Indian Subcontinent and Middle East Market Update

November 2021

Market Update

Global volumes grew 0.9% compared to September 2020, while it was up by 7.7% versus September 2019. Overall, market sentiments remain strong in the region's main economies with India's Purchasing Manager Index (PMI) reaching an 8-month high of 55.9 in October, and UAE reaching the highest level since June 2019 at 55.7. Saudi Arabia's PMI remains at a high level (57.7) after September's 7-year high at 58.6. Container demand from Container Trade Statistics (CTS) for September reflects that North American imports remain the driver of global demand.

Over the past month, we have seen two events in China impacting demand in specific pockets globally. The Evergrande crisis has slowed down construction in China which is reflected in a slowdown of Chinese imports of construction materials. Similarly, the Chinese power supply crisis is impacting production, but is more pronounced for commodities, which have a high dependency on power, like chemicals. While a major impact of this has not yet been felt in India, which has a heavy import dependency on China, numerous sectors like automotive, FMCG and pharmaceutical among others continue to remain vigilant in anticipation of supply crunch challenges.

Pakistan's exports to 9 regional countries grew 32%, while imports grew nearly 43% in July-October 2021, compared with the same period last year. While exports to Afghanistan fell sharply due to the uncertainty in the post-Taliban takeover of Kabul and subsequent issues in banking channels, exports in the other eight sectors posted double-digit growth, mainly driven by the US, UK and China.

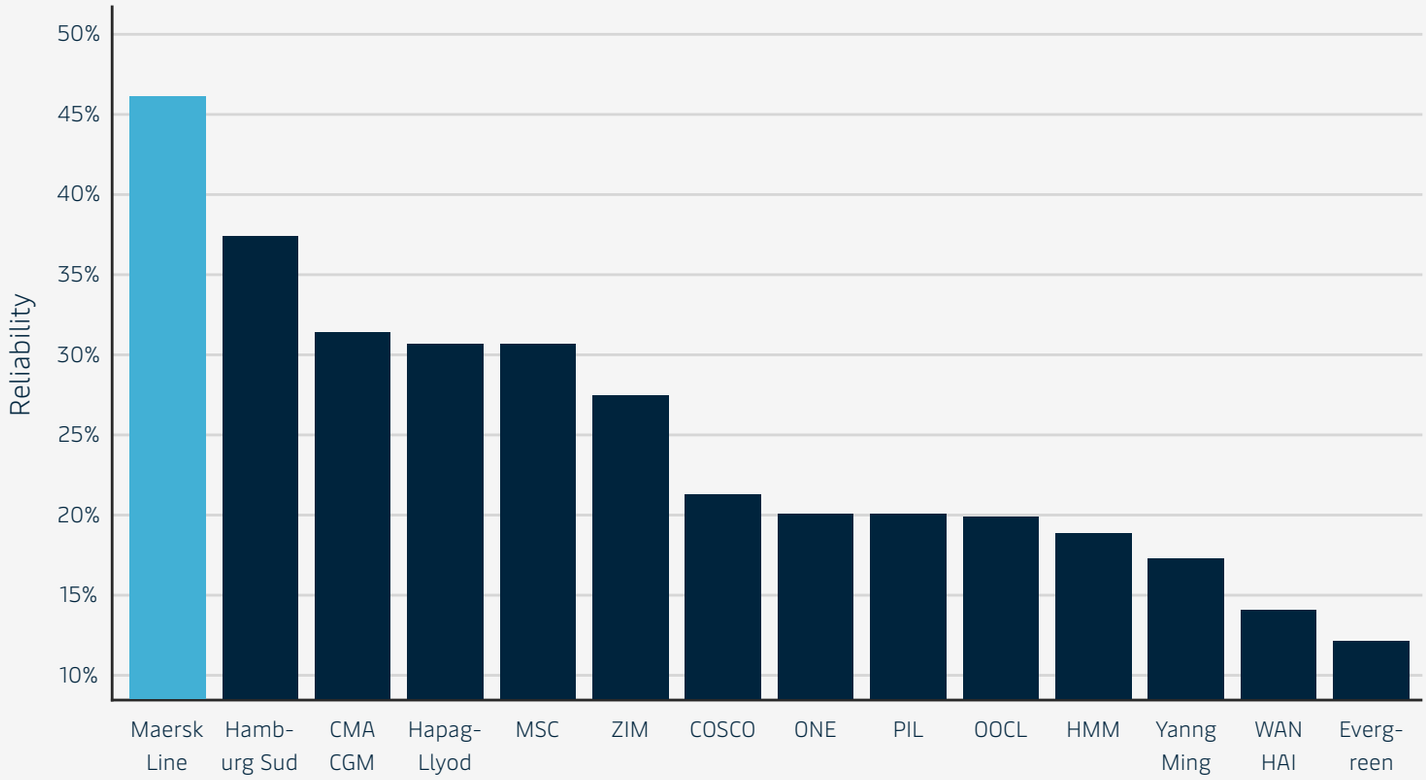
Huge demand from the automotive and retail & lifestyle sectors have given rise to a warehouse space crunch in the industrial area of Port Qasim. New facilities are being built to expand warehousing space availability in the region.

Ocean Freight Update

While the operational environment remains very challenging from a global perspective, we remain committed to finding solutions for our customers prioritizing those with allocations and two-way commitments. According to the latest Sea-Intelligence Global Liner Performance Report in October 2021, Maersk delivered an on-time performance of 46.4% compared to an industry average of 34.4%.

What are we doing?

Global Top 14 carrier ranking - Oct 2021



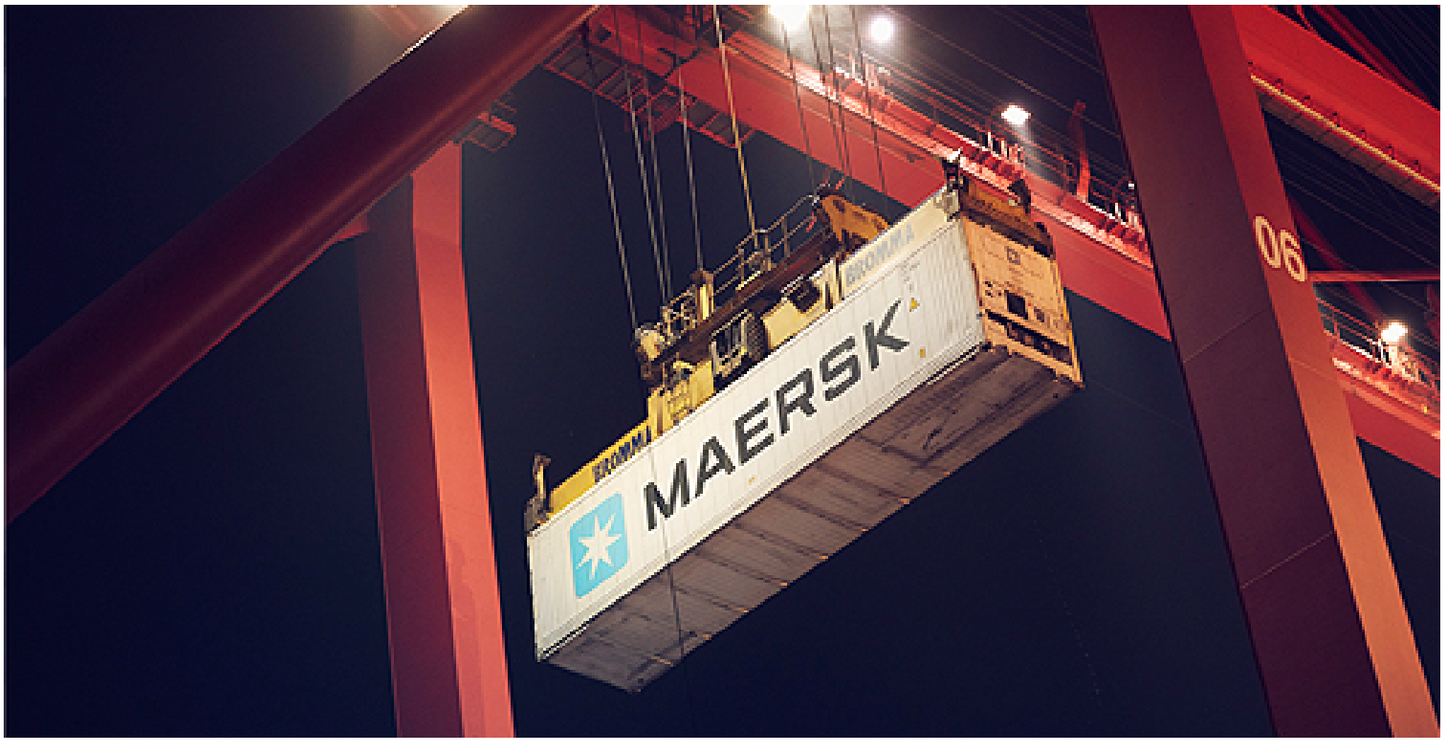
Source: Sea-Intelligence - GLP Report - Nov 2021

Key ports across our global network remain stressed due to infrastructure bottlenecks, shortage of labour (COVID) and a surge in volumes, with gridlocks mainly in North America and North Europe. Please refer to the table below for current estimated waiting times:

Area	Less than 2 days	3-5 days	>5 days
West Central Asia	Colombo, Chittagong, Salalah, Jebel Ali, Nhava Sheva, Mundra, Jeddah & Port Qasim		
Rest of the World	Charleston, New Orleans, Antwerp, Rotterdam, Algeciras, Xiamen, Busan, Qingdao, Tanjung Pelepas and Singapore	Oakland, Houston, Bremerhaven, Hamburg, Durban, Port Klang, Shanghai, Ningbo and Yantian	Savannah, Long Beach, Los Angeles, Vancouver, Seattle, Felixstowe and London Gateway

The challenging operational landscape continues, and we expect that 10-20% of global capacity will be absorbed due to increased waiting times. This is despite deployed capacity being at historically low levels and thus causing missed sailings. Globally, approximately 300 ships are awaiting outside ports to berth currently.

Equipment



As outlined in the market update for October, equipment shortage is expected to continue for the foreseeable future across many locations throughout the region as the number of factors impacting our ability to reposition them continues. Further, our in-fleeting of new containers is getting delayed due to the power supply challenges in China.

During these challenging times, we observe creativity from our customers where traditional 40′ commodities are being converted to 20′ and vice versa. This provides them more flexibility in the supply chain and allows their orders to move to their customers.

Land Freight Update

The land transport industry in Pakistan is undergoing challenges due to multiple factors. Over the last few months, there has been a rapid increase in fuel prices for land transport vehicles. Additionally, the prices of new vehicles and spare parts have risen due to the hike in the dollar value. In combination with the lack of a corresponding increase in cabotage cargo selling prices, these have led to a slowdown in upcountry movements. Furthermore, the border issues with Afghanistan has decreased transit movements between the two regions.

Trending Topics

The US administration has approved a USD 1 trillion infrastructure bill, whereof USD 17 billion will be invested to revamp US ports and hinterland infrastructure. The US government has the intent that part of the investments should have an impact within the next 3 months e.g. alleviating congestion at Savannah by converting existing inland facilities into five pop-up container yards. This will allow the port to transfer containers further inland closer to end destinations and freeing up dock space.

Furthering its Vision 2030, Saudi Arabia has announced its intention to develop seven logistics zones in the Eastern Province to establish itself as a key global logistics hub connecting three continents.

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With the focus on establishing a fully integrated port and supply chain, Saudi Arabia aims to build the world's largest floating industrial complex, Oxagon, which will focus on seven sectors including sustainable energy, autonomous mobility, water innovation, sustainable food production to name a few.

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Pakistan aims to produce around 8 million

Pakistan and Australia agreed to review and vehicles annually by the year 2026 in different auto categories. The new auto policy has a strong focus on export as well as capacity enhancement of the industry and the volumes are expected to include over 600,000 four wheelers in the next five years.

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work towards relaxing trade regulations for importing and exporting fruits and agricultural products. The export of citrus fruit and mangoes from Pakistan has increased by 31.4% and 29.1% respectively in the last year.

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A.P. Moller-Maersk announces the intended acquisition of Senator International, a well-renowned global freight company with a strong air freight offering. Additionally, working towards expanding its own controlled air network, Maersk is also adding three leased cargo planes to be operational from 2022 and two newbuilt Boeing aircrafts to be deployed by 2024.

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Continuing its commitment to sustainability, A.P. Moller-Maersk recently launched its Green Finance Framework designed to enable the company to issue a variety of sustainable financing instruments including bonds, loans, project finance amongst others. Maersk issued its inaugural 10 year, €500 million green bond to fund the build of green methanol vessels.

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Mission
Beat-the-clock
from sails to wings

Learn how we integrated our ocean and air freight solutions for the efficient transportation of cargo from Bangladesh to New York on a tight deadline.

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