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MARKET INSIGHTS

Global Logistics Update

December 20, 2021

State of Global Trade

Market Expectations, Space, Volume, and Rates

Demand continues to rise in December, as importers renew efforts to restock depleted inventories. Capacity remains tight across all modes of transport, and rates are rising globally. Asian export hubs continue to face a growing shortage of equipment as the holiday rush places more equipment out of position. Supply chain disruptions have caused lead times to double, and, in some cases, triple.

Shippers anticipating the market to rebalance may be waiting a bit longer. Logistics experts are not forecasting relief any time soon, and, are instead, warning that shippers should expect challenging conditions in January, with only minor rate decreases, if any. While consumer spending seems to have declined this holiday season and we might see a leveling off due to inflation, supply chain constraints are expected to remain in place until Q3'22 due to chronic port/airport congestion, severe backlogs, and the on-going equipment and labor shortages. These constraints will hinder any significant decline in rates. Our advice to shippers is to plan for worst-case scenarios, buy months in advance, and build up inventory, if you have the means to do so.

Impacts of COVID-19

Recent COVID outbreaks in China's Zhenjiang province, one of the country's main manufacturing hubs, have prompted multiple factory closures, including battery, textile, and pharmaceutical manufacturers. Further supply chain disruptions are expected and are likely to increase pressure on rates.

COVID-19 restrictions in Indonesia continue to impact manufacturing output, and production lead times continue to deteriorate amid supplier shortages.

Upcoming Global Holidays / Events

Holiday	Date(s) Observed
Christmas	December 25, 2021
Kwanzaa	December 26, 2021 – January 1, 2022
Boxing Day	December 26, 2021
New Year's Day	January 1, 2022
Chinese New Year	January 21 – February 6, 2022
Beijing Winter Olympics	February 4 – February 20, 2022

Other Noteworthy News

- Congress is likely to amend the Section 321 *de minimis* provision in January due to attempts by Chinese manufacturers to bypass Section 301 tariffs by sending goods directly to consumers
  - Proposed changes include:
    - Reducing *de minimis* from $800 to $7 (in line with China's *de minimis* levels);
    - Designating eCommerce shippers as the Importer of Record (IOR);
    - Denying entry of Section 321 products that are subject to Section 301 tariffs or other trade sanctions; and/or
    - barring the use of Section 321 for all eCommerce shipments
- CBP will be modernizing the ACE Portal over multiple phases in 2022
  - Phase 1 will be deployed on January 22, 2022
- Cargo theft is on the rise as thieves take advantage of idled shipments
  - According to CargoNet, thieves in California stole more than $5 million worth of goods in Q3'21, 42% higher than a year ago

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State of Global Trade
(Cont'd)

Announcements

- Beijing is asking factories to remain open during Chinese New Year, which falls at the same time as the Beijing Winter Olympics; as a result, we are unlikely to see a slowdown in the market
- The Commerce Department is scheduled to deploy a new feature in January 2022 which will automatically warn filers if they are exporting a controlled item without a license
- Belarus will stop importing certain foods from countries that take "unfriendly actions" against them - including the U.S., Canada, and EU member states, beginning January 1, 2022
- U.S. announces new restrictions for Cambodia on the export, reexport, and in-country transfer of sensitive items subject to the EAR, regardless of the end user, amid concerns about Chinese influence
- The House and Senate have passed a bill (H.R. 1155) banning imports of all goods connected at any point in the supply chain to China's Xinjiang region due to the use of forced labor; the bill is now on its way to the White House
  - Companies will be able to appeal, but only if they can prove that their supply chains are free of forced labor – a task that analysts say will be nearly impossible
- The UK and Australia sign historic free trade agreement
- UK threatens to impose tariffs on certain U.S. goods unless Pres. Biden lifts sanctions imposed by former Pres. Trump; the list of goods has not yet been released
- Beginning January 1, 2022, all UK importers will be required to submit full declarations and pay all relevant tariffs on goods from the EU upon entry
- CBP issues Withhold Release Order against Malaysia's Brightway Group
  - Effective December 20, 2021, CBP will detain all disposable gloves produced by the company and their subsidiaries based on indicators of the use of forced labor

Requests for Public Comment

- Commerce is seeking public comment on exclusions and objections from the Section 232 national security adjustments on imports of steel and aluminum (due January 21, 2022)
- BIS is accepting comments on areas and priorities to expand cooperation with the EU on export control issues for dual-use and emerging technologies (due January 14, 2022)

CAPACITY EQUIPMENT RATES

Air Freight

Market Expectations, Space, Volume, and Rates

The situation on all routes remains extremely challenging. Demand continues to outpace available capacity, which remains 12% below pre-pandemic levels, and the Transpacific market continues to be the hardest hit. Increased demand in Europe for PPE and rapid test kits are keeping capacity extremely tight on the Asia-Europe lanes. Capacity on the Europe – North America tradelanes fell 7.3% in November due to the reopening of passenger travel, which added more pressure on the supply chain as capacity was eaten up by passenger luggage.

Many shippers are sending chartered cargo jets to secondary airports to avoid congestion delays to big hubs, such as Chicago, Los Angeles, New York JFK, London Heathrow, Amsterdam, and Shanghai. Severe congestion and backlogs at origin and hub points continue to cause delays.

Rates continue to rise sharply ex-China in response to demand and capacity constraints driven by unprecedented levels of disruption across all supply chains. There is currently little evidence that air freight rates will fall significantly in the new year as the airlines continue to clear backlogs and retailers restock inventories. Rates on major tradelanes ex-Vietnam continue to rise. Bangladesh is starting to see signs of recovery, with space normalizing on all routes; rates are normalizing to EU countries but remain elevated to all U.S. destinations. Cambodia is seeing increased demand, and space is very tight, with most flights fully booked.

Industry experts anticipate strong demand for air freight to continue into the new year due to continued demand for consumer goods and industrial components. Capacity will continue to be restrained as international passenger demand remains significantly depressed. The situation is further compounded by supply chain delays at major ocean shipping ports, boosting demand for air shipments. Rates are expected to remain elevated in the lead up to Chinese New Year.

Air Freight
(Cont'd)

Outlook for 2022

According to industry analysts, shippers hoping for relief in 2022 can expect to be disappointed. The shortage of capacity will remain a major issue in the first part of 2022 due to a host of factors, including increasing COVID restrictions, falling passenger numbers, and reduced belly capacity. Labor shortages and airport congestion will also continue to be major constraints. China's new passenger freighter ban will certainly reduce capacity and keep rates elevated, and there will also be a huge impact on flights in and out of Beijing once the Winter Olympics begin in early February.

The sustained demand for goods will most likely keep rates elevated. While some experts believe the current rate levels are unsustainable and will likely fall by Chinese New Year, any reduction will not be dramatic and definitely will not get to where they were pre-COVID.

Major Disruptions

- Space ex-Hong Kong to all destinations is extremely tight due to the large number of passenger flight cancellations
  - Severe backlogs have been reported in Hong Kong; transit times are at least 1-2 days longer than normal
- Hundreds of flights have been cancelled out of Hangzhou, China due to partial lockdowns imposed by Beijing
- China's ban on Lithuanian products in retaliation for warming ties with Taipei strands thousands of shipping containers at sea
- Cathay Pacific pilots are leaving the airline to find jobs at other carriers as China's COVID regulations take their toll
- A boom in personal protective equipment (PPE) and COVID rapid test kits exports from China, amid an already "super" peak season, is causing airfreight rates to skyrocket – higher than Q2'20
  - With demand outstripping available capacity, there's little chance to move anything on commercial aircraft, even on the more expensive narrowbody passenger freighters
  - We anticipate an even worse situation over the next few weeks, with a little breathing room in mid-January before the market ramps up again ahead of Chinese New Year

Announcements

- China's Civil Aviation Administration announces new cargo ban in aircraft passenger cabins, a move that will further reduce capacity and put additional pressure on freight rates
  - The new regulations also mandate that cabin seats cannot be removed to increase cargo space, and all aircraft that have removed seats are required to restore the cabins to their original configuration
  - The tightness on air cargo capacity may likely lead to part of the demand for air transport being transferred to ocean shipping, leading to a further increase in ocean rates and even less capacity
- The FAA and the European Union Aviation Safety Agency have extended their exemptions for cargo in cabins until July 2022, but not for aircraft operating in China
- Many airlines have shortened the free storage time and have implemented earlier closeouts for exports to accommodate longer throughput times

Airport Congestion

- Severe airport congestion throughout the U.S., Asia, the EU, and Brazil continues to hamper supply chains
- Ground handling crews at key hubs around the world continue to struggle with labor shortages, which is slowing cargo loading /unloading and freight deconsolidation operations
  - Concentrated volumes on giant freighters - instead of the more manageable chunks spread across multiple passenger flights - and the large numbers of cargo-only flights operated by passenger airlines have increased the workloads and exacerbated the situation
- Backlogs continue to worsen at major airports across the globe
  - The backlogs are so severe that some airlines are being forced to leave cargo on the ground in order to maintain schedules
  - Some experts anticipate the backlogs will be cleared after the holidays, but increased demand for medical products and PPE will likely have a noticeable impact on supply chains on the Asia – Europe routes

Ocean Freight

Market Expectations, Space, Volume, and Rates

CAPACITY EQUIPMENT RATES

Demand continues to grow despite the end of the peak season, and capacity remains extremely tight across all tradelanes. Carriers are expected to continue to blank sailings through the end of the year, which will further complicate the export rush from Asia. Capacity remains toughest on the reefer vessel segment, with both small and large vessels in short supply.

Schedule reliability continues to be impacted by global port congestion, especially at transshipment hubs where queues continue to grow. 90% of all containerships departing China's ports have been delayed due to the bottlenecks in destination markets. Delivery times from Asia to the U.S. West Coast are up to 22 – 24 days, a voyage that used to take 10 – 14 days. Severe port congestion at U.S. West Coast ports has led to a coastal shift of import volumes to East and Gulf Coast gateways. East and Gulf Coast ports reported a 7.9% growth in import volumes, while West Coast ports suffered a decline of 4.8%.

Spot rates are edging up across most tradelanes, and another sharp spike is expected in January ahead of Chinese New Year. Carriers are planning to roll out GRI and FAK hikes beginning on January 1 across the Transpacific and Asia-Europe routes, and, in some cases, reintroduce equipment and space guarantee premiums.

The U.S.'s biggest export this year was empty shipping containers - up 46% from 2020 figures - as carriers bypassed the loading process for U.S. exports and instead prioritized the return of empty containers to China. On December 8, Congress approved the Ocean Shipping Reform Act of 2021, which would prohibit carriers from the unfair practices of declining or cancelling export cargo bookings. The bill now goes before the Senate, where lawmakers are preparing a companion bill they say will be introduced in January.

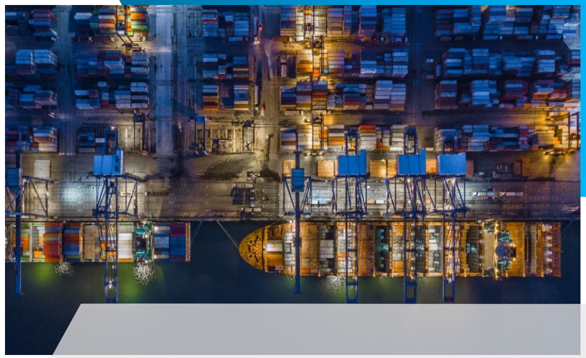
While there was some hope that the pre-Chinese New Year demand would compel carriers to keep capacity consistent, it appears that the run up to China's biggest holiday season will see less capacity than last year. The increase in operational blank sailings will likely result in severe cargo backlogs in Asia by January and February. Industry experts expect the spot rate market to remain strong, with shipping lines likely to push for further increases as demand continues to outstrip capacity. Reefer container rates are expected to skyrocket in 2022, as operators realign risk/revenue in line with inflated system costs and operational challenges.

Major Disruptions

- Oil price hikes this quarter will likely trigger bunker surcharges, beginning January 1, 2022
- Lockdowns in China's Zhejiang province have prompted multiple factory closures, including those in Ningbo, leaving many to fear the ports of Ningbo and Yantian will close again
- China has ramped up quarantine requirements for returning crews to seven weeks, adding additional delays to already strained supply chains
- Export container dwell times have soared due to delayed vessel arrivals and severe port congestion in North America, Europe, Asia, and the Middle East; on the other hand, Singapore and Hong Kong show marked decreases, while export dwell times in Chinese ports have remained roughly constant
  - Most notably were LA and Long Beach, where it took an average of 11 days for export containers to be loaded onto vessels, and Rotterdam, with an average of 6.76 days
- The Ocean Alliance has removed the Conley Container Terminal from their rotation until early January
  - Cargo destined for Boston will be re-routed to larger ports, such as New York, and transported via truck to New England
- USWC longshore labor negotiations in 2022 could further disrupt U.S. freight markets
  - With little hope a suitable contact will be struck between the ports and port workers, many industry experts predict a repeat of the operational slowdown experienced in 2015

Blank Sailings

- Carriers have cancelled over 27% of slot-capacity worldwide in December
- Over 40% of slot capacity deployed to LA/LB was cancelled in week 48, and the outlook for mid-to-late-December grows dimmer by the day
- Carriers continue to skip calls to UK's Felixstowe, Indonesia, and Sri Lanka due to severe port congestion



Ocean Freight (Cont'd)

Port Congestion – Week 50

- **North America**
  - Los Angeles / Long Beach
    - The backup of containerships hasn't let up – it's just moved farther from shore – and is continuing to worsen
      - On Tuesday, only 30 vessels were at anchor in San Pedro Bay, while 71 others were waiting for berth further out to sea, hidden from view, with reported waiting times 18-30 days
    - The move to 24/7 operations has had little effect on relieving the pileup of ships waiting to berth
  - Oakland has reported 4 vessels at anchor with another 3 drifting, while Seattle/Tacoma has 5 vessels at anchor and reported wait times of 17 days
  - Congestion at the Port of Savannah continues to improve, with 11 vessels at anchor, as "pop-up yards" help to relieve pressure
  - New York / New Jersey and Charleston each reported 4 vessels at anchor
  - The Port of Baltimore is ramping up operations to relieve backlogs at other East Coast ports
- **Asia**
  - There are currently 30 vessels waiting outside the port of Ningbo
  - Malaysia's Port Klang is still extremely congested, and continues to struggle getting exports out due to lockdowns in the region

Equipment Shortages

- Shippers continue to get squeezed by the shortage of empty containers in Asia as port congestion and blank sailings hinder the return of equipment from North America and Europe
  - India, Indonesia, Cambodia, Sri Lanka, Thailand, and Vietnam continue to be impacted the most
- In 2021, container production increased by approx. 6.5%, with the price increasing exponentially; not surprisingly many are convinced that container makers are enjoying their new advantage and see no reason to dramatically increase production
- Reefer container production is expected to reach a record high, but higher output has not resulted in improved container availability, as many carriers have deployed reefer containers to move higher paying dry cargo

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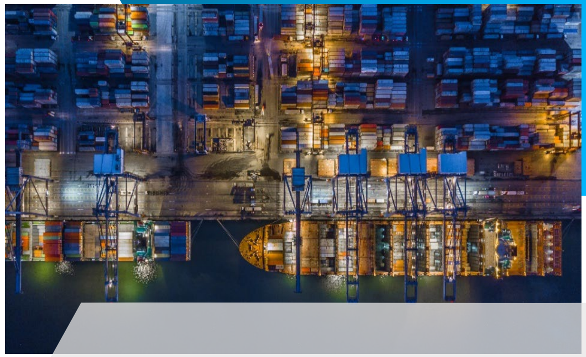
Announcements

- Maersk suspends bookings and short-term contract shipments for all exports out of Asia, restricting shippers into spot rates on their online platform
- Major Chinese ports announce increased container handling fees, beginning January 1
  - Ningbo-Zhoushan announces 10% increase
  - Guangzhou announces a 19% increase for 20' containers and a 28.5% increase for 40', which are still lower than neighboring ports of Yantian and Shekou
  - It is likely that more Chinese ports will increase their container handling fees in 2022
- Trade unions representing dockworkers in India have voted to stage an indefinite nationwide strike on December 15, claiming India's new law threatens jobs
  - A strike action could have serious repercussions on port activities and result in severe delays for supply chains dependent on goods from the country
- Los Angeles/Long Beach ports delay excess container dwell fees until December 20
- Port of New Orleans adds four new cranes to expand container-shipping business

Contract Negotiations

- Carriers are looking to fix long-term contacts at record-high rates, inline with current spot rates
  - Data published by Xenata show bids landing in the following main price brackets:
    - The lowest bids require shippers to agree to either extended contract periods or wider logistics agreements
    - Mid-range bids are the more traditional carrier offerings, albeit at much higher rates than were offered in 2021
    - The highest bids are being reserved for large freight forwarders in an effort to capture market share, although they are offering some small forwarders competitive rates
  - Xenata has stressed the importance of stability and predictability, which should be the biggest priority for shippers as they enter these tough negotiations
- Several carriers on the Asia-North Europe tradelane are declining short-term contracts before Chinese New Year, and many have been reported to be "making excuses" to stall contract negotiations until after Chinese New Year



Domestic Trucking

Market Expectations, Space, Volume, and Rates

The domestic trucking market continues at record high levels. While the Northeast and Southeast markets are experiencing more traditional seasonal levels, California and Texas markets are continuing to experience extremely high demand, tight capacity, and elevated rates.

The persistent shortage of truck drivers in West Coast ports continues to drive supply chain delays, although driver recruitment issues have eased – but only slightly. The feared mass exodus of drivers over the Biden Administration's vaccine mandates now seems unlikely, thanks to backtracking on the mandate by Labor Secretary Marty Walsh, who announced this week that truckers are exempt from the mandate.

Customers picking up imports are ports and airports are advised to book shipments as early as possible due to excess dwell times caused by severe congestion at major hubs and terminals. Trucks picking up freight as U.S. airports are also facing lengthy delays. LAX continues remain the largest concern, with dwell times of 2 days being reported.

Industry experts anticipate a tight capacity environment, supply chain constraints, and rate increases will be the likely hallmarks of 2022. Bloomberg has predicted high single-digit rate hikes in 2022 due to limited driver availability and a prolonged inventory-replenishment cycle.

Major Disruptions

- Long lines at ports and airports are causing delays, as truck drivers wait hours to pick up loads
- Some cargo out of Asia, Europe, Russia, and Turkey is being diverted to long-haul truck as an alternative to heavily congested ocean and air transport
- New restrictions have been placed on trucking in China's Zhejiang province due to a recent outbreak of COVID cases
  - Ningbo has also tightened restrictions on truck drivers entering the port, which will likely cause delays in the transport of import and export containers
- The upcoming Beijing Winter Olympics is expected to greatly impact cargo movements
  - As with any major event in China, truck movements will be severely limited and dangerous goods transports will not be allowed
- Germany's COVID protocols have severely affected sea-inland traffic

CAPACITY | EQUIPMENT | RATES

- UK container hauliers are leaving the industry in droves for Amazon, who is paying more than double what they get from container work
  - Many fleets have increased wages in an effort to retain drivers, but still not even close to what Amazon is willing to pay for drivers
- Canada's vaccine mandate for truckers could lead to a mass exodus and cause severe supply chain issues

Equipment Shortages

- Equipment purchasing for truckload carriers will remain below normal levels in 2202 due to the on-going semiconductor and parts shortages
  - Fleets are signaling the need for considerably more trailers in 2022 to relieve some of the pressures in capacity and to handle the freight growth
  - Delays in new truck deliveries will result in fleets holding onto trade-ins longer, which will drive costs of service higher
    - The part shortages are likely to result in even more reduced capacity
  - Industry expects predict some return to normalcy by Q3'22, which is way too late to have any real impact in terms of additional capacity
- The lack of chassis continues unabated, with supply expected to fall short until Q3'22
  - Chassis availability issues continue to be most severe in LA/LB, New York, and Philadelphia terminals

Announcements

- Central Freight Lines to shut down after 96 years, leaving shippers to scramble to find capacity amid a tight market
  - The LTL carrier has ceased picking up new shipments and expects to deliver all freight in its system by December 20

Rail

Market Expectations, Space, Volume, and Rates

There has been a strong shift in rail container volumes over the past few months, an indication that shippers are finding it easier to move freight via rail. In Los Angeles, demand for rail services increased 3% over the past month, as shippers convert back to rail as truckload costs rise. Overall, demand for contracted rail freight has fallen to the lowest level this year. Tender rejection rates have not fallen in line with the reduction in demand, as backlogs in Los Angeles keep space tight.

Volumes will remain strong through year-end and continue into Q1'22. Industry analysts expect improved consistency on service due to better network management and increased fluidity.

Across Asia, Europe, Russia, and Turkey, demand continues to rise as cargo is diverted to freight rail as an alternative to heavily congested ocean and air transport.

Intermodal spot rates, including fuel, have fallen slightly from Los Angeles to Chicago and are currently showing an 18% savings over dry van spot rates. The price differential will likely pull shippers back to the rails, especially for shippers with less urgency to move their goods.

Transportation volumes from Asia to Europe are high, but prices are competitive.

Equipment Shortages

- The lack of chassis continues unabated, with supply expected to fall short of demand until Q3'22
- Chassis shortages continue to cause extended delays in Los Angeles, Long Beach, Philadelphia, Charleston, Houston, Chicago, and Santa Teresa

CAPACITY | EQUIPMENT | RATES

Announcements

- New York's Port Elizabeth Terminal opens new intermodal link to the U.S. Midwest and Canada, with four daily inland departures
- The Port of Baltimore recently embarked on a $466M project to expand a rail tunnel to allow for double-stacked trains, adding capacity for 160,0000 boxes a year
  - The project is expected to take 2 years to complete
- Rail unions ask courts to force BNSF, NS, and UP to negotiate vaccine mandate, arguing the employment action will only exacerbate the supply chain crisis
- China-Loas high-speed railway opens for freight traffic

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Asia to U.S.

Market Expectations, Space, Volume, and Rates

Demand continues to climb on the Transpacific lane. Space remains extremely tight out of China, Hong Kong, Bangladesh, Cambodia, Indonesia, India, Sri Lanka, and Vietnam across all modes of transport, with Indonesia and India hardest hit.

Severe congestion at transshipment ports is likely to cause roll overs, adding delays of 3-4 weeks.

Backlogs in China, Indonesia, India, and Sri Lanka are getting worse and continue to impact schedule reliability. Schedule reliability across all modes of transport continues to be an issue due to global port congestion. Rollovers are likely ex-Vietnam and ex-Indonesia to all destinations.

Air freight rates have increased sharply, especially out of Hong Kong and Indonesia. The airlines have stopped offering rates with long validity, and final rates are subject to space availability upon booking. Pure freighter charter rates have risen to an all-time high, after rising dramatically in Week 49.

Container rates were buoyed last week by a renewed push to restock retail inventories, and premium rates increased this week as carriers levied General Rate increases. Although FAK and premium ocean rates have risen throughout December, co-load rates have stalled in recent weeks.

Space will likely remain constricted through Chinese New Year, as Asia works to clear through the congestion and backlogs for both air and ocean freight. Another sharp spike in rates is expected in January ahead of Chinese New Year, as demand continues to outstrip capacity.

CAPACITY EQUIPMENT RATES

- Cambodia continues to experience equipment shortages and serious delays, and space is extremely tight; shippers are advised to book 4 weeks in advance to secure space
- The situation in Hong Kong has reached critical levels and several carriers have stopped all bookings, even on diamond tier
- In Indonesia, the market remains extremely tight, with all carriers reporting “Full and Subject to Rolling”; While demand remains strong, the supply side continues to be disrupted by the ongoing pandemic and related closures
- India continues to experience severe space issues to all destination
- Spaces remains extremely tight out of Sri Lanka; backlogs, port congestion, and omitted port calls continue to wreak havoc
- Space is extremely limited on voyages from Vietnam; shipments booked on sport rates are subject to rollover; carriers are accepting extremely high premiums in order to guarantee space; schedule reliability has been severely impacted, and shippers should expect delays of ~2 weeks

Major Disruptions

- Sailing delays are becoming the new normal due to ongoing global port congestion
- Backlogs at origin and hubs are likely to cause delays
- Space remains extremely limited out of Bangladesh; carriers are only accepting high spots rates with premiums charges

Announcements

- MSC announces launch of new service, offering direct connection between China, Korea, Vancouver, and Seattle
- MSC to add Houston to its shifted Santana U.S. East Coast service

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Asia to Europe

Market Expectations, Space, Volume, and Rates

CAPACITY

EQUIPMENT

RATES

The situation from Asia to Europe remains largely unchanged. Space remains extremely tight out of China, Hong Kong Bangladesh, Cambodia, Indonesia, India, Sri Lanka, and Vietnam across all modes of transport. Vessel delays and port congestion at both origin and destination continue to restrict capacity. Port omissions and blank sailings are further disrupting the supply chain. China’s zero tolerance COIVD strategy remains a drag on supply chains. Exports from Europe to Asia have been severely disrupted by omitted port calls.

Ocean freight rates continue to rise, especially out of Hong Kong, Vietnam, Sri Lanka, Thailand, and Indonesia, and most are subject to space availability at booking. Most of the FAK rates out of Hong Kong are no longer valid, and carriers are only accepting diamond tier rates. Due to increased demand out of Vietnam, Bangladesh, and Indonesia, carriers are only accepting premium rates.

Air freight rates have increased sharply. The airlines have stopped offering rates with long validity, and final rates are subject to space availability upon booking. Pure freighter charter rates have risen to an all-time high, after rising dramatically in Week 49.

Announcements

- Cathay-Pacific has announced a reduction in the number of flights to Europe due to quarantine measures and supply chain restrictions
- Air France cancels all flights, including freighters, from Charles de Gaulle to Hong Kong until March 26, 2022, due to strict COVID restrictions
- British Airways has temporarily suspended all flights to Hong Kong
- Maersk and MSC have announced they will reduce the number of North European port calls by consolidating the Felixstowe and Rotterdam calls between AE1 and AE55 services in an effort to “mitigate the full disruption across the network”
  - While the measure will result in fewer calls to North Europe, scheduled ports stays will be extended to accommodate the increased discharge and load exchange

Major Disruptions

- Ocean carriers skipped 383 port calls to Northern and Central Europe in the second half of 2021 in order to avoid or make up for delays and restore schedule reliability, representing nearly a quarter of all scheduled calls
- Maersk and MSC have extended the omission of Felixstowe on the AE7/Condor loop until March
  - MSC’s boxes will be landed at Antwerp and feedered to Felixstowe
- Hapag-Lloyd will begin omitting calls to several ports in Japan starting in January
- ONE is still not offering services to Australia
- The situation in Hong Kong has reached critical levels and several carriers have stopped all bookings, even on diamond tier
- Space remains extremely limited out of Bangladesh; carriers are only accepting high spots rates with premiums charges
- Cambodia continues to experience equipment shortages and serious delays, and space is extremely tight; shippers are advised to book 4 weeks in advance to secure space
- In Indonesia, the market remains extremely tight, with all carriers reporting “Full and Subject to Rolling”
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Europe to the Americas

Market Expectations, Space, Volume, and Rates

Exports from Europe to North America continue to be challenging due to ongoing port congestion, severe service delays, and capacity and equipment shortages, with reefer containers in scarce supply.

Reduced air freight capacity from Europe to major destinations, such as Chicago, New York, Los Angeles, and San Francisco, has pushed up rates. Ocean freight rates continue to run high.

Major Disruptions

- Significant delays have been reported ex-Germany as the country faces it's fourth wave of the COVID infections
  - Staffing shortages and COVID protocols further hinder port/airport operations
- Delays continue at the Port of Vancouver as they continue to recovery after last month's devastating flood
- Mexican ports, including Lazaro Cardenas and Manzanillo, are experiencing delays due to personnel shortages
- Severe congestion continues to plague Guarulhos (GRU) and Viracopos (VCP) airports in Brazil; delays of 5-10 day should be expected

Announcements

- Hapag-Lloyd reinstates Savannah on the Atlantic Loop 3 service between North Europe and U.S.

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Mexico and South America

Space remains very tight to Mexico and other South American ports, although the ocean freight situation in Mexico has improved slightly.

Air capacity is gradually increasing to Brazil as airlines continue to offer more passenger flights.

Rates have risen across all modes of transport.

We expect rates to remain stable at current levels through Q1'2022.

Happy Holidays!

Wishing you a joyous holiday season and a Happy New Year

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Thank You

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