41 Yaldwyn Road
Jet Park, 1469
Johannesburg

PO Box 16600
Atlasville
1465

Tel: +27 11 820 8000
www.cfrfreight.co.za

CFR FREIGHT – WEEKLY OCEAN TRADE SUMMARY
WEEK 49

GENERAL

As we move towards the end of the year, we continue to experience high cargo demand, while carriers maintain that vessel capacity is restricted into and out of South Africa. Extensive delays are experienced on all trades, as congestion and vessel schedule integrity are a challenge on all trades. Transit times as published on all sailing schedules are based on carrier information at time of publication and are indicative only, as schedule integrity is erratic.

Main transhipment hubs remain congested and we are seeing container transhipment delays from Singapore, Tanjung Pelepas, Las Palmas and Sines.

Freight rates remain high, with indications that increases are anticipated for Q1 of 2022 from traditionally more stable trades like Europe and North America. For the moment Far East rates remain fairly stable, but as the logistics industry prepares for annual Chinese New Year and disruptions to production and services from the Far East during this time; the market has a cautionary eye on carrier freight rates and surcharges.

Delays in hazardous commodity acceptance and shipping to be anticipated as carriers impose stricter controls and requirements across the globe. As carriers and terminals tighten controls on IMDG cargo; it is important to note that shippers are responsible for accurate declaration of all hazardous cargo as well as the correct packing, cargo markings and documentary requirements. All cargo information must be accurately provided at time of cargo booking.

CFR Freight and our overseas partners endeavour to load as per our planned schedules. With erratic schedules and capacity constraints, alternative routings and loadings can be expected from time to time to ensure that cargo is moved as efficiently as possible. Extended lead times and advance bookings are recommended to all clients.

GLOBAL NEWS

Getting Space on Ships Next Year The Biggest Worry for the Logistics Sector
Source: The LoadStar Author: Mike Wackett Dated: 09/12/2021

Securing space on containerships is viewed as the biggest challenge for the logistics sector going into 2022, according to an industry survey.
A poll of 800 logistics companies by online equipment trading platform Container xChange reveals that for 53% of respondents, finding slots on vessels is by far the biggest concern for businesses, followed by carrier surcharges, at 22%, and labour shortages, 19%.
"The survey results indicate that the industry is expecting gloomy times for container logistics," says the report.
Container xChange said the industry was "downbeat" on the expected performance of the supply chain next year, with 54% of respondents expecting it to remain as bad, and 11% suggesting it will deteriorate further.

As a consequence, 71% of respondents to the poll said they were "rethinking their logistics strategy" and proactively seeking more sourcing options, while at the same time deciding to hold more inventory.
Moreover, to mitigate carrier equipment rationing, half were resorting to organising their own supply of boxes, opting for one-way leasing of containers, while 28% eyed negotiating longer-term lease hires directly with providers and 22% purchasing their own containers.
The inefficiencies of container lines in matching supply to demand was blamed by 28% of the respondents for box shortages, although "shippers using boxes as storage" was seen as the biggest culprit by 42%.
Perhaps a surprisingly low 75% of respondents said Covid had impacted their business, while 54% said the pandemic had resulted in lower profits.

Meanwhile, the arrival of the Omicron variant will add to the worries of logistics players, with the prospect of more supply chain disruption from port closures, lockdowns and vessel crew quarantines.
"We foresee that Covid and its new variants will continue to disrupt port operations and labour capacity as we progress into the year 2022," said Christian Roeloffs, co-founder and joint CEO of Container xChange.
Nevertheless, he was more optimistic than the respondents to his company's survey, suggesting a return to some form of normalisation could arrive as soon as H2 next year.
"The return to normal seems to be coming earlier than many of us first anticipated, and it might be as early as the second half of 2022," said Mr Roeloffs.
In answer to survey question "who emerged as the biggest winner of the global supply chain crisis?", 64% of respondents agreed it was container lines. And Container xChange joint CEO and co-founder Johannes Schlingmeier had some advice for ocean carriers in spending their bumper windfall profits wisely.
He said their billion-dollar profits should be "put to good use to improve service levels across the industry" and added: "This has to go beyond the traditional levers of investing in more container capacity, but also into landside infrastructure, inland transport and infrastructure for cross-industry collaboration to build resilience for the industry."
Getting space on ships next year the biggest worry for the logistics sector - The Loadstar

Forwarders "Fear the Worst" and "Don't Have a Clue" on Shipping Rates Next Year
Source: The LoadStar Author: Mike Wackett Dated: 10/12/2021

Container spot rates are edging up again across most tradelanes, with a big spike expected in January ahead of the Chinese New Year holiday.
According to today's Ningbo Containerized Freight Index (NCFI), 15 of its 21 routes recorded modest increases against a continuing backdrop of tight capacity.
And from Asia to North Europe, Drewry's World Container Index (WCI) was flat, at $13,564 per 40ft, the Freightos Baltic Index (FBX) ticked up 1%, to $14,345, while the new Xeneta (XSI-C) index improved by 3%, to $14,443 per 40ft.
Several carriers are now reported to be offering forwarders and NVOCCs Asia-North Europe rates with a validity of just two weeks and declining to agree any short-term contracts before CNY in February.
A UK-based NVOCC with offices in China told The Loadstar this week its carrier rep was continually "making excuses", stalling on contract negotiations and was "either lying or genuinely hadn't been told" about the carrier's contract policy for next year.
For this shipper and many other small and mid-sized carrier customers, there is a significant amount of uncertainty clouding their 2022 budgets.
"We've not seen anyone offering or honouring deals other than spot rates for a long time. Everyone is saying 'let's talk after CNY'," he added.
Another UK forwarder contact told The Loadstar he "feared the worst" and that other carriers would follow the lead of Maersk, effectively excluding smaller shippers from enjoying any rate stability next year.
"Our customers want to know how much their freight costs will be next year and, with only a couple of weeks to go, we really do not have a clue," he said.
Meanwhile, on the transpacific, the WCI this week saw Asia-US components jump by 5% to the west coast, to $10,138 per 40ft, and iby 4% for east coast ports, to $13,118. The FBX, which includes premium fees, inched up 1% to the west coast, to $14,924 per 40ft, while east coast ports recorded an increase of 2.5%, to $17,195.
Notwithstanding the end of the peak season on the route, the NCFI commentary noted that demand "was still at a high level".

Of the vessels still awaiting a berth at the San Pedro Bay ports of Los Angeles and Long Beach, the ad hoc-chartered 3,398 teu panamax Zhong Gu Shan Dong has been at anchor for 51 days, with no immediate indication of when it will get worked. The cost of this idling alone will mean a huge bill for the charterers, estimated by one broker contact to be in excess of $5m.
Meanwhile, a Chinese forwarder gave a heads-up to The Loadstar this week, suggesting that due to the CNY falling at the same time as the Beijing Winter Olympics (4-20 February) the government would encourage factories to remain open during the holiday, so there would be no usual CNY production drop.
Forwarders 'fear the worst' and 'don't have a clue' on shipping rates next year - The Loadstar

SOUTH AFRICAN PORTS & CFS

High traffic volumes and congestion continue in all major terminals in South Africa.
Berthing delays continue to impact already constrained and delayed vessel schedules

SAAFF has published a general advisory as issued by Transnet on 9th November 2021 titled:
IMDG Declaration, Transporting, Handling and Markings
A copy of this advisory is attached for your further reference.

With the approaching holiday season in South Africa, road transport, trucking and IDM services will be at a very limited to no capacity from 15th December 2021 into January 2022. A full advisory will be issued by CFR Freight on Monday 13th December 2021 with full details on all IDM services.

DURBAN
Terminals remain congested and high traffic volumes are present.
Durban CFS is experiencing very high cargo and container volumes.
Vessel berthing waiting times:

- Pier 1: 5 to 7 days
- Pier 2: 3 to 4 days
- Point: 3 to 4 days

CAPE TOWN
Operations affected by wind in the Cape Town terminals.
Truck booking system for Cape Town terminals has caused some delays, however processes are gradually improving.
Cape Town CFS is handling high cargo volumes, however operations are progressing normally.
Vessel delays and inclement weather are impacting export stacks, with last minute notifications being received of stack amendments. Stack dates also appear to have been reduced to two days and appear to be falling mainly over the weekend. CFR Freight will endeavour to advise clients of any changes to scheduling export loading dates, as there may be late adjustments due to amended stack dates.
Vessel berthing waiting times:

- CT Container Terminal: 4 days
- CT Multi Purpose Terminal: Nil days

PORT ELIZABETH / COEGA
Heavy winds experienced.
Port Elizabeth CFS is handling high cargo volumes, however operations are progressing normally.

- Port Elizabeth Terminal: Nil
- Coega: Nil

NORAM

Amex (MSC & Maersk)
No improvement in the USA, as challenges to cargo and container movement across the country continue. High levels of congestion in terminals and CFS's remain, as well as severely constrained vessel capacity and congestion.

Norfolk CFS has been closed for all inbound and outbound cargo and we refer to our advisory on 8th December 2021, whereby alternative CFS information is provided.
Please see below Shipco Transport's advisory relating to LCL Export and Import Service Delays across the US as issued on 8 December 2021:

***Terminals Updates**:*

Due to increased volume and labor shortage, most terminals are experiencing congestion issues, including Los Angeles/Long Beach, Savannah, Miami, Houston, Seattle.
High cargo volumes each month continue to enter the U.S., with all North American ports facing berth congestion. As a result of the port congestion on both coasts, SSL ONE has put in place some changes to Transpacific Services with temporary omissions in Savannah, Seattle, Oakland, and Halifax. Other carriers such as Maersk, MSC, and Zim, will temporarily omit service in Seattle due to the increased vessel waiting time at berth.

U.S. East Coast:

***New York/New Jersey**: Three cranes were down at APM Terminal, expect this to cause further delays.*

***Savannah**: Vessel wait time is 6-7 days due to off proforma vessels and high import volume, plus weather events, labor shortage. Carriers are advancing cut-offs with little to no notice, which highly impact operations. Several services have switched from Savannah to Charleston due to the port congestion at Port of Savannah.*

***Charleston**: Vessel wait time up to 4 days due to labor shortage and high import volume.*

***Port Everglades and Miami**: Vessel wait time is 1-2 days due to high import volume causing a CFS Backlog. Equipment shortages are resulting in pick-up delays. Allocation and blank sailings are affecting the services out of MIA.*

***In addition, FIT (Florida International Terminal)** did not allow clients to pull empties or return boxes for Maersk, Sealand, and Hamburg Sud during the last week of November. This was due to heavy congestion after the Holiday break. Several services were affected by this. FIT re-opened again on Thursday, Dec 2nd.*

***U.S. West Coast**:*

38 vessels anchored off the coast of California and 27 vessels at berth are still waiting to unload at the ports of Los Angeles and Long Beach.

***Los Angeles/Long Beach:** Vessel waiting time is 26-30 days due to yard congestion, high import dwell, and labor shortages. APM yard has 106% of the capacity used in Los Angeles, while TTI Terminal yard utilization in Long Beach is at 65% capacity.*

***Seattle**: 18-day vessel wait time due to high import volume and labor shortages. Container terminals are more congested, and many containers are stored for weeks in a closed area until truckers can pick them up. T18 terminal yard is being used at 100% of capacity.*

***Oakland:** up to 5-day vessel wait time due to high import volume, labor shortages, and one berth down.*

U.S. Gulf Coast:

***Houston**: Waiting time is 2-8 days due to high import volume, labor shortages, and port congestion.*

Rail Terminal Updates:

***BNSF & UP/LAX/LGB**: There is severe congestion. Limited gate capacity, restrictions, rail car shortages, and limited reservations continue, causing increased delays on import rail units. There is limited allocation at this time. In Los Angeles, containers wait an average of almost 16 days before being picked up.*

Effective immediately, Hamburg Sud has stopped taking bookings for all cargo moving to Pier A in Long Beach. As a consequence, no rail billing will be issued during this time from origins such as Atlanta, Chicago, Cincinnati, Cleveland, Columbus, Dallas, Detroit, Houston, Kansas City, Louisville, Memphis, Minneapolis, and St. Louis.

Chicago Rail Ramp: *The rail facilities in Chicago are experiencing severe congestion due to dwelling containers and chassis shortages. G3 and G4 locations are only allowing ten open spots daily, causing a large backlog for containers to be picked up for imports. There are gate restrictions and lane suspensions, causing delays in pick-ups and deliveries. The rails continue to monitor in-gates with allocation or reservations.*

NY/NJ*: Chassis shortage inclusive of rail ramps due to the high increase in import volume.*

Philadelphia*: Severe chassis shortages in the Philadelphia area. Extended delays in pick-ups, deliveries, and drayage.*

Charleston: Lack of chassis causing delays in pick-ups, deliveries, and drayage over to rail facilities.

Savannah: *Continued congestion and delays at the local ramps. Shortage of chassis and equipment continues to affect operations.*

Jacksonville and Miami*: Congestion issues at both rails. The rail congestion in Chicago is affecting our services out of Miami. The shortage of equipment in Florida has carriers struggling to keep the service due to a slower turnover of import containers coming into the area. Most loads are delayed an average of one to two weeks.*

Seattle: *Congestion due to increased dwell for Import rail cargo. Up to 10 days delay for cargo going to Chicago. Limited trucker capacity, most truckers are booked 2 weeks or more in advance.*

Houston/Dallas: *There is a severe chassis shortage and ongoing congestion in the area. Finding truckers has become a challenge as they are booked for 2-3 weeks in advance.*

Chassis issues are challenging in all regions in the U.S. This is due to the division of the intermodal system, the severity of the Covid 19 pandemic, and the lack of additional capacity at different levels of the supply chain.

Equipment Availability:

There are continuous chassis shortages in Los Angeles/Long Beach, New York, Philadelphia, St. Louis, Columbus, Cleveland, Chicago, Memphis, Atlanta, Nashville, and Louisville.
Equipment availability remains an issue at locations such as Atlanta, Chicago, Cincinnati, Columbus, Detroit, Kansas City, Minneapolis, Memphis, Nashville, Omaha, St. Louis, South Florida, and Seattle.

LATAM

Hapag Lloyd / Maersk

Capacity remains severely constrained out of Brazil into South Africa.
Next planned vessel for South Africa is the Polonia 2049E in week 49. Our partners have advised than limited capacity has been released for the Northern Democrat due to depart Santos on 25th December 2021, allowing loading plan for earlier sailing than originally advised, i.e. 9 January 2022. Important to note that capacity is extremely limited and every effort will be made to accommodate cargo bookings, however high cargo volumes will necessitate container load planning on a “first in first out” basis in order to clear backlogged cargo.

UK, NWC & MED

MSC, DAL, ONE

Capacity constraints and congestion out of Europe continue and the trades are met with erratic and ever changing carrier schedules and amendments. Cargo demand both into and out of Europe remains high, with very limited space on the vessels available to meet the demand. When necessary, alternative carriers may be sourced in order to expedite cargo movement and this may result in last minute updates and changes to published scheduled.

The situation in the Med region is unchanged with services being impacted by the severe congestion and resultant delays in the transhipment hubs of Sines and Las Palmas. Shipments out of Italy and Turkey are particularly affected by the congestion in these ports. Carriers have advised that container movement will be on a "First In / First Out" basis to clear backlogged containers. This situation is completely beyond the control of CFR Freight and our partners, however we will continue to update on any changes to the current situation. Where possible, and capacity dependent, alternative carriers may be used; however capacity on the feeder services from main Mediterranean ports into transhipment hubs is also constrained.
Our service ex Spain generally will see container transhipments in Algeciras, where less congestion and subsequent transhipment delays are occurring; however feeder vessels from main ports into Algeciras have limited capacity and this may result in cargo roll overs and loading delays.

Vessel schedule changes as received from carriers:

- **MSC Letizia NZ147A** – additional port call between Las Palmas and Cape Town – vessel will call Lome, 20.12.2021.
- **MSC Amalfi NZ194A** – vessel will no longer phase onto the NWC service as announced in last week's update.
- **MV Paris II** – vessel will now remain on the NWC service and will not phase out as advised in last week's update. Vessel will omit Hamburg and all Hamburg import containers will discharge in Las Palmas for loading on the MSC Chloe and all Hamburg export containers will load on the MSC Romane..
- **MSC Romane** – (Amended) vessel will phase in to the NWC service in Rotterdam on 07.12.2021. Vessel will omit London and all UK exports to connect via Le Havre. Vessel will swap Antwerp / Hamburg in its rotation.
- **Santa Teresa** – vessel phasing into SAECS service from the Far East service and will omit Durban. Vessel will proceed directly to Cape Town after her Coega call with ETA in CPT on 23.12.2021 in the position of the Santa Ursula which will be delayed in Durban.
- **Santa Ursula** – vessel will delay in Durban and discharge all import and stacked export cargo. Will call Coega for discharge of import containers only and exports will be transferred to the Santa Teresa.

NB – Hazardous Restrictions on SAECS

Maersk issued an advisory dated 15 November 2021. Hazardous cargo will no longer be accepted on the SAECS service ex South Africa to Europe. The last vessel to accept hazardous cargo on this service will be Santa Isabel 215N ex DBN (ETA 06.12.2021).

MIDDLE EAST, SUB CONTINENT AND INDIAN OCEAN ISLANDS

All services remain heavily congested with very limited carrier capacity. Blank or delayed sailings continue out of the region into South Africa.
Hazardous acceptance by shipping lines is delayed and our partners will continue to work with origin booking parties and shipping lines to secure acceptance as soon as possible.
CFR Freight and our partners will plan load cargo on first available service and routings may change from week to week.
India capacity remains constrained. Published schedules are subject to change as container bookings are as per released carrier capacity and shipping lines may differ from week to week. Routing changes remain in effect for the time being.
Pakistan CFS and terminals are working well, however capacity is constrained and carrier schedules are erratic. We can arrange alternative routing for direct service bookings (Karachi to Durban); this alternative would be via Singapore. However due to Customs requirements and separated CFS facilities, alternate arrangement must be noted at time of booking with Shipco in order for them to amend required CFS delivery address.

Dubai (Jebel Ali) capacity is constrained on export services out of South Africa and published schedule and service frequency is subject to change. On our inbound services, our partners indicate that berthing delays have significantly improved and vessel scheduling has stabilized slightly.
Mauritius capacity is constrained on export services out of South Africa and carrier options are very limited. Published scheduled and service frequency is subject to change. Import services are strained, as the carrier schedule integrity remains erratic. CAFS will load vessels as bookings are available.

APAC (including Oceana)

Carrier capacity remains at a premium from the region, with carrier scheduling changes, vessel delays and blank sailings. Possible delays anticipated out of major transhipment hubs.
Both inbound and outbound services are affected by carrier capacity constraints. CFR Freight and our partners will load as capacity is available; irregular carrier schedules and booking releases may result in alternative routings for cargo. Container delays are being seen in the transhipment hubs of Singapore and Tanjung Pelepas.
Important to note – Singapore continues to experience high cargo volumes and capacity out of the port is constrained; this will impact both SA imports and SA exports that are moving through our transhipment hub of Singapore. Extended transit times to be expected.
Blank sailings continue from the region, this with majority of carriers. Delays are to be expected as capacity remains tight on services into South Africa.
Inbound freight rates have been more stable, however short validity periods as issued by carriers remain in place.

We are seeing extended periods for hazardous acceptance from carriers in all regions. Acceptance is solely at the discretion of the carriers and erratic schedules, vessel delays and transhipment hub delays are compounded the delays being experienced with acceptance. It is imperative that all correct paperwork and declarations are presented at time of booking request in order to expedite the process of hazardous applications. Carriers are advising that stricter penalties will be applied for mis-declared cargo in the near future.

We have received correspondence from our partners in Ningbo in connection with the lockdown that was imposed by the Chinese government on 8th December. The below information received from Mr Carl Zhao, Regional Director – North China, Shipco Transport:

"You may have read from various media that Zhenhai District in Ningbo was locked down from December 8th due to over 20 confirmed cases of Covid-19. This lockdown means that nobody, unless under special permission, should leave the area.
Zhenhai is one of the districts under Ningbo City, and is the area where a number of manufacturers are located. It is about 35km away from the Beilun District, where Ningbo terminals are warehouses are based.
The lockdown of Zhenhai District has no direct impact on the import and export business in and out of Ningbo, except that the manufacturers in Zhenhai cannot deliver their cargo out. The lockdown is expected to last at least 14 days.
The export warehouses in Ningbo are receiving cargo in the normal way, but are checking the health status bar code of the truck drivers more strictly."

With the view to the above, at this time, our operations in Ningbo remain unaffected by the lockdown. Should there be any change to this status, we will advise our clients via a trade advisory.

Another Ningbo Lockdown Adds to Covid Threat Hanging Over Supply Chains
Source: The LoadStar Author: Sam Whelan Dated 9/12/2021

A new partial lockdown in Ningbo has highlighted the threat to container supply chains from China's strict zero-Covid policy.
Positive cases in Ningbo's Zhenhai district prompted "closed loop" management to be imposed on Monday, according to local media.
The city is home to the world's third-largest container port complex, Ningbo-Zhoushan, which handled 28.7m teu during the first ten months of the year, surpassing 2020's total throughput.
There has been no impact on supply chains so far, but with similar isolated lockdowns within the Yangtze River Delta, including in Shanghai, some forwarders in the region are bracing for disruption.

Chinese forwarder Triman Shipping said: “A new pandemic outbreak would probably lead to container terminal and shipping delays and bring more congestion.
“The worst result would be a Ningbo city-wide lockdown, causing paralysis of the logistics industry and the terminals.
“However, we believe due to the ability of China to quickly respond to the epidemic and control the local region, it will recover soon.”
Another forwarder, based in Shanghai, told The Loadstar the few partial lockdowns in China recently had little impact on the economy at large.
“It happened in Shanghai two weeks ago after finding a few new Covid cases,” he said. “But it doesn’t affect the daily lifestyle or businesses of 99% of the people. The lockdowns only apply to a very limited area where there are confirmed cases.”
Nevertheless, according to Lars Jensen, CEO of Vespucci Maritime, the Ningbo incident “clearly illustrates that there remains a high risk of further supply chain disruption from Covid outbreaks in China”.
Any partial lockdowns of container terminals could bring a repeat of the shipping disruption experienced earlier this year, that included the closure of one of Ningbo’s terminals in August and the more serious incident when Yantian suspended export operations in May.

However, in addition to snap 14-day lockdowns, China’s zero-Covid policy continues to play havoc with vessel crew changes, which has created a shortage of feeder capacity in the busy period leading up to Chinese New Year on 1 February.
The arrival of the Omicron variant has added to supply chain uncertainty, with continued spending on goods over services helping to keep freight rates from China elevated. According to Platts, the all-inclusive, freight all kinds (FAK) transpacific spot rate is $16,000-$18,000 per 40ft.
And in airfreight, China’s quarantine rules for pilots are hampering airline schedules – notably Cathay Pacific, which recently had to isolate more than 100 crew after three pilots tested positive.
Another Ningbo lockdown adds to Covid threat hanging over supply chains - The Loadstar

AFRICA EXPORT SERVICES
ONE, MSC, Hapag Lloyd
Capacity and scheduling delays are negatively impacting all export services into Africa. As vessels call South African ports already full, there is little available capacity for SA exports to be loaded and carriers are rolling bookings and advising that there is limited space availability for the balance of the year. As we see blank sailings into South Africa, in turn, exports sailings are also blanked by the carriers.
Stack dates in SA terminals are constantly changing and we do encourage close communication with our export teams for any changes and updates of scheduled loading dates.
East Africa services remain erratic, with carrier scheduling changes, port omissions and rolled over bookings.

We thank you for your continued support and should you require any further information, please do not hesitate to contact your CFR Freight representative.

CFR FREIGHT
TRADE TEAM