



March 22, 2021

### China Ramp Up Likely to Bring Volatility Back for Balance of 2021, while the Port of Montreal Prepares for Another Labor Disagreement, Trying to Avoid Another Strike

The Chinese New Year holiday brought temporary relief from the surges of volume from China origins, previously felt in advance to the holiday period. The ramp up has now concluded, putting Chinese workers back in their working economic zones, factories at full staff, and production output at steady levels. As reported by Modern Terminals Ltd., vessels from South China ports in week 10 were 93% fully utilized. Going into this week (12), vessels from the same South China ports already reflect booked volumes that will increase utilization up to 98%.

#### TPEB

	Week 10	Week 11	Week 12
<b>TPEB South China Utilizations:</b>			
USWC - PNW	90%	90%	98%
USWC - PSW	90%	90%	98%
USEC	98%	98%	98%
Overall	93%	93%	98%

This trend reflects the potential return back to space constraints and concern of another equipment imbalance. This is further impacted by void sailings some carriers and their alliance partners continue to implement for March and April. Void sailings are being used this time as a strategy since mid-February to tighten up the sailing schedules and bring them back in line to their advanced published dates. Many sailing schedules were off by as much as two weeks due to congestion at both origin and destination ports. It has already been reported that congestion is again building up and could again be a significant factor in the very near future.

The ports of Los Angeles and Long Beach continue to be plagued with congestion and labor shortages. The number of anchored vessels did decrease in the past couple of weeks dipping to levels in the mid-20 level, below mid-30 level that was common for the past several months and well below the high of 40 vessels anchored on February 1<sup>st</sup>. However, San Pedro Bay is back up to 30 anchored vessels as of today at 12:00 p.m. (CST). New surges and fully utilized vessels will likely have an impact in increasing congestion and anchored vessels in the weeks to come. Vessels are still experiencing 7 to 14 days of sitting anchored, with then another potential 5 days of dwell time upon berthing at their respective terminals waiting to be unloaded.

**Equipment Shortages, Vessel Space and Premium Rate Surcharges could resume.** The surge of activity prior to Chinese New Year put further strain on many China, S.E. Asia and ISC region 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 and into April out of China while ports in the ISC region reported significant challenges in space and equipment that have not let up since. Analysts had already projected high demand through Q2 and Q3 and it appears that continued growth and continued need for inventory is creating concern that volumes will likely remain on the higher end for the balance of 2021. This will have to be closely watched as most carriers are not likely to increase capacity for the 2021 to 2022 shipping season in the Transpacific Eastbound Trade (TPEB), implemented on May 1<sup>st</sup> through the following April 30<sup>th</sup>. It could be another year of General Rate Increases (GRI), Peak Season Surcharges (PSS) and Premium/Guarantee Shipping surcharges

#### OFFICE LOCATIONS

Moonachie, NJ (201-478-4600) \* Long Beach, CA (562-435-2327) \* Schaumburg, IL (630-860-0782)  
 Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen • Taiwan • Vietnam, Cambodia, Indonesia, India

#### DOMESTIC CARGO OPERATIONS

Kearny, NJ (201) 772-560

#### 3PL LOCATIONS

Fontana, CA \* Ontario CA \* Joliet, IL \* Kearny, NJ (Central Ops)

should the market remain volatile. Current contract negotiations appear to be focused on “space” allocations after a season of unreliability by the steamship lines.

**The ONE Apus V. 006E, which lost over 1800 containers overboard back on November 30, 2020, officially sailed on March 16<sup>th</sup>** from the diversion point of Kobe, Japan, to its original destination of Long Beach, Ca.

**Labor Disputes are back in focus at the Port of Montreal, seven months since the strike back in August 2020 that lasted for 12 days, resulting in a tentative truce while negotiations continued.** The Longshore Workers Union, CUPE 375, took a vote Sunday on the new contract proposal from the Maritime Employers Association (MEA), intended to replace the prior agreement that expired back in 2018. The contract was overwhelmingly rejected by 99.7% of its members and leaving concern that there will be another prolonged settlement period or a potential strike. Continued measures are being taken today to keep the two parties at the negotiation table focused on a collective agreement that impacts 1,125 longshore workers. There are high intensions to involve a mediator as early as tonight. Should this result in a strike by the longshore workers, the Port of Halifax is likely to be the primary diversion port for inbound cargo. During the last strike, many US East Coast ports were also diversion points to discharge cargo. In the meantime, steamship lines operating at the Port of Montreal have been very cautious with outbound export cargo, citing embargoes that will keep containers in route to the Port of Montreal at major rail ramp terminals until further notice. This is creating forced rolls, rerouting of containers to alternative ports of loading (including East Coast Ports within the USA), and of course significant delays to shipments that were to arrive and be loaded on ships set to sail from the Port of Montreal in recent and coming days. Nothing new is being in-gated at the Port of Montreal until the labor dispute is resolved.

**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.**

---

**OFFICE LOCATIONS**

Moonachie, NJ (201-478-4600) \* Long Beach, CA (562-435-2327) \* Schaumburg, IL (630-860-0782)  
Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen • Taiwan • Vietnam, Cambodia, Indonesia, India

**DOMESTIC CARGO OPERATIONS**

Kearny, NJ (201) 772-560

**3PL LOCATIONS**

Fontana, CA \* Ontario CA \* Joliet, IL \* Kearny, NJ (Central Ops)