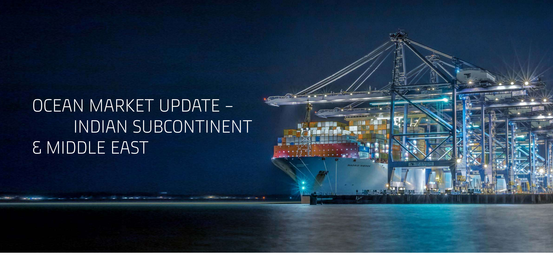
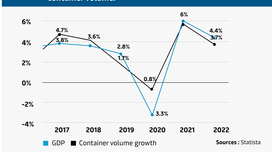


OCEAN MARKET UPDATE – INDIAN SUBCONTINENT & MIDDLE EAST

Rising Covid-19 cases in China, largescale fuel stockouts in Sri Lanka, and developments in Europe, amongst other global supply chain disruptions, have had an increasing impact on shipping volumes in Quarter 1 of 2022 and have exacerbated port congestion across the world. Demand remains incredibly strong, which continues to put increased pressure on the global supply chains as capacity is still tied up outside ports in the US, Europe and Asia.

Global container volumes 1000 FFE

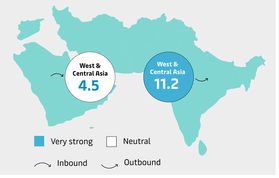
Year-on-year (YoY) change in GDP and global container volume.



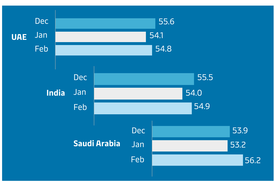
Sources : Statista

Despite the disruptions witnessed across various regions, the overall global container trade market has been stable over the last two years.

FY 2021 YoY market growth by trade (%)



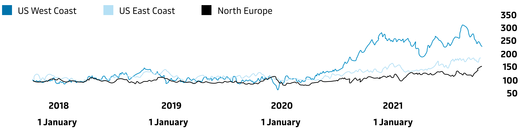
Purchasing Manager's Index (PMI)



Globally, the operational environment remains challenging, with the main bottlenecks in the US, Europe and Asia. The spread of Omicron has reduced the workforce by 10-15% in Northern Europe, and we can also see an impact due to the worsening weather conditions in the region and the ongoing situation in Eastern Europe.

The US witnessed a workforce reduction of up to 20%-25% across functions in terminals, warehouses, trucking and others leading to continued high waiting times outside US ports with no improvement seen in Los Angeles nor Long Beach and the outlook worsening in Norfolk, Charleston and Houston.

Port congestions



As a result of the rise in Covid-19 cases in China, the country has enacted stricter border controls, extensive testing and lockdowns, which could lead to an increase in delays in the movement of freight through the region. Low truck driver capacity could impact both vessel and air freight, resulting in longer delivery time and a possible rise in transport prices.

The economic crisis in Sri Lanka has also led to a buildup of containers in Colombo Port due to major truckload service disruptions. Furthermore, the sharp decline of the Sri Lankan Rupee against the US Dollar has contributed to the tightening of the foreign exchange market, further disrupting the movement of cargo between Indian ports and Sri Lankan terminals.

Port wait times

Area	Less than 2 days	3-5 days	More than 5 days
Indian Subcontinent & Middle East	Colombo, Chittagong, Salalah, Jebel Ali, Nhava Sheva, Mundra, Jeddah & Port Qasim		
Rest of the world	Newark, Savannah, Rotterdam, Bremerhaven, Algeciras, Xiamen, Busan, Qingdao, Tanjung Pelepas, Singapore	Oakland, Antwerp, Hamburg, Felixstowe, London Gateway, Durban, Port Klang, Sydney	Norfolk, Houston, Charleston, Long Beach, Vancouver, Seattle, Cape Town, Auckland

Equipment availability remains challenging in certain pockets, and the shortage is expected to continue for the foreseeable future across many locations throughout the region as the number of factors impacting our ability to reposition them continues.

What we're doing

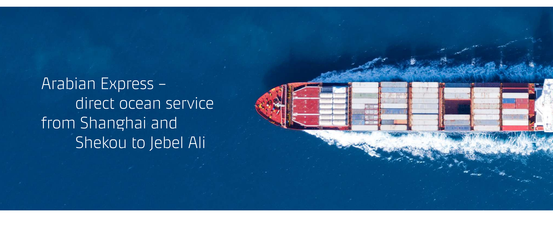
To ensure greater predictability and reliability, we have increased capacity for equipment and vessels, and significant effort is being made to prioritise contracted volumes — long-term contracts now represent 65% of all signings, up from 50% a year ago.

6.4% Increase in global capacity.

3.6% Increase in global loaded volumes.

Additional global capacity of 6.4% added in 2021 resulted in an increase in loaded volumes of 3.6% as compared to 2020. We've also been expanding our overall fleet and, as of Q1 2022, we have 13 vessels in the new building programme.

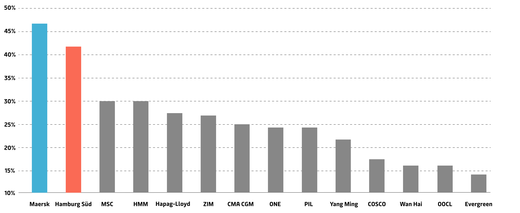
In the Indian Subcontinent and the Middle East, we have been closely monitoring supply chain disruptions and taking steps to mitigate any impact on our customers. In December 2021, we launched a new direct vessel service from Far East Asia to the Middle East to insulate our customers in the region against capacity bottlenecks in Tanjung Pelepas, Malaysia.



Arabian Express – direct ocean service from Shanghai and Shekou to Jebel Ali

Our overall utilisation in 2021 remained high at 94.5%, and despite port congestions and network disruptions, our schedule reliability is still above the industry average. According to the latest Sea-Intelligence Global Liner Performance Report in February 2022, Maersk delivered an on-time performance of 46.9% in January 2022 compared to an industry average of 30.9%.

Global Top 14 carrier ranking - Jan 2022



Source: Sea-Intelligence - GLP report - Jan 2022

The Indian Subcontinent and the Middle East region witnessed the impact of port congestions in Europe as schedule reliability on this route dipped in January 2022. The region also recorded an increase in schedule reliability for exports from the Middle East to Asia and imports from Asia to the Indian Subcontinent.

Schedule Reliability: Indian Subcontinent & Middle East		
Trade Lanes	**Imports**	**Exports**
Middle East - Asia	↓ 0.4%	↓ 2.1%
Middle East - Europe	↓ 7.6%	↑ 3.1%
Indian Subcontinent - Asia	↑ 3.6%	↓ 0.6%
Indian Subcontinent - Europe	↓ 8.0%	↓ 6.6%

In light of the ongoing state of affairs in Ukraine and Russia, we at A.P. Moller – Maersk are keeping a close eye on the ever-evolving situation and have designed options for impacted customers to handle their cargo. For more information, please click here:
Russia / Ukraine update | Maersk

We are also beginning to see the effect on global supply chain flows — delays and detention of cargo by customs authorities across various transshipment hubs. This has led to unpredictable operational impacts. However, our efforts to mitigate the effects of these challenges continue unhindered. Maersk services across the globe have gone all out to ensure the efficient and timely delivery of your cargo.