

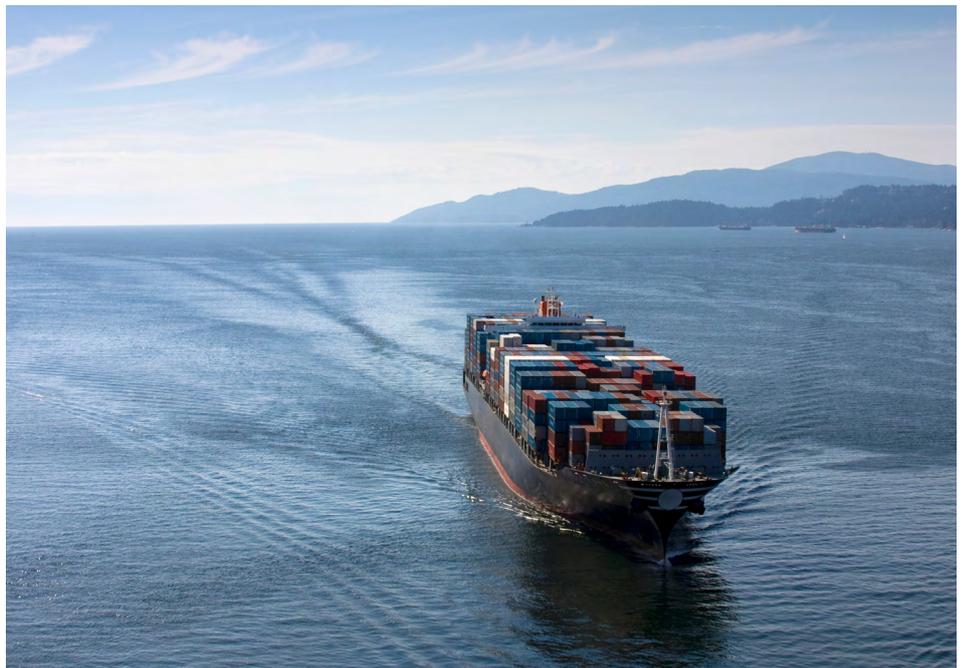
INBOUND ASIA-EUROPE: CHALLENGES DURING Q3 AND Q4

The impact of the global pandemic continues to generate fresh challenges for everyone connected to the logistics and supply chain sector.

During the past few weeks, UK specific in-bound business volumes have started to exceed pre-Covid 19 levels as UK and European supply chains take advantage of full capacity manufacturing in Asia.

However, vessel supply for Asia-Europe routes is falling short of current demand due to service omissions introduced at the height of the pandemic.

Historically, carriers introduce vessel omissions after each Chinese New Year due to slow labour upturns following the holiday period – a situation that is anticipated and carefully managed each year.



Faced with the unprecedented situation of Covid-19 and a 'concertina' type global shut down, firstly in China followed by the UK and Europe, many UK companies delayed or cancelled their supply chains as a result of manufacturing closing in Asia. There was a later ripple effect of Europe closing whilst China started to re-open.

Present day supply chain demand is exceptionally high as Europe places very healthy order book levels.

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With vessel capacity not returning to pre-Covid 19 levels, carriers are increasing their rate levels in various ways due to the upturn in demand and are promoting a two-tiered rate offer.

Firstly, existing agreements at one price point within contractual parameters and lastly a guaranteed release at a higher price point.

KEY CHALLENGES

- Ensuring allocations are released on contractual terms
- Working locally with carriers to avoid container rollovers
- Mitigating peak season surcharges on existing contracted terms
- Negotiating increased allocations with carriers on new premium rates to guarantee container release and on-board performance

OTHER CONSIDERATIONS

China's decision to reduce the import of foreign waste is having a detrimental impact on container availability relating to the Asia - Northern Europe trade lane.

The China Solid Waste Ban has started to see severe volume reductions in business flows to China of 40ft HC containers.

Non-operational reefers are now being used for imports and carriers are having to lease empty containers in the hundreds of thousands to cope with peak demand.

Warrant Group is committed to supporting our clients and stands by its 'can do' philosophy.

Our key focus is to deliver an exceptional customer service experience in these extraordinary times.

This year is unlike any other, talk to us about any concerns you may have – we are here to help.

ian.jones@warrant-group.com