

Tuesday, June 11, 2024

Sustained strong container market demand and disruptions caused by the ongoing crisis in the Red Sea

Dear valued Customer,

Due to continued strong demand in the container market and the disruption caused by the ongoing crisis in the Red Sea, there are signs of increasing port congestion, particularly in Asia and the Middle East, which is contributing to an increase in container freight rates. According to recent publications by Xeneta - an ocean and freight rate benchmarking and intelligence platform - 'spot rates will reach levels we haven't seen since 2022 when the Covid-19 pandemic was still wreaking chaos across ocean freight supply chains.' This trend is steadily gaining momentum and is expected to continue in the second half of the year.

Port congestion is a key factor in these changes, with significant delays reported in Singapore and other key transshipment hubs. This congestion, combined with growing demand from markets such as Chinese exports, suggests that freight rates will continue to rise in the foreseeable future.

There is concern that carriers are giving priority to shippers who pay the highest rates. As a result, cargo for which lower rates have been paid may be at risk of being stranded in port. This happened during the Covid-19 pandemic. In addition, shipowners are increasingly imposing new surcharges and pushing for premium services in order to gain space on board.

It is crucial to constantly monitor shipments that are shipped to / from Asia as well as containers being transhipped in Singapore or other major transshipment hubs in Asia. Wherever deemed necessary also check for alternative routing or transshipment ports.

For urgent shipments, we recommend to proactively consult with your known contact person at Leschaco about alternative transport options in the form of air freight, sea / air freight and rail freight and to book the freight immediately in advance to ensure that solutions can be created for your individual needs.

Further developments and effects remain to be seen. We will monitor the situation closely and keep you informed.

We will make every commercially reasonable effort to fulfil the agreements concluded with you on time and under the agreed conditions. However, we cannot exclude the possibility that these developments and events may prevent us from doing so or may cause additional costs.

In order to prevent the occurrence of delays and damages in advance as far as possible and to minimize damages already incurred as far as possible, we may ask you to inform us promptly and immediately if you expect bottlenecks of any kind, delays or other problems in connection with these developments. We will also inform you proactively about all possible challenges, so that we can find the best possible solution together.

If you have any questions regarding your shipments, please get in touch with your known contact person in the Leschaco Group.

Kind regards

Leschaco (Lexzau, Scharbau GmbH & Co. KG)

Kap-Horn-Str. 18 | 28237 Bremen, Germany

Disclaimer

Please note that all information reported in the Customer Advisory is to the best of our knowledge at the time of writing, but we cannot guarantee its correctness or accuracy.