

FrachtNEWS

Logistics
Market
Report

 Global Market

Ocean Freight



Union-Employer Contract Talks Stall Over Automation Disputes

Negotiations between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) reached an impasse just two days into a scheduled four-day meeting, reigniting concerns over potential strikes at U.S. East Coast and Gulf ports. Primary disagreements centered on the introduction of automated and semi-automated technology in port operations, a contentious issue that has long hindered progress toward a new labor agreement. In a statement, the ILA announced it had suspended talks when the USMX "continued pushing automation and semi-automation language in its master contract proposals that will eliminate ILA jobs" (The Maritime Executive, 2024). The union emphasized its firm stance, asserting that members remain united in opposing any measures that jeopardize employment security. The USMX argued that such advancements are essential for maintaining supply chain efficiency. "Unfortunately, the ILA is insisting on an agreement that would move our industry backward by restricting future use of technology that has existed in some ports for nearly two decades – making it impossible

to evolve to meet the nation's supply chain demands," the USMX countered in a statement. (The Maritime Executive, 2024). Employers have emphasized that modernization aims to enhance efficiency, worker safety, and capacity without sacrificing jobs.

Key unresolved issues include automation, healthcare coverage, employer jurisdiction, and container-related compensation. While progress has been made on some of these topics, discussions on automation remain a sticking point. The stalemate persists as the current contract, extended during the October strike, is set to expire on January 15, 2025. The ILA calls for a renewed approach from USMX, urging them to "alter its unwinnable strategy, and resume negotiations as soon as possible" (The Maritime Executive, 2024).

Source: The Maritime Executive. (2024, November 13). *ILA Breaks Off Negotiations Over Automation Issues for East Coast Ports*. The Maritime Executive. <https://maritime-executive.com/article/ila-breaks-off-negotiations-over-automation-issues-for-east-coast-ports>

Air Cargo Market Faces Steady Demand with Optimism for 2025

Air cargo has not seen a typical peak season but is experiencing a stable, high-yield environment expected to last through January. Jan Krems, president of United Cargo, noted, "Tonnage-wise for us, October was the best month in the history of United. We don't see a real peak, but it is very, very busy" (Lennane, 2024). Despite expectations for a super busy fourth quarter, the market has been steady rather than exceptional. Looking ahead, Krems expressed confidence in a strong 2025, citing the gradual recovery of capacity in Asia and optimistic projections for demand.



Source: Lennane, A. (2024, November 15). *Air cargo peak? What peak? But we're 'very, very busy,' says market.* The Loadstar. <https://theloadstar.com/air-cargo-peak-what-peak-but-were-very-very-busy-say-carriers/>

Air Cargo Industry Prepares for Potential US Tariffs



Source: Brett, D. (2024, November 12). *Air cargo's "wait and see" approach to US tariffs and positive demand outlook for 2025.* Air Cargo News. <https://www.aircargonews.net/airlines/air-cargos-wait-and-see-approach-to-us-tariffs-and-positive-demand-outlook-for-2025/>

The air cargo sector is preparing for potential trade shifts as the incoming US administration in January proposes tariff increases, including up to a 60% levy on goods from China. Dirk Goovaerts of Swissport highlighted that "production may shift geographically," reflecting the need for agility (Brett, 2024). While uncertainty looms, the industry remains optimistic about long-term demand recovery through 2025, emphasizing strategic adaptability.

Industry Warned Against Overvaluing E-Commerce at the Expense of Traditional Cargo

Air cargo leaders are urging the industry to avoid becoming overly focused on the e-commerce boom and to prioritize long-standing customers. As industry executives emphasized, the rise of e-commerce should not come at the cost of traditional sectors like fashion, electronics, and automotive. Jan Krems of United Cargo stated that the carrier prefers to allocate capacity to regular clients rather than e-commerce, saying, "We don't want to deal that much with e-commerce, because we feel that the capacity we have is for our regular customers" (Lennane, 2024). The industry is stressing the need for balance and responsible capacity management to ensure both e-commerce and traditional markets are supported.



Source: Lennane, A. (2024, November 14). *Don't get intoxicated by e-commerce's 'quick buck,' air cargo players warned.* The Loadstar. <https://theloadstar.com/dont-get-intoxicated-by-ecommerces-quick-buck-air-cargo-players-warned/>

Global Market

Breakbulk

Steady Market Trends Persist in Multipurpose Shipping

The November 2024 update from Toepfer Transport's Multipurpose Index (TMI) highlights a continued stabilization in the market, with the average daily time charter rate for a 12,500 dwt/F-type heavy lift vessel slightly declining by 0.02% to \$13,157 compared to the previous month. "There is steady demand from various cargo segments, which is just enough to sustain the current rate levels and as long as there is no significant change in demand in any of these segments, the outlook remains unchanged" stated analysts at Toepfer (Kershaw, 2024). Future market dynamics remain uncertain as global events, including the changing of the U.S. administration, draw closer.



Source: Kershaw, D. (2024, November 8). *Toepfer Transport's monthly multipurpose shipping rate update*. Heavy Lift & Project Forwarding International. <https://www.heavyliftpf.com/sectors/toepfer-transport-monthly-multipurpose-shipping-rate-update/21174.article>

Shifting Dynamics in the Dry Bulk Shipping Market: Outlook for 2024



The dry bulk shipping market in 2024 has shown resilience, with improved supply-demand conditions compared to the previous year. However, market outlooks predict challenges ahead. BIMCO's October report suggests,

"The supply/demand balance will be weaker in 2026 than in 2024," as demand projections fluctuate based on geopolitical and operational scenarios. Key factors shaping market trends include shifting freight rates and variations in vessel sizes.

Despite current strength, market players must prepare for a challenging horizon as evolving routes and fleet dynamics reshape the industry landscape.

Source: BIMCO. (2024, October 31). *Dry Bulk Shipping Market Overview & Outlook October 2024*. BIMCO. https://www.bimco.org/news/market_analysis/2024/20241031-smoo-bulk

Global Market

Breakbulk

Evolving Trends in Dry Bulk Freight: Regulatory Changes Propel Demand for Newer Vessels

Global environmental regulations are reshaping the dry bulk freight market, emphasizing the role of younger, more efficient vessels. Drewry's analysis highlights a growing trend toward modern fleets, spurred by initiatives such as the IMO's emission reduction regulations and the EU ETS. These rules not only encourage reduced vessel speeds but also promote the adoption of advanced technologies and low-carbon fuels. "Shipowners are now sailing younger and more efficient vessels to save costs on carbon-related emissions," Drewry noted (Sharma, 2024). AIS data from 2024 revealed a decline in older vessels servicing European ports, reflecting the impact of regional compliance pressures.

Source: Sharma, T. (2024, October 24). *Dry bulk freight market poised for fragmentation as environmental regulations reshape trends in supply*. Drewry. <https://www.drewry.co.uk/maritime-research-opinion-browser/maritime-research-opinions/dry-bulk-freight-market-poised-for-fragmentation-as-environmental-regulations-reshape-trends-in-supply>


North America Market

Ocean Freight



Renewed Support Fuels Growth Prospects for US Flag Fleet



Source: Giusti, A. C. (2024, November 18). *US flag vessel owners, investors tout wave of support for expanding fleet*. Journal of Commerce. <https://www.joc.com/article/us-flag-vessel-owners-investors-tout-wave-of-support-for-expanding-fleet-5819921>

As mentioned at the recent Marine Money conference in New Orleans, the US flag maritime industry is gaining momentum as federal initiatives and national security priorities drive opportunities for expansion. Key federal programs, including the Maritime Security Program (MSP) and Tanker Security Program (TSP), are critical to sustaining this fleet expansion. Both initiatives incentivize maintaining US flagged vessels capable of transporting military equipment and fuel. Panelists agreed that the expansion of the US flag fleet also depends on enforcing cargo preference laws, which mandate US flag vessels for government-related cargo transport. Will Terrell, president of U.S. Ocean, highlighted, "Growth must align with securing adequate cargo to sustain these ships. It's not just about increasing numbers but ensuring a thriving cargo ecosystem" (Giusti, 2024). With heightened investor interest and strengthened legislative support, the US flag fleet is positioned for a revitalization that could support maritime commerce.



North America Market

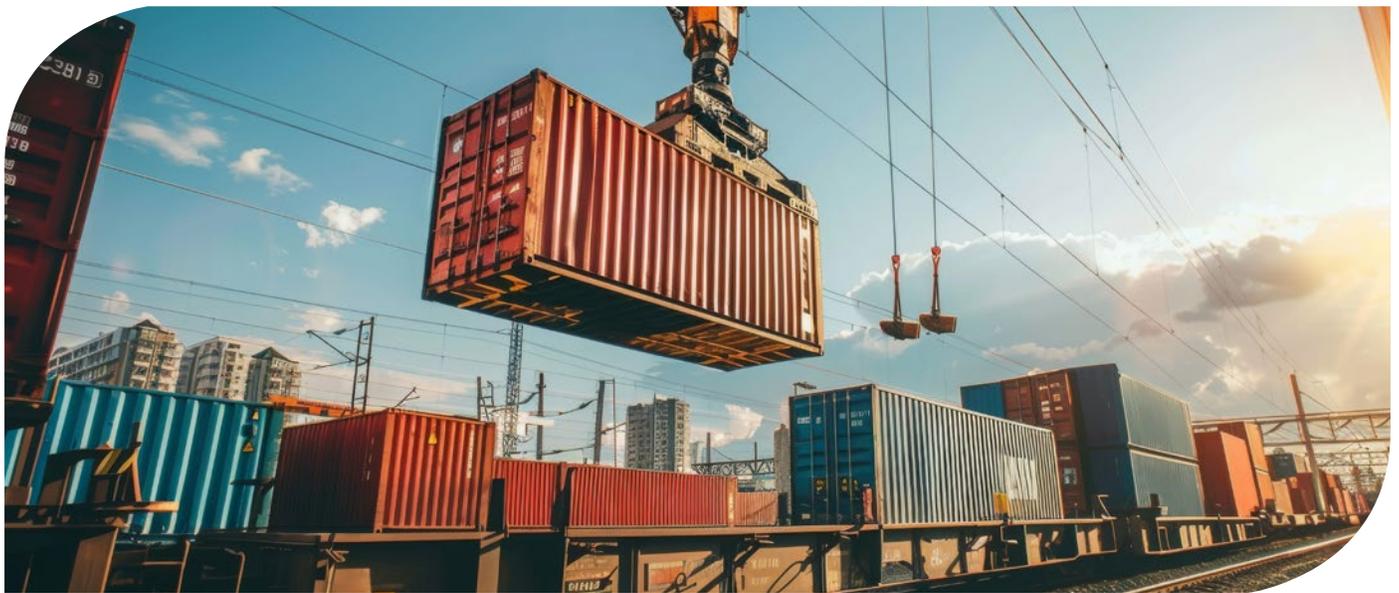
Rail Freight

Shippers Face Ongoing Challenges Amid LA-Long Beach Rail Delays

Despite progress reported by terminal operators and railroads at the Los Angeles-Long Beach port complex, shippers continue to experience challenges as rail container dwell times reach a two-year high. Shippers remain unconvinced that the situation is improving. As one industry observer noted, "The upbeat analysis of the terminals and railroads is of little solace to shippers who say they still struggle with delays at the marine terminals" (Mongelluzzo, 2024). Many importers have had to adjust by building extra time into their supply chains to account for these delays, particularly for

industries reliant on efficient rail connections. While port officials remain confident in their ability to manage record volumes, including diverted cargo from other coasts, the extended delays underscore ongoing challenges for the supply chain. With peak volumes forecasted through January, stakeholders must continue to closely monitor these developments.

Source: Mongelluzzo, B. (2024, November 18). *Importers navigate two-year rail container dwells in Los Angeles-Long Beach*. Journal of Commerce. <https://www.joc.com/article/importers-navigate-two-year-high-rail-container-dwells-in-los-angeles-long-beach-5819920>



Negotiations Continue Between the Canadian Railroads and Union

For updates regarding the labor negotiations between the Canadian railroads and Teamsters Canada Rail Conference (TCRC) union, please follow us on LinkedIn.

Access our LinkedIn page here:

<https://www.linkedin.com/company/frachtgroup>



North America Market

Air Freight

US De Minimis Shipments Surge as Air Cargo Faces Regulatory Scrutiny



De minimis shipments, valued under \$800, now comprise 92% of all air cargo entering the United States, with over 1 billion shipments processed annually. The rapid growth of these low-duty shipments has raised regulatory concerns, particularly regarding the potential for illegal goods entering through this loophole. Brandon Fried, director of the US Airforwarders' Association, remarked, "There's definitely going to be change vis-a-vis China, and trying to rein that in" (Lennane, 2024). With e-commerce companies continuing to take advantage of this threshold, industry experts stress the need for agile strategies to navigate potential policy changes in the future.

Source: Lennane, A. (2024, November 18). *US 'de minimis' rises its head again as shipments hit a billion a year*. The Loadstar. <https://theloadstar.com/us-de-minimis-rises-its-head-again-as-shipments-hit-a-billion-a-year/>

Can Amazon Air Cargo Effectively Balance E-Commerce and Third-Party Shipments?

Amazon Air Cargo is confident it can balance its e-commerce demands with its growing third-party air cargo services. Tom Bradley, global director at Amazon Air Cargo, explained at the TIACA Air Cargo Forum that the company's extensive network and advanced technology prevent any potential conflict between Amazon's own shipments and third-party deliveries. "We rarely have to choose between an Amazon package and air cargo shipments due to our dense air and ground networks," Bradley stated, highlighting real-time routing capabilities that ensure efficient capacity management (Brett, 2024). Amazon Air Cargo's fleet includes over 100 aircraft, serving a diverse range of cargo needs, including pharmaceuticals and perishables.

Source: Brett, D. (2024, November 13). *Amazon Air Cargo confident it can balance third-party volumes with its own packages*. Air Cargo News. <https://www.aircargonews.net/airlines/amazon-air-cargo-confident-it-can-balance-third-party-volumes-with-its-own-packages/>



North America Market

Air Freight

Canada Lifts China Flight Restrictions, U.S. Airlines Push for Continued Curb

Canada has rescinded its decision in response to the pandemic to restrict flight restrictions with China, opening the door for Canadian and Chinese airlines alike. The decision starkly contrasts the “Airlines for America” association, which has lobbied Washington to maintain curbs due to concerns over ongoing geopolitical tensions and competition. This is seen as an effort to protect U.S. carriers from the volatility of China’s market while maintaining strategic control. In response, Air Canada is expanding routes, with Matthieu Casey noting, “We’ve been tremendously successful and full in both directions,” as it capitalizes on increased demand (Putzer, 2024).



Source: Putzer, I. (2024, November 12). *Cargo cheers as Canada lifts restrictions on China flights*. The Loadstar. <https://theloadstar.com/cargo-cheers-as-canada-lifts-restrictions-on-china-flights/>

North America Market

Breakbulk

MARAD Allocates Funding for U.S. Port Upgrades to Boost Freight Efficiency



The U.S. Maritime Administration (MARAD) has allocated \$580 million for port upgrades as part of its Port Infrastructure Development Program (PIDP), funded by the Bipartisan Infrastructure Law. Notable projects include funding for the Don Young Port of Alaska to build a new cargo terminal and for repairs at Chicago’s Iroquois Landing Terminal. MARAD has also invested in the Port of Mount Vernon in Indiana and Port of Bellingham in Washington for enhancements. According to the U.S. Department of Transportation, the funding aims to “improve port infrastructure to meet the nation’s freight transportation needs” (Heavy Lift, 2024).

Source: Heavy Lift & Project Forwarding International. (2024, 21 November). *MARAD allocates port improvement funds*. Heavy Lift & Project Forwarding International. <https://www.heavyliftpf.com/sectors/marad-allocates-port-improvement-funds/32826.article>

Latin American Market

Ocean Freight



Brazil Faces Export Disruptions Amid Port Congestion and Container Shortages



Brazil's export operations are facing severe disruptions due to congestion at key ports. The Port of Santos, a critical gateway for the nation's exports, has been unable to accommodate all incoming vessels, forcing some ships to skip calls or reroute cargo. Additional congestion at nearby ports such as Navegantes and Itapoa, which are also under construction, has compounded the issue. "The root of the congestion is largely attributed to increased import volumes associated with peak season" (Robb, 2024). As Brazil works to manage these delays, exporters must adapt to the ongoing congestion and empty equipment shortages by planning ahead and exploring alternative solutions for their shipments.

Source: Robb, L. (2024, November 15). *Brazil exports feel impact of congestion woes as empty equipment remains limited*. Journal of Commerce. <https://www.joc.com/article/brazil-exports-feel-impact-of-congestion-woes-as-empty-equipment-remains-limited-5818380>

Panama Canal Introduces Flexible Slot Exchange for Container Vessels

Effective January 1, 2025, the Panama Canal Authority (ACP) will allow container vessels within the same Global Shipping Alliance or Vessel Space Sharing Agreement (VSA) to exchange or replace transit reservation slots. This temporary measure aims to optimize operational efficiency and enhance flexibility in canal transit scheduling. Under the new policy, exchanges and replacements are subject to specific conditions. Both vessels must be of the same type, belong to the container ship segment, and share the same classification, such as Neopanamax, Super, or Regular. In addition, vessels involved in an exchange must have similar transit restrictions, while those replacing a reservation must meet equal or lesser transit restrictions. The ACP emphasized that "all other rules of the Long Term Slot Allocation (LoTSA) method and ordinary reserve slots remain in force" (MundoMaritimo, 2024). This temporary measure demonstrates the importance of strategic flexibility in addressing industry challenges while reinforcing the Panama Canal's role as a critical hub for global trade.



Source: MundoMaritimo. (2024, November 22). *Panama Canal will allow temporary exchange of transit reservations between ships of the same Alianza Naviera or VSA*. MundoMaritimo. <https://mundomaritimo.cl/noticias/canal-de-panama-permitira-intercambio-temporal-de-reservas-de-transito-entre-buques-de-una-misma-alianza-naviera-o-vasa>



Navigating Record Growth and Challenges on the Far East-South America Trade Lane

Global trade dynamics have undergone significant shifts in 2024, particularly in the Far East to South America East Coast trade lane. Operational challenges have grown, despite a capacity surge with new service deployments. “While shippers may be enjoying record-high capacity between the Far East and South America East Coast, data in the Xeneta platform shows the highest transit times on record for this trade and the lowest ever recorded schedule reliability” (Stausbøll, 2024). As trade patterns evolve, particularly with geopolitical factors like shifting tariffs and export strategies, shippers must prioritize data-driven decision-

making. Visibility into capacity trends, transit times, and reliability metrics is critical for navigating the risks of this dynamic trade environment.

Source: Stausbøll, E. (2024, November 18). *Record volumes and capacity from Far East to South America East Coast – understanding the impact of shifts in global trade.* Xeneta. https://www.xeneta.com/blog/record-volumes-and-capacity-from-far-east-to-south-america-east-coast-understanding-the-impact-of-shifts-in-global-trade?utm_campaign=Industry%20Technology%20Blogs&utm_medium=email&utm_source=hs_email



Adapting Strategies Amidst Volatility in China-Mexico Freight Trade

The ocean freight corridor between China and Mexico's West Coast exemplifies the importance of leveraging data to navigate market fluctuations. Shippers operating on this route must anticipate ongoing rate fluctuations in 2025. “We should also consider whether port and inland infrastructure is able to cope with further massive growth of imports into Mexico” (Sand, 2024). While spot rates currently trend downward, the route's immaturity ensures continued volatility, making a proactive and informed approach essential for success.

Source: Sand, P. (2024, November 22). *China to Mexico West Coast - a case for data-driven freight strategies.* Xeneta. https://www.xeneta.com/blog/china-to-mexico-west-coast-a-case-for-data-driven-freight-strategies?utm_campaign=Industry%20Technology%20Blogs&utm_medium=email&utm_source=hs_email



**Asian Market**

Air Freight

Top 20 Cargo Airports: Hong Kong Maintains Global Leadership Amid Evolving Trends

Despite a global 1.8% decline in air cargo volumes in 2023, the world's largest cargo airports demonstrated resilience, with Hong Kong International Airport maintaining its lead by handling 4.3 million tonnes of cargo. Chinese airports showed notable growth, with Guangzhou Baiyun International rising to 11th place, fueled by expanded belly capacity and freighter services. "China's growing e-commerce demand and strategic investments in airport infrastructure are driving the prominence of its gateways," explained Diederik Meijerink, ACI World senior director of data and analytics (Ramsey, 2024).

Source: Ramsey, M. (2024, November 6). *Top 20 cargo airports: Hong Kong retains top spot.* Air Cargo News. <https://www.aircargonews.net/monthly-exclusive/top-20-cargo-airports-hong-kong-retains-top-spot/>

**Mexico Market**

Ocean Freight



Progreso Port Expansion Aims to Strengthen Mexico's Gulf Coast Logistics



Mexico's President, Gloria Sheinbaum, has announced plans to expand the Port of Progreso into a deep-sea port, enabling it to handle larger vessels and strengthen the Gulf Coast logistics network. The project includes a rail link to the Maya Train, improving connectivity across the Yucatan Peninsula. With other ports facing congestion, Progreso's expansion offers vital relief. Beatriz Yera, MD of APM Terminals Mexico, expressed optimism about the impact of the project, saying, "This ambitious project is set to significantly boost the region's economic development and attract foreign investment, thereby strengthening the port's commercial ties" (Putzger, 2024).

Source: Putzger, I. (2024, November 15). *Mexican president unveils expansion plan to create deepsea berths at Progreso.* The Loadstar. <https://theloadstar.com/mexican-president-unveils-expansion-plan-to-create-deepsea-berths-at-progreso/>

**Mexico Market**

Ocean Freight

Manzanillo Port Expansion to Strengthen Mexico's Logistics Position

Mexico is set to enhance its global logistics footprint with a major expansion of the Port of Manzanillo, the country's leading container gateway on the Pacific Coast. Authorities have conducted environmental impact assessments and devised mitigation strategies to minimize ecological disruption. Mexico's National Port System Administration confirmed, "The new port complex will have four container terminals, as well as piers for petroleum product handling" (Labrut, 2024). This strategic upgrade supports Mexico's growing manufacturing sector and strengthens its global trade network.



Source: Labrut, M. (2024, November 24). Mexico's Manzanillo port to double container capacity. Seatrade Maritime.

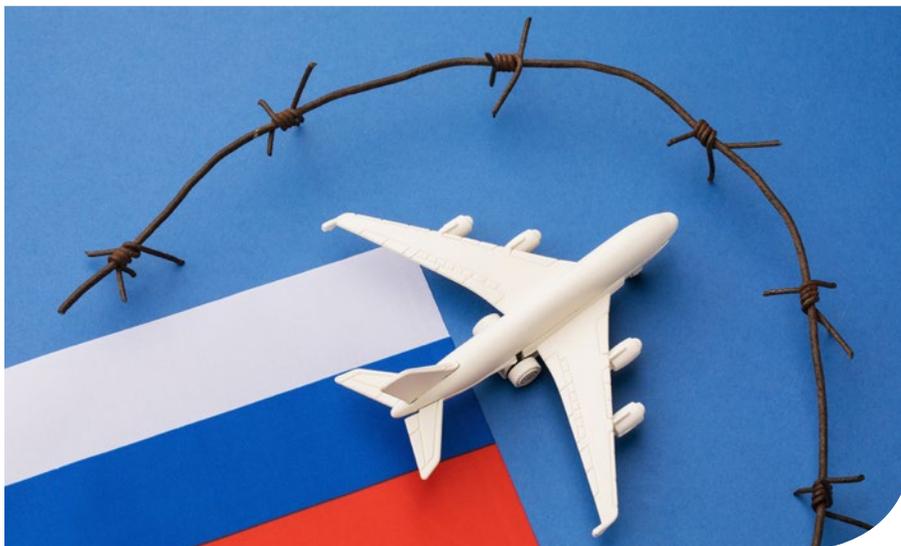
<https://www.seatrade-maritime.com/ports-logistics/mexico-s-manzanillo-port-to-expand-capacity>

European Market

Air Freight



Western Airlines Criticize Restrictions on Russian Airspace as Unfair



European and U.S. airlines are calling for the lifting of sanctions on Russian airspace, which they argue have created an uneven playing field. Lufthansa Cargo highlighted the competitive disadvantage faced by Western carriers, noting that Chinese and Gulf airlines have benefited from shorter routes over Russia, reducing costs and flight times. "We have a whole department that's in Washington to discuss these things; why are all the Chinese carriers allowed to come to the US and fly over Russia, but we have to do everything around?" said Jan Krems, president of United Cargo voicing some of the frustrations they face in the current geopolitical climate (Goldstone, 2024).

Source: Goldstone, C. (2024, November 21). Western carriers call Russian airspace ban and Chinese advantage 'unfair'. The Loadstar.

<https://theloadstar.com/western-carriers-call-russian-airspace-ban-and-chinese-advantage-unfair/>



European Market

Rail Freight

French Railway Unions Mobilize for Strikes Amid Privatization Concerns



France's railway unions are escalating their opposition to the government's restructuring of SNCF, with a general strike set for December 11. Union leaders express growing frustration over the proposed dismantling of SNCF's freight division and the privatization of regional lines. Sébastien Mourgues, regional secretary of CGT Languedoc Roussillon, highlighted the depth of anger among workers, saying, "We are sounding the alarm and we want real negotiations" (RFI, 2024). Despite the planned strikes, SNCF has assured the public that high-speed TGV services will operate normally, but regional and intercity services are likely to face disruptions.

Source: RFI. (2024, November 21). *Wheels in motion for railway strike action across France*. RFI. <https://www.rfi.fr/en/france/20241121-wheels-in-motion-for-railway-strike-action-across-france>

Oceania Market

Ocean Freight



Victorian Terminals Synchronize Annual Landside Fee Adjustments

In alignment with the Victorian Voluntary Pricing Protocol, all three Victorian container terminals—DP World Australia, Patrick Terminals, and Victoria International Container Terminal—will adjust their landside tariffs annually starting January 1, 2025. The Container Transport Alliance Australia (CTAA) praised the shift, highlighting that "transport operators can advise their landside customers once per year of the new landside charging arrangements" (Murday, 2024). This alignment could pave the way for broader national standardization. Such updates underscore the evolving dynamics in landside logistics and the broader push for pricing clarity in Australia's supply chain.

Source: Murday, H. (2024, November 4). *Victorian container terminals to increase landside charges*. Daily Cargo News. <https://www.thedcn.com.au/region/australia/victorian-container-terminals-to-increase-landside-charges/>

