



MAERSK

Supply chain efficiency is taking centre stage in 2023

Discover more on this trend in our latest
Asia-Pacific Market Update.

While volatility remains likely throughout 2023, general forecasts are looking slightly less pessimistic than previously feared. Asia- Pacific remains the most likely candidate to lead global economic growth in 2023, and China's reopening looks to help mitigate some of the economic damages throughout Asia. Meanwhile, ocean freight rates are back to pre-pandemic levels, and port congestion continues to improve.

If there are any new topics you would like to talk about, please let us know by filling out our survey form [here](#).

Market Trends

Finally, some light at the end of the tunnel. Declining headline inflation, better than feared data points in Europe, China's re-opening, strong fiscal support, and consumer confidence off its lows has led forecasters to moderately lift the 2023 outlook.

However, some challenges do persist. Global Composite Purchasing Manager's Index (PMI) remains in contractionary territory. Additionally, wage growth continues to lag inflation, and China's re-opening will put upward pressure on energy prices.

Currently, the inventory cycle is the largest drag on trade for 2022 Q4 through 2023 H1. Our analysis indicates the cycle will bottom out in the first half of 2023, boosting trade despite weak consumer spending.

Overall, volatility is likely throughout 2023, especially as the inventory cycle matures with large swings in demand for Ocean and L&S services from Q1 through fall.

Trending Topic

Prioritizing sustainability...again

The push for more sustainable shipping solutions began to pick up steam two years before the pandemic, but many companies put these concerns on hold in order to focus on resilience and survival. Analysts show that many companies intend to renew their focus on sustainability in 2023, an important task when 90% of consumers in Asia-Pacific are willing to pay a premium for sustainable products. While the Paris agreement is targeted at getting the world to carbon net zero by 2050, forward-thinking companies have their own goals to reach carbon neutral or climate neutral much sooner. Maersk intends to achieve net zero by 2040, and continue to roll out new technologies aimed at tilting the scale, including ocean-going container vessels capable of being operated on carbon neutral methanol as soon as next year. More carriers are following Maersk's lead and are beginning to order methanol enabled vessels. This serves as another proof point that green methanol is emerging as a leading near term solution to bringing down CO2 emissions.

Learn more about how sustainability can help fuel growth [here](#).

Trade Outlook

A faster recovery in February, coupled with a lower than usual peak before Chinese New Year, resulted in a flat demand pattern for the beginning of 2023. Citing reduced inventory levels and stronger re-stocking activities, macro economists in the Europe market show more optimistic views than previously expected. Port delays continue to see positive improvements in both Europe and North America.

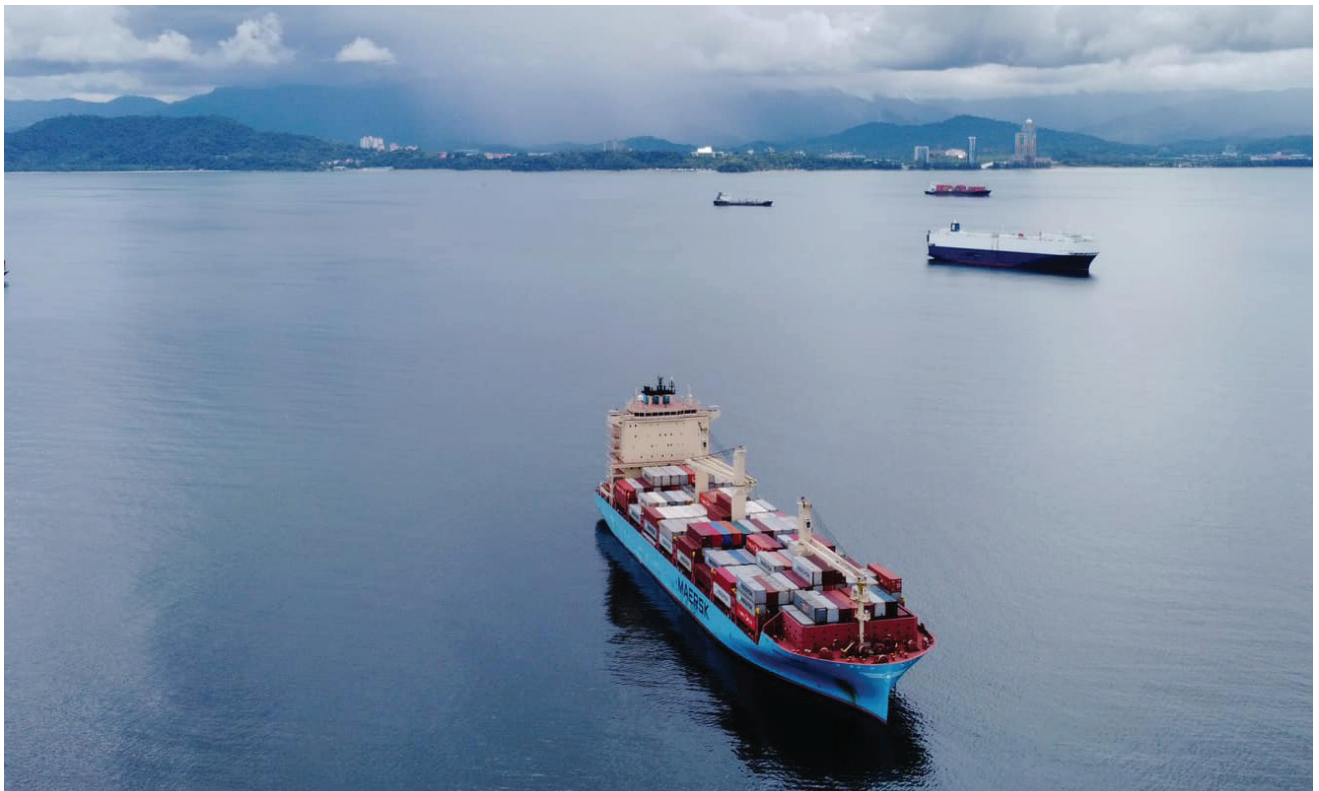
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Who said logistics can't be fun?

Our latest Branding Video reveals a new way to discover the endless possibilities for logistics and explore how integrated solutions can help move your business forward. [Click here](#) to explore the video and the website where Diana embarks on an exciting adventure to uncover an ancient lost kingdom.

Ocean Update



Ann-Sophie Zerlang Karlsen

Head of Asia Pacific Ocean Customer Logistics

"As the markets continue to develop in different directions through the first month of the year, it is becoming clear that volatility will be 'the name of the game' also in 2023. Bottlenecks continue to improve, but with dramatic storms across Oceania and continued issues in the Pacific North West, our focus remains on delivering sustainable quality and improved reliability for our customers, to help them manage the situation in the markets and deliver for their customers."

Key Market Outlook Across Trade Lanes

| Trade | Trade Statement | Critical destination port situation updates |
|------------------------------|---|---|
| Asia Pacific - North Europe | <p>Post-Chinese New Year volume demand in Europe is showing a slightly steeper recovery curve than previously anticipated. However, space remains generally open, with no major operational contingencies. Given the ongoing inventory normalization in European markets, Maersk will continue to install blank sailings in the coming weeks, ensuring we strike the proper balance to avoid strong impacts in service delivery.</p> | <p>Operating performance at ports in Europe remains stable.</p> <p>Ongoing strikes in France have potential to cause interruptions, but none are currently confirmed.</p> |
| Asia Pacific - Mediterranean | <p>Owing to fast volume recovery after the Chinese New Year, Asia Pacific to Mediterranean demand is healthy. Maersk removed some bottlenecks from destination feeder connections by injecting additional capacity, such as in Portugal (Sines, Lisbon, Leixoes). In the case of vessel delays caused by congestion, Maersk will continue to make network adjustments while minimizing impact to our customers' schedules.</p> <p>The recent earthquake in Turkey and Syria has not significantly impacted Western Turkey via AE15 ports (Ambarli, Tekirdag and Izmit Korfezi). However, there has been major impact on Southern Turkey via Port Said T/S (e.g. Iskenderun and Mersin). Until further notice, we are not accepting new bookings to Iskenderun, and existing or on the water bookings to Iskenderun will be discharged at alternate destinations.</p> <p>As a relief package, we will provide free change of destination service to Iskenderun or Mersin, with no amendment or cancellation fees on active bookings to Iskenderun or Mersin on SPOT as well. Additionally, for bookings where the Demurrage & Detention responsibility lies with Maersk, we will offer interim stop of the Import Combined D&D clock for containers in Iskenderun from February 6, 2023 until February 20, 2023.</p> | <p>Below ports face 2-3 days of delay:</p> <p>Sines, Lisbon, Leixoes (Portugal): Terminal affected by a pilot strike has generated some delay and congestion</p> <p>Triste (Italy) : High yard density, causing up to 2 days berthing delay upon arrival</p> <p>Koper (Slovenia): High yard density, causing up to 2 days berthing delay upon arrival</p> |

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| <p>Asia Pacific - North America</p> | <p>Space is generally available from Asia Pacific to North America. February booking is better on both US coasts than what we expected in early January, and we are seeing a stronger demand recovery on the US East Coast after the Chinese New Year.</p> <p>Waiting times and terminal disruptions are significantly mitigated on the US Southwest and East Coast. However, severe winter weather is disrupting operations at Prince Rupert and Vancouver. Vancouver wait time has increased from 6 days to 9 days, with another 5 to 10 days waiting time for volume to inland locations due to rain dwell.</p> <p>Some missing sailings due to Pacific Northwest port situations is expected, but we will closely monitor Pacific North West weather and any terminal delays to ensure we continue to provide stable service.</p> | <p>Overall US East Coast ports: 1-3 days waiting time</p> <p>Savannah: 1-3 days</p> <p>Houston: 1-2 days</p> <p>Los Angeles/Long beach: 0-1 day</p> <p>Oakland: 0-3 days</p> <p>Seattle: 1 day</p> <p>Prince Rupert: 2 days</p> <p>Vancouver: 9 days</p> |
| <p>Asia Pacific - Latin America</p> | <p>Most factories reopen after Week 6, with full recovery from Week 8 onwards. Volume to pick up gradually for both East and West South America coasts after Chinese New Year, which pushes the rate increase from the second half of February.</p> <p>Some destination countries, including Brazil, Argentina, and Chile, are still suffering from limited growth, high inflation ratio, and currency depreciation due to internal and external factors. The demand outlook remains uncertain for the rest of the first quarter. SPOT and Non-Operating Reefer continue to be the main products helping serve customer needs.</p> | |
| <p>Asia Pacific - West Central Asia</p> | <p>Overall Asia Pacific to Middle East and India/Pakistan demand to pick up quickly after Chinese New Year, with rate increase sustained. We expect full network across February while we are proactively working on additional capacity to cater to customer demand. SPOT remains the platform for fast and accurate quotes with market-relevant rates.</p> | <p>Overall operating normally.</p> |

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| <p>Asia Pacific - Africa</p> | <p>Following the Chinese New Year break, volume pick up speed is slow. Small and medium-sized factories need more time to resume production.</p> <p>Some destination countries continue to deal with high inflation ratio and currency depreciation. Demand outlook remains unclear, and will continue to adjust capacity based on market demand.</p> <p>Waiting times at destination ports are improving, and we will focus on further improving our schedule reliability.</p> | <p>Waiting time:</p> <p>Kribi: 2-4 days</p> <p>Matadi: 6-8 days</p> <p>Nouadhibou: 5-7 days</p> <p>Dar Es Salaam: 8 days</p> <p>Zanzibar: 40days</p> |
| <p>Asia Pacific-Oceania</p> | <p>The end of February will see the Asia to Oceania market gradually recover from the Chinese New Year.</p> <p>Starting in March, we will launch our new ex Southeast Asia to Australia services: Greater Australia Connect (GAC), Western Australia Connect(WAC), and Eastern Australia Connect(EAC). This new network will restore weekly connectivity, avoiding the sliding issue we used to face on this trade. SPOT and Non Operating Reefer continue to be the product we offer to support customer needs.</p> | |
| <p>Oceania - World</p> | <p>Maersk continues to invest in improving schedule reliability by introducing our new Australia to Southeast Asia network by March 2023, including the Greater Australia Connect (GAC), the Eastern Australia Connect (EAC) and the Western Australia Connect (WAC). These new services are designed to simplify and connect our customers' supply chains.</p> <p>Industry schedule reliability continue to improve compared with the same period in 2021. December 2022 average performance was up by 18.8% on Oceania-Asia trade and 27.8% on Oceania-North America trade. Maersk remains ahead of industry average by 5.8% and 8.3% respectively on both trades.</p> | <p>Waiting time:</p> <p>Asia: less than 1 day (except Busan at 1-3 days)</p> <p>US-East Coast: 1-3 days</p> <p>US-West Coast: 0-3 days</p> <p>Oceania: Tauranga port 6-7 days (severe weather in New Zealand continues to have a negative impact on operations)</p> |

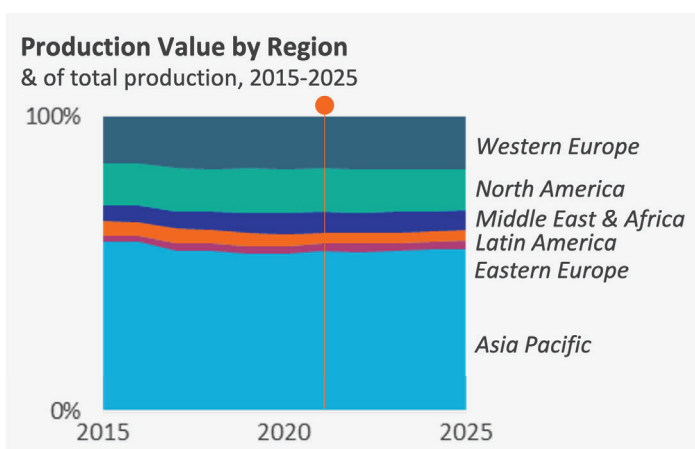
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| | <p>China's partially easing up on the coal import ban after two years, with potential resumption of coal imports from Australia.</p> <p>Captain Peter Integrated, the third package of Maersk product, is now available, offering our Reefer customer two new features: Data Integration with API (Application Programming Interfaces) and access to other shipment parties.</p> | |
| Import - Asia Pacific | <p>Main import trades have open space. Overall Asia ports are operating in healthy condition. Waiting time of vessel berthing is around 0-2 days.</p> <p>Tourist and catering industries show good momentum through the Chinese New Year holiday. Expect gradual recovery of FMCG and retail consumption.</p> <p>We aim to provide fully integrated logistics solutions to make your supply chain more simple and efficient. Please reach out to your local office if you are interested in our solutions.</p> | <p>Maersk is optimising partial import ocean network by using Shanghai Yangshan Terminal for transit to North China in order to accelerate your supply chain.</p> <p>Northeast Asia and Southeast Asia feeder capacities are mostly open.</p> <p>Manila terminal reefer utilization is at high levels due to slow cargo pull out, but improvement can be expected before the end of February.</p> |
| Intra - Asia | <p>Production and ocean export flow from China is gradually heading towards full recovery through February. Capacity has since been reinstated, especially between China/Korea/Japan to South-east Asia and Bangladesh, as we ready ourselves for pre-Ramadan demand surge in March.</p> <p>Commodities flow between Asian countries is expected to stay buoyant and dynamic. Our agile network is prepared to meet frequent changing connectivity needs.</p> | <p>Easing of port congestions during the holiday season has helped schedules get back on time. We are closely monitoring the situation as more services resume after Chinese New Year.</p> <p>Reefer plug limit in Manila is a recurring issue, leading to the need for some control over reefer acceptance into Manila in the market. However, we are still managing to meet customer demand and expectations.</p> |

Monthly Vertical Insight: Chemicals

According to American Chemistry Council, 96% of all manufactured goods contain a chemical – from cleaning products and cosmetics to personal devices, food products, clothing, and vehicles.

The chemical products industry was heavily affected by the COVID-19 outbreak which caused production value decline in 2020. The industry has faced supply chain disruptions as a result of lockdown measures across the globe, while weak economic growth hampered demand for petrochemical products across a range of B2B sectors including plastic production, construction and automotive.

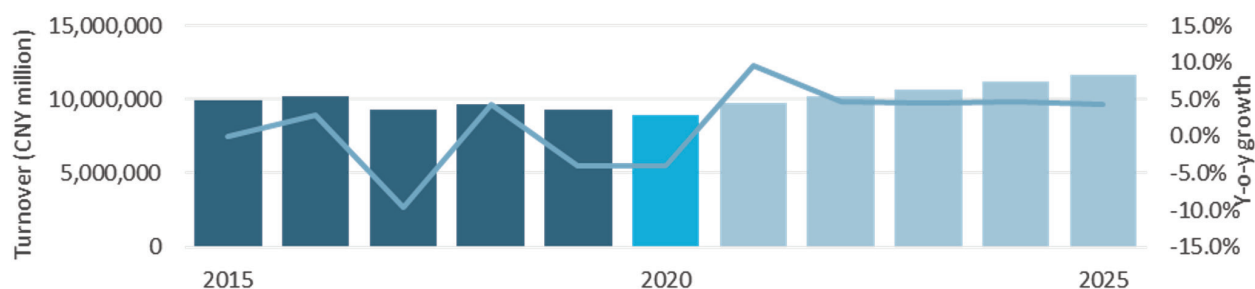
Nevertheless, the industry stabilized towards the end of 2020. Global production value for basic chemicals return to growth in 2021 and fully recover in 2022. Thanks to recovery of key chemical markets in Asia Pacific, North America and Western Europe, production of basic chemicals is forecast to grow over the forecast period.



Source: Euromonitor

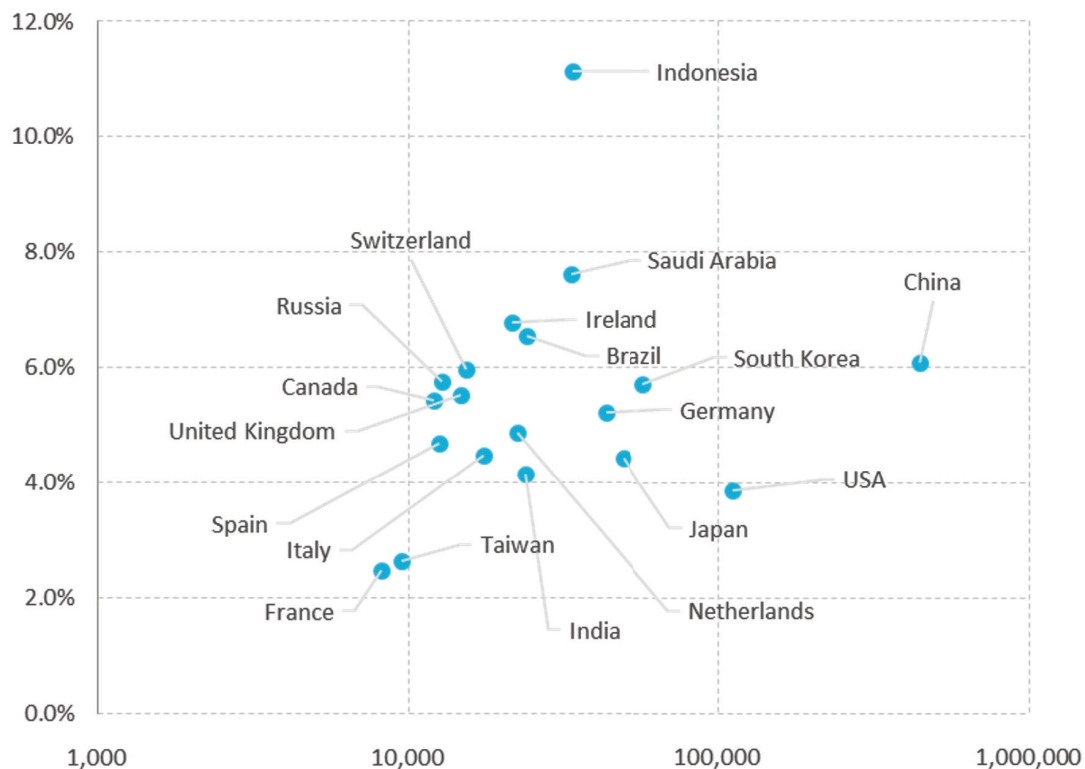
China remained the largest chemical producer globally thanks to a large and growing domestic market. Production value in China is forecast to sustain growth momentum through 2025 thanks to investments in petrochemical infrastructure, aiming to strengthen self-sufficiency.

Chemical Products Production Value in China 2015-2025



Source: Euromonitor

In Indonesia, production value is projected to increase at the fastest pace over 2020-2025. Large domestic market, foreign investments in petrochemical infrastructure, as well as income tax reduction for chemical companies during the lockdown helped to sustain growth.



Source: Euromonitor

Global fertilizer prices are at a record high, both in global and domestic markets. Whilst much of the west began to reduce its dependence on chemical man-made fertilizers in 2007, many emerging markets have filled this space, stepping up their own agricultural output and subsequent usage of chemical man-made fertilizers. This has allowed many of the countries in question to develop trade more thoroughly, increase production and sell their produce at a more favorable price locally.

Though many have attributed the rising prices of chemical fertilizers with the current situation between Russia and Ukraine, fertilizer prices began rising already in the middle 2021.

The surge in natural gas prices in 2021 resulted in reduction of the production of ammonia, a key component of nitrogen fertilizer, naturally resulting in prices rising. Delays and disruptions in supply chains caused the price of fertilizer to rise as well. China imposed a quota on fertilizer exports, citing the need to ensure domestic availability and food security. These are some of the ingredients that have brought about the current situation pertaining to the diminished global supply of fertilizer.

Uffe V Ernst-Frederiksen and Ken Rohlmann both of International Vessel Operators Dangerous Goods Association (IVODGA) highlight, "The temporary or long-term storage of dangerous goods in a facility, necessitates careful planning, supervision and continued due diligence. There are existing international, national and local regulations for dangerous goods in transit for various modes of transport but there is no direct equivalent for warehouses." So, click [here](#) to download a whitepaper about storage and warehousing of dangerous goods.

The COVID-19 pandemic, combined with political and economic crises across the world, has upended the transportation and distribution of chemicals. In the face of these continued disruptions, the need for resilient chemical supply chains has never been greater. Click [here](#) to find out how to build supply chain resilience with integrated logistics in chemicals.

Air Update



Maersk Greater China:

Maersk Air cargo plans to launch its first China to Europe round trip direct service in the second half of March 2023, diversifying solution capability to clients.

In the middle of Week 5, cargo shortage pressure caused the US/EU market rate to drop to approximately CNY10/KG, but market rate is slowly returning to normal as of Week 6.

Japan:

According to Kansai Airports, 524 international passenger flights departed from Kansai Airport in January 22nd to 28th. The recovery rate from the pre-pandemic 2019 winter schedule was 37%.

From the end of March, All Nippon Airways(ANA) will increase the number of flights between Haneda and New York from the current daily operation to 10 round trips per week. From 1 September 2023, the number of flights on this route will be further increased to two round trips per day. Haneda-Seoul will also see an increase to three daily round-trip flights, beginning in mid-March. ANA's international passenger flight operating rate is expected to be 54% in February and 55% from March 1 to March 25, compared to the pre-pandemic period.

Oceania:

February markets see capacity demands slow to rebuild on ex-China and ex-HKG core corridors into Oceania. With demand at lower levels, customers will enjoy competitive spot rates for the remainder of February. Meanwhile, Vietnam capacity into Australia and New Zealand is seeing gains on the back of added flight rotations. Transit times are expected to improve with new services easing pressure on airport terminals and airlines.

Bangladesh and India solutions remain spot level driven for larger volumes, and continue to transit over Singapore and Malaysia for final destinations New Zealand and Australia.

Exports from Australia to New Zealand remain in high demand, and advance planning remains best practice for customers requiring fixed delivery dates. All other export destinations from Australia are experiencing growth in flight rotations, delivering increased capacity options and freight cost savings for longer transit times.

Vietnam, Cambodia, Myanmar:

Demand is very low across origins, caused by the challenges of global inflation and a recession that is having a large impact on the air industry. Passengers are returning to pre-pandemic levels, but the freighter network may experience cancellations at some origins due to low demand. Customers are looking to cut transportation costs, leading to a majority of shipments being converted from air to ocean.

Inland Services Update



Maersk Greater China:

According to China Customs statistics, in 2022, China's import and export to the other 14 member countries of the Regional Comprehensive Economic Partnership Agreement (RCEP) reached 12.95 trillion CNY, up 7.5%. This accounts for 30.8% of China's total import and export value. The scale of imports and exports to South Korea ranked first between China and other members of the RCEP, reaching 241 million CNY, an increase of 3.2%. At the same time, the growth rate of imports and exports to Indonesia, Singapore, Myanmar, Cambodia and Laos has exceeded 20%.

In order to further support the growth of trade among RCEP member countries, China customs will continue to standardize and simplify customs procedures, optimise customs clearance processes, improve customs clearance efficiency and reduce customs clearance costs in 2023.

Warehousing operations in Hong Kong and Taiwan are operating normally with mainland China expected to continue normalisation.

Intra-Asia: The price of cross-border rail service from China to Intra-Asia remains stable with sufficient capacity. Maersk can offer both daily service and weekly service to ensure sufficient flexibility to meet the needs of your supply chain.

Central Asia: Space in the market remains tight and shipments may experience days of delay for rail loading. Maersk remains committed to providing regular services at multiple railheads across China to provide stable service to customers.

Middle Route to Europe and Mediterranean: Transit time is still experiencing challenges. In order to improve transportation efficiency, we are able to customize solutions for full-train customers. You are welcome to contact us to work together on implementing a custom solution.

Philippines:

Philippines posted GDP growth of 7.2% in the fourth quarter of 2022, the fastest rate of expansion recorded since 1976. This is being attributed to strong domestic demand.

Reefer plug allocation in Manila is returning to nearly-full acceptance after the curtailment in late December to early January, with normal pick-up from consignees after the Christmas holiday. We expect backlogs to be cleared within February, followed by resumption of normal acceptance.

Waiting times in the Philippines are at manageable levels from a half day waiting time to BOA (berthing on arrival) due to Chinese New year contingencies for all carriers, leading to more open berth availability.

Japan:

Market demand remains stable. Peak for container drayage came at the beginning of January, so do not expect peak for the time being. So far, drayage capacity has experienced no issues.

Northeast Asia Intercontinental Rail:

We are welcoming all opportunities between Northeast Asia and the EU via rail service.

Major Ports Update

Vessel Waiting Time Indicator

| | ● Less than 1 day | ● 1-3 days | ● More than 3 days |
|---------------|--|--------------------------------------|--|
| Asia Ports | Qingdao, Xingang, Shanghai, Ningbo, Shekou, Xiamen, Yantian, Nansha, Chiwan, Hong Kong, Singapore, Tanjung Pelepas | Busan, Brisbane, Auckland, Lyttelton | Tauranga, Napier |
| Rest of World | Bremerhaven, Rotterdam, Felixstowe, Valencia, Colombo, Long Beach, Los Angeles, Apapa, Tin Can, Tema, Lome, Onne, Abijian, Conakry, Maputo, Pointe Noire, Balboa | Newark, Savannah, Houston, Kribi | Koper, Port Tangier, Vancouver, Matadi, Cape Town, Dar Es Salaam, Zanzibar |

Remark: Numbers are dynamic and subject to change.

Resources and tools to support you

Visit our “[Insights](#)” pages where we explore the latest trends in supply chain digitization, sustainability, growth, resilience, and integrated logistics.

Learn what’s happening in our other regions by reading our [Maersk Europe](#) , [North America](#) and [Latin America](#) updates.

Visit us at [Maersk.com](#) to handle everything from “Last Free Day” to online payments.

We value your business and welcome your feedback. Should you have any questions on optimizing your cargo flows, please contact your local Maersk professional.

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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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