

# Interactive Community Update

Mannheim – May 2022

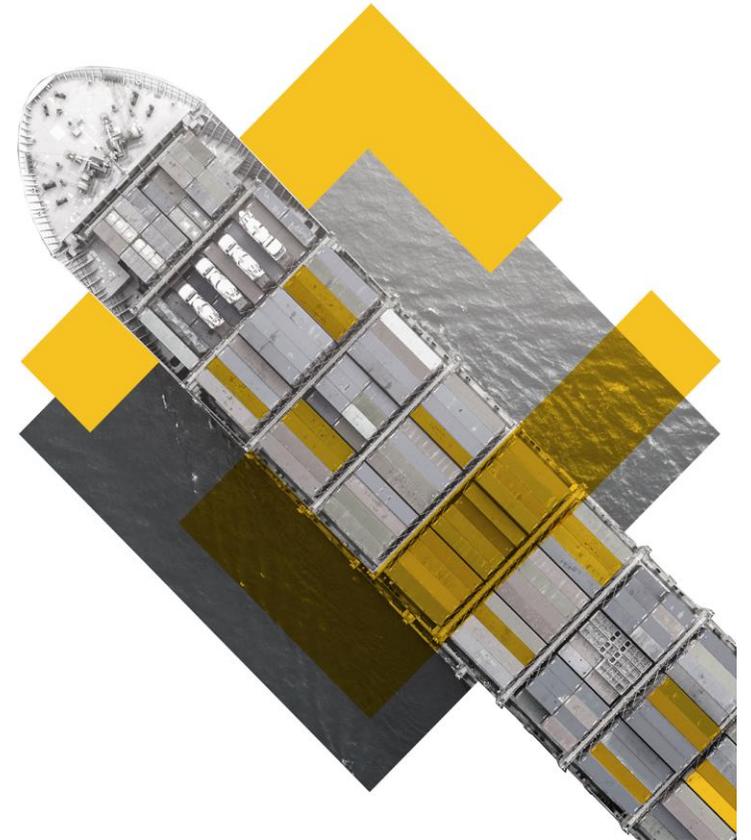


# Agenda

31 May, 13:00 – 14:15 CET

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- 1 Rate Development Q1 / Q2  
Second level – This text is providing content.
- 2 Current Ocean Market Trends and Issues  
Lockdown, Ukraine war
- 3 Outlook Q3 / Q4
- 4 US West Coast Docker Contract Status
- 5 Interactive Q & A

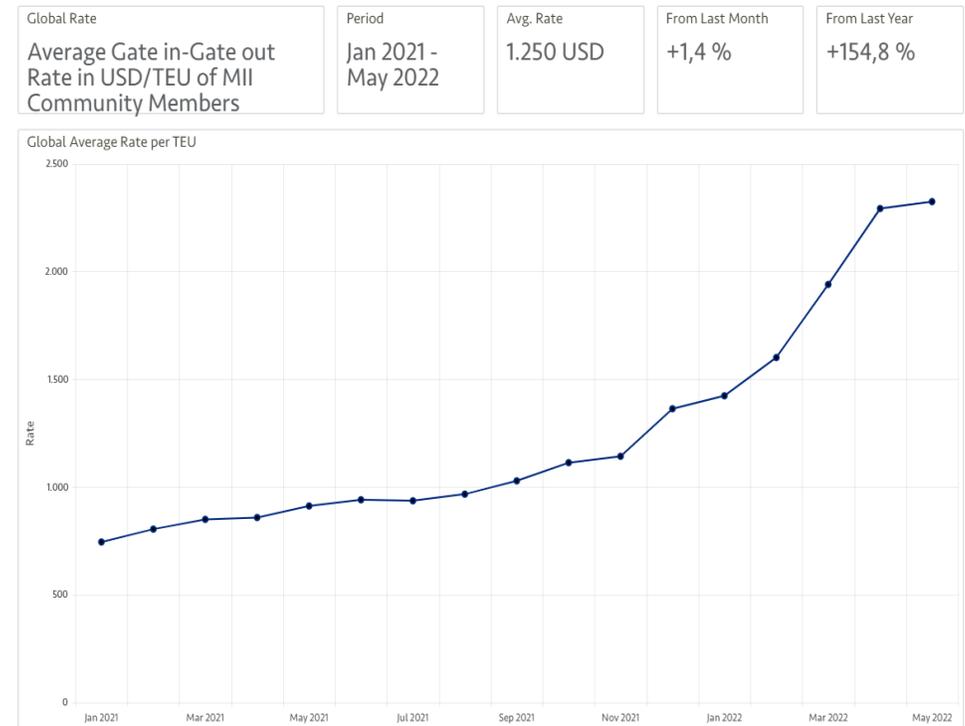


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# Rate Development Q1 / Q2

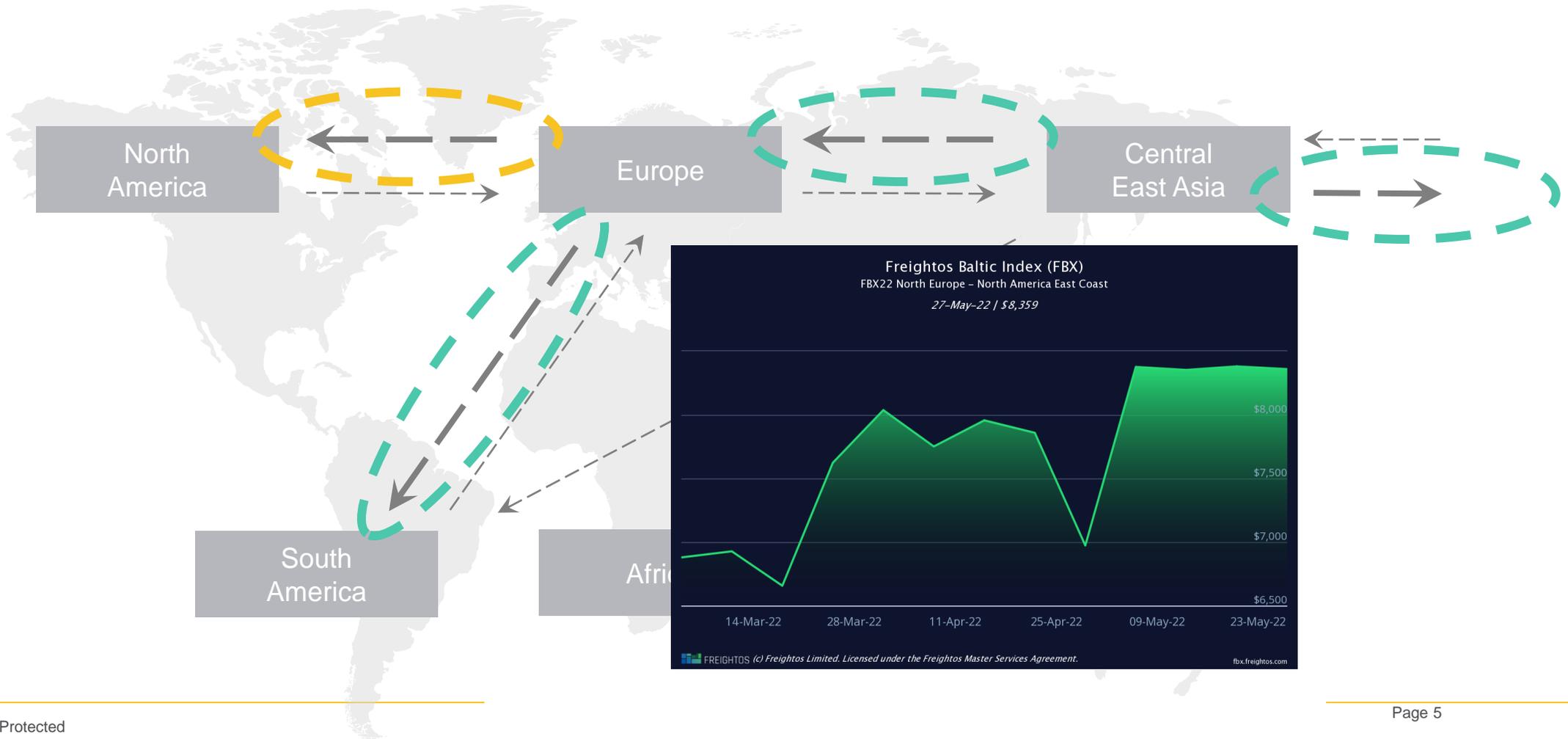


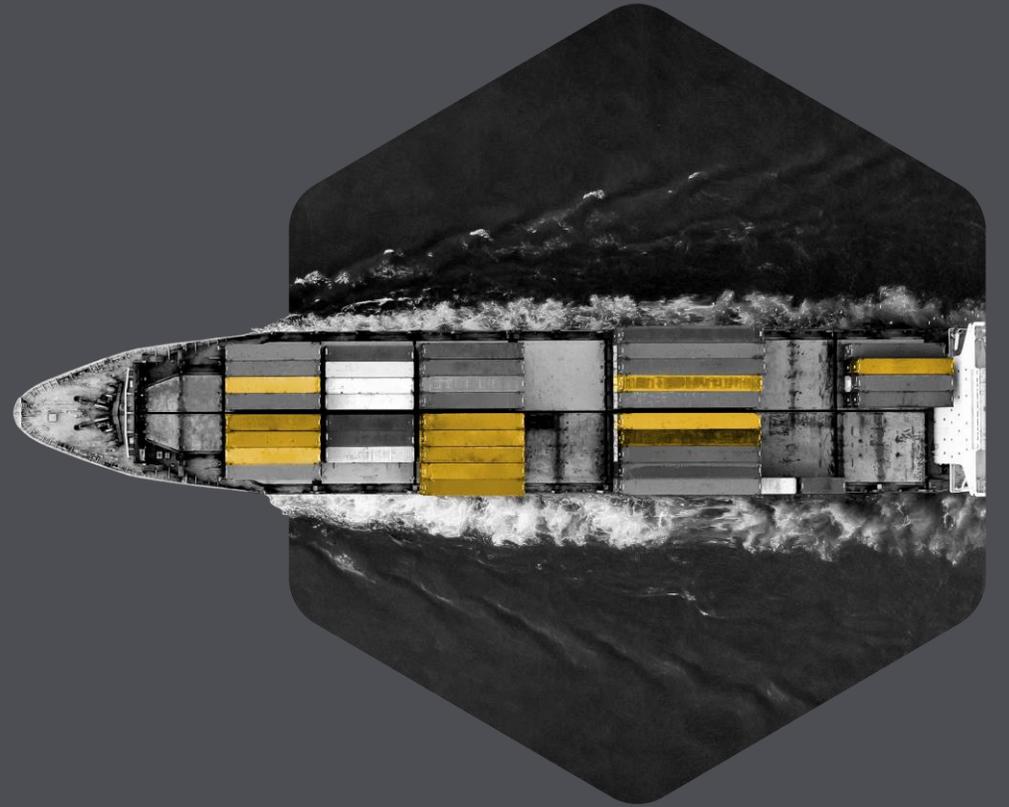
# Spot & Contract Rate Development



# Rate Development – Spot Market

After long decline Shanghai and Freightos Index both increasing again since last week

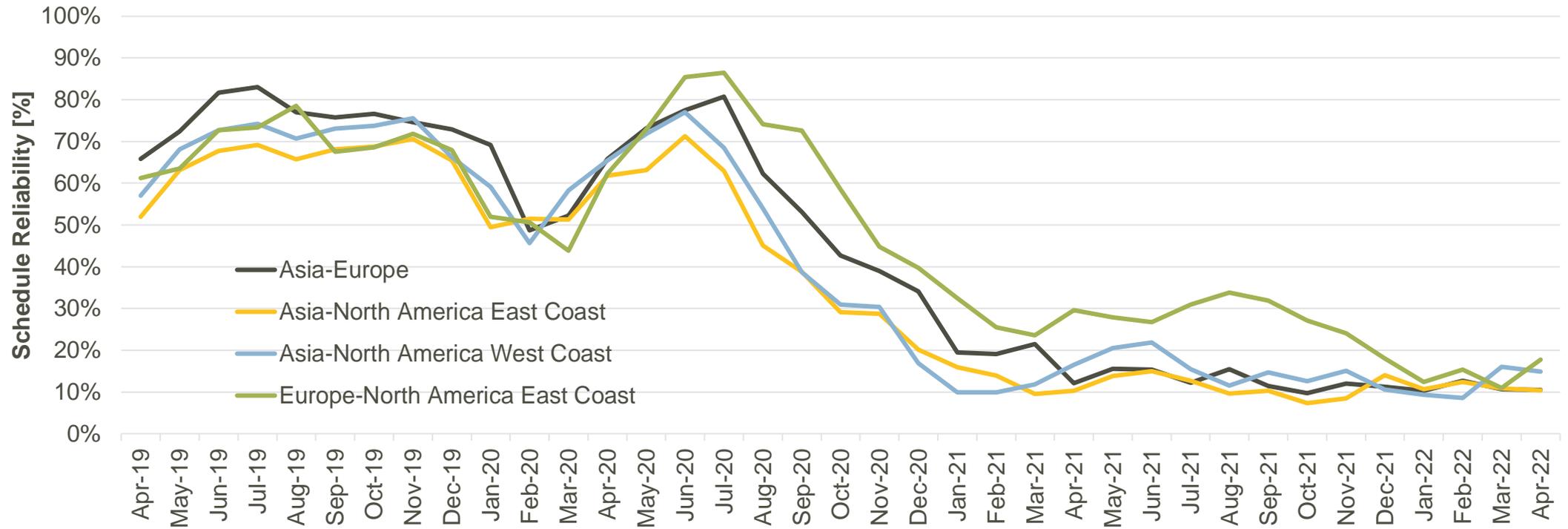




# Current Ocean Market Trends and Issues

# Congestions keep schedule reliability on a low level

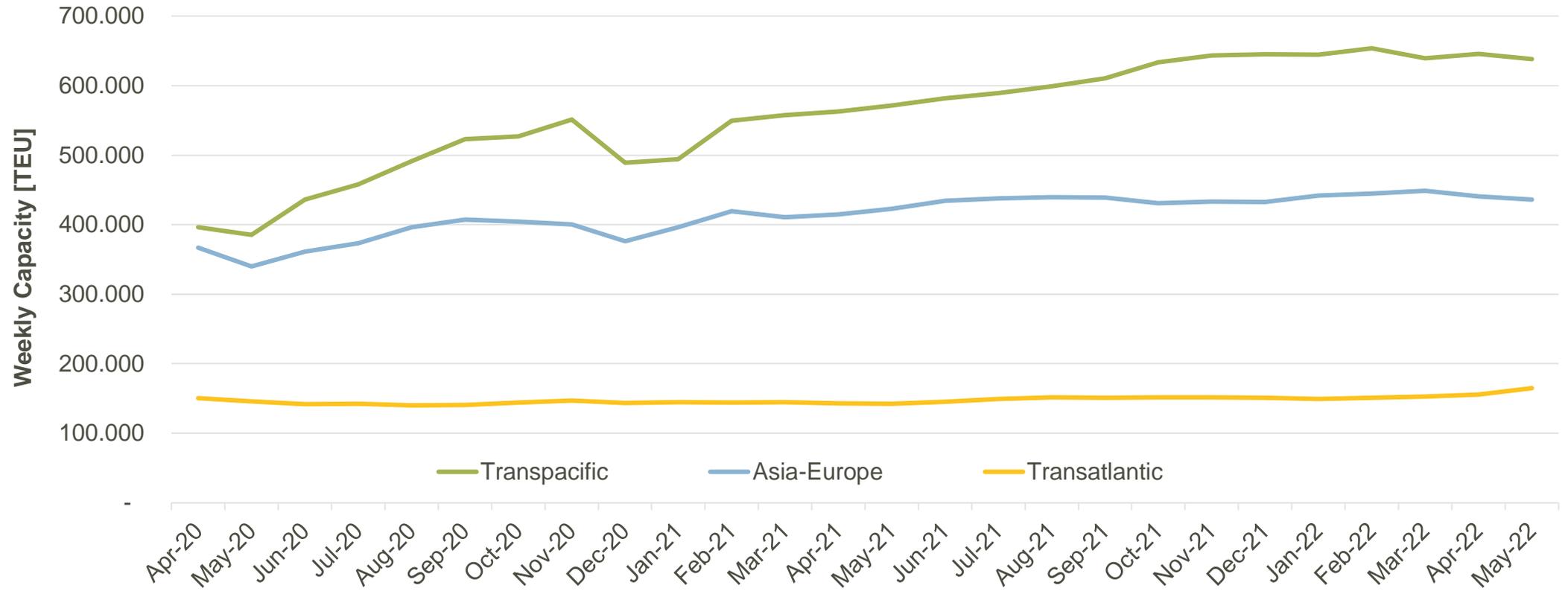
as well as lockdowns, fully utilized ports and lack of empty containers



Raw Data Source: BigSchedules, 2022

# Capacity on Transpacific 3x higher than Transatlantic

third of the scheduled sailings out of Asia were blanked through early June



Raw Data Source: Alphaliner, 2022

# Shanghai COVID-19 Lockdown

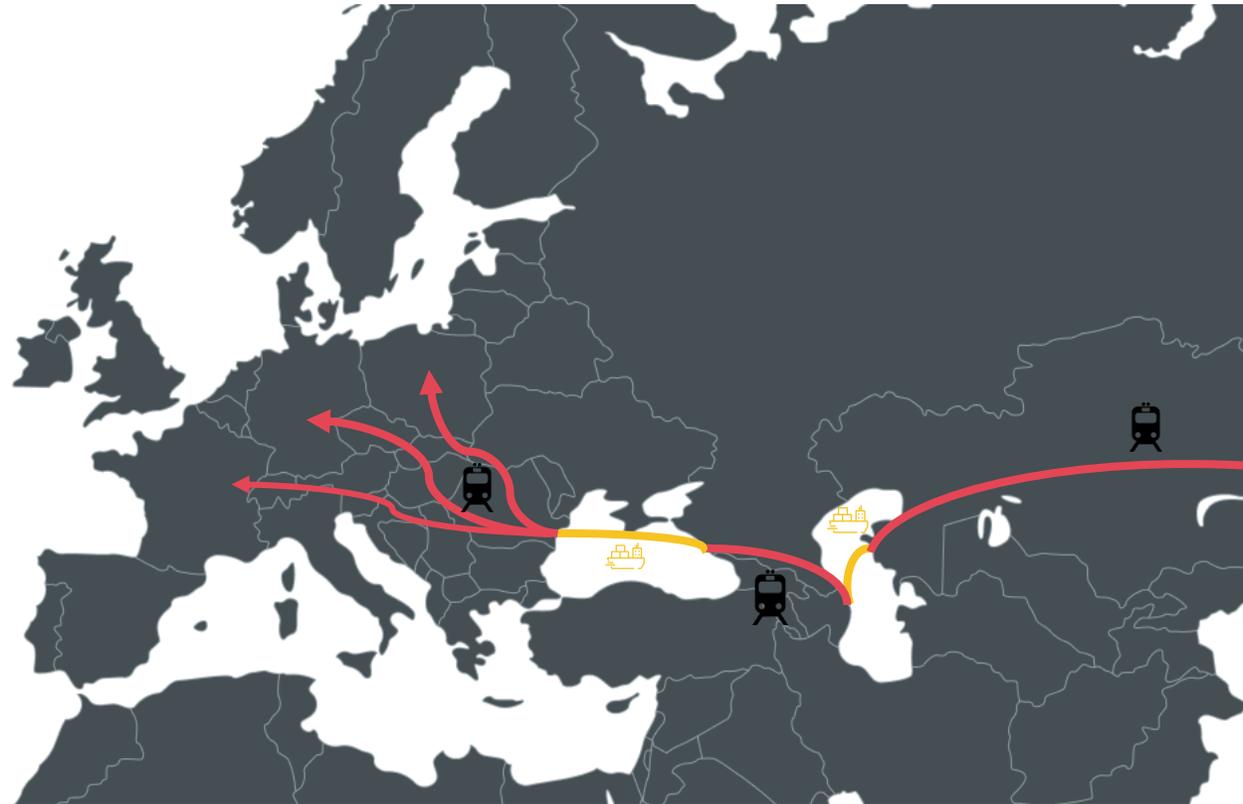
## Timeline



# Ukraine Update

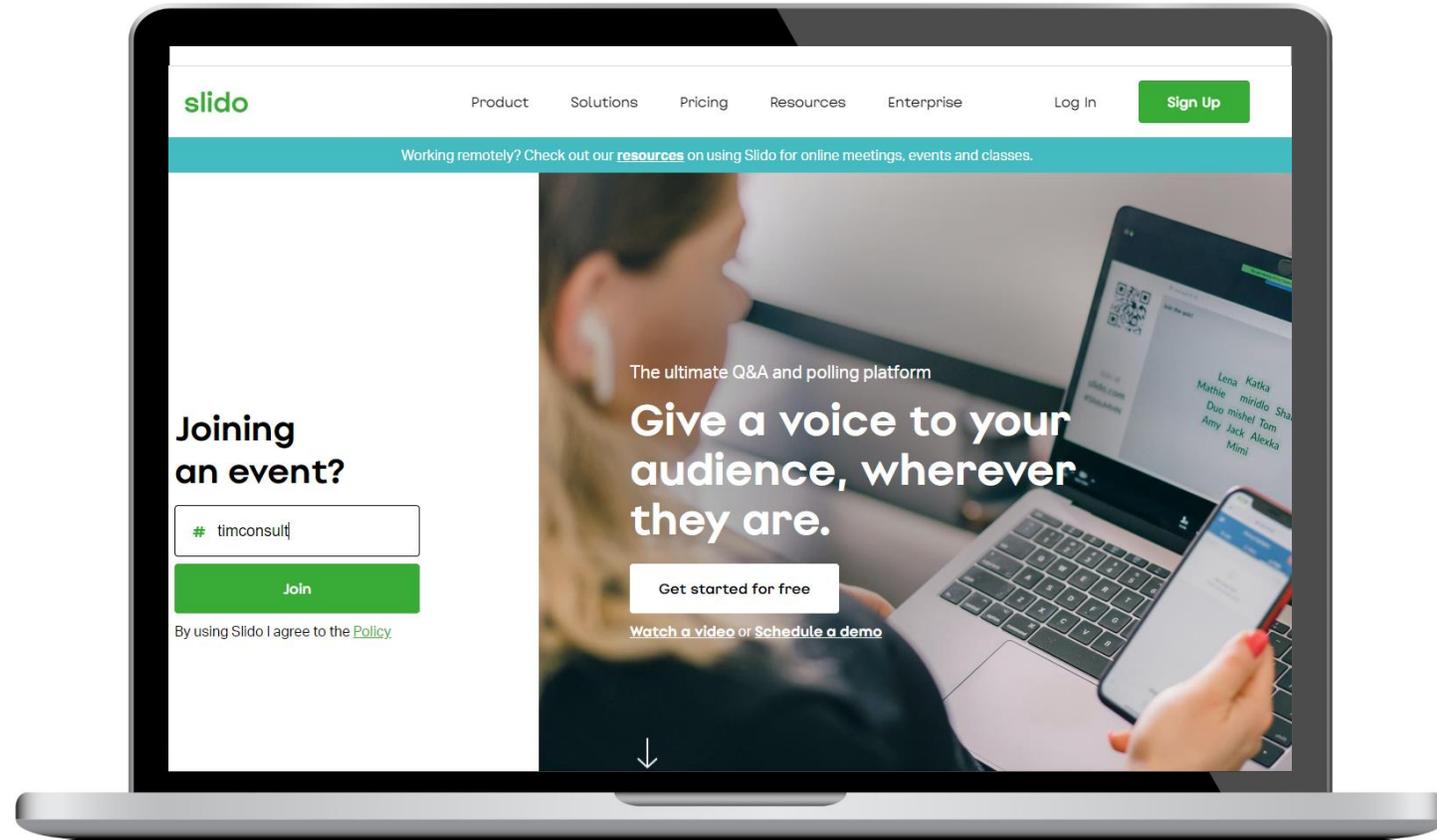
Maersk introduced Southern Corridor Service as an alternative to the One Belt road

  
~ 40 days



# Voting via Slido.com

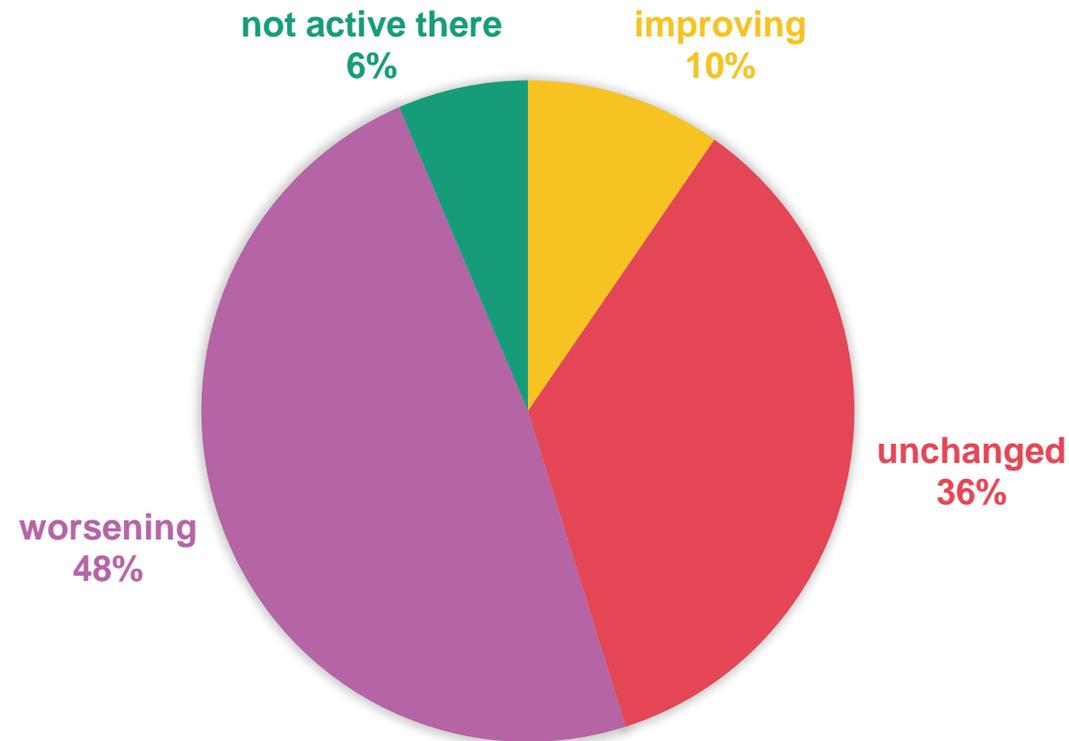
- › Go to Slido.com & enter Event-Code **#Ocean2022**
- › We will “open” the survey
- › Choose your answer or multiple answers
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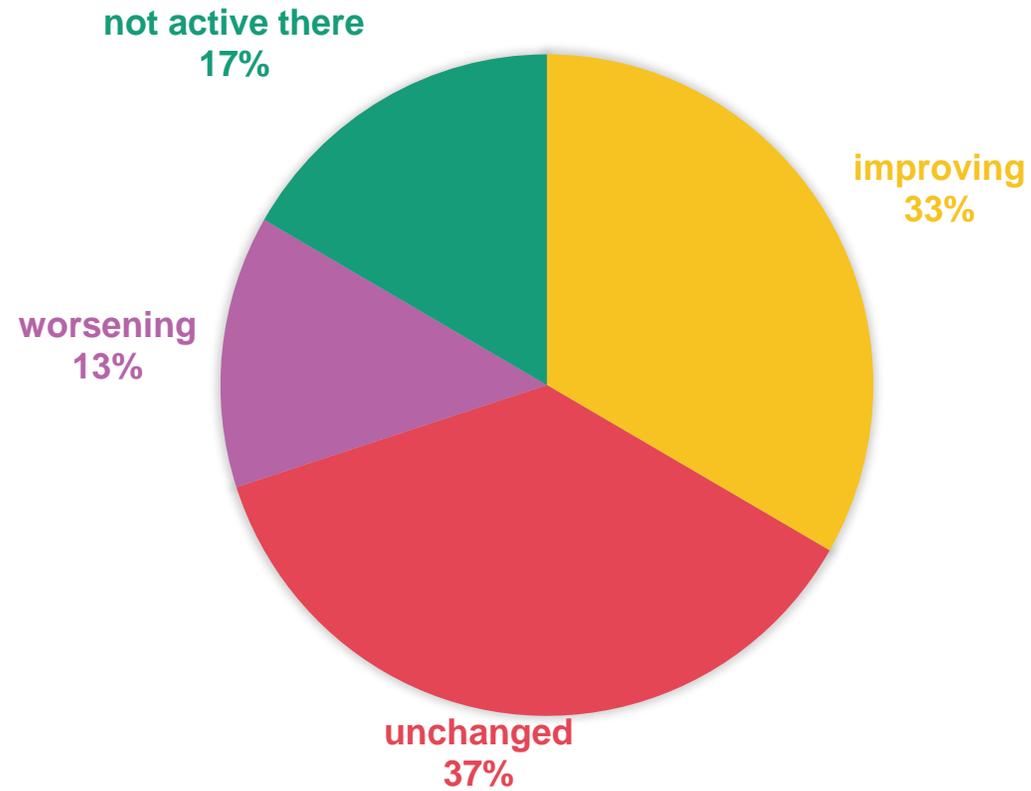
Which issues are you most concerned about at the moment?



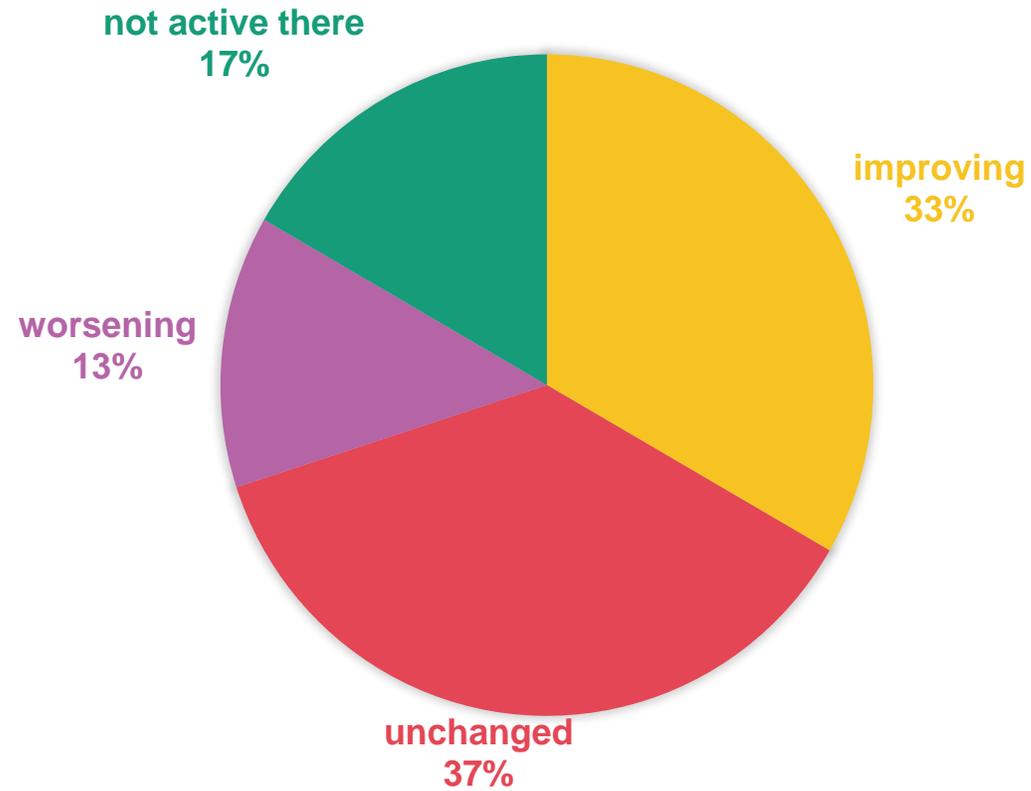
# Is congestion in European ports ...



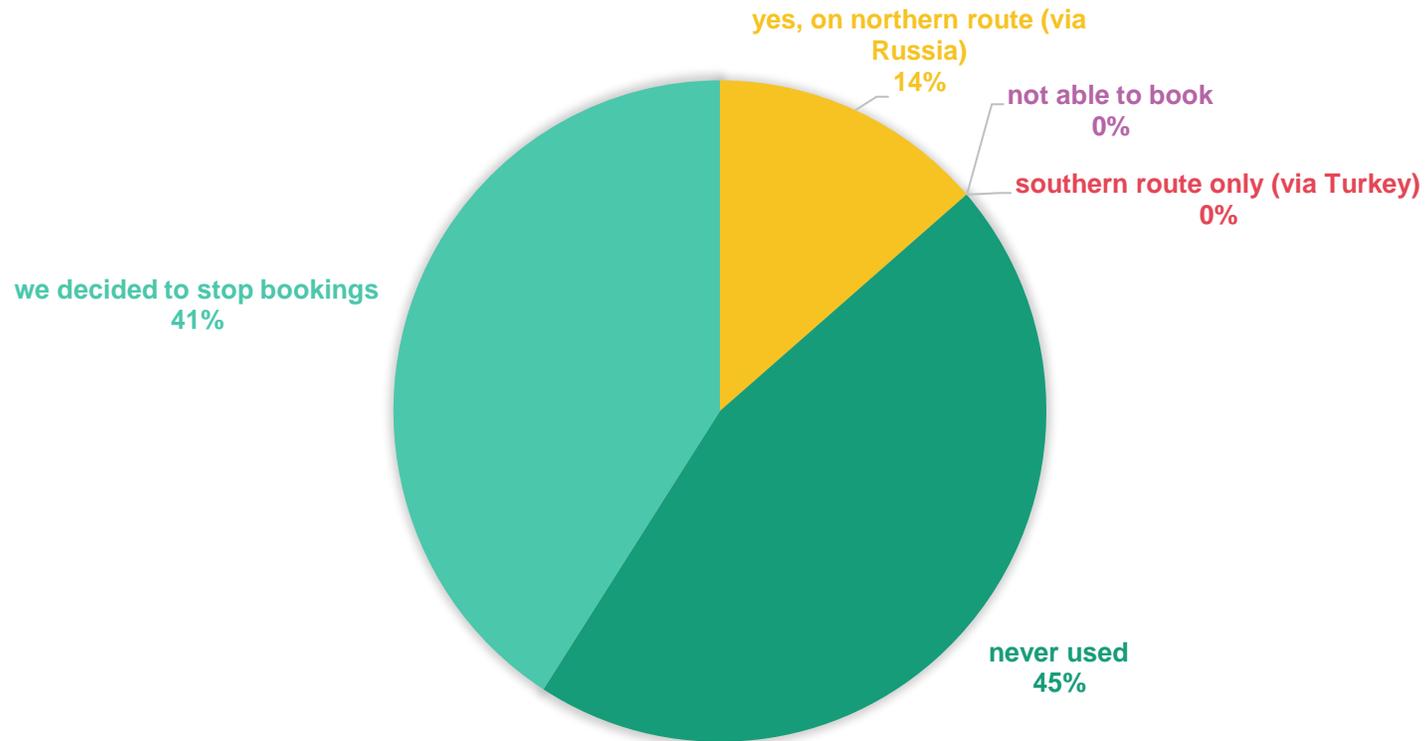
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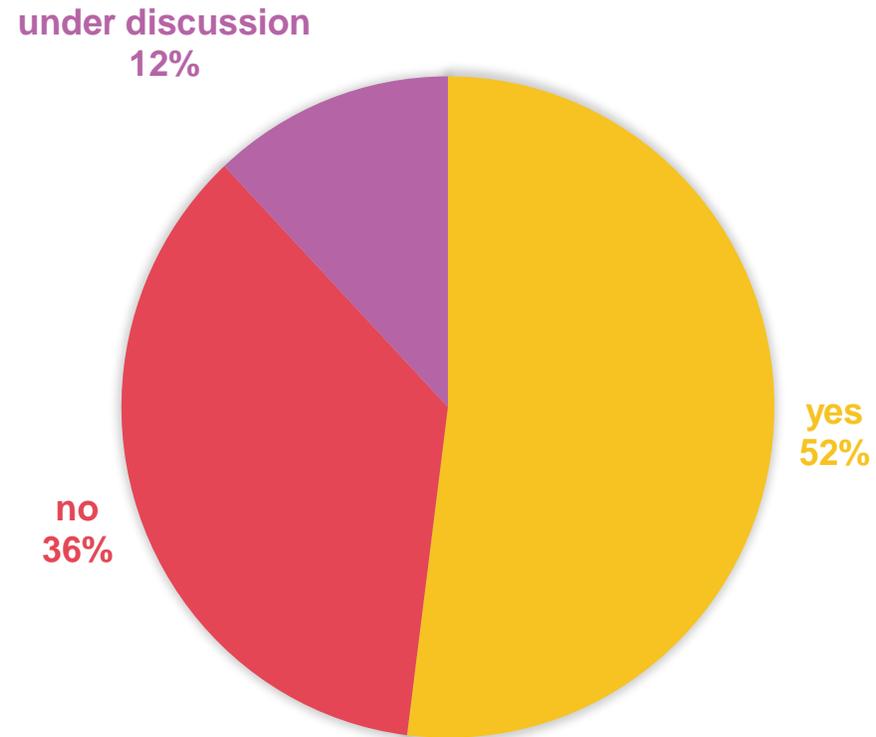
# Is capacity availability out of China...



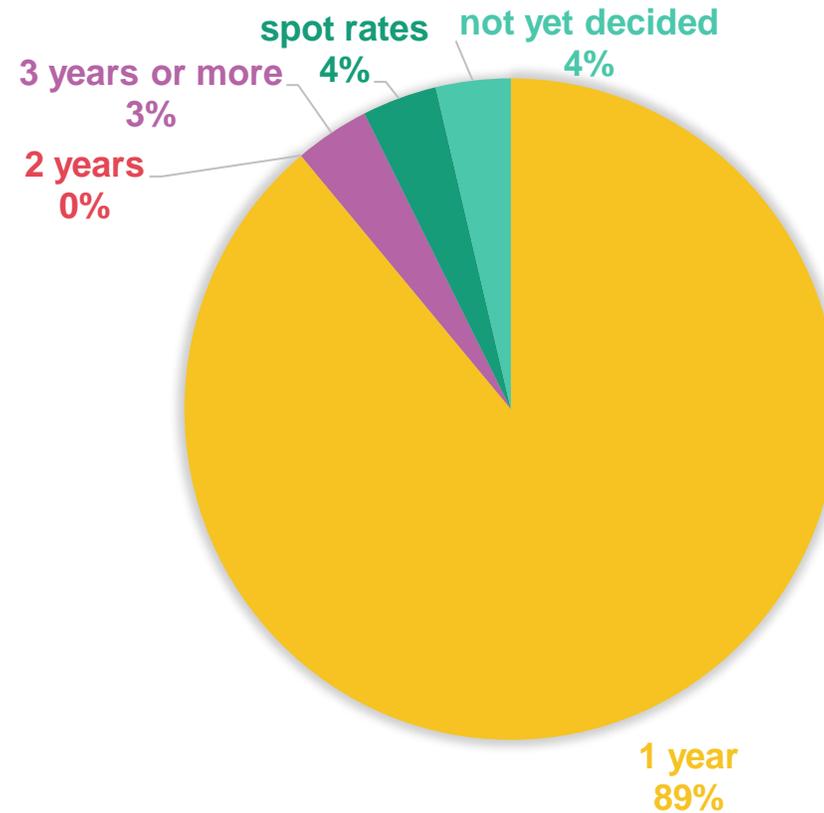
# Are you currently booking containers on the Eurasian landbridge?



Do you have/plan shipper volume commitments in your contracts?



What kind of term have you decided on / are you planning to decide on the contracts with the carriers?



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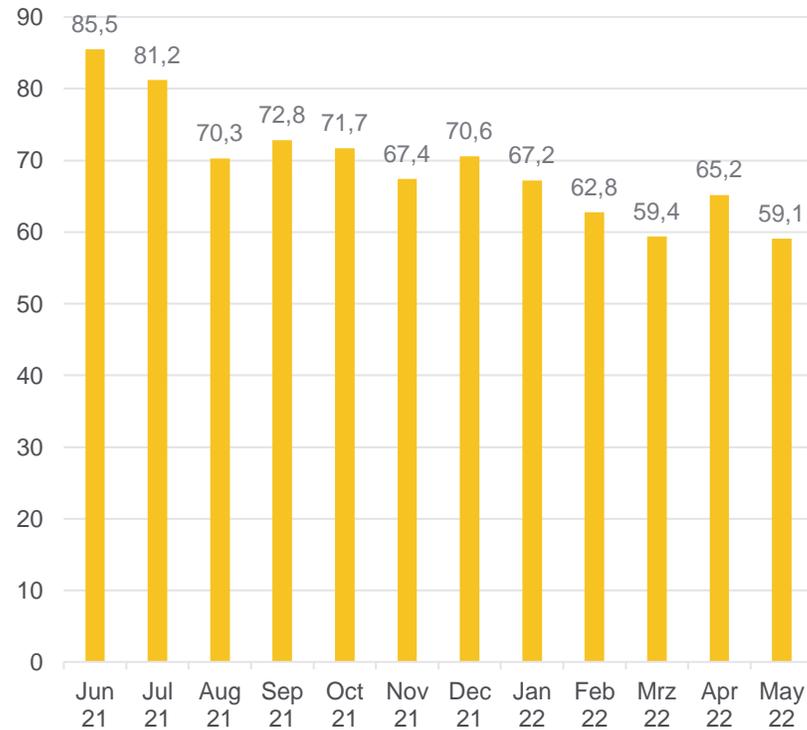
Outlook Q3 / Q4



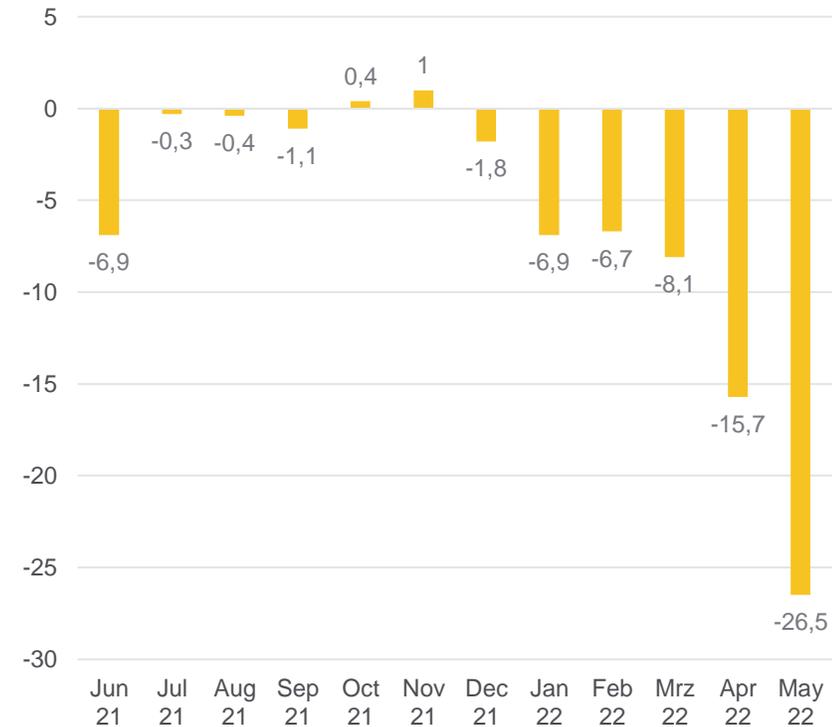
# Expected Demand in Q3/Q4

## Consumer Confidence Index

### US



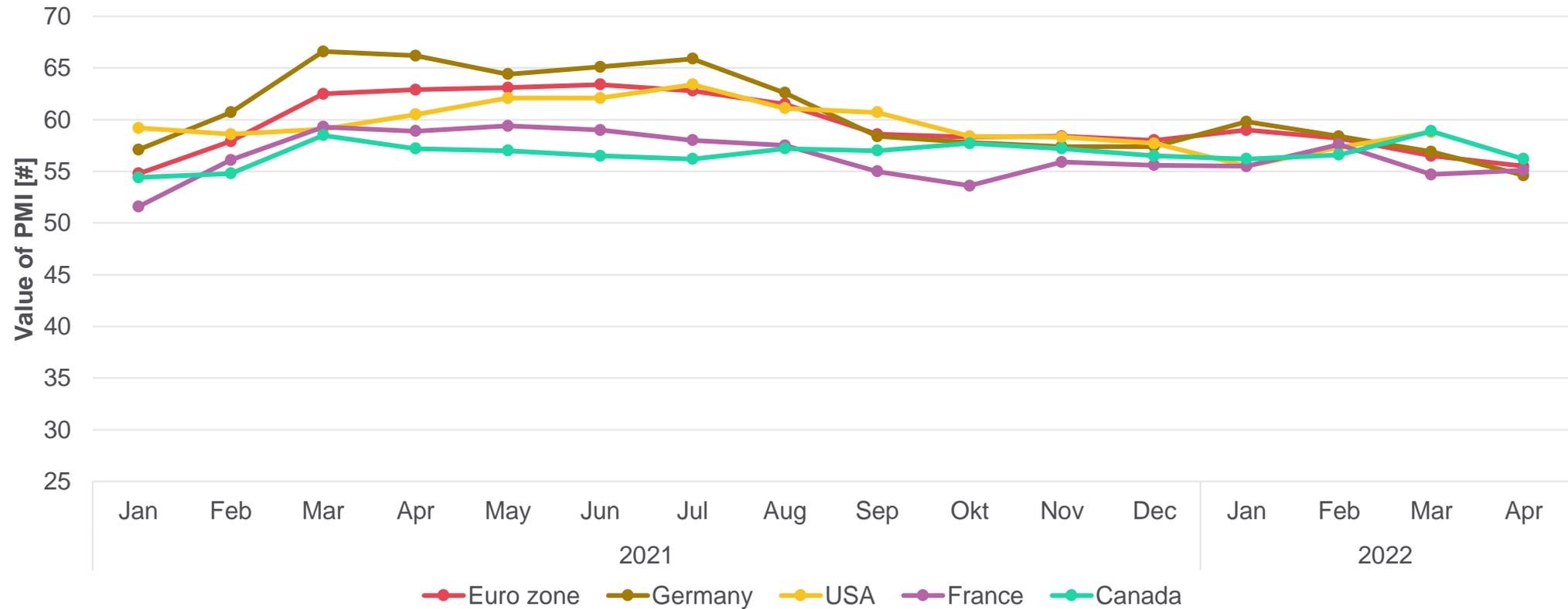
### Germany



Data Source: TRADINGECONOMICS.COM, University of Michigan 2022

# Expected Demand in Q3/Q4

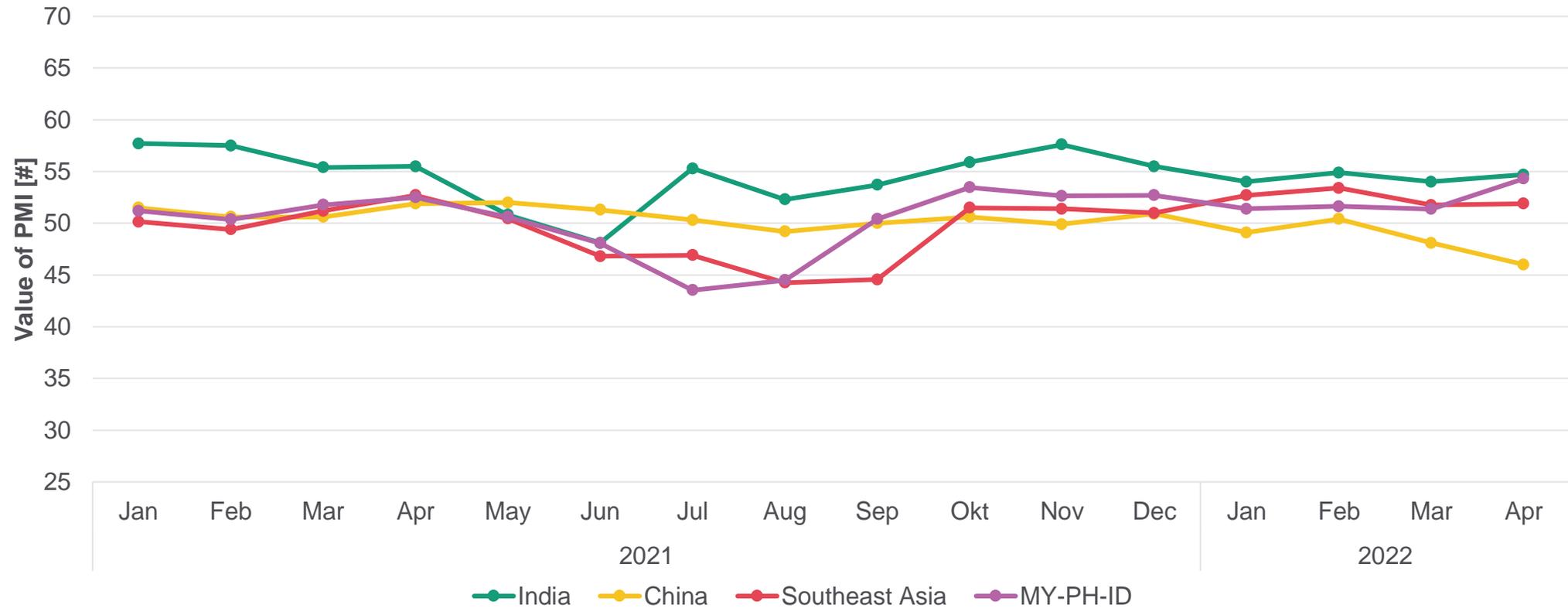
## Manufacturing Purchasing Manager Index Development – Western World



Data Source: Theglobaleconomy.com, 2022

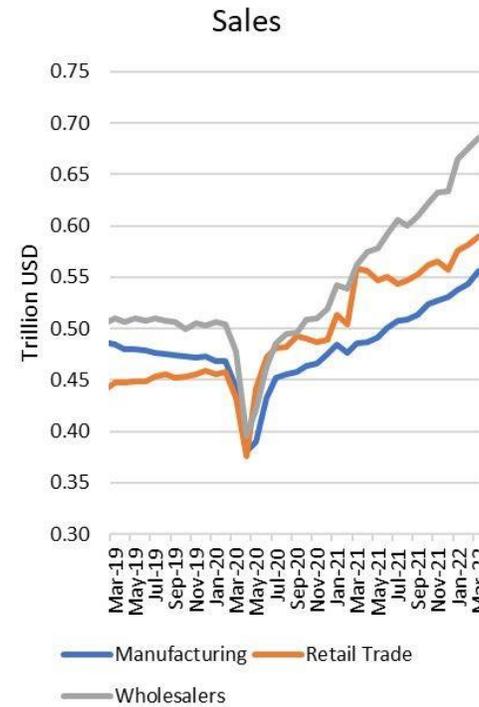
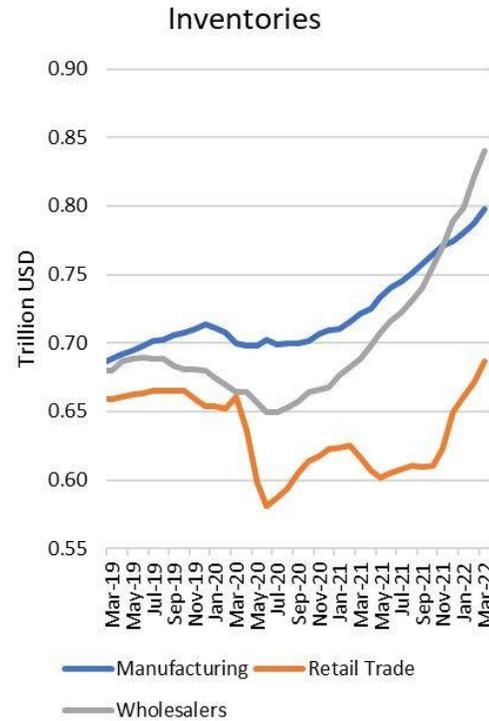
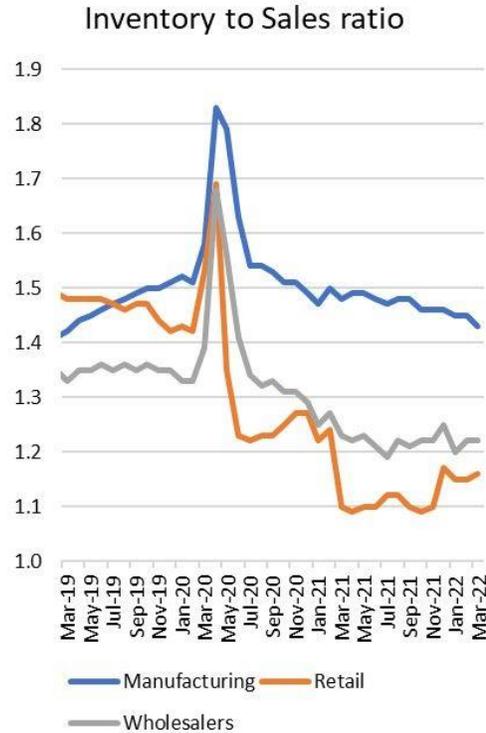
# Expected Demand in Q3/Q4

## Manufacturing Purchasing Manager Index Development – Eastern World



Data Source: Theglobaleconomy.com, 2022

# US Inventory & Sales Figures



Current: Battle for Capacity & Warehousing Space

Future I: Battle to control Inventory?

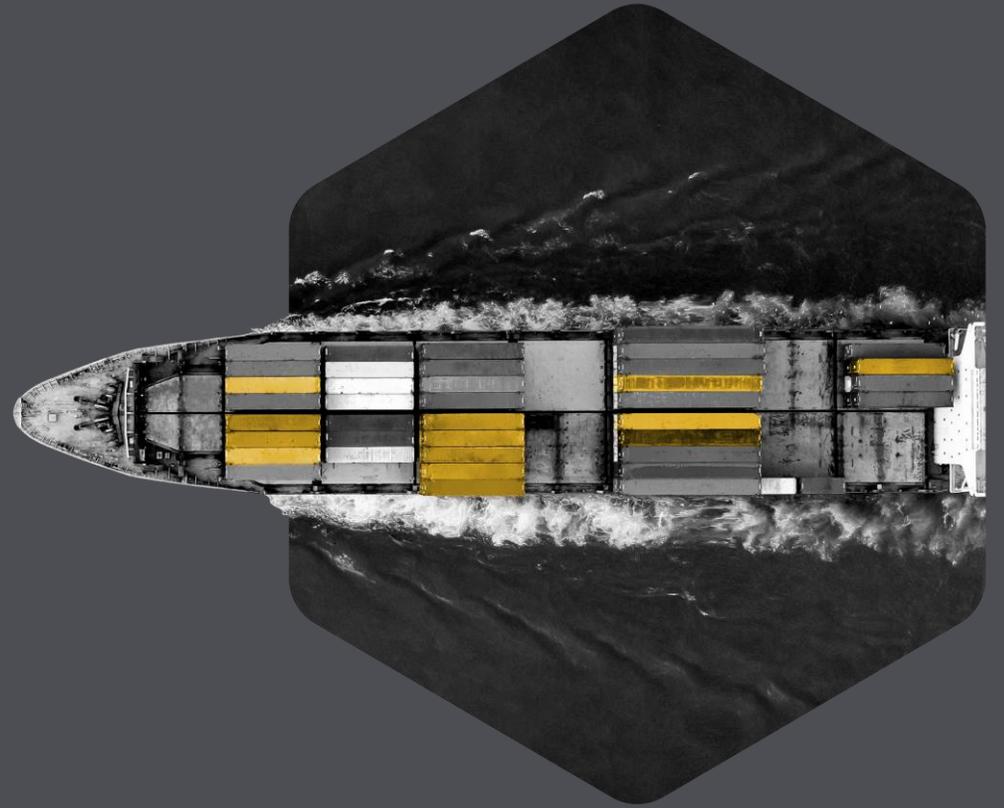
Future II: Battle against Shipping Costs? (low value goods)

This is how it currently looks...  
...but what for **unexpected** events?

Source: US Census Bureau

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# US West Coast Docker Contract Status



## Key Issues

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- Current base and sub-contracts for 20,000 dock workers at 29 US West Coast ports in CA, OR, WA , and 6 British Columbia expire June 30, 2022
- One-year extension request refused
- Critical topics: base salaries, overtime, job security (automation) pensions, health benefits, and redundancy compensation
- Gulf/East Coast base contracts valid to September 30, 2024, basis for national terms and conditions
- Additional local concerns per state/provincial legal distinctions

## Participants

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- International Longshore and Warehouse Union members at 29 US Pacific and 6 Canadian Ports
- Employers: 70 Pacific Maritime Association members (steamship lines, stevedoring companies, port authorities)
- International Longshoremen’s Association at US Gulf (TX to NC) and East Coast (VA to ME) ports (observer status)
- Federal Government (National Labor Relations Board)

## Potential Consequences

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- Selective work slow-down actions to occur in June if no substantial progress
- Dramatic increase in vessel congestion
- Retail and agricultural sectors to feel immediate impacts, within 2 weeks of initial work stoppage
- Supply chain disruption to affect all segments of US economy
- Insufficient alternative air capacity, spot and contract rate explosion

# ILWU has solid negotiating leverage to retain and expand benefits

## Terminal handling charges

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### Average annual per employee wage

- +/- \$195,000
- Maximum average \$95,000 pension benefit
- Guaranteed minimum work week of 40 hours
- Approximately 15,500 ILGU members laborers, clerks, management)

## Economic contributions

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### Economic Impacts

- Processing 1 mm tons per day
- Directly generates 161,000 jobs in port regions
- Indirectly supports 12.5 million jobs, 9% US GDP
- \$15.6 billion total economic loss for each 1% decline in member ports market share

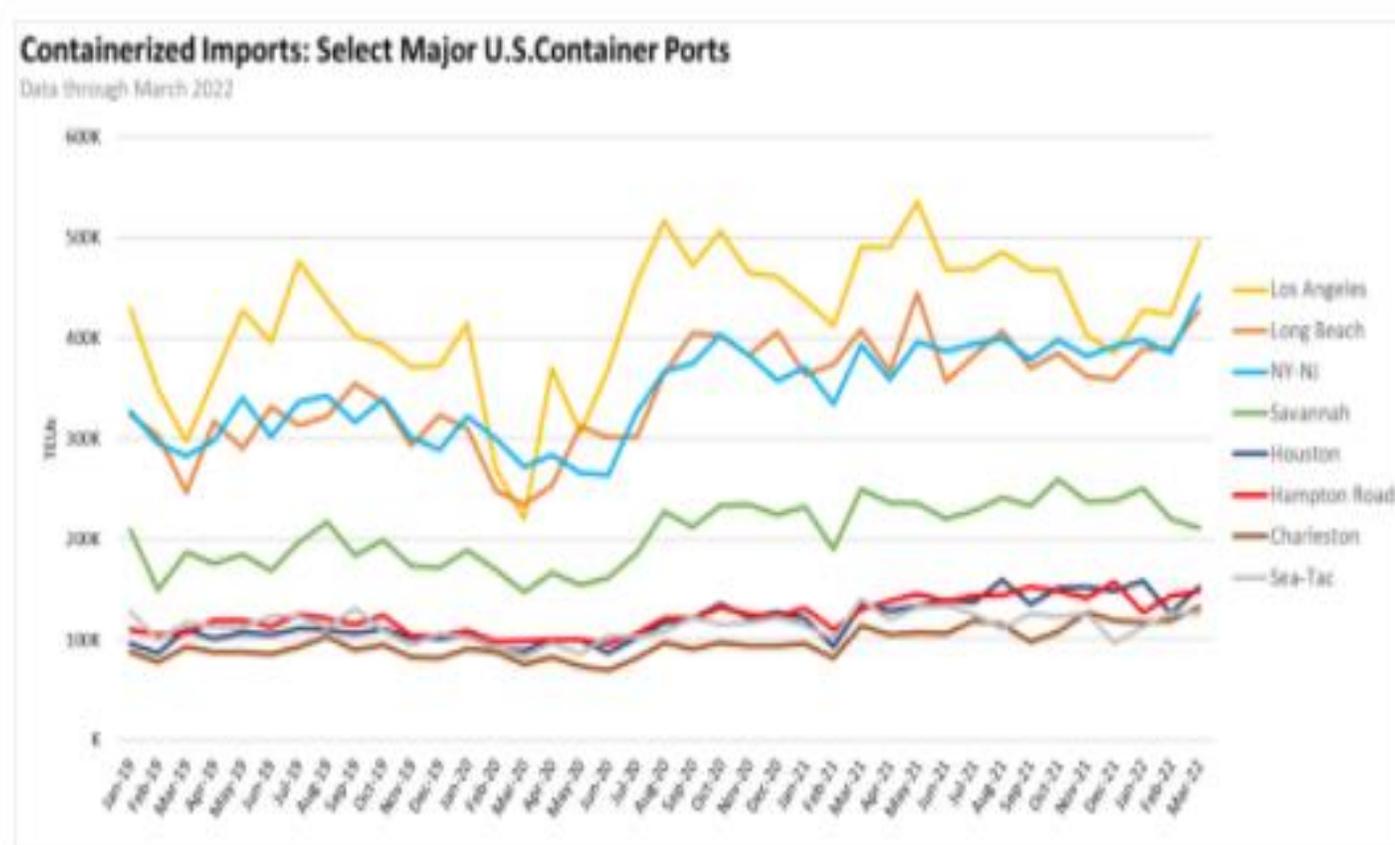
## Union management

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### Governance

- President: W.E. Adams Tacoma 2018
- International VP: R. Oliviera Jr. LA/LB 2018
- Coast Committeeman: F. Ponce de Leon LA/LB 2015
- Coast Committeeman: C. Williams Seattle 2015
- Outside Counsel: Leonard Carder LLP

Los Angeles and Long Beach ports are primary US import channels.



Source: US DoT

# Potential Scenarios

## ILWU: no agreement before July 1

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- Work to rule slowdown
- Selective absenteeism
- Work stoppage / legally authorized strike

## PMA: alternatives

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- Slow-steaming, maintain discharge port rotations
- Re-direct to West Coast Mexico and US Gulf
- Selective sailing cancellations

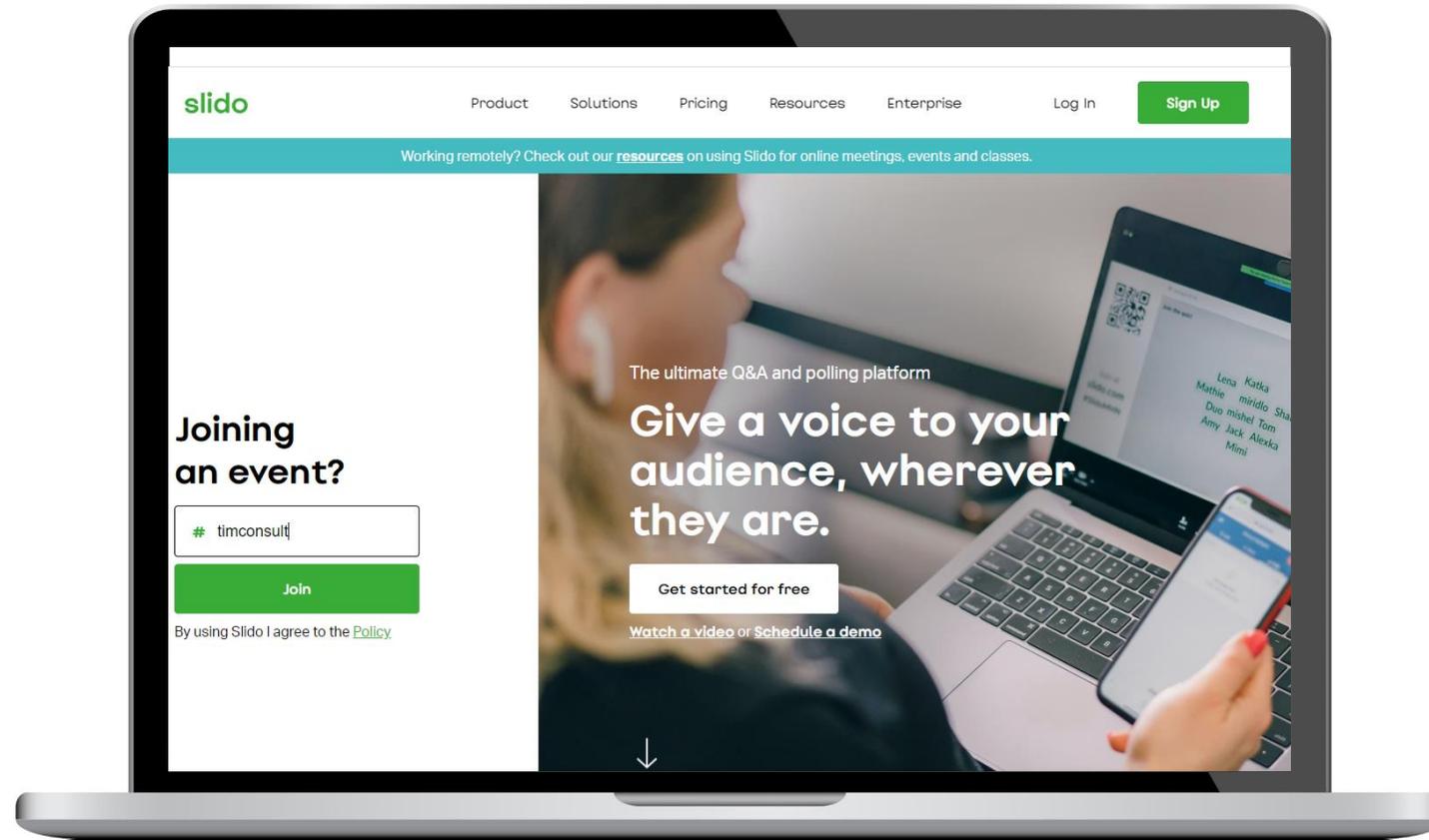
## Likeliest outcome

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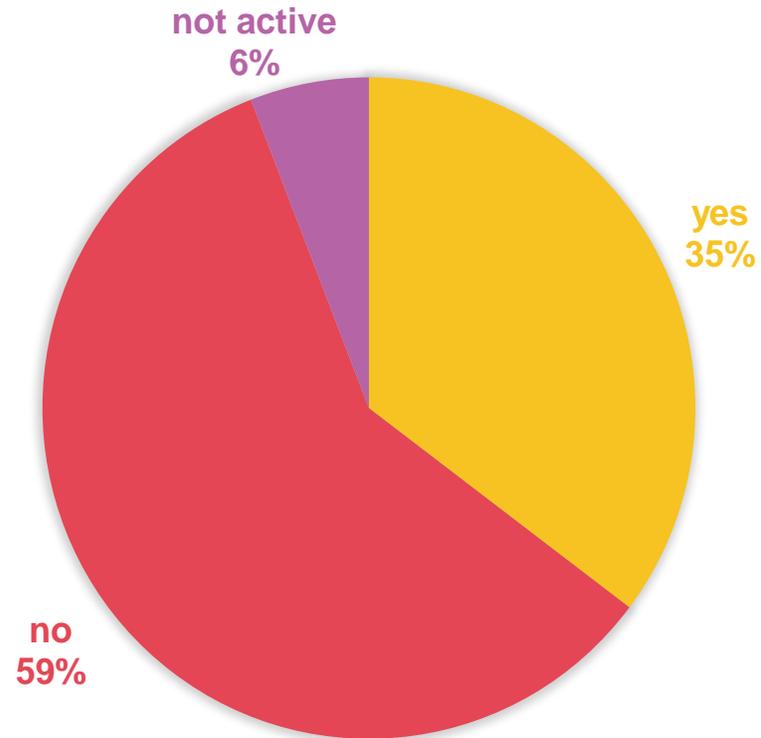
- Presidential back-to-work directive as national emergency,
- National Labor Relations Board mediation
- Last-minute settlement, 12% overall benefits value increase with job security provisions

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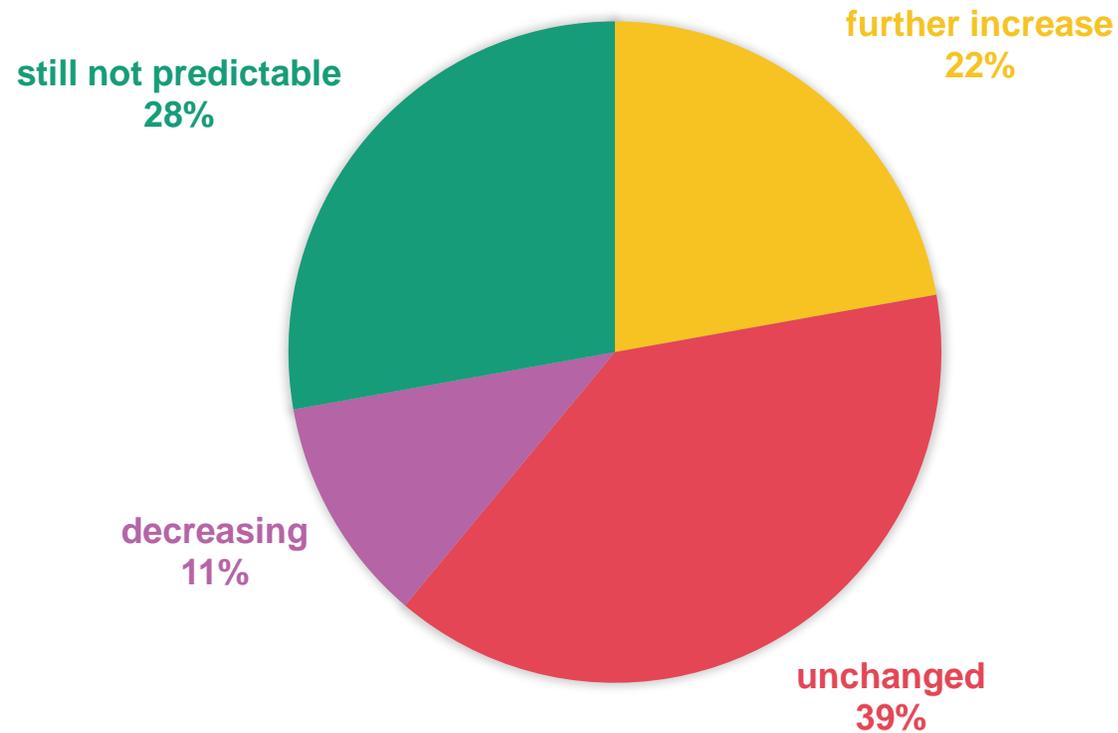
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Do you expect your volumes out of China to increase significantly after the lockdown?



What is your assumption how rates are developing till end of the year?



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# Interactive Q & A



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