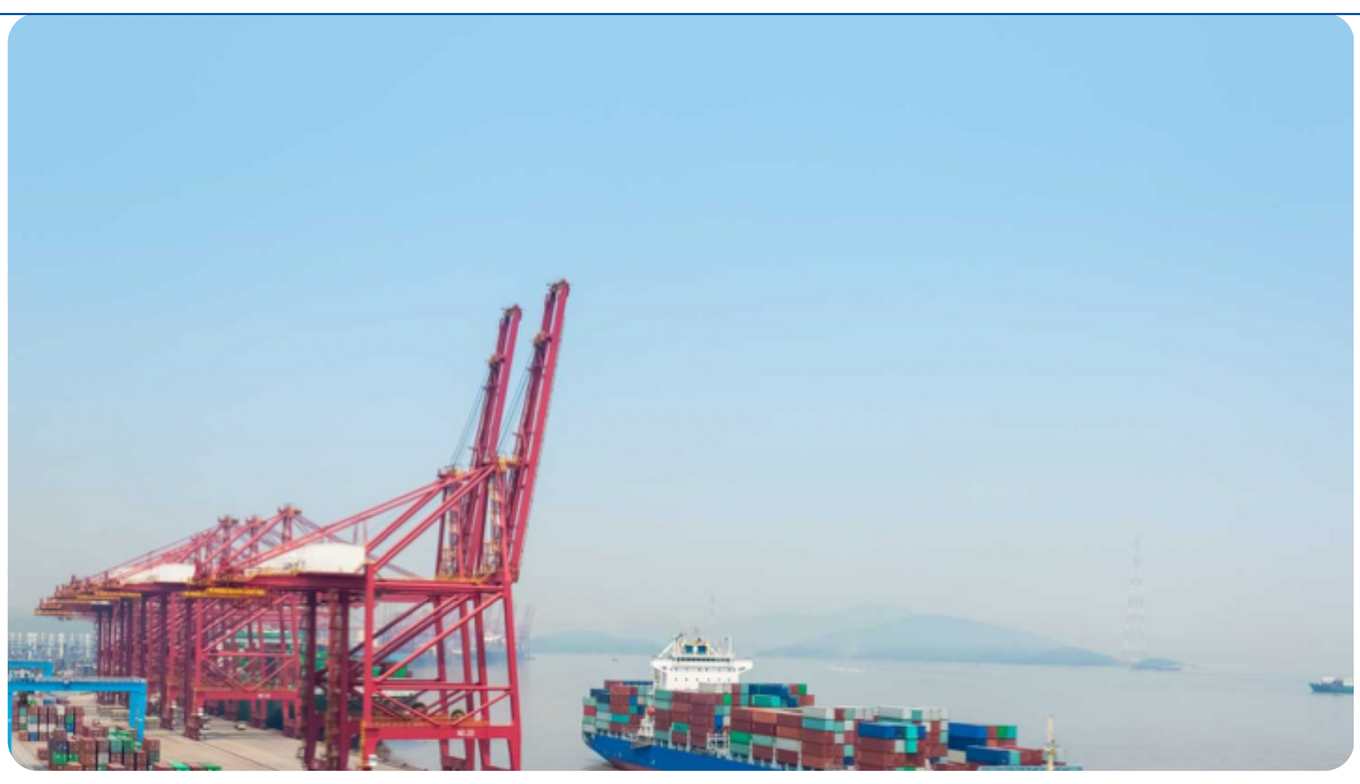

DATE: **25.11.2021**

Port congestion eases, but challenges will continue to remain

Asia's largest ports are showing signs that congestion is easing ahead of the Christmas holiday season, with Shanghai traffic declining 0.2%, Hong Kong ship count dropping 10.4% and Singapore dropping 14.7% according to an analysis by Bloomberg.

While any easing of volume is welcome, Bloomberg's results are based on a single week's traffic and the latest data from the World Container Index shows basically no changes in pricing at all compared to the previous week.

It would be great to think that Bloomberg's advisory, that a drop in volumes, is the beginning of a large decline and a reversal to normal rate levels, but we would suggest caution in concluding this just yet. Or for the foreseeable future – as there are many mixed messages currently – and most are based on short term data and not considering the long term effects and impact, as an observation.

It seems more likely that the worst pressure on the trans-Pacific trade might have been alleviated, but the global capacity shortage persists and we cannot see a similar impact on Asia-Europe or Europe-North America.

Bad weather, accidents, COVID-related work constraints and increasing spending, due to COVID19 related consumer demand, have contributed to Chinese terminal lockdowns and logistical port challenges for almost two years, resulting in record levels of congestion, from manufacturing hubs in China to import gateways in the US and Northwest Europe.

Comparing levels of container congestion across China, 2021 started at similar levels to the previous two years, with the count of vessels waiting averaging just 88 per day between January and April. However, over the past six months, there has been a significant increase in the number of vessels waiting and numbers are still higher than they were at the beginning of the year.

Levels of congestion in China peaked at the end of July at 361 vessels, as typhoon In-Fa struck. With vessels unable to safely enter a port, queues built up and caused further disruptions to schedules. Since then, over the past three months, we have seen Container congestion gradually decrease in China, but there were still around 180 vessels, a total of 936,073 TEU, waiting off China at the end of last month.

Delays are still being felt in the UK, as retailers try to fill shelves in time for Christmas, with 40% of the UK's containerised imports moving through Felixstowe alone.

The port has received around 45% fewer container ships this month compared to the same period in 2020, and around 50% less than the same period in 2019, which reflects carriers missing Felixstowe on rotation and suggests that the port is struggling with turnaround times, as a severe shortage of HGV drivers and terminal congestion means boxes are not leaving port quickly enough to clear space for the return of empty containers. None of this helps the disruption and challenges being experienced daily, which seem to be relentless.

While the current drop in Asian volumes is most likely a blip, it may be that we will see a lull in demand in the New Year, with the Christmas period ending and Chinese New Year.

This could ease congestion slightly, but if the high number of vessels waiting remains, it's possible that clearing the backlog of vessels may extend into the second quarter of 2022.

Importers and especially those shipping via Felixstowe stand to benefit significantly from our new 750,000 sq ft and 100K pallet position mega distribution centre, located beside the container port.

The new Felixstowe Mega Distribution Centre offers the smart executive access to plenty of space and the opportunity to cut costs, simplify processes and improve cash flow.

We are creative with our solutions, investments and customer engagement. So that is what you need, we deliver, to build satisfaction in the long and short term.

Please contact Grant Liddell to discuss further – it will be productive and have a meaningful outcome.

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