zealand direct from Port Tauranga to Auckland Metroport to help address congestion challenges.
- **Japan and Korea:** Inland demand has decreased due to COVID-19 so capacity is sufficient.
- **Mainland China, Hong Kong and Taiwan :** trucking space is generally available in all locations, but we have seen challenges in South China with congestion in Yantian and Nansha. COVID-19 related restrictions see on-going cross-border bottlenecks between Mainland China and Hong Kong/South East Asia.

China Railway continues to operate tight controls on rail space to ease congestion. Intercontinental capacity is forecasted to remain tight in May, in particular between China and Eastern Europe (Russia, Poland and Hungary.) We estimate average delays of 5-7 days in Manzhouli (China), Erenhot (China and Malaszewicze (Poland), and of 3-5 days in both Alataw Shankou (China) and Khorgos (Kazakhstan).

Major Ports Update

- Ports in North Europe are under high pressure due to import cargo peak and the ripple effect of Suez incident. Ports in West Central Asia are facing operational delays due to high yard density. Across the globe, most ports are facing operational delays. Maersk is working on port swaps and port omissions to mitigate the impact and improve schedule reliability. We recommend customers to plan ahead and manage cargo delivery time.

Country	Port	Waiting Time Indicator	Expected Waiting Time
South Korea	Busan		1-1.5 days
China	Qingdao		
	Shanghai		1.5-2 days
	Ningbo		1.5-2.5 days
	Yantian		1.5-2 days
Malaysia	Tanjung Pelepas		3.5 days
	Port Klang		up to 2 days
Singapore	Singapore		2 days
New Zealand	Auckland		Berth windows are suspended
	Tauranga		Berth windows are suspended
Australia	Melbourne		
	Sydney		0.5-1 days
The United States	Long Beach		7-15days. (Labor shortage continues to impact all terminals. All large vessels are experiencing extended port stays of 3-4 days)
	Los Angeles		6-8days. (Labor shortage continues to impact all terminals.)
	Oakland		10-14days. (Longer vessel waiting time is expected due to import volume growth)
	Savannah		2-3 days
	Baltimore		1-3 days
Canada	Vancouver		7 days
Chile	San Antonio		1.5-2 days
Nigeria	Apapa		Fixed berthing window is available on FEW2 service, serving the most reliable and fastest route from Far East Asia to Apapa.
South Africa	Cape Town		1-3 days
	Durban		1-2 days
Sudan	Sudan		35-45 days (heavy port congestion)
Tanzania	Dar Es Salam		7-10 days
Israel	Haifa		up to 4 days

**The colors are indicators of vessel waiting time: Green (less than 1 day); Yellow (more than 1 day but less than 3 days); Red (more than 3 days)*

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Please do reach out to us if you have any further questions about your supply chain. We are here to navigate you through the current situation.

CONTACT US

