

# Indian Subcontinent and Middle East Market Update

December 2021

## Market Update

Market sentiments continue to be strong across the region's main economies driven primarily by the booming demand for consumer products. India's Manufacturing Purchasing Manager Index (PMI) reached a 10-month high of 57.6 in November driven by domestic sales which was the main source for growth as exports orders rose slightly.



The index in the UAE increased slightly to 55.9 beating the October levels of 55.7, which was previously the highest level since June 2019. Both output and new orders are on the rise given increased economic activity linked to Expo2020. Saudi Arabia's PMI declined to 56.9, but still reflects a solid momentum in the economy with new exports orders increasing to the greatest extent since May this year.

Supply chain disruptions continue unabated caused by shortage of labour, material resources, changes in demand and concerns over the response of various governments to the Omicron variant. However, the global container demand is set to grow faster than expected in 2022 according to our Chief Executive Officer, Soren Skou. Catch more of his insights into the outlook for the year ahead [here](#).

## Ocean Freight Update

The current operational landscape remains very challenging reflected in more than 90 vessels that are now at anchor outside Los Angeles and Long Beach waiting to discharge cargo. The environment remains challenging across US ports due to lack of trucking and chassis capacity. Similarly, waiting time outside main ports in the UK continues to be high due to a lack of truck drivers.

Key ports across our global network remain stressed due to infrastructure bottlenecks and shortage of labour (COVID-19). We continue seeing that 10-20% of global capacity is being absorbed due to increased waiting times. This is despite all vessel capacity being deployed, and hence effective vessel capacity remains severely limited, causing missed sailings. The current estimated waiting times at major ports are:



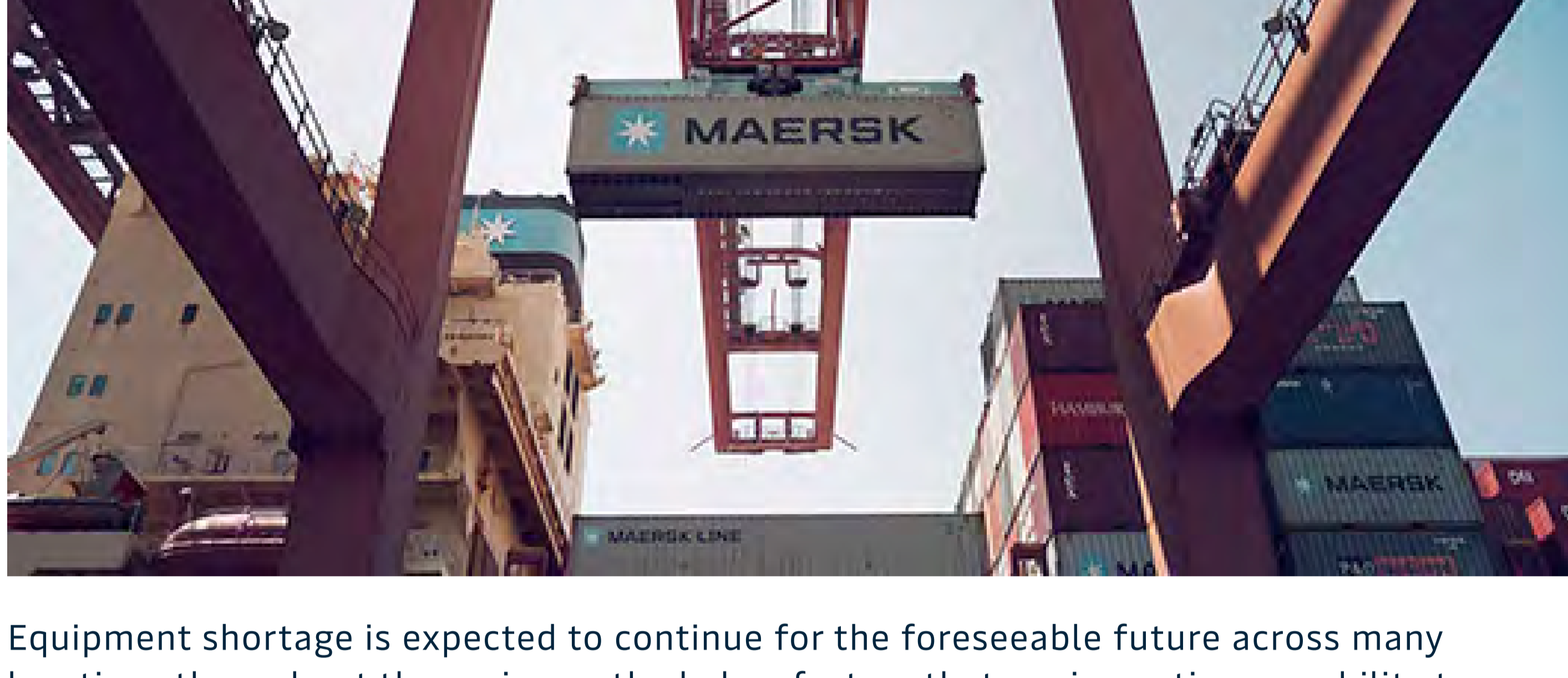
Area	Less than 2 days	3-5 days	>5 days
<b>West &amp; Central Asia</b>	Colombo, Chittagong, Salalah, Jebel Ali, Nhava Sheva, Mundra, Jeddah & Port Qasim		
<b>Rest of the World</b>	Newark, Antwerp, Rotterdam, Bremerhaven, Algeciras, Xiamen, Busan, Qingdao, Tanjung Pelepas, Singapore	Charleston, Oakland, Houston, Hamburg, Cape Town, Durban, Port Klang, Shanghai	Savannah, Long Beach, Los Angeles, Vancouver, Seattle, Felixstowe, London Gateway

Maersk continues to be the most reliable carrier for the main trade lanes for the region, i.e., between the Middle East to Europe and Indian Subcontinent to Europe, with schedule reliability of 83% and 66% respectively in October 2021. In comparison, the industry average for the two routes is 62.7% and 53.4% respectively.

Meanwhile, tender season is in full swing for many of our customers. In relation to that, Xeneta has released their monthly Ocean freight report for November based on rates in long-term contracts. On a high level, contract rates increased by another 16.3% in November compared to October. On a year-to-year level, this means the benchmark has increased 121.2%.

Looking ahead, we expect that the supply chain chaos as a result of port congestions, will persist until mid-2022. We are working to develop a new process to predict more accurate transit times in order to bring more clarity, accuracy and control to our customers. [Read More](#)

## Equipment



Equipment shortage is expected to continue for the foreseeable future across many locations throughout the region as the below factors that are impacting our ability to reposition them continues:

- **Increased customs inspections** of refrigerated container as a preventive measure against COVID-19
- **Lack of labour** due to COVID-19 restrictions across maritime and land ports
- **Vessel delays** due to long waiting times outside major ports

## Non-Ocean Freight Update

In India, fuel prices dropped in November offering a welcome relief to transporters and end consumers and easing concerns over stringent regulations by the government due to the Omicron variant. A trucker's strike between 5th to 9th November in Bangladesh briefly disrupted exports and imports through maritime and land ports resulting in delayed delivery of products.



The road logistics market in the region is expected to grow fuelled by the rising demand for consumer products. In India, the market is expected to grow at a compounded annual rate of 8% over the next 5 years as per a study released by RedCore. Similarly, rail freight in the region has seen significant developments in expanding network capacity across the region. The Indian Railways had undertaken a series of initiatives to create dedicated freight corridors and are expected to commission the eastern and western corridor projects by mid-2022.

In the UAE, the government announced the launch of the UAE Railways Programme, which includes a project to enhance connectivity for rail freight between 11 key cities and regions across the country. Pakistan Railways has agreed to take a joint measure with the Sarhad Chamber of Commerce and Industry to make the Azakhel Dry Port fully operational to facilitate trade and boost exports.

Air freight continues to witness high demand as manufacturers opt for quicker deliveries. International Air Transport Association (IATA) recorded an increase in global air cargo of 9.4% in October 2021 as compared to the same period prior to the pandemic. Capacity constraints were easing as the increase in passenger travel added more belly capacity for air freight. However, the outlook for air freight remains uncertain due to concerns over government reactions to the Omicron variant.

## Trending Topics



A.P. Moller-Maersk has signed an agreement to set up two cold-chain warehouse and distribution facilities in Karachi and Islamabad for TezMedz and Tabiyat.pk. [Read More](#)



Omani and Saudi firms signed 13 MoUs valued at approx. USD30 billion across sectors including energy, renewable energy, petrochemicals, pharmaceuticals and investments in Oman's Duqm area. [Read More](#)



Kyrgyzstan is interested to join the China-Pakistan Tremenomic Corridor and benefit from the tremendous trade opportunities from Gwadar port. [Read More](#)



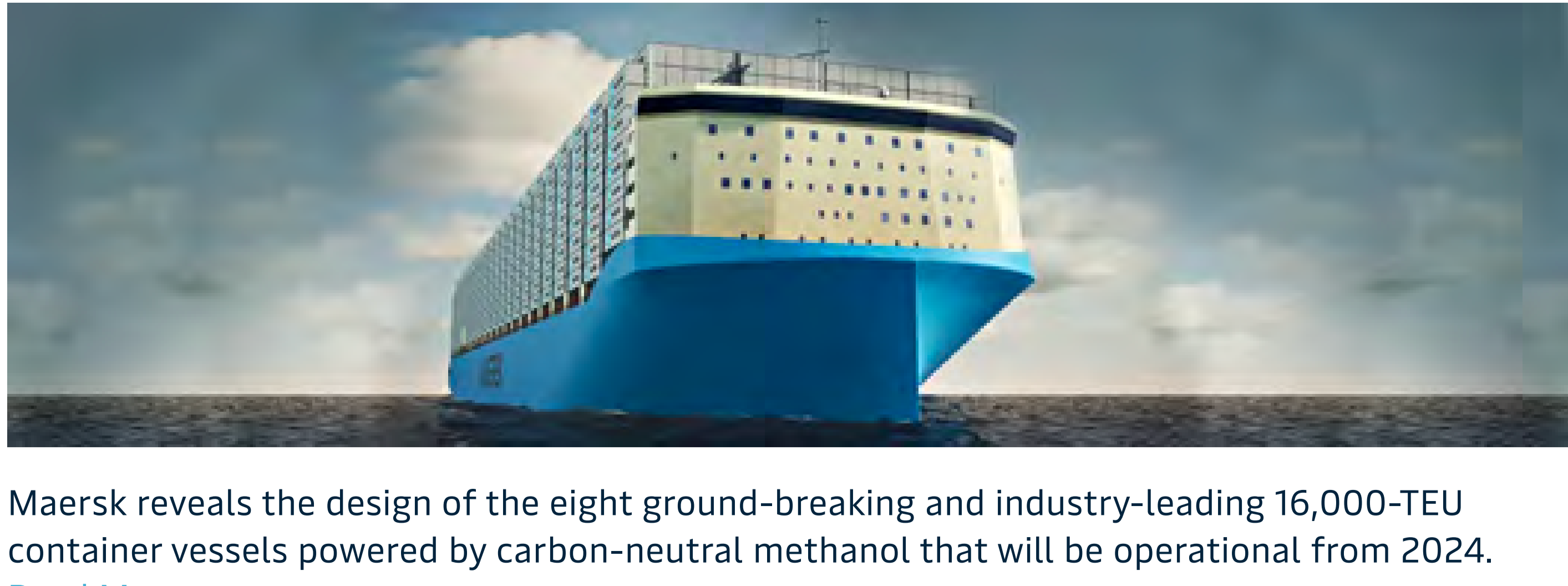
Adani Ports lifts ban on import and export of containerised cargo from Afghanistan, Iran and Pakistan at its Mundra Port. [Read More](#)



Saudi Arabia and Oman signed two agreements to enhance cooperation in land and air transport on 1 November, 2021. [Read More](#)



TA'ZIZ and Reliance Industries signed on a joint venture to start a chemical production facility in Ruwais, Abu Dhabi, valued at more than USD2 billion, which aims to export materials to Southeast Asia and Africa. [Read More](#)



Maersk reveals the design of the eight ground-breaking and industry-leading 16,000-TEU container vessels powered by carbon-neutral methanol that will be operational from 2024. [Read More](#)

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