

Maersk Line Update: Logistics Solutions to Solve the Setbacks of Covid-19

Maersk shares the latest market trend before highlighting the issues and challenges faced and explains the latest solutions to help keeping the cargo moving

Denmark, Copenhagen, Oct 7, 2021 ([IssueWire.com](https://www.issuewire.com)) - [Maersk](#) is developing **solutions** that meet customer needs from one end of the supply chain to the other.

China's October Golden Week, Christmas, and Chinese New Year will bolster **strong demand** for container **shipping** for the last quarter of 2021.

But port congestion, especially in the US and Europe, and service delays are expected to create headwinds for **service** schedules.

Market Trend

- The **global economy** remains robust although the pace of recovery has softened according to the global PMI manufacturing trends indicator.

The **global purchasing** managers' index hit 52.6 in August.

- Inventory levels in Europe and the US remain at their **lowest levels on record**, leading to stockouts on some products.

This means even once **retail demand declines**, we will see cargo volumes continue to remain strong as inventory levels need to be rebuilt.

- Global container demand growth is projected at **6%-8%** in 2021. The high 2021 forecast reflects the strong **H1** as well as ongoing demand strength in the US and partly in Europe.

Trending Themes

How is Maersk addressing capacity and equipment shortages in the global supply chain?

The **COVID-19** pandemic has had an unprecedented **impact** on container shipping and **global** supply chains.

Congestion at ports in the US, Europe, and Asia as well, disrupted sailing schedules, and **equipment shortage**, particularly in exporting countries such as in China and Vietnam, have created significant disruption for **customers' supply chains**.

Maersk has taken measures to alleviate this by rationalizing our schedules and repositioning the empty **containers** and we have tripled the number of dry freight **containers**.

However, In-fleeting of new **containers** alone is no longer sufficient to meet overall demand, so it remains critically important that import **containers** are turned around as quickly as possible.

The latest COVID situation in Vietnam.

Hundreds of **factories closed under lockdown** rules are expected to reopen from early October, after Ho Chi Minh City authorities extended social distancing guidelines under Directive 30 until Sept. 30.

Maersk's air freight services are **operating normally** although with longer transit times on some trade lanes. Northern CFS warehouses are **operating normally**.

Drivers need to show a **negative test result** within 3-7 days (depending on fast test or **RT-PCR** test) of moving cargo in/out of warehouses, depots, and ports.

Ocean Update

- We expect strong **export demand** from Asia to continue for the rest of the year particularly into the US and Europe.
- To improve schedule reliability, **Maersk** has decided to adjust vessel voyage numbers on Asia-North Europe **services** to match the corresponding actual weeks of departure.

Continued strong demand, coupled with network disruptions has hammered our schedule reliability.

Maersk will rationalize some of our **service** coverages to reduce the number of port calls to improve reliability.

- We expect **Q4** to be stronger for Asia imports with network utilization remaining above **95%**.

We are striving to meet the needs of our import-focused customers and reposition empty equipment back to Asia.

- We expect equipment availability to continue to be tight in 2021 **Q4**.

We have **increased** our flow of empty **containers** into Asia ports and invested in fleetings of new containers to provide sufficient stocks for **Q4**.

Air Freight Update

Greater China: Demand from large retail and lifestyle **customers** is fuelling a likely **10%** increase in trucking demand in **Q4**.

Customers should be prepared for long transit times and plan as early as possible.

- **Japan and Korea:** Demand for **ICR** services in northeast Asia in **Q4** will be stronger but there is a shortfall in **capacity** and **equipment**.

We are working on potential capacity increases and products to cope with **customers'** strong demand.

- **Australia and New Zealand:** Two services - **Maersk** Connect and **Maersk** Inland Storage – are helping **customers** overcome port delays and service omissions.
- **Vietnam, Cambodia, Myanmar:** Demand for North Vietnam, Cambodia, and Myanmar is expected to be **strong** for the rest of the year.

With the **container shortage** escalating in North Vietnam, Maersk customers can choose one of three modes (trucking, barge, and rail).

Major Port Update

- Ports in the Asia Pacific continue to be severely congested.

With continued high yard **density** issues and weather disruption since July, operational challenges remain in port operations and the situation is not expected to improve in the immediate future.

- Labour **restrictions** coupled with high throughput volumes remain the primary constraint.
- Port of Savannah has become increasingly challenging recently as congestion across the East Coast picks up.
- UK Ports are **operating** smoothly but with very severe trucking shortages across the country, leading to high yard density in ports.
- Ports in Latin America: Port of San Antonio continues to be congested causing further delays.

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