

General Trade News

The NME Trade becomes more and more affected by the full vessel scenario of the FE and ISC trades even we cannot see a general volume increase on the market for the NME trade. At this very moment the space being available with a 4-6 weeks' notice period only. Certain carriers do have space available against higher FAK terms.

Main reasons being

- *CMA CGM EPIC withdrawal last year August purely serving NME and ISC – about 90 – 100 K tons / 84-9500 TEU's in a growing ISC market – volume increase by approximate 7 % in 2016*
- *Hanjin bankruptcy reshuffling volumes on the FE trade EB/WB*
- *Blank Sailing program on account of the golden week / CNY*
- *ISC Cargo rush due to the financial years ending by end of March – as every year customer require march BL dates.*
- *Announced booking stops announced by several carriers due to the actual situation*
- *Finally, new alliance set up as of April*
- *HMM notification received in week 9 that they stop serving NME as of April within the new 2 M set up which is hitting us extremely hard. – see more info's below on this topic.*

Dear Colleagues,

unfortunately I have to inform you that HMM will stop acceptance of NME bookings once they join the M2 set up as of April 1st – actually their last vessel would be the OOCL Egypt 004 E ETS 20.03.2017. It seems that not only HMM was caught by surprise as this is the result of the reshuffling of the M2 services removing AEJEA from the AE1 and adding the AE7 service, which wasn't part of the discussion when they finalized their allocation last year. Of course HMM searches for an alternative which isn't an easy task in today's environment. The same counts for us, as HMM was ranked number 2 on the EMNEU – EMNME Trade with a share of approximate 20%. We will try our levels best to get additional allocations on other partners but have to face a bumpy road ahead as the notice period and timing isn't the best as you can imagine. We will keep you closely informed about results ...

Below is the info received yesterday followed by the confirmation in a meeting today. We shld consider a disruption of at least 2-3 months!

Message from HMM

With regards to ME service, the situation currently is such that under 2M presently we have no access to ME/Jeddah/King Abdullah (MSK has moved Jebel Ali to their new loop AES7, to which we have no access under the current deal).At the moment we are exploring other choices but we will have at least a disruption to the ME/Jeddah service, unfortunately.

So far we have not been successful to find an adequate replacement for HMM as the timing isn't the best to find place for 20% of our volumes – mainly NAC involved. We will keep you closely informed.

Outlook

We do not expect any improvement till may end since we are just heading towards the pre Ramadan season which usually pushes more volumes towards the market and helps the carriers to implement either PSS resp. get higher Tariffs from the customers.

First carrier on this trade with a PRS like UASC with USD 300 per TEU as of 15.03 on all existing deals for example - still discussion about the same and keep you informed. Notice as follow

Emergency Peak Recovery Surcharge (PRS) From North Europe to Asia & Middle East & Indian Sub Continent

28 February, 2017

UASC hereby announces a new Emergency Peak Recovery Surcharge (PRS) as follows:

Table with 6 columns: Origin(s), Destination(s), 20' Dry Container (USD), 40' Dry Container (USD), 40' High Cube Container (USD), 40' Reefer High Cube Container (USD). Rows include Europe Ports to Asia Ports and Europe Ports to MER Ports (incl. ISC).

- Effective date for Non-FMC regulated trades: 15 March, 2017 (based on vessel sailing date from first load port) and valid until further notice

Note: If any charge mentioned in this advisory is applicable to any movement of cargo to/from the countries in Europe and the Mediterranean, then please note that the charge forms part of a total price, the full components and the complete geographic scope of which can be found here (FAK rate advisories) and here (online surcharge calculator)

Please be prepared for Q2 Deals reflecting the current situation - without having final results to share we should expect a huge increase of our current terms which are mainly on quarterly basis (MSK/HPL&UASC/MSC/CMA CGM/MOL/NYK/COSCO's)

First announcements received are in the range of 900 - 1000/20 and 1200-1550/40 for the direct port combinations into AEJEA and SAJED. The Out ports consequently with a TAD higher by USD 3-500 per Container. We will keep you up dated but please be aware that the space we do have secured needs to be sold on highest levels to improve our bottom lines.

Even we do talk about a lot of problems at this very moment we do see doors opening up since customers do face the same problems with our competition. Therefor do not hesitate to contact undersigned (Artur.Bednarski@DBSchenker.com) anytime for new business possibilities or further detailed information on this trade.