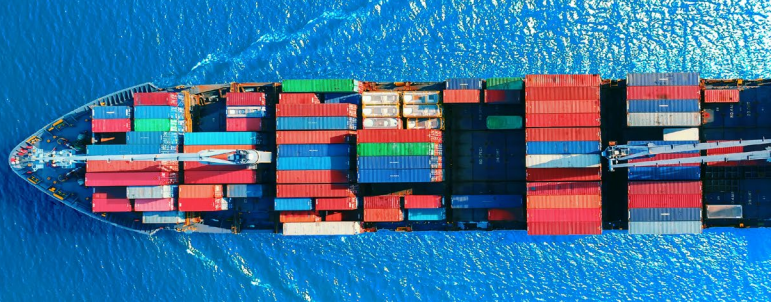


Sea Freight News

February 2023



The Party's Over for the Shipping Lines

The lunar new year has come and gone, with little in the way of shipping activity coming out of Asia, as is typical for this time of year. Factories, which are rumbling back to life, are expected to be back in full swing by March, when export volumes are expected to tick up again. Recent reports from China have indicated that the COVID surge may have peaked at the end of December, and container lines are expecting demand to bounce back. Volumes out of Oceania and India remain at or slightly below pre-pandemic levels as inflationary pressures alter consumer spending habits. Meanwhile, the westbound Transatlantic and Asia-Mediterranean trades remains isolated from the developments seen on the larger East-West trades.

The drop in demand for goods out of Asia has continued to reduce global port congestion, with many major ports now back to pre-COVID levels. The remaining queues in China and Asian transshipment hubs are expected to fully clear by the end of Q1.

Overall schedule reliability continues to improve, with 56.6% of vessels arriving on time. The Asia – Oceania trade recorded the lowest reliability score (31.8%), while the South America – Mediterranean registered the best performance (80.2%). Performance on the Transpacific and Transatlantic improved slightly, up to 40.6% and 37.8% respectively. Provided there are no black swan events in the coming weeks, schedule reliability is expected to return to normal by the end of the first quarter.

As Hapag Lloyd's CEO recently put it, 'the party is over for container shipping,' with carriers now fighting for every box to fill their vessels. With average spot rates across the major trades leveling off - many collapsing back to pre-COVID levels - the tables have turned, and shippers are back in the driver's seat. Modest declines are expected to continue into March across major East-West trades, although the South Asia-Mediterranean market will likely remain stable.

Looking ahead, Evergreen's chairman Chang Yen-I said that the shipping industry now faces three challenges: the slowdown of the global economy/international trade, the fall in container rates, and the large number of new vessels scheduled for delivery this year. The overcapacity, he warned, could spark a rate war among the liners.

KEY DEVELOPMENTS

Supply: Lower than expected capacity discipline and unwinding congestion off ports worldwide have kept capacity in an oversupply.

Demand: Overall demand remain softs, especially out of Asia, with volumes at or below pre-pandemic levels.

Equipment: Container availability continues to improve at most major origins, with the exception of India, where the high number of blank sailings has led to equipment issues. Chassis shortages remain persistent in certain markets, including Memphis, Savannah, Detroit, Houston, LA/Long Beach, Charleston, and New York.

Blank Sailings: Carriers have cancelled 96 voyages, representing a 14% cancellation rate, between weeks 6 - 10. During this time, 62% of the blank sailings will occur in the Transpacific Eastbound, 29% on Asia-North Europe and Med, and 9% on the Transatlantic Westbound trade.

Additional capacity adjustments are likely to be announced in the coming weeks.



Upcoming Holidays

Holiday	Country	Date Observed
Foundation Day	Japan	February 11
Ascension Day	Indonesia	February 18
President's Day	U.S.	February 20
Shrove Day	Brazil	February 21

For a more comprehensive list of holidays, please click [here](#).

Rotation Changes

- **ZIM announces major restructuring of its Asia-U.S. East Coast (ZXB) service**
 - Jakarta • Laem Chabang • Cai Mep • Haiphong • Yantian • Kaohsiung • Panama Canal • Kingston • Baltimore • Norfolk • New York • Boston • Suez Canal
- **ZIM launches new Colibri Xpress (ZCX) service from South America West Coast to U.S. East Coast**
 - San Antonio (Chile) • Callao (Peru) • Guayaquil (Ecuador) • Cartagena (Colombia) • Kingston (Jamaica) • Philadelphia • Miami • Kingston (Jamaica) • Buenaventura (Colombia)



Market Outlook

Market	Trade Lane	Capacity	Demand	Rates	Origin Performance		
					Equipment	Reliability	Congestion
Asia	China – North America	➡	⬇	➡	●	●	●
	China – Europe	➡	⬇	➡	●	●	●
	South Asia – North America	➡	⬇	➡	●	●	●
	South Asia – Europe	⬆	⬇	➡	●	●	●
North America	North America – China	⬆	⬆	⬆	●	●	●
	North America – South Asia	⬆	⬇	⬇	●	●	●
	North America – Europe	⬆	➡	⬇	●	●	●
	North America – Oceania	➡	➡	➡	●	●	●
Europe	Europe – North America	⬆	➡	⬇	●	●	●
	Europe – China	➡	⬆	➡	●	●	●
	Europe – South Asia	➡	⬇	➡	●	●	●
	Europe – Oceania	➡	➡	⬇	●	●	●

Major Disruptions

- Sadly, a massive 7.8 earthquake struck southern Turkey near the Syrian border in the early hours of February 6, followed by a 7.5 aftershock
 - Significant damage has been reported around the epicenter in Pazarcik, Kahramanmaras, with logistics and transport infrastructure severely impacted
 - Due to severe structural damage at Iskenderun Port, all operations have stopped until further notice, with inbound cargos diverted to nearby hubs
 - While no damage has been reported at Mersin Port, the workforce is severely limited, and many carriers have closed down operations
 - In response, Maersk has announced all booking cancellations, amendments, and changes of destination for shipments bound to Iskenderun and Mersin will be free of charge through the end of February
 - Our prayers go out to those effected by the disaster
- Pension strike in France are impacting gate in and gate out operations at ports across the country
 - Truck appointment shortages are likely to lead to extra costs, including temporary storage outside the port

Announcements

- **Maersk** to retire the **Hamburg Sud**, **Senator**, **Sealand**, and **LF Logistics** brands to unify Maersk's structure, timeline not yet announced
 - All existing contracts and terms with these brands will be honored during the transition, Maersk said
- **CMA CGM** announced a Peak Season Surcharge for all cargos on the Transatlantic trade
- **SeaLead** has suspended its Far East - U.S. West Coast service due to declining demand; their U.S. East Coast service is also in jeopardy
- **Hapag Lloyd** to close its China – Singapore – North Europe (CGX) service
- ATA celebrates **victory** in chassis choice case after judge ruled that shipping lines violated the Ocean Shipping Reform Act 2022 when it required operators to use specific chassis providers, often at unreasonable prices
 - Following the ruling, motor carriers in Chicago, Memphis, LA/Long Beach, and Savannah will be able to choose their own provider when leasing equipment, which reduce delays and cut costs for the carriers and their customers



Thank You

Please note the information contained in this publications is compiled from a variety of sources - including trade publications, local media outlets, federal agencies, and partner agents - and is based upon information available at the time of writing. This information is provided to our valued clients for informational purposes only, and we do not accept liability or responsibility for reliance on the information contained herein.

www.oceanair.net



OCEANAIR, Inc.
186A Lee Burbank Highway
Revere, MA 02151



Phone
781.286.2700



Email
solutions@oceanair.net