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LEISUREWEAR LTD

11th May 2021

Dear School Customers,

We are delighted that schools have returned, and non-essential retail has now reopened in most of the UK, we are also very conscious that the effects of Covid are continuing to cause major disruption around the globe, and this is likely to have an impact on the delivery of uniform from our suppliers for Back to School 2021.

Global shipping disruption

The global pandemic has caused an increase in demand on goods being shipped from Asia to the US and Western Europe. In addition, disruption due to Covid has seen huge quantities of containers in the wrong place at the wrong time. Compounding this already serious problem, the Suez Canal was recently closed due to a blockage by the container ship MV Ever Given. All major container carriers have been impacted by this incident, temporarily disabling one of the most important arteries in global trade.

Fortunately, after a week the vessel was freed, but this incident will have many repercussions on orders due to leave in the coming weeks and months, as the problem is not only confined to the backlog of vessels queueing to transit through the Suez, but also the knock-on effects at the ports and thereafter a further shortage of empty containers and lack of vessel availability. The situation has not been helped by container shipping prices from Asia which almost quadrupled earlier this year because of a lack of capacity as demand picked up as the pandemic eased.

The result of this disruption is that major shipping lines are all fighting for the same limited resources and capacity. Rest assured our suppliers are working as hard as they can to secure availability and have done everything to guarantee a smooth transition once containers and vessels become available. However, we would greatly appreciate your patience and understanding in what could be, a challenging summer.

Communication to schools

Although each of our suppliers are doing their best to control the parts of the chain, the inevitable outcome is that some uniform deliveries may not meet the required delivery date. This effect is being felt across all businesses and sectors importing goods – whether by sea, land, or air.



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To Summarize

- Ongoing impact of lockdowns, staff shortages, and ships in wrong locations caused by Covid
- Surge in demand for consumables due to reduced spend on leisure and tourism has led to the demand for shipping containers outstripping supply. This means some finished goods cannot be shipped until containers are secured, causing delays.
- Extended closure to Suez Canal, as main artery into Europe, exacerbating problems above
- Shipping lines having to negotiate securing berthing slots in ports as capacity is exceeded
- Delayed vessels missing next scheduled voyage
- Port authorities insisting ships must take containers onboard in exchange for anchoring, leading to goods sometimes going in the wrong direction

Confidence for Back to School

We would rather not be communicating this type of message. However, we feel that to have a good awareness of these issues now, in advance of the season, is in all our best interests that you are aware of the situation.

Yours sincerely,

Annette McSherry
Operations Director



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Release from the British Ports Association and UK Major Ports Group

The British Ports Association (BPA) and UK Major Ports Group (UKMPG) have jointly written to multiple trade associations including supermarket representative the British Retail Consortium and MakeUK, which lobbies for the country's manufacturers, highlighting their "significant concern".

In the letter, Richard Ballantyne, BPA boss, and Tim Morris, chief executive of UKMPG, said:

"The ripple effects of the closure have yet to reach our shores. Up until this point UK ports have been working as normal, that will now change. We anticipate a dip in activity in handling vessels moving to and from Asia, notably container vessels, into the early part of this week. We then anticipate a steep ramp up and a very busy period over the subsequent two or three weeks. Vessels caught in the Suez congestion will arrive in short order."

"A quarter of the vessels caught up in the Suez congestion have been container vessels. These vessels, particularly the very large vessels, make multiple port calls in Europe. Ports across Northern Europe will experience the same demand surge. There is a physical reality that moving thousands of boxes on and off a very large container vessel that has not arrived when it was scheduled in a short time window provides challenges."

"Even after the short-term spike in vessel arrivals has cleared there could be effects on the global container shipping market for some months as effectively two weeks of shipping capacity has been taken out of the market,"