



Asia Pacific Market Update July / August 2021

As the traditional peak season for the logistics industry approaches, it feels that the current market has been a continuation of the 2020 peak season. In our July/ August issue, we will share our perspective on the latest market trends, challenges, and give insight on how Hamburg Süd aims to provide solutions.

While global demand for logistics services remains strong, the impact of COVID-19 is still causing 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.

- Demand: High household savings in the US and Europe should support consumer demand. As vaccination numbers rise and lock-downs ease, more people are likely to travel, leading to more balanced spending on tourism and lifestyle related services. Nonetheless, it is likely that inventory replenishment will support demand until at least the end of 2021. The COVID-19 variants also add another level of uncertainty.
- Supply: Equipment shortages and capacity constraints will continue to be an industry-wide challenge. There is little visibility on when improvements are expected, despite significant investment in additional equipment.

We are excited to offer a new Hamburg Süd product: Value Protect.

In May, Hamburg Süd announced the implementation of Value Protect, which allows our customers to protect the value of their cargo against logistics risks during the journey with Hamburg Süd. The product provides alternative carriage terms and offers higher recovery limits for damage claims. We have recently extended coverage to include more reefer commodities. Our local Sales teams are happy to discuss in more detail which package will make sense for your cargo.

We anticipate worsening delays in Europe and increasing Empty equipment stock in North America. For Asia this means tightened equipment supply and scheduling delays.

Unprecedented port congestion because of rapidly increased demand and the impact of COVID-19 mitigation measures, has generated extensive delays on the services from Asia to North Europe. The accumulated delays have led to more than seven days for vessel schedules in addition to slower corresponding truck and rail service connections. **The slower return of vessels to Asia delays imports, future schedule rotations and the supply of empty containers.** As part of the Maersk group, Hamburg Süd's equipment supply in Asia relies heavily on empty container return from Europe and North America.

As contingency to the operational disruptions in South China (refer to our June market update), the sliding of several sailings led to an accumulation of empty containers in North America. Initially volume reduced and there was temporary relief in equipment availability. With increasing congestion again, the result has been limited chassis availability for exporters and underutilized empty repositioning to Asia. To help combat shortages, 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 to return empty containers promptly, particularly in the Pacific Southwest.

Ocean Update

We expect strong export demand from Asia Pacific to continue and 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.

Hamburg Süd Trade Lane market overview

Trade	Comments
Asia to Latin America	<p>Vessels operations are significantly delayed. We are implementing structural schedule changes to improve future reliability.</p> <p>- To East Coast South America, our ASIA 1 service will drop the calls in Yantian and the Sepetiba East Bound to increase buffer and mitigate delays from current congestion. We still offer coverage through transshipment.</p> <p>Due to COVID-19 measures, a vessel has had to undergo 21 days of mandatory quarantine in Hong Kong. We have implemented contingencies over the next few sailings from Asia to get the service back on schedule.</p> <p>- To West Coast South America, we have added another vessel into our pendulum ASPA 2 and 3 service; we expect the additional buffer to improve schedule reliability over the next few months.</p>
Asia to Oceania	<p>Delays are expected to continue largely because of operational disruption in Australia and the suspension of berth windows and port congestion in Auckland.</p>
Asia to North America	<p>Port congestion has led to missed sailings and capacity losses. We have launched the UPAS X Transpacific West Coast service and the ASUS 20 Transpacific East Coast service. We are also reshuffling equipment pools across ports to tackle equipment shortages.</p>
Asia Import	<p>Congestion in destination is leading to rollovers, notably in services from Europe and East Coast South America. There will be nine port call omissions in Tauranga in August / September. We encourage customers to place bookings early to secure space and equipment.</p>
Australia & New Zealand Export	<p>High demand coupled with low schedule reliability is causing costal bottlenecks. There is continued industrial action in Australia and arrival delays of up to 8 days in Sydney. For Auckland-bound imports, the preferred routing is via Tauranga and by rail to Metroport. We concentrated our key service calls in Tauranga as the main port of entry to the North Island.</p>



Vessel Waiting Time Indicator

	 < 1 Day	 1-3 Days	 > 3 Days
Asia Pacific	Qingdao, Xiamen, Yantian, Tanjung Pelepas	Busan, Shanghai, Ningbo, Nansha, Shekou, Hong Kong, Singapore, Sydney	Napier, Auckland
Others	Mobile	Savannah, Houston, New York	Haifa, Long Beach, Los Angeles, Oakland, Vancouver,

**The colors refer to indicators of vessel waiting time*
** Vessel waiting time: green (<1 day); yellow (1 day < waiting time < 3 days); red (>3 days)*

Below the latest equipment status for main loading ports in Asia Pacific.

Country	20' DC	40' DC	40' HC	40' NOR
China				
Japan				
Korea				
Vietnam				
Cambodia				
Thailand				
Malaysia				
Singapore				
Indonesia				
Philippines				
Australia				
New Zealand				

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



Landside Transportation Update

Availability, scheduling and capacity are all impacted by trucker shortages and congestion across Asia. Hamburg Süd continues to introduce extra services and local, specific solutions to reduce delays.

Greater China (Mainland China, Hong Kong and Taiwan)

Seasonal demand for inland and China intercontinental rail transportation will increase. We have launched our first dry port in Huzhou, Zhejiang province, with direct connections to Ningbo to help customers overcome supply chain uncertainties.

For Inland Delivery, cargo operations in 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. Hamburg Süd'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.

In Korea, the PNC terminal is strictly controlling export container acceptance due to high yard density. Containers are only allowed to gate-in 72 hours prior to ETD as of July 30th.

Vietnam

There is port congestion in Vietnam due to the 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. Situation in Cat Lai Terminal is still under control.

For cargo drop off at ICDs and barge to Cai Mephas no issue. Hamburg Süd 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.

Thailand, Singapore and Malaysia

Both Thailand and Malaysia have implemented COVID restrictions; thus, there will be some impact to landside movements.

In Malaysia, shipment of nonessential goods from factories for import and export purposes is limited to 08:00-20:00 on Mondays, Wednesdays, and Fridays. Airport, logistics and port services remain operational. The authorities can provide approval for essential businesses to continue operating with 60% of employees on site. Landside operations has been the biggest challenge in supply chains; long queues at the borders has highlighted the importance of reliable chains during crises.

Indonesia and Philippines

The Philippine Port Authority has announced a 10% rise in cargo-handling tariffs in major Manila ports.

In Indonesia, the government has implemented emergency measures to control COVID-19. PPKM (movement restriction) was extended until August 2nd and added 19 states in addition to Java and Bali island. Due to a recent customs system breakdown in July, there were long queues, causing congestion. The situation has since returned to normal; however, the terminal is still rejecting empty equipment repositioning to give priority to laden units. The implementation of a Transport Management System for trucks has reached 80%, which has helped customers plan shipments more efficiently.

Did you find this market update useful?

We hope to provide monthly updates through these times of uncertainty.

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