



August 19, 2021

Oceania Market Update – Q2-2H 2021

Dear Valued Customer,

As we move into the second half of 2021, the market continues to face a number of challenges due to the continuing impact of COVID-19, port congestion, severe weather and industrial action.

Global demand for logistics services remains strong and the volatile situation around ocean and airfreight worldwide presents a challenge for this year's peak season.

Golden Week 2021 (October 1 – October 7) is also fast approaching and we expect activities in China around this event to cause additional delays and disruptions as well as impact capacity across the region.

We do not expect port congestion and schedule reliability to improve before end 2021 and as a result there are a number of important changes and developments to note.

The key issues are:

- COVID-19 developments
- Severe weather
- Australian Coastal Shipping
- Port congestion
- Airfreight
- Stink Bug 2021-22 risk - what to expect?

COVID-19 developments:

COVID-19 continues to disrupt the logistics industry worldwide. As of early August, over 60% of Australia's 25 million citizens are in lockdown. The latest outbreaks and lockdowns have led to border closures and travel restrictions across Australia as well as the suspension of the Trans-Tasman Bubble.

In Malaysia and Thailand, COVID-19 cases continue to rise and harsh lockdowns are causing factory operations to ground to a halt – impacting global supply chains.

Vaccination rates have increased across Europe and lockdowns are beginning to end. Consumer spending in tourism, hospitality and lifestyle-related activities in the US and Europe is set to rise.

However, household savings across the US and Europe is continuing to grow and it is expected consumer spending and therefore inventory replenishment will continue to rise.

Current situation:

We expect strong export demand from Asia to continue and ocean space is projected to be tight. Ocean carriers are working to reduce the impact of container shortages, but their success is still heavily dependent on customer's support in returning empty containers back as quickly as possible.

Anticipated next moves:

We suggest customers continue to forward plan and take all of these uncertainties into consideration.

Inland disruption

Delays and disruptions are stemming from delays inland. These include the challenge of driver shortages throughout Western Europe as well as the impact of severe flooding caused by violent storms in Belgium, Luxembourg, Netherlands and Germany – resulting in widespread disruption to logistics and manufacturing operations.

Current situation:

Heavy rainfall and flooding have devastated parts of Europe and have impacted rail links to major ports including Rotterdam and Hamburg. Delays and disruption to rail freight will impact shipping with increases in cost and decreases in capacity.

Anticipated next moves:

Planning and flexibility are key to mitigating risk. Forecasting and additional lead time is needed to avoid delays.

Port congestion:

Lockdowns in Vietnam and China are leading to significant delays and disruptions. With South Vietnam's lockdown leading to a 100,000 TEU pile-up at Cat Lai port in Ho Chi Minh City.

Shanghai and Ningbo ports are also facing additional disruption from new COVID-19 restrictions. Many factories and distribution centres are closed or operating at a reduced capacity and as such this is causing containers to continue to pile up at ports across the Oceania region.

In addition, increased delays at Auckland and Sydney ports together with slower corresponding truck and rail service connections will delay the return of vessels to Asia, further delaying imports and the supply of empty containers. Global disruptions will affect the supply of empty equipment in Asia and although carriers are working hard to add new and leased containers to mitigate the impact, there are still concerns that the shortage will continue especially with the traditional peak season approaching.

Current situation:

Unprecedented port congestion, caused by numerous lockdowns across the Oceania region, has caused extensive delays. This is leading to a slippage of more than 2-3 weeks between scheduled and actual departure dates.

We're seeing some carriers who are not releasing MT containers for inland Interior Point Intermodal (IPI) or outports and instead only supporting volumes from main or coastal ports. This can be seen in China where equipment is only available in Shanghai, Ningbo-Zhoushan, Tianjin and not in Xiamen or Fuzhou, for example. Furthermore, unlike 2020 there is no sweeper vessels to relieve congestion, so at present we do not see extra tonnage available to help clear backlog.

Export demand from Australia and New Zealand remains strong, impacting space and causing coastal bottlenecks. Schedule reliability remains low due to operational disruption, continued industrial action in Australia, the suspension of berthing windows, blank sailings and port congestion in Auckland. The shortage of equipment in Asia due to high global demand is still likely to continue. This is illustrated in the tables below:

Our information is compiled from a number of sources that to the best of our knowledge are accurate and correct. It is always the intent of our company to present accurate information. C.H. Robinson accepts no liability or responsibility for the information published herein.



	Week 33 Supply					Week 34 Supply				
	20ST	40ST	40HC	45HC	40RF	20ST	40ST	40HC	45HC	40RF
SEA										
MYANMAR	Short	Short	Short	OK	OK	Short	Short	Short	OK	OK
BANGLADESH	Excess	OK	OK	OK	OK	Excess	OK	OK	Tight	OK
SINGAPORE	Tight	Tight	Tight	Tight	OK	Tight	Tight	Tight	Tight	OK
MALAYSIA	Tight	OK	OK	OK	OK	Tight	OK	OK	OK	OK
CAMBODIA	Tight	Tight	Short	Tight	OK	Tight	Short	Short	Tight	OK
THAILAND	Tight	Tight	Tight	OK	Tight	Tight	Tight	Tight	OK	Tight
INDONESIA	Excess	Excess	Excess	OK	OK	Excess	Excess	Excess	OK	OK
VN SGN	Tight	Tight	Tight	OK	OK	Tight	Tight	Tight	OK	OK
VN HPH	Tight	Tight	Tight	OK	OK	Tight	Tight	Tight	OK	OK

	20ST	40ST	40HC	45HC	40RF	20ST	40ST	40HC	45HC	40RF
CHINA										
DALIAN	Tight	Tight*	Tight	Tight	OK	Tight	Tight*	Tight	Tight	OK
TIANJIN	OK	Tight*	Tight	Tight	OK	OK	Tight*	Tight	Short	OK
QINGDAO	Excess	Short	Tight	Tight	OK	Excess	Short	Tight	Tight	OK
LIANYUNGANG	OK	Tight*	Short	OK	OK	OK	Tight*	Short	OK	OK
SHANGHAI	Excess	Tight*	Tight	Tight	OK	Excess	Tight*	Tight	Tight	OK
NINGBO	Short	Short	Short	Short	Tight	Tight	Tight*	Tight	Tight	Tight
XIAMEN	Tight	OK	Tight	Tight	OK	Tight	Tight	Tight	Tight	OK
FUZHOU	OK	Short	Tight	OK	OK	Tight	Short	Short	OK	OK
SHANTOU	Tight	Short	Short	Tight	OK	Tight	Short	Short	Tight	OK
NANSHA	OK	OK	Tight	Tight	OK	OK	OK	Short	Tight	OK
SHENZHEN	OK	OK	Tight	OK	Tight	OK	OK	Short	OK	Tight
HONG KONG	OK	Short	Tight	OK	OK	OK	Short	Tight	OK	OK

Blank sailing details: the green spots below indicate blank sailings.

Service Scope	Service Group	202 128	202 129	202 130	202 131	202 132	202 133	202 134	202 135	202 136	202 137	202 138	202 139
A3C	N.Asia to AU		810	806		806	810	806	810	806		806	810
			2	3		3	2	3	2	3		3	2
A3N	N.Asia to AU	551	551		551	566	551		551	566	551		551
		4	4		4	8	4		4	8	4		4
A3S	N.Asia to AU	544		544	544	544	544	544	544	544		544	544
		6		6	6	6	6	6	6	6		6	6
CAX (Zim new svc)	N.Asia to AU	220	220			220	220	220		220	220		220
		0	0			0	0	0		0	0		0
CAT	N.Asia to AU	425	425	425	425	425	425	425	425	425		425	425
		0	0	0	0	0	0	0	0	0		0	0
NAX	N.Asia to AU	509	509	509	509	509	509	509			509	509	509
		0	0	0	0	0	0	0			0	0	0
WAU	N.Asia to AU	170	170	170		170	170	170	170		170	170	
		8	8	8		8	8	8	8		8	8	

Anticipated next moves:

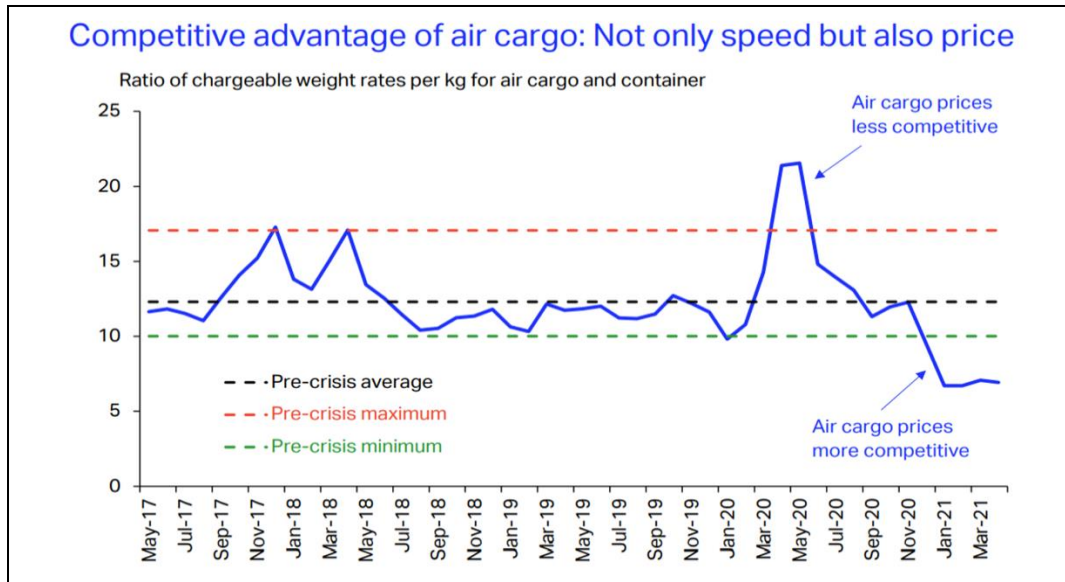
It's imperative to have contingency plans in place to back up your supply chain. Be prepared to incur higher transportation cost due to supply and demand imbalance and factor in additional lead time for your shipments.

Airfreight

Airfreight is also becoming a much more viable alternative and demand remains strong as shippers seek alternatives to counter ocean congestion ahead of the peak season. Tighter capacity is forcing shippers to book space earlier or take long-term charters. Capacity reduction on the USA to SWP region continues as carriers shift services to other markets due to challenges such as crew logistics, AU regulations and Northern summer passenger demand. Additionally, challenges across the North American import market due to higher demand congestion challenges and export TSA screening regulations are also compounding factors to service challenges

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in this space. The International Air Transport Association reports that airfreight is now much more competitive, stating that air cargo is down from being 12-times more expensive than ocean pre-COVID to now being just 6-times more costly. This is illustrated in the table below:



Australian Coastal Shipping

Schedule reliability remains low due to operational disruption caused by the continued industrial action in Australia. The primary factors that are exacerbating the current market condition include renewed Maritime Union of Australia (MUA) Protect Industrial Action and stoppages causing delays throughout Australian ports, lengthy delays of vessels arriving from Asia to Australia and unprecedented increased import volumes utilising a large portion of move counts at Australian terminals. Global disruption at large is causing shipping rotations to be out of order.

Current situation:

All customers shipping via the Australian coastal shipping service will continue to experience industry challenges for the foreseeable future.

Anticipated next moves:

Our teams will continue to monitor the situation, provide updates, and manage through the associated challenges to the best of our ability, minimising the impact to your supply chain.

Stink Bug 2021-22 risk - what to expect?

Australia

In Australia, the Department of Agriculture, Water, and the Environment have published the season measures for the 2021-22 Brown Marmorated Stink Bug risk season. Seasonal measures will apply to targeted goods manufactured and shipped from target risk countries, that have been shipped between September 1, 2021, and April 30, 2022 (inclusive), and to vessels that berth, load, or tranship from target risk countries within the same period.

The list of target risk countries will now include Poland in addition to target risk countries identified for the 2020-21 BMSB risk season.

Emerging risk countries for the 2021-22 BMSB risk season include Belarus, Malta, Sweden, United Kingdom, and Chile.

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New Zealand

Similarly, in New Zealand the Ministry for Primary Industries (MPI) have announced measures for 2021-22 BMSB season. The measures are also in place from September 1, 2021, until April 30, 2022 (inclusive). Poland has been added as a BMSB risk country where management measures will apply.

This season there is a new manufacturers declaration template has been created to replace the five individual templates that were in use last season. The new template includes all types of goods that meet the BMSB management exclusions criteria and can be modified for use as required.

Current situation:

Target high risk goods shipped between September 1, 2021, and April 30, 2022, (inclusive) require mandatory treatment. The BMSB seasonal measures are available on the [BMSB website](#) and for New Zealand the manufacturers declaration is available for download [here](#).

Anticipated next moves:

We advise customers consider and plan for delays that may be caused from additional screening and treatments required to prevent an infestation from goods imported from the Northern Hemisphere during this time.

C.H. Robinson is here to support you throughout this challenging period with updated client advisories and we will continue to provide you with regular updates.

We remain focused on finding solutions for our customers during these difficult and turbulent times.

Your Key Account Managers or C.H. Robinson Representative is always available to answer any questions and discuss how the changes in the market will impact your business.

Thank you for being our valued client throughout this challenging time.

Sincerely,
C.H. Robinson

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