

Customer Advisory

What the situation in the Red Sea means for your business

06 May 2024

Dear customer,

The effects of the situation in the Red Sea are widening and continuing to cause industry-wide disruptions. We are developing solutions with the goal of offering our customers greater reliability for their supply chains.

In this email, you will find an overview of the challenges we are facing, as well as the steps we are taking to minimise the impact of delays and disruption. Importantly, you can also gauge what this means for your business – now and in the months to come.

The effects of the Red Sea situation

The complexity of the situation in Red Sea has intensified over the last few months. To safeguard our crew, vessels, and your cargo, we are rerouting around the Cape of Good Hope for the foreseeable future. However, the risk zone has expanded, and attacks are reaching further offshore. This has forced our vessels to lengthen their journey further, resulting in additional time and costs to get your cargo to its destination for the time being.

The knock-on effects of the situation have included bottlenecks and vessel bunching, as well as delays and equipment and capacity shortages. We estimate an industry-wide capacity loss of 15-20% on the Far-East to North Europe and Mediterranean market during Q2.

We are doing what we can to boost reliability, including sailing faster and adding capacity.

What can you expect?

We have added capacity, where possible, in line with our customers' needs. So far, we have leased more than 125,000 additional containers.

You will see relevant surcharges on your latest invoices. These are to offset the costs of the longer journeys, increased sailing speed, and additional fuel costs. For example, we are currently using 40% more fuel per journey and charter rates are currently three times higher, often fixed for five years.

While we reduced the Peak Season Surcharge (PSS) recently, it has been increased again to help cover the additional costs outlined above. We will continue to review the surcharges regularly and will keep you up to date of any changes.

We will continue to seek ways to improve our offering and meet your supply chain needs.

We're here to help

If you have any further questions, please contact your local Maersk representative. They are standing by to help you plan your future supply chain moves and can offer more information on the options available to you.

Thank you for your understanding during this challenging time.

Yours sincerely,

A.P. Moller-Maersk