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Make your supply chain more resilient to global trade headwinds, with the latest Asia-Pacific Market Update.

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## Make your supply chain more resilient to global trade headwinds

Our Asia-Pacific Market Update for November has all the logistics insights that help you stay ahead. The global economic outlook appears to be deteriorating further amid slowing growth and elevated inflation levels. As a result, global container volumes are continuing to fall with negative growth in virtually all the main markets causing Hamburg Süd to reduce capacity on major ocean trades from Asia to match demand. But despite the gloom there are signs of buoyancy, with some retail sectors in the US set to see a surge in monthly revenues according to market analysts.

### Market Trends

Headwinds are continuing to grow for the global economy as the conflict in Ukraine, high inflation levels and weakness in key manufacturing and property markets in China weigh on the macroeconomic outlook.

The Global Composite Purchasing Manager's Index (PMI) slipped to 49 in October, reflecting that growth in much of the world is slowing. The manufacturing orders-to-inventory ratio also fell further in October while manufacturing export orders were flat. The figures suggest the growth momentum has deteriorated further in early Q4. China continues to battle sporadic COVID-19 outbreaks and headwinds to both current and future demand remain significant. China's PMI also edged down to 49 in October from 50 a month earlier but has languished around the same level since June.

Inflationary pressures in both the US and Europe remain elevated with the consumer price index (CPI) holding steady over the summer at around 8.2 percent, while in Europe inflation is at a record high with the CPI climbing to 9.9 percent in September. Producer price inflation in Europe - the price paid by manufacturers for raw materials and goods - is even higher at around 40 percent. That comes even though energy prices have eased due to increased supplies of oil and gas. The fall in

exports led to a further decline in global container trade volumes in June-August and most regions are now seeing negative growth. Ocean spot freight rates have also continued to see a dramatic fall and are now close to levels seen in the second half of 2020. While port congestion has eased on the US West Coast and in China, it remains a problem on the US East Coast although it is trending downwards.

### Trending Topic

Hamburg Süd will make the collection of six-digit Harmonized System (HS) Codes, as published by World Customs Organization (WCO), mandatory from January 15, 2023. Shipping Instructions received with missing or incomplete HS codes will not be processed. This is to ensure Hamburg Süd and its customers are compliant with providing accurate commodity information right first time to Customs authorities.

An email will be sent to customers submitting non-compliant Shipping Instructions requesting the required information and a draft bill of lading will not be available until this provided. This policy will be applied to all Export, Import and transshipment cargo movements. The move comes as many Customs authorities are making Harmonized Commodity Codes mandatory in Customs Manifest declarations.

Customers submitting Shipping Instructions online via [www.hamburgsud.com](http://www.hamburgsud.com) should input the six-digit HS Code in the dedicated field provided in the Cargo Description section. For multiple HS codes all the codes need to be listed out in the cargo description field.

For customers submitting Shipping Instructions via INTTRA, they should use the existing dedicated field for HS Codes, while customers submitting them via EDI should use the existing dedicated field for HS Codes.



## Ocean Update

Hamburg Süd is continuing to make capacity adjustments on services from Asia to North America, Europe and the Mediterranean to better align with demand fluctuations. Unfortunately, this means some sailings will be blanked in the run up to the New Year. Full details can be found in our customer advisories: [Advisories | News & Advisories | Hamburg Süd](#)

Our overall goal remains to provide customers with predictability and to ensure minimal disruption to their supply chain by supplying alternative routings and coverage for the affected vessel positions. Further information about the latest changes is available here: [Advisories | News & Advisories | Hamburg Süd](#)

Changes in market demand also means we are suspending our TP23 service between Asia and the US East Coast while also adding a Charleston call to the TP17 service. The last vessel operating TP23 is Ian H that departed Tanjung Pelepas on November 23, while the first TP17 vessel to call Charleston was Axel Maersk with an ETA Hong Kong on November 27. We will continue to offer full-service coverage to minimize the impact on our customers by securing alternative connections on our other Transpacific services.

## Key Market Outlook Across Trade Lanes

Trade	Trade Statement	The most critical destination port situation update
<p>Asia Pacific – North Europe</p>	<p>The market was stable in November, and we are seeing levels of relatively low demand similar to October. We therefore continue to balance the network accordingly.</p> <p>Individual network adjustments will be communicated through separate Customer Advisories. We aim to do so as proactively as possible, to allow ample time for replanning bookings.</p>	<p>Ports in North Europe are gradually recovering, following lower demand and therefore lower pressure on terminal operations.</p> <p>Arrival waiting times are generally less than 1 day. Yard densities do remain critical in many ports, most notably due to increased dwell times of import units.</p> <p>Over the past few months, we have seen strikes in numerous ports in North Europe, most recently in Liverpool and Felixstowe. Conversations between unions and terminals are now focus on 2023 salary revision and no protest actions expected for rest of the year. In order to mitigate delays, we always encourage our customers to pick up their import containers as soon as possible and stay in touch with their local Customer Experience Representatives to plan ahead.</p>
<p>Asia Pacific - Mediterranean</p>	<p>November saw demands softening, as vessels were being delayed by congestion at both origin and destination so we will continue with voyages reset or network adjustment to recover schedule reliability.</p> <p>All of those actions are communicated through Customers Advisories in which we detail the transfer plan onto different vessels. We will continue to take proactive approach for planning and make sure the key corridors are well covered by alternative solutions.</p>	<p><b>Below ports face 2-3 days of delay:</b></p> <p>ALGECIRAS, SPAIN: Pavement works executed for whole month in NOV.</p> <p>VALENCIA, SPAIN: Berthing line-up congestion. Truck strike in Spain will also generate additional congestion.</p> <p>SINES, PORTUGAL: Berthing line-up congestion.</p> <p>TANGIER, MOROCCO: Pavement work resumed since Mon Nov 07th, around 100mt berth restricted (3 bollards) till Middle of November.</p>

		<p>POTI, GEORGIA: Berthing line-up congestion</p> <p>MERSIN, TURKEY: High yard density</p> <p>HAIFA, ISRAEL: Berthing line-up congestion</p> <p>TRISTE, ITALY: High yard density</p> <p>RIJEKA, CROATIA: High yard density</p> <p>KOPER, SLOVENIA: High yard density</p>
<p>Asia Pacific - North America</p>	<p>Overall, Asia Pacific to North America space is available. North American ports situations are getting improved, our ambition is to maintain service weekly coverage of all services in Q4.</p> <p>USEC port congestion deviates from port to port, overall waiting time slightly increase to 1-3 days, Baltimore increase to 7 days and Houston congestion improved to 5 days.</p> <p>Los Angeles and Long Beach limited waiting time, which makes our LA/LB product transit time the best class in the market.</p> <p>For Vancouver, even the average waiting time in the market is still around 20-40 days, but at Hamburg Süd, we have collaborated with terminal to minimize the waiting for Hamburg Süd to zero day, which makes our Vancouver and Price Rupert product transit time the most competitive in the market.</p> <p>From late October onwards, we have merged TP1,9,7 into a New TP1, the goal is to relieve the pressure of Vancouver terminal by streamlining port calls on all Pacific North-West services. With the introducing of TP1. Hamburg Süd expects to offer the best class</p>	<p>Overall USEC ports: 1-3 days waiting times</p> <p>Savannah: 3-10 days</p> <p>Houston: 5 days</p> <p>Los Angeles/Long beach: 0-1 day waiting time.</p> <p>Oakland: 12-18 days</p> <p>Seattle: 1 day</p> <p>Prince Rupert and Vancouver: nil waiting time for Hamburg Süd</p>

	<p>APAC to Canada products in the market.</p> <p>Meanwhile, even though the North American ports situations have been improved recently, we are still seeing some delay of vessel because the downstream impact of previous congestion, we would kindly suggest our customers still prepare more lead time between ETA and actual departure time.</p>	
<p>Asia Pacific – Latin America</p>	<p><b>West Coast South America</b> Overall network has available space. To improve customer supply chain planning, schedule for AC5 has been updated to reflect the most realistic arrival at destination so that our customers can plan their cargo with better accuracy.</p> <p><b>East Coast South America</b> Overall network has space as demand is soft. We are observing reduced cargo flows to Brazil and we are closely monitoring for further market developments for situation in the country.</p> <p>In December, with an early Chinese New Year holiday in 2023, we encourage our customers to plan cargo requirements in advance as we do expect demand to picking up early.</p>	
<p>Asia Pacific - West Central Asia</p>	<p>Market demand to Middle East and India/ Pakistan remains flat, demand still impacted by inflation as well as economic situation in Pakistan/Sri Lanka. Overall, we have product available to accommodate our customers' demand from APAC to West Central Asia market.</p> <p>Destination counties are still facing currency depreciation, high inflation and forex issue.</p>	<p>Waiting time:</p> <p>Kribi: 2-4 days</p> <p>Matadi: 3-4 days</p> <p>Nouadhibou: 4 days</p> <p>Dar Es Salaam: 3-4 days</p>

	<p>Destination port waiting time has been shorter, in general Central Range of West Africa ports waiting time within one day with schedule reliability is improving.</p> <p>We will continue to drive up service delivery level. Chinese New Year is in January next year, and as normally volumes need to move out before the long holiday, we suggest customer to well plan advance booking in coming 2 months.</p>	
<p>Asia Pacific – Oceania</p>	<p>Market demand into Oceania remains flat which is driven by high stock level at destination. Terminal waiting time at destination ports continue to be a challenge. FWC has ordered a suspension of all industrial action for a period of six months on Nov 18, this will help bring certainty to our customers and enable continued port operations.</p> <p>We have deployed the 7th vessel on the J Star service to further improve on schedule reliability on the network and provide weekly coverage from China and North-East Asia. We encourage customers to plan their cargo requirements in advance to ensure sufficient lead time for cargo arrival as we head into December and into an early Chinese New Year holiday in 2023.</p> <p>SPOT now offers 5 weeks out product from South-East Asia, allowing customers to plan ahead.</p>	<p>Auckland Port average waiting time: 10 days</p> <p>Lyttleton average waiting time: 1-2 days</p> <p>Sydney waiting time: 2-8 days</p>
<p>Oceania – World</p>	<p>The Oceania market continue to be negatively impacted by supply chain disruption, both as a result from previous protected industrial action in Australia and congestion in the upper North Island supply chain in New Zealand.</p>	<p>LA and Long Beach ports have reduced waiting time to 0-5 days, a marked improvement on recent delays. Philippines ports congestion have eased with space now available into Luzon ports.</p>

We recommend our customers to increase the expected lead time. To reduce impact to our customers from the continued disruption, Hamburg Süd will increase the number of vessels operated on our Oceania network to increase schedule buffer. We will be adding one additional vessel to our J-Star service, connecting New Zealand with North-East Asia and one additional vessel to the PANZ service, connecting New Zealand with the US West Coast.

Export demand for perishable goods is increasing and to support our customers, Hamburg Süd is increasing the positioning of empty reefer containers to Oceania to meet the rising demand from our customers. The Hamburg Süd Triple Star service is back in Tauranga, connecting New Zealand with Greater China Area and North-East Asia ports, adding additional weekly capacity to support New Zealand export demand with increased frequency and direct cargo connections.

Demand from Australia to Asia remain strong with wool export season kicking off, increasing demand from Melbourne and Sydney. To offer our customers flexible supply chain solutions we have promoted multiple cargo routings on a port pair basis.

Auckland port congestion remains with wait times up to 14 days, the PANZ service will omit Auckland for 3 sailings due to delays.

**Import - Asia  
Pacific**

Asia main ports in healthy situation with waiting time around 0~2 days. China terminal operation and productivity are under control.

South Africa strike over with new booking acceptance resumed, should you need assistance, please do not hesitate to approach our team.

There will be 5 Cherry Express sailings call Nansha during departure week 48-52 with transit time around 22 days. We have end to end solution with Hamburg Süd Accelerate, customs clearance and trucking available at both origin and destination sides for your better choice to speed to assist you plan your cargo.

	<p>Free time extension products for both Hamburg Süd and Hamburg Süd are available as an alternative solution to arrange your supply chain with more flexibility.</p>	<p>Sakura service has been deployed with larger vessels to cater for additional demand into Japan. Please feel free to book to Japan.</p> <p>Luzon ports (Manila, Batangas, Subic) congestion has been solved without booking restriction.</p>
<p>Intra-Asia</p>	<p>The demand rebounded quickly post Golden week from China. Sealand Asia has through regrouping of our services maintained healthy utilization and will be launching a new service HP3 Busan/Kaoshiung/Nansha into Haiphong. Our focus is on upholding schedule reliability and securing long term customers' support.</p> <p>For operational environment, there are sporadic berth &amp; yard congestions in China, Philippines and East Malaysia caused by typhoons in the region, but all schedules are under control. Equipment supply is sufficient for both reefer &amp; dry.</p>	



## Vertical Insight: Retail

The retail lifestyle sector is facing mixed fortunes with a weakening global growth trend and growing inflationary pressure but also seeing resurgent consumer confidence in the US and Europe, according to several recent reports.

Highlighting the pessimistic outlook, global GDP growth is set to slip by 0.4% between 2020 and 2023, according to the Conference Board Global Economic Outlook 2023. That comes as inflation worsened in October in key markets such as Europe, which saw inflation rise to 9.9%, and China, with an increase of 2.8% while holding steady at around 8.3% in the US, data company Trending Economics said. Underlining the additional challenges facing China, the country's National Bureau of Statistics said Q3 GDP growth topped 3.9% compared with a full year growth target of 5.5%.

But some retail and lifestyle sectors were more optimistic about prospects with supermarket and grocery retailers in the US expected an 8.5% compound average growth rate in Q4 monthly revenues, according to a report by the Chain Store Guide. This was due to less economic impact on staple grocery items.

Pharmacies and drug stores also expected a near 5.5% rise in monthly revenues in the fourth quarter as consumers had a renewed focus on health. Clothing stores expected monthly revenues to remain flat in Q4, while restaurants expected to see a 4.4% monthly decline, the Chain Store Guide report said. That came as Trending Economics said consumers in the US and Europe were marginally more confident in October compared with the previous month.

## Vertical Insight: Lifestyle

Home workouts have exploded in popularity since the early weeks of the pandemic, and the numbers certainly back that up. In China alone, the sales of athleisure wear have seen a 48.5% year-on-year increase since March of 2020\*. Recent waves of Covid-19 and renewed lockdown measures have played their role in keeping these numbers consistently high, thanks to an increased focus on personal wellness and athletic activities among people of all ages.

*Source: China Daily*

Additionally, while Asia-Pacific has always been a manufacturing hub for sporting goods, the presence of global and local brands is growing rapidly in the region, helping it blossom into a viable market as well. The sports and outdoor equipment market in Asia-Pacific is projecting a compounded annual growth of 9.4% over the next 3 years\*, and the potential of the region is undeniable.

Asia-Pacific's position in the global economy has been growing and changing significantly over the past few years, particularly in its role as a manufacturing powerhouse. For instance, the sportswear market in Asia-Pacific alone was worth around USD 190 billion in 2020, a number that is expected to swell to almost USD 298 billion by 2025. Research by Global Data forecasts that the region is predicted to surpass both North America and Europe over the next decade. In that time, Asia-Pacific is expected to make up almost 36% of the global sportswear market, with numerous countries already contributing to this growth story.

*Source: Global Data*

As a longstanding production hub for international brands, China has had a huge role to play in Asia-Pacific's sportswear boom. A report from e-commerce giant JD.com found that sports apparel sales in the country saw a 220% leap between 1 March and 7 April of 2022, during a fresh wave of Covid-19. The yoga equipment segment went a step further, witnessing an astounding average growth of nearly 700% during the same period\*. Northeast Asia has seen certain trends of their own.

For instance, the demand for indoor exercise equipment in Japan went up by 21% in the months following the start of the pandemic\*. Meanwhile, South Korea has seen a remarkable 169% rise in bicycle-related gear\*, as people have gravitated towards more individual non-contact athletic activities in a post-Covid world.

*Source: JD.com & Market Prospect*

The sportswear sales numbers are very encouraging, with growth expected to continue at about 7.5% over the next 5 years in emerging markets like the Philippines and Vietnam\*.

*Source: McKinsey*

A rapidly maturing digital ecosystem is one of the major factors behind the upward trend of health and wellness in Asia-Pacific. A McKinsey report from January of this year found that over 45% of sporting good sales in 2021 were made through online channels – even after lockdowns had eased up in various parts of the world. Around 75-80% of consumers intend to continue using online channels to discover new fitness programs, and to buy any new sporting equipment they may need.

*Source: McKinsey*





## Inland Services Update

**Greater China:** Hamburg Süd has launched two new rail corridors from Changsha and Yueyang to connect three ports in South China - Yantian, Shekou and Nansha. These new links provide an alternative to traditional trucking for our customers in Hunan province. The weekly services have a transit time of 3-4 days.

Warehousing operations in Mainland China, Hong Kong and Taiwan remain normal despite the COVID-19 situation.

Customs data show that from January to August this year, Shandong Province exported electric blankets of 59.223 million yuan, a year-on-year increase of 58%; The number was 626,000, up 45% year on year. Among them, exports to the 27 EU countries reached 11.361 million yuan, up 26.5% year on year.

According to data from the General Administration of Customs, from January to September 2022, the cumulative total import and export of automobile nationwide was US\$183.33 billion, a year-on-year increase of 10.8%. Among them: the import value was 68.45 billion US dollars, a year-on-year decrease of 7.5%; the export value was 114.88 billion US dollars, a year-on-year increase of 25.7%.

**Japan and Korea:** The trucking industry is under pressure from fuel cost increases, although capacity is stable. We expect a traditional peak season ahead of the New Year holidays.

A cross-border sea-rail service from South Korea and Japan to Europe via Central Asia and the Black Sea area was launched in November which provides Hamburg Süd customers with simple processes, consolidated documentation with one Hamburg Süd B/L. The current frequency is one train a month. The main ports served are Busan and Incheon in South Korea and Yokohama, Nagoya, Kobe in Japan.

**Philippines:** Typhoon Nalgae hit the country in early November which halted port operations for 48 hours in Manila, Batangas and Subic, and caused berthing delays for vessels. The recovery of operations is ongoing.

Economists predict that weaker external demand will weigh on the Philippine economy in 2023, although in the short-term, domestic demand will be sustained on the back of further reopening of the economy.

Hamburg Süd continues to enhance its omnichannel-fulfilment capabilities in the area, by adding a 100,000 sqm warehouse in Calamba, Laguna. The ground-breaking ceremony was held on November

9, 2022, and the new facility is expected to be completed by the end of 2023. The facility will integrate LF Logistics' key service offerings into Hamburg Süd's product portfolios. It will have a 75,000-pallet storage capacity with state-of-the-art distribution centre technologies. It will meet the needs for retail, pharmaceutical and E-Commerce customers.

**Thailand, Malaysia and Singapore:** Recessions in Europe and North America are starting to bite with volumes dropping by between 25-30%. Less-than-container load operations are not being hit quite that hard yet because the main commo-

ties are FMCG/Lifestyle/apparel rather than big ticket items such as white goods, electronics and garden furniture. But co-loaders are telling us they are doing really well with an increase in bookings from freight forwarders. There are no restrictions on space nor equipment.

**Indonesia:** Inland volumes have been depressed for the last three months. The biggest impact has been on inland export volumes which have fallen due to a drop in orders from international buyers. We expect there could be a short rebound in volumes due to the pre-Christmas peak season. Trucking capacity is healthy.

## Major Ports Update

### Vessel Waiting Time Indicator

	Less than 1 day ●	1-3 days ●	More than 3 days ●
Asia Ports	Busan, Shanghai, Ningbo, Shekou, Xiamen, Yantian, Nansha, Hong Kong, Singapore, Tanjung Pelepas	Qingdao, Tauranga, Lyttleton, Napier, Port Chalmers, Sydney, Melbourne, Brisbane	Auckland
Rest of World	Long Beach, Los Angeles, Prince Rupert, Vancouver, Charleston, Norfolk, Apapa, Tin Can, Tema, Lome, Onne, Dakar, Conakry, Maputo, Beira, Balboa	Seattle, Newark, Miami, Houston, Poti, Valencia, Sines, Koper, Abidjan, Luanda, Pointe Noire	Koper, Oakland, Savannah, Baltimore, Cotonou, Kribi, Matadi, Dar Es Salaam, Zanzibar

*Remark: Numbers are dynamic and subject to change.*

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