



More supply chain visibility to **make faster decisions**

Maersk Asia-Pacific Market Update
for July 2021.

With the traditional peak season approaching, the outlook for both ocean and airfreight remains buoyant although capacity constraints and service reliability continue to present challenges.

This month, we share the latest market trend before highlighting the issues and challenges we face, and we also explain Maersk's latest solutions to help you keep cargo moving. If there is anything we have missed or there are any new topics you would like us to talk about, please let us know by filling out our survey form [here](#).

Market Trend

While global demand for logistics services remains strong, COVID-19 continues to cause supply-side problems: low container availability, tighter air capacity, longer dwell times outside ports, and trucking and warehousing bottlenecks.

The outlook for the rest of the year remains uncertain given the disruptions in both demand and supply. On the demand side, high household savings in the US and Europe should support consumer demand. As vaccination rates increase and lockdowns end, more people are likely to travel, leading to a rebalancing towards spending on tourism and lifestyle related services. Nonetheless, it is likely that inventory replenishment will support demand to the end of 2021 at least. On the supply side, delivery times remain lengthy and there is little visibility when equipment shortages and capacity constraints will ease.

Trending Themes

Shipping delays in Europe are impacting Asia and we anticipate the situation will worsen.

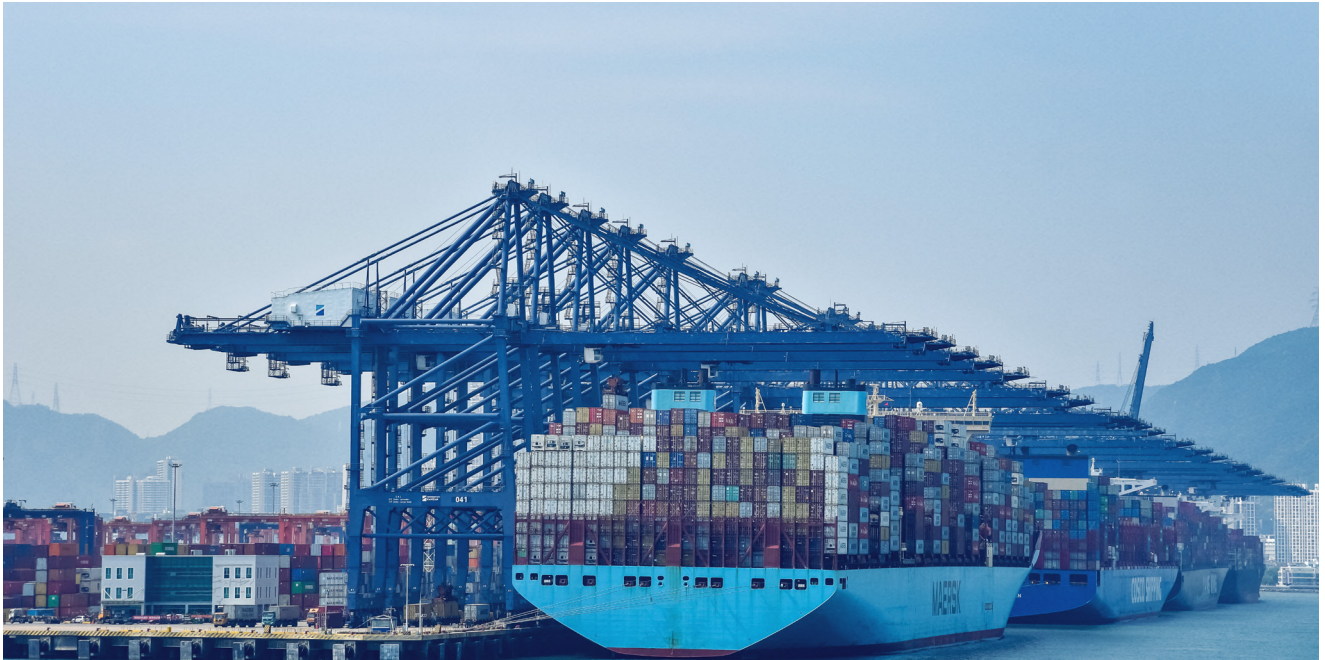
Unprecedented port congestion, driven by rapidly increased demand and the negative impact of COVID-19 mitigation measures, has caused extensive delays particularly on services from Asia to North Europe. These accumulated delays are causing a slippage of more than seven days between scheduled and actual departure dates. The situation is particularly challenging at several hub ports across Northern Europe. Mitigating those disruptions is a priority for Maersk. Please click [here](#) to learn more details.

Increased delays at European ports together with slower corresponding truck and rail service connections will delay the return of vessels to Asia, further delaying imports and the supply of empty containers. With our extensive ocean network and landside operations we will work with customers to try and minimise these delays. Global disruptions will affect the supply of empty equipment in Asia and we are adding new and leased containers to mitigate the impact. With the peak season approaching, please take vessel delays into consideration when planning your supply chain.

Empty Equipment Stock in North America is Rising Once Again The container equipment stock status in North America continues to be fluid as supply chain disruptions make repositioning efforts incredibly complex and challenging. While the initial drop in volume brought on by the Yantian disruption had allowed the teams the opportunity to clear out some of the excess stock, the slide sailings that followed had the opposite effect as empty containers sat awaiting vessel arrivals for repositioning back to Asia. Now with the peak surge, severe congestions are slowing down empty returns. This is not only hurting exporters as chassis availability becomes limited but it's also causing vessels to return to light or underutilized thus exacerbating the equipment shortage in Asia.

To help combat this shortage we have introduced both Extra Loaders and Gap Loaders to help normalize the network and to move surplus empties back to Asia. Our success is still heavily dependent on customer's support in turning empty containers back as quickly as possible, particularly in the Pacific Southwest where the situation is most pressed.

Ocean Update



- We expect strong export demand from Asia to continue and ocean space is projected to be tight. For time sensitive goods, Maersk Airfreight service is a reliable and effective alternative. We remain focused on securing reliable coverage, equipment and capacity solutions for you.
- **Export demand from Australia and New Zealand remains strong, impacting space and causing coastal bottlenecks.** Schedule reliability remains low due to operational disruption, continued industrial action in Australia, the suspension of berthing windows and port congestion in Auckland. This is causing arrival delays of up to 9 days in Sydney and is increasing yard density at inland depots in Auckland. Maersk is considering additional schedule adjustments to improve schedule reliability.

For Auckland-bound imports the preferred routing is via Tauranga and by rail to METROPORT in Auckland to avoid delays and limit any negative impact. We have concentrated our key service calls at Tauranga as the main port of entry to the North Island.

- **Equipment shortages remain an industry-wide challenge in Asia.** The supply of 20-foot dry containers is sufficient, but 40-foot dry containers and 40-foot non-operating reefer containers

Country	20DRY	40DRY	40HCRY	45HC	40HCRF
China	●	●	●	●	●
Japan	●	●	●	NA	●
Korea	●	●	●	●	●
Vietnam	●	●	●	●	●
Myanmar	●	●	●	●	●
Cambodia	●	●	●	●	●
Thailand	●	●	●	●	●
Malaysia	●	●	●	●	●
Singapore	●	●	●	●	●
Indonesia	●	●	●	●	●
Philippines	●	●	●	●	●
Australia	●	●	●	NA	●
New Zealand	●	●	●	NA	●

**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.*

**The equipment forecast is based on the supply and demand forecast, any increase in demand or supply delay would cause earlier supply gap.*

- **Maersk Trade Lane Market Overview.** We expect the ocean network across all trades to continue to be fully utilized as export demand remains strong. We are doing our utmost to keep your cargo moving without disruption or delay.

Maersk Trade Lane Market Overview

TRADE LANE AND COMMENTS

Asia to North America

There is capacity loss due to missed sailings caused by port congestion. Our steps to eliminate the supply-demand imbalance include:

- The launch in early August, of a new TPX Transpacific West Coast service to cover Yantian, Ningbo and Los Angeles; and a new TP20 Transpacific East Coast service to cover Vung Tau, Ningbo, Shanghai, Norfolk and Baltimore.
- Reshuffling equipment pools across ports to tackle equipment shortages, particularly of 40' containers.

Asia to Latin America

Vessels are suffering significant delays from Latin America. Schedule reliability is improving due to mitigation measures that include:

- The ECSA service will drop calls at Yantian and Sepetiba from Maersk Lima 128W. Yantian will only continue to be served via T/S service
- On WCSA, we have added a new vessel into the rotation to increase service reliability in the coming months.

Asia to West Central Asia

Demand is increasing as the COVID-19 situation in India improves. South East India (CHX) service operates weekly while the FI3 service to North West India remains a fortnightly sailing.

Asia to Africa

Schedule reliability has been impacted by congestion in destination ports. We aim to optimize origin and destination port coverage by giving more buffer time to the more congested ports. We are working hard to address issues with berthing windows at destination ports. Customers can check with our sales representatives for inland solutions.

Asia to Oceania

Cargo delivery will be impacted by equipment shortages and vessel delays. Please plan Maersk Spot bookings in advance.

Asia Imports

We are seeing cargo rollovers in Europe, East Coast South America and South Africa. There will be nine port call omissions at Tauranga in August/September. Please place bookings as early as possible to secure space and equipment.

Air Freight Update



Airfreight demand remains strong as shippers seek alternatives to ocean ahead of the peak season. Tighter capacity is forcing shippers to book space earlier or take long-term charters. The International Air Transport Association reports that airfreight is now much more competitive, stating that air cargo is down from being 12-times more expensive than ocean pre-COVID to now being just 6-times more costly.

- **Greater China:** Shippers, to rebuild inventories and beat the peak season rush, are shifting from ocean to air and committing to longer-term charters. There is likely to be little additional airlift capacity compared with the first half. Customers should closely monitor their peak season requirements and adjust their capacity plans accordingly. Maersk Airfreight has added new routes and service options to help our customers adapt to the ever-changing market situation.
- **Thailand, Malaysia and Singapore:** We see strong demand in the coming months. Maersk offers cold chain solutions for urgent temperature-sensitive cargoes and can arrange charter flights for critical shipments. Maersk Sea-Air services from Kuala Lumpur and Singapore also offer extra flexibility.
- **Vietnam, Cambodia, Myanmar:** Export demand in Vietnam remains weak due to the impact from COVID-19, although exports from Vietnam and Cambodia are showing signs of revival due to demand in EU and US. Cargo volumes in Myanmar continue to be adversely affected by the political situation. Imports will see longer transit times and space constraints due to high demand at hub airports.
- **Australia and New Zealand:** COVID-19 related cancellations on some direct flight between Australia and New Zealand has put pressure on export capacity. There is increasing demand for space from New Zealand to Australia as ocean shipments are affected by delays and port congestion.

- **Japan and Korea:** Rates have declined slightly, except to US destinations. But space remains tight and demand is high, which requires longer lead-times. Customers are putting regular tenders on hold, carrying out 'incumbent-only' rate reviews and holding tenders more frequently with shorter validity periods. Maersk continues to offer tailor-made solutions including air charters and sea-air services to help manage disruption.
- **Indonesia and Philippines:** Air freight demand is driven by strong export demand for retail, garment and electronics products to United States and Europe. In the Philippines, air cargo capacity to European destinations is higher than to the US but remains tight to both markets. Customers should make bookings at least 10 days before the planned departure date. Current transit times to European gateways are 3-6 days and 4-8 days to the US. In Indonesia, some airlines stopped or limited services from Soekarno-Hatta International Airport due to the two-week lockdown in early July which has affected capacity availability. We suggest customers place bookings 10-14 days prior to departure.

Landside Transportation Update



Availability, scheduling and capacity are all impacted by trucker shortages and congestion across Asia. Maersk continues to introduce extra services and a variety of solutions to reduce delays.

- **Greater China:** Seasonal demand for inland and China intercontinental rail transportation will increase. We have launched our first dry port at Huzhou, Zhejiang province, with direct connections to Ningbo to help customers overcome supply chain uncertainties. The Maersk intercontinental rail team is running weekly block train services from Shandong province to Poland and to Germany.

For Inland Delivery, cargo operations at Yantian are now back to normal. Expected equipment shortages across South China depots will soon become a major challenge. For Inland Hubs, using road transport to connect rail and ocean gateways, offers more certainty on landside transportation although there could be container shortages.

- **Japan and Korea:** The Tokyo Olympic and Paralympic games may affect deliveries and turnaround times. Maersk's mitigation measures include temporary container storage service at Bando Inland Container Depot, extended drayage service from Yokohama port, extended distribution delivery times and adjusted delivery dates.

We expect strong demand for the Maersk AE19 ocean-rail service to continue for the rest of this year, impacting equipment availability and capacity for both ocean and rail. Port congestion at the Russian Far East rail gateway has negatively impacted schedule reliability. Maersk intercontinental rail is offering additional capacity, mainly to Europe, with faster transit times than ocean.




- **Vietnam, Myanmar, Cambodia:** There is port congestion in Vietnam due to an escalating COVID-19 situation. Containers are only allowed to gate-in 72 hours prior to ETD causing trucking capacity constraints. On certain corridors, drivers must present a negative COVID-19 certificate, leading to extra costs and longer waiting times. Higher cargo volumes will increase congestion at Ho Chi Minh City and Sihanoukville ports. Maersk will launch the first block-train intercontinental rail service from North Vietnam to Europe, offering an alternative to ocean with better reliability and improved transit-times.

For Cambodia, peak season will result in trucking capacity constraints. Capacity has been made available for our land-sea product via Vietnam and we recommend customers use this as a reliable alternative solution instead of shipping via Sihanoukville. For Myanmar, the political situation has stabilised, and capacity is slowly returning to normal levels.

- **Australia and New Zealand:** With vessel omissions due to delays at the Sydney terminals, we continue to offer the Maersk Connect service with landside transportation to help avoid delays.
- **Indonesia and Philippines:** The Philippine Port Authority has announced a 10% rise in cargo-handling tariffs at major Manila ports and an initial 2% increase will start being charged soon. The Emergency Restriction between 3-20 July to control COVID-19 situation in Java & Bali could negatively impact the logistics industry, although trucking capacity for inland deliveries is sufficient to meet customer demand. Implementation of a Transport Management System for trucks has reached 80%, helping customers plan shipments more efficiently.
- **Thailand, Singapore, Malaysia:** both Thailand and Malaysia are under COVID restrictions and as such there will be some impact on landside movements. The well-being of your supply chain is always our top priority. Should you have any questions, please contact your local Maersk professional.

Major Ports Update

Vessel Waiting Time Indicator

	 Less than 1 day	 1-3 days	 More than 3 days
Asia-Pacific Ports	Qingdao, Xiamen, Yantian, Tanjung Pelepas	Busan, Shanghai, Ningbo, Nansha, Chiwan, Hong Kong, Singapore, Sydney	Napier, Auckland
Rest of World	Mobile, Port Elizabeth	Savannah, Houston, Newark, Pipavav, Dakar, Conakry, Cape Town	Haifa, Long Beach, Los Angeles, Oakland, Vancouver, Apapa, Onne, Tema, Dar Es Salaam, Sudan

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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.

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