

# Navigate Supply Chain Disruptions with Maersk

Maintaining resilience during the Red Sea situation

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**ALL THE WAY** 

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### Challenges persist in the Red Sea/Gulf of Aden

The recent situation in the Red Sea/Gulf of Aden has created numerous logistics challenges for global trade. UK Maritime Trade Operations reports 33 attacks to date and most carriers are now re-routing the majority of vessels around the Cape of Good Hope, adding approximately 4,000 miles to the total voyage length. Impacted routes face an additional one to three weeks of transit time and port bottlenecks remain an issue. Lack of available capacity has become a significant factor and Maersk estimates the industry will need approximately 6%-7% additional capacity just to handle the regular cargo volume.

#### **Impact on Customer Supply Chain**

Challenges faced by logistics operators in the region directly impact companies that utilise transit via the Suez Canal, resulting in major supply chain disruptions.

Prolonged transit time and unreliable delivery time estimation have made it difficult for customers to maintain inventory levels. These delays also impact the return of empty containers to Asia, reducing available capacity for ships departing from Europe. Many carriers are struggling to meet regular 'load as planned' timelines, leaving customers unable to ship cargo on time. These disruptions have greatly decreased total market capacity in the region, forcing some companies to shut down assembly lines. Each of these factors has contributed to increasing logistics costs as carriers adapt to the challenges that persist in the Red Sea.

#### Maersk's responses to mitigate the challenges

Maersk has made a series of targeted investments to boost resilience and minimise disruptions to supply chains. Increasing the travel speed of our vessels has allowed us to shorten the travel time around the Cape of Good Hope. Speeding up our vessels increases fuel costs, but reduces the negative impact on customers' supply chains caused by the longer travel distance.

Maersk redesigned its network in the region, investing in additional containers and vessels. We added several coastal shuttles and mainliner vessels to the long haul trades in Asia. The shuttles enabled us to consolidate cargo from departure ports in Asia to connect to mother vessel sailings, reducing delays on the return voyage to Europe earlier. The additional mainliner vessels evened out the overall impact of delays on the network and increased total capacity. We also added thousands of 40' high cube containers to the region, helping alleviate the issues caused by a lack of empty containers. The redesigned network and additional equipment resulted in sufficient allocation levels for Maersk contract customers during the crucial pre-Chinese New Year period.

Maersk's comprehensive investments in the Red Sea region continue to minimise the negative impact of disruptions on customers' supply chains. While the overall market capacity decreased by a significant amount on the main East-West trades, Maersk customers benefited from a capacity increase.



#### Alternative solutions to maintain resilience

In addition to the multiple investments in our Ocean services, we continue to provide alternative options to help customers minimise cargo delays and maintain flexibility.

**Maersk Air door-to-door services** provide fast and reliable services for urgent logistics needs to customers across a variety of industries and cargo types, featuring a comprehensive network with reach into more than 90 countries.

**Maersk Sea-Air solution** combines the cost-effectiveness of sea freight with the speed of air freight, reducing transit time without drastically increasing costs. **Maersk Sea-Air via Jebel Ali** allows customers to ship from a network of ports across Asia Pacific to Jebel Ali, United Arab Emirates, with a transfer to air transportation to a wide range of final destinations across Europe. **Maersk Sea-Air via Tanjung Pelepas** enables customers to transport goods from Asia Pacific ports to Tanjung Pelepas and then transfer to all major airports globally.

**Maersk Cross-Border transportation** has also implemented a new route from Xi'an, China to Ambarli, Turkey to help customers avoid disruptions. This route runs via block train and provides further connections into Europe using Maersk's Ocean services. This weekly service is operating now and represents a reliable and eco-friendly solution with cargo space guarantees.

We greatly appreciate your trust, loyalty and understanding as we work through these challenging circumstances. Should you have any questions or wish to discuss options for your cargo, please don't hesitate to reach out to your local Maersk representative.



#### Maersk continues to minimise logistics disruptions

Maersk is closely monitoring the Red Sea situation and making dynamic improvements to our network. These improvements increase efficiency and reduce logistics costs where possible. Logistics costs have been higher than normal throughout this period, but the investments Maersk has made in the region help customers maintain inventory flow and minimise delays. This alleviates customer risk and mitigates the negative impact of supply chain disruptions.

#### Resources and tools to support you

More information on the evolving situation in the Red Sea can be found at:

- Red Sea/Gulf of Aden Situation Updates
- Customer Advisory about Red Sea situation

Contact us to learn how Maersk can help maintain a resilient supply chain

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