



Optimising connections in an improving global economy

There are signs of a global recovery. Make the most of this window with our latest Asia-Pacific Market Update.

The Russia-Ukraine situation continues to create uncertainty for the global economy as the conflict enters its fourth month. Concerns over food and energy supplies, combined with rising prices are weighing on European sentiment. Many other global markets continue to show robust demand levels at this time.

Responding to supply chain challenges Maersk has launched a new rail-sea service between Asia and Europe through Central Asia. Departing from various locations in China, the service connects Europe via Kazakhstan, Azerbaijan, Georgia, and Romania in about 40 days. In China, the logistics situation is showing signs of improvement even as the world's major commercial centers such as Shanghai continue to fight to contain COVID-19 outbreaks. While the shortage of trucking capacity means customers are facing delay in cargo shipments, the pick-up of import cargoes has recovered to around 75% of pre-lockdown levels. Vessel waiting times are minimal, typically less than 1-2 days. As lockdown restrictions are lifted, we could see a major volume rebound.

This month, we share the latest trends and current challenges. We also explain Maersk's latest solutions to help you keep cargo moving. If there are new topics you would like to talk about, please let us know via our survey [here](#).

Market Trends

Global economic growth slowed in Q1 led by a contraction in the US, surging inflation in many economies and the on-going negative impact from COVID-19 related lockdowns, particularly in Asia. This was partly balanced by slightly more positive readings from Europe, while economic activity in Latin America is providing some signs of resilience. Global economy is expected to grow at a slower pace than previous forecasts as uncertainty from the Russia/Ukraine conflict adds to the previously mentioned factors.

Within this outlook, global container demand is forecasted to sit between -1% and +1% in 2022. Higher energy prices, lower consumer demand and volatile financial markets will also impact trade flows globally, in addition to the impact of the crisis in Ukraine. That came after global container trade volumes declined by 0.9% year-on-year in Q1 2022 although compared with pre-pandemic levels average growth was 2.4% (CAGR) compared with Q1 2019. Outbound volumes from North America, the Far East and Oceania saw the biggest falls in Q1, dropping by 12.8%, 10.3% and 8.7% respectively. But intra-Asia volumes grew 4.3% and inbound volumes to North America rose 3.3% in Q1.

The containership orderbook has risen sharply and currently stands at around 26% of the existing fleet at the end of Q1 2022, the highest level since 2012, according to data from Alphaliner. But conversely the volume of new vessel orders dropped sharply in Q1 2022, Alphaliner data showed.

Trending Topic

US West Coast labor talks: Negotiations between the International Longshore and Warehouse Union and the employers' group, the Pacific Maritime Association (PMA) started on May 10. The labor agreement for all 22,000 workers employed at 29 US West Coast ports expires 1 July. Both sides are confident an agreement will be reached, though industry reporting reflects uncertainty as to what may be in store. US Labor Secretary Marty Walsh expressed optimism a deal will be reached after consulting with multiple parties in the negotiations and said he is ready to get involved as needed. The PMA and the ILWU said in a [join press release](#) that "they expect cargo to keep moving until an agreement is reached". The PMA has created a webpage for posting [contract negotiation update](#).

Maersk's GCA (Great China Aare) CHB (Customs House Brokerage) management system Genesis will go live and open to customers very soon following testing. Genesis will allow declaration data exchange, automate clearance status updates and provide analysis including customs inspection reports to help customers optimize operations and reduce cost.

A standard system function could look like this:



**System standard
function**

- Online entrustment
- Order receiving
- CHB data input
- CHB data check
- CHB data submission
- CHB data tracking
- CHB data statistics
- Goods data management
- CHB compliance analysis

To find out more about 'Genesis', please contact the GCA(Great China Aare) CHB(Customs House Brokerage) product team at gcachb@maersk.com.

Ocean Update



Anne-Sophie Zerlang Karlsen,
Head of Asia Pacific Ocean Customer Logistics

"We are starting to see the situation in Shanghai easing, and are preparing how we help our customers best in this new phase, where additional capacity in terms of both landside and equipment might be needed. The situation continues to be fluid, and building a muscle where we can be as flexible as our customers need us to be takes priority right now."

Key Market Outlook Across Trade Lanes

Trade	Trade Statement	The most critical destination port situation update
Asia Pacific - North Europe	Ocean networks are under severe pressure due to disrupted operations in European ports. Our vessels are incurring delays in North Europe, which affect the schedule back to Asia Pacific. In case of missing sailings, we do our best to accommodate cargo on other strings in our network and deploy additional vessels when necessary.	<p>Rotterdam and Bremerhaven are the most severely congested NEU ports.</p> <p>This is due to the vast and continuous operational disruptions, causing extensive waiting times for vessels.</p> <p>Our teams are closely monitoring the circumstances in the terminals and we are exploring nearby facilities that speed up cargo delivery/pick-up.</p> <p>In case our customers' cargo is affected, the respective Customer Experience representatives will be in touch to discuss alternative plans.</p>

Asia Pacific - Mediterranean	Demand in the Mediterranean has been positive and we forecast this to continue through summer. Ocean capacity is being challenged again due to Mediterranean port congestion and vessel delays.	Algiers/Israel/Tunisia are closed due to port constraints until further notice.
Asia Pacific - North America	<p>Overall, capacity Asia Pacific to North America is still full, although East China export volumes are impacted by new wave of COVID-19. The North American port situation is still delayed and capacity loss is expected to continue from missed sailings.</p> <p>Congestion is currently most severe in the Pacific North West ports, delaying vessels' return to Asia. At Maersk, we are working on optimizing the network setup and berth windows to bring customers a better shipping experience.</p> <p>Meanwhile, we would kindly suggest our customers prepare more lead time between ETA and actual departure time.</p>	<p>USEC ports: 3-5 days waiting.</p> <p>Los Angeles/Long Beach: 20 days waiting.</p> <p>Oakland: 11 days.</p> <p>Vancouver: increased to 35 days waiting time. Dwell time for rail departures is 12 days.</p> <p>Prince Rupert: 14 days waiting Dwell time for rail departures is 5 days.</p>
Asia Pacific - Latin America	We still encourage customers to load more from other China origins or South East Asia and North East Asia. We continue to focus on NOR (Non-Operating Reefer) Business.	
Asia Pacific - West Central Asia	We are seeing a gradual improvement in demand to India and the Middle East Sri Lanka Crisis: Political unrest and protests in the country are ongoing. Curfews have been imposed in Sri Lanka to get the situation under control.	Colombo: Terminals are operating. However, we expect operational delays given recent uncertainties.
Asia Pacific - Africa	<p>Services to Mombasa are running smoothly and Dar Es Salaam waiting time has improved.</p> <p>West Africa - demand is rapidly ramping up indicating a strong Q2. The network is quickly filling and customers are advised to discuss space requirements to best cater for their needs in the peak season.</p> <p>South Africa - demand is picking up. We welcome more NOR (Non-Operating Reefer) business to Durban and Cape Town to support the South Africa citrus season.</p>	<p>Dar Es Salaam: 2-3 days waiting time</p> <p>Tin Can: 5-7 days waiting time</p> <p>Cape Town: 2-3 days waiting time.</p>

Asia Pacific - Oceania	Overall demand has improved from the second half of May. Rebuilding schedule reliability remains one of the key focuses for Asia Pacific-Oceania trade.	
Oceania exports	<p>Cotton harvest in Australia is underway albeit delayed due to weather conditions, leading to strong demand to South East Asia Shipments to the Americas trade are strong driven by high protein exports. We expect to have reefer containers available to accommodate additional demand from customers from July onwards.</p> <p>Our airfreight and less than container load (LCL) products offer customers superior flexibility and the choice to optimize speed and cost in their supply chain. Maersk schedule reliability is significantly above market. The Southern Star, connecting Oceania with South East Asia delivered 100% reliability in March. The OC1 service connecting Oceania with East Coast America recorded a schedule reliability of 94%.</p> <p>We continue to see increased uptake of Maersk Eco product across a variety of businesses in Oceania. We have 33% of contracted customers choosing to de-carbonize their ocean transport</p> <p>>>suggest put a comment on Eco for all Asia Pacific earlier in the document and remove this one.</p>	Inclement weather in Queensland has led to Brisbane Port being impacted. Reefer equipment remains tight in Oceania with the situation likely to alleviate July onwards.
Asia Pacific imports	We have re-opened reefer acceptance to Shanghai Yangshan for arrival June 26 onwards. Vessel delays and port congestion are expected especially in Europe and North America, so on-time delivery of cargo back to Asia Pacific will be impacted.	Due to terminal warehouse upgrading and rebuilding, frozen meat and seafood imports into Shekou in South China have been suspended until further notice. We suggest customers place bookings to other nearby South China ports.

Air Update



Greater China: Airlines are starting to recover cargo flights from Shanghai mainly to North America and continental Europe.

Maersk switched its European charter flights from Wuhan to Hong Kong in May. The Liege-Hong Kong-Liege routing is expected to remain until the end of this year.

While Beijing has reported a number of COVID-19 cases in May there is no obvious impact on airline operations.

Australia and New Zealand: Airfreight shipments with China continue to be disrupted by lockdowns there. Capacity is extremely tight and best offered on spot basis. The absence of Chinese carriers is adding to capacity tightening and rate pressure. Qantas will add Trans-Tasman cargo capacity between Sydney and Auckland in Q3 although Air New Zealand will introduce smaller aircraft between Melbourne and Auckland that will keep prices high with available space on ad-hoc pricing terms. Dnata is adding a new import cargo terminal in Sydney.

Japan: Air cargo capacity is tightening between Japan and Europe because carriers are weight restricted due to the diversionary flight paths in place to avoid Russian airspace. Continuing lockdowns in Shanghai is leading to a reduction in the number of weekly freighter flights by 14 major carriers in May to a total of 229 flights.

The three main Japanese airlines increased fuel surcharges in May by about JPY40 per kg on long-haul flights and JPY10-JPY20 on Asian flights. Surcharges are expected to increase further in June.

Vietnam, Cambodia and Myanmar: For Vietnam, customers have the option of splitting large shipments across multiple flights. Lockdowns in some cities in China are leading to reduced airfreight demand from Vietnam, Cambodia and Myanmar with some airlines cancelling flights.

Inland Services Update



China: There are signs of improvement with the partial re-opening of some warehouses in Shanghai, while trucking from and to Shanghai has gradually improved. Warehouse volumes in Shanghai are around 50% of pre-pandemic levels overall till 24 May. Most of the warehouse operations in the Pudong, Fengxian and Jinshan districts partially resumed in May after workers adopted closed-loop COVID prevention measures. Truck drivers in Shanghai and other areas including Ningbo, Qingdao, Xiamen, Shenzhen and Guangzhou continue to face restrictions including the need for negative test results, a health code or local pass depending on the location. Barge services grew as an alternative to trucking to improve the efficiency. An increase in the number of confirmed cases in Taiwan is causing concern for the potential impact on warehousing operations and productivity.

ICR: The first train on our newly launched Middle Corridor service through Central Asia has arrived and a second will arrive in France shortly. The revamped service has been developed following feedback from our customers and has been launched at the perfect time to help ease current logistics woes. Over 90% of the Middle Corridor rail service is electrified.

Australia and New Zealand: The Oceania market is seeing a leveling out from recent disruptions across inland ports. Consequently, our focus will now switch to developing rail connections across the eastern seaboard – ensuring our customers have access to the connectivity which supports our integrator strategy.

Japan: Import cargo volumes from Yokohama container yard to Tokyo off-dock container yard are stable. There is still excess trucking capacity to meet demand.

Indonesia: Inland volumes are expected to rebound in June following the Eid festival. Exports of palm oil are expected to see a significant drop after the government banned exports although there were signs in mid-May the ban could be lifted. Trucking capacity is expected to be sufficient to meet demand.

Thailand: The supply of trucks is very tight due to the reduction in fuel subsidies in May which could potentially drive the price of diesel to THB35/litre. We are sending advisories to our customers increasing the Fuel Surcharge percentage as part of Inland rates.

Vietnam, Cambodia, Myanmar: Fuel prices continue to rise across all three countries. We have opened a new inland hub – SADEC in Vietnam’s Mekong Delta which can be connected by barge.

Major Ports Update

Vessel Waiting Time Indicator			
	● Less than 1 day	● 1-3 days	● More than 3 days
APA Ports	Busan, Qingdao, Dalian, Xingang, Singapore, Port Klang, Tanjung Pelepas	Yangshan(Shanghai), Waigaoqiao(Shanghai), Ningbo, Xiamen, Nansha, Yantian, Shekou, Hong Kong, Lyttleton, Auckland, Tauranga, Melbourne	Sydney, Brisbane
Rest of World	Tema, Apapa	Seattle, Newark, Norfolk, Charleston, Miami	Rotterdam, Bremerhaven, Long Beach, Los Angeles, Oakland, Vancouver, Prince Rupert, Savannah, Houston, Cotonou, Abidjan, Tin Can, Cape Town, Dar Es Salaam, Colombo

Remark: Numbers are dynamic and subject to change.

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Please do reach out to us if you have any further questions about your supply chain. We are here to navigate you through the current situation.

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