

NEWSLETTER No. 11

- Week 39 -



CHINA: GOLDEN WEEK STARTS ON OCTOBER 1ST, NATIONAL DAY, AND RUNS UNTIL OCTOBER 7TH. ACTIVITIES RESUME ON OCTOBER 8TH.

Each year, October 1st is a public holiday in China commemorating the establishment of the People's Republic of China on October 1st, 1949. Six additional days have been added to the official holiday to make seven consecutive days, which form one of the "Golden week".

During this seven-day vacation, almost all companies, factories and public agencies are closed or understaffed.

After this week, we will enter the peak fall season where, historically and until Chinese New Year 2022 in February, there is significant pressure on sea and airfreight. It is important to plan for long-term sourcing to avoid disruption to your supply chain.

HAPPY CHINESE NATIONAL DAY



CHINA: PRODUCTION STOPPAGES TO LIMIT ENVIRONMENTAL IMPACT



In recent days, dozens of industries have been forced to reduce or stop their activities in several Chinese provinces. The Chinese authorities have started to apply control policies to limit energy consumption in the country.

In addition, domestic coal shortages, soaring gas and coal prices, and tighter emission standards have also pushed local governments to ration energy.

According to Everstream Analytics data, most of the shutdowns were reported in the petrochemical (41%), electronics (18%) and plastics (15%) sectors.

This indicates that the problem is spreading and could lead to supply chain impacts in the coming weeks.

Blank sailings have been announced in China by several shipping lines for October.

UNITED STATES

The Federal Maritime Commission (FMC) announced on September 15, 2021 new initiatives related to the issue of demurrage and detention (D&D) fees.

These announcements follow the signing of an Executive Order by the U.S. President directing the FMC to take action against unreasonable fees charged by shipping lines.

The first initiative is to issue a policy statement on issues that affect the ability of shippers (importers/exporters), freight forwarders and truckers to obtain reparations for conduct that violates the Shipping Act.

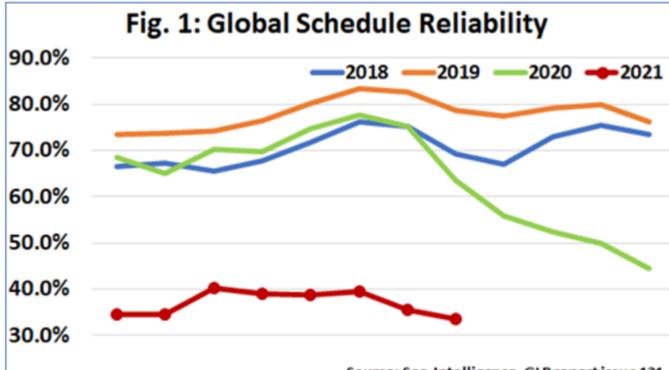
Additionally, the FMC will issue an Advance Notice of Proposed Rulemaking (ANPRM) that will solicit public comments.



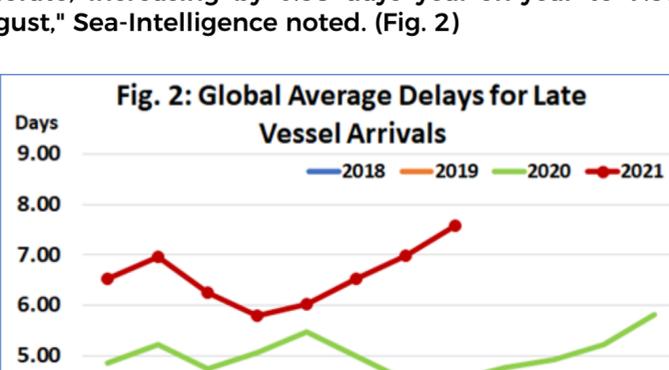
SCHEDULE AND TRANSIT TIME RELIABILITY AT ITS LOWER LEVEL IN AUGUST

Although schedule reliability has hovered between 35% and 40% for most of the year, it fell to 33.6% in August 2021, a new record down for 10 years, according to Sea-Intelligence.

Only 3 out of 10 containerships managed to deliver cargo on time in August 2021.



"The average delay for late vessel arrivals continued to deteriorate, increasing by 0.58 days year-on-year to 7.57 days in August," Sea-Intelligence noted. (Fig. 2)

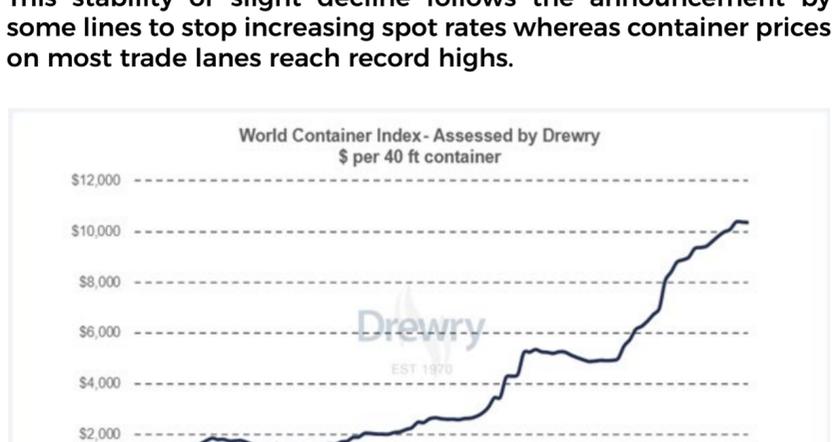


GLOBAL FREIGHT RATE INDEX

Drewry is seeing a slight drop in rates of 0.2% this week after 22 consecutive weeks of slight increases. But they are currently 291.8% higher than the same week in 2020.

We can note decreases of 2% on the Shanghai/Los Angeles axis but increases of 1% on the China/Northern Europe axis.

This stability or slight decline follows the announcement by some lines to stop increasing spot rates whereas container prices on most trade lanes reach record highs.



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