



February 18, 2021

Continued Volume Surges, New Bookings and Weather Highlight Continued Supply Chain Challenges

Winter Weather has created operational constraints across most of the USA the past week, impacting truck and rail transportation and creating heavy congestion at terminals and rail ramps. Delays continue to mount and are expected to increase over the next couple of weeks, if not longer. This will certainly impact the continued shortage of rail cars, chassis and driver power during the efforts to normalize the situation. Due to inclement weather expected to impact the New York and New Jersey region, all container terminals, depots, & East Coast CES are **CLOSED today 2/18**.

The ports of Los Angeles and Long Beach continued to be plagued with congestion and labor shortages. According to MarineTraffic app as of 12:00 p.m. (CST), San Pedro Bay currently has 29 container vessels anchored, awaiting to berth. This is down from the February 1st high of 40 vessels, but still within average of the low 30's we have been reporting for several months. Vessels are still experiencing 7 to 14 days sitting idle and anchored, and then another 5 days of dwell time while berthed at their respective terminal being unloaded.

Void Sailings on the Trans Pacific trade lanes have already been implemented. As a reference, THE Alliance, has nearly 20 vessel voyages that involved a blank position and/or void sailing with departures in the month of February. As reported in our previous News Flashes, this measure is being taken by the carriers across all three major alliances in order to position vessels back into their posted schedule rotations. Several carriers are citing the COVID-19 pandemic and continued global terminal congestion as the reasoning. This is justified by months of congestion at Asia ports that created delays of several days in the estimated vs. actual date of departure, followed by the delays at U.S. Ports. Some vessels schedules have been reported as being off by two weeks as a result.

Equipment Shortages, Vessel Space and Premium Rate Surcharges are expected to resume. The surge of activity prior to Chinese New Year put further strain on many China and surrounding S.E. Asia ports as demand remained very strong. Even prior to the official start of the Chinese (Lunar) New Year holiday, new bookings were already being made for vessels as far out as March. Some of this is also a direct result of the Void/Blank Sailings scheduled for February. This week, we are already seeing new bookings for early April, as the market is projected to pick up where it left off. This could be further impacted by the exact timing workers return back to their jobs after holiday leave. Analysts have already projected high demand through Q2 and some are already considering the entire 2021 to be challenging with strong volumes and supply chain challenges. Ports in India are reporting intensified challenges as ocean carriers have reduced the capacity and size of vessels. As the vessels are booked full and quickly, there is an immediate need to implement longer lead times for bookings (3 weeks at this tie) and rates have increased more than 3 times from recent levels to today. Premium and Guarantee Shipping surcharges as well as a second round of Peak Season Surcharges have been reported amongst countries and ports throughout the Indian Subcontinent Region.

Maersk has reported yesterday, that the Maersk Eindhoven (13,100 TEU vessel operating on the TP6 Asia to US West Coast route) has lost containers overboard while in route from its last port of call, Xiamen, China. This vessel was in route to Los Angeles when as reported, the vessel experienced “an engine stop” in rough seas near Japan. Unconfirmed reports note that this 2M Alliance vessel has potentially lost hundreds of containers.

The ONE Apus V. 006E, which lost over 1800 containers overboard back on November 30, 2020, remains berthed in Kobe, Japan as the continued inspections and transloading of damaged units takes place. An updated announcement from THE Alliance members today mentioned that the vessel is likely to be put back into service mid-March and will continue its journey to the destined port of Long Beach, CA.

OFFICE LOCATIONS

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DOMESTIC CARGO OPERATIONS

Kearny, NJ (201) 772-560

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The FMC (Federal Maritime Commission) is sending out Information Demand Orders to the ocean freight carriers and marine terminal operators as a response to the industry concerns and complaints impacting the global supply chain and the direct impact to the U.S. economy. On Wednesday, February 17th, the FMC announced that Commissioner Rebecca F. Dye will issue the orders to determine if legal obligations related to detention and demurrage practices are in compliance. The FMC has the authority under 46 C.F.R. §§ 502.281 to 502.291 to act and perform its duties in accordance with Commission regulations and United States law. Direct focus will be on the marine terminal operators in the Ports of Los Angeles/Long Beach, as well as the Port of New York/New Jersey, as well as the ocean carriers that call on them. The orders have been labelled as FMC FF-29 (Fact Finding 29).

As usual, we must continue to advise that there is still a great deal of uncertainty ahead and major challenges to endure, some that are unforeseen at this time and which has been proven between each of our News Flashes and guidance to our clients. We do highly recommend that you continuously review your supply chain and keep preparing for continued disruptions, volatility in costs, increased congestion, and long delays. Please continue to book your shipments weeks in advance as we have guided. Due to volatility around the globe, this advice can be applied to all modes at this time. Please do your best to plan well in advance and communicate with all parties involved in your transactions. Do not hesitate to contact us should you have questions or need further guidance.

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