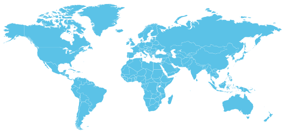
FrachtNEWS

Logistics Market Report

Global Market Ocean Freight



Navigating the Storm:
Ocean Freight Challenges on the Horizon

In the realm of ocean freight, turbulence has become the new norm, with demand surges, shortages, and rate hikes looming on the horizon. Judah Levine, the Head of Research at Freightos Group, sheds light on this tumultuous landscape, attributing the spikes in demand to unprecedented trends in Asia. "Unforeseen upticks in Asian ocean freight demand, possibly triggered by a restocking wave in Europe and preemptive actions by North American importers concerned about potential disruptions in labor or trade routes later in the year, are exacerbating the strain on an already stretched container market due to Red Sea diversions," Levine points out (Levine, 2024).

In response to the mounting demand, carriers are racing to expand their fleets, injecting new vessels into their rotations. However, despite these endeavors, the industry finds itself grappling with a significant capacity shortfall. This scarcity has set off a domino effect of issues, including delayed arrivals, skipped ports, and reports of empty container deficits and bottlenecks at critical hubs in China, Singapore, and Malaysia.

Levine stresses the gravity of the situation, stating that "rising demand, constrained capacity, and delays are collectively propelling ocean rates upward from their already elevated levels adjusted for Red Sea disruptions witnessed in April" (Levine, 2024). This convergence of factors is pushing rates to new heights, with projections indicating further escalations in June.

As the industry navigates these turbulent waters, stakeholders must brace themselves for continued challenges in the form of congestion, equipment shortages, and elevating rates.

Source: Levine, J. (2024, May 22). *May 21, 2024 update*. Freightos. https://www.freightos.com/may-21-2024-update/

Global Market | Ocean Freight

Successful Transfer of Containership Dali to Baltimore Port

According to The Maritime Executive, the successful refloating and relocation of the Containership Dali from the wreck site of the Francis Scott Key Bridge in Baltimore was achieved on the morning of May 20. The vessel was towed for approximately three hours and was observed arriving at the Seagirt Terminal around 0900, with sections of the roadway and other debris still on its bow.

The Unified Command and U.S. Army Corps of Engineers confirmed that the ship regained buoyancy at around 0640, just before the projected high tide in Patapsco River, which took roughly one hour and twenty minutes. Reporters from the Associated Press witnessed the vessel beginning to move around 0600, experiencing several stops and starts during the process.

The vessel will stay docked at Seagirt for four to six weeks, during which further inspections will be conducted. "Efforts will continue to remove sections of the roadway and bridge debris from the bow of the vessel, and some of the laden containers will likely be removed," reported the Maritime Executive (The Maritime Executive, 2024).

After removing the 158-foot-wide Dali, efforts are underway to restore the 400-foot-wide channel, aiming for full reopening by month's end. Salvage teams swiftly returned, using cranes and barges to clear the remaining wreckage. The channel remains restricted to one-way traffic, with authorities excavating up to 15 feet into the mud to ensure thorough debris removal. Final decisions on the federal channel will be made by the U.S. Coast Guard with the U.S. Army Corps of Engineers.

Source: The Maritime Executive. (2024, May 20).
Video: Containership Dali successfully moved to Baltimore Berth
https://maritime-executive.com/article/containership-dali-successfully-moved-to-baltimore-berth

Global Market Ocean Freight

Navigating the Aftermath: Dali Salvage Sparks Prolonged Legal Battles for Shippers

Cargo owners with shipments aboard the Dali face potentially hefty claims exceeding the value of their goods, as the shipowner seeks to recover salvage costs through a general average declaration, maritime insurance experts warn. This marks the beginning of numerous prolonged legal disputes set to unfold in the aftermath of the unfortunate journey.

The Unified Command overseeing the removal of the 9,962-TEU container ship from Baltimore's main shipping channel announces plans to extract a section of the Francis Scott Key Bridge from the ship's bow. Following this operation, the Dali will be towed to a berth for repairs, marking the conclusion of its outbound journey that commenced on March 26.

Meanwhile, the legal ramifications are just beginning. "The decision to declare general average indicates that the owners expect the salvage operations to result in high extraordinary costs for which they expect contribution from all salvaged parties," emphasized Mediterranean Shipping Co. in a communication to affected customers (Angell, 2024). While cargo insurers cover the bond, uninsured shippers risk facing hefty liabilities, and the vessel owners' insurer may still go after shippers who decided to abandon cargo in order to avoid the bond.

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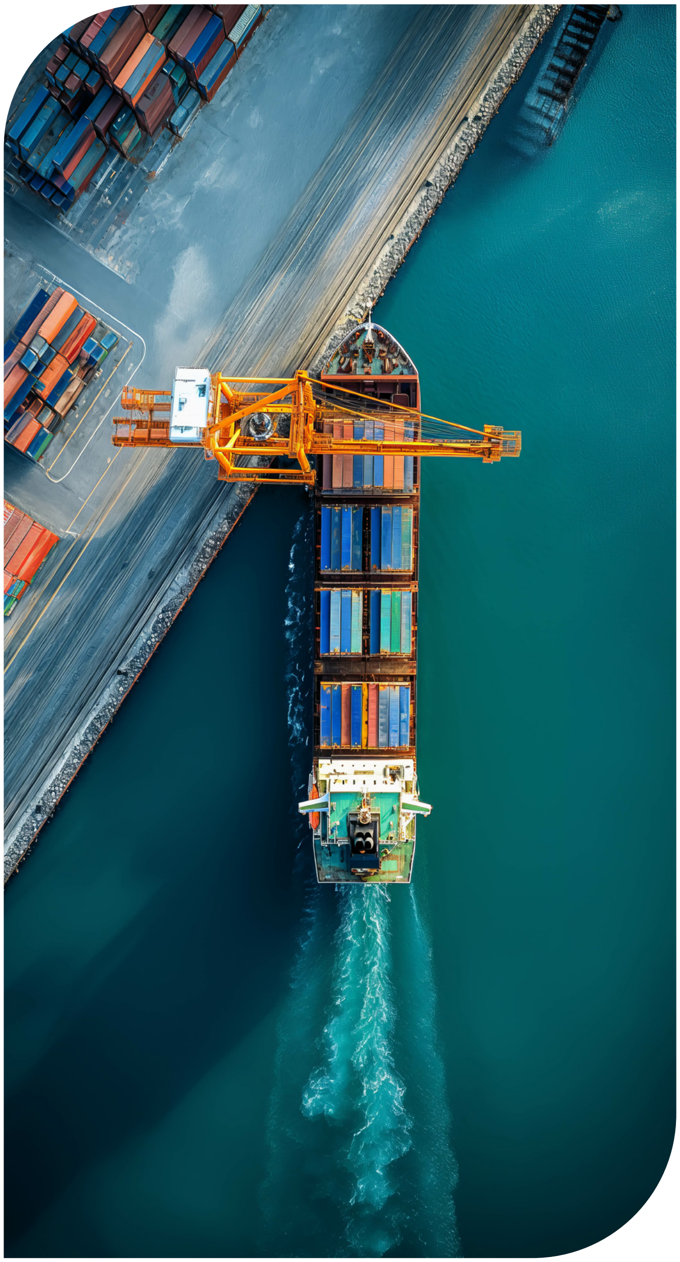


Source: Angell, M. (2024, May 10). *Dali refloating triggers a multiyear insurance claim process for shippers.* Journal of Commerce https://www.joc.com/article/dali-refloating-triggers-multiyear-insurance-claim-process-shippers_20240510.html

Global Market
Air Freight

Adapting Contract Strategies Amidst Dynamic Air Cargo Trends

Amidst the fluctuating landscape of B2C e-commerce and its impact on airfreight dynamics, concerns over lengthy contractual commitments have emerged among shippers and forwarders. Niall van de Wouw, head of airfreight at Xeneta, acknowledges this unease, noting that "Volatile B2C e-commerce volumes have made shippers and forwarders 'uncomfortable' about entering long-term agreements" (Goldstone, 2024).

In a recent air freight update highlighted by Xeneta and Tiaca, the soaring demand in the airfreight market has been attributed to disruptions in ocean schedules and the surge in cross-border e-commerce. Glyn Hughes, director general of Tiaca, emphasizes the influence of e-commerce on freighter capacity, stating, "E-commerce is having such a huge profound effect here because it's taking up so much freighter capacity that it's making the rest of the capacity quite tight, and that's where you're getting to see the increase in rates" (Goldstone, 2024).

However, amidst the current buoyancy, questions linger regarding the sustainability of this demand. Mr. Hughes raises a pertinent query, stating, "When you look at the strength of demand we've experienced, the question is, how long can it continue?" (Goldstone, 2024).

This uncertainty has prompted a shift in contracting tactics, with shippers and forwarders hesitating to commit to long-term agreements. As the industry braces for a potentially bustling Q4, stakeholders are reevaluating their strategies to navigate the evolving marketplace dynamics.

Source: Goldstone, C. (2024, May 15). *Nerves over lengthy air cargo contracts fade as a busy Q4 threatens.* The Loadstar. https://theloadstar.com/nerves-over-lengthy-air-cargo-contracts-fade-as-a-busy-q4-threatens/

Global Market

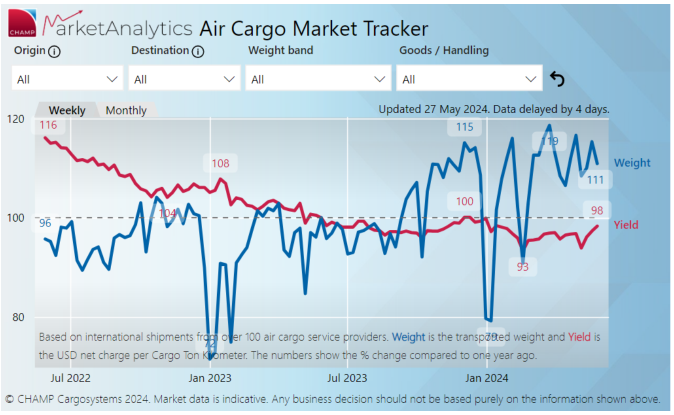
Air Freight

Air Cargo Market

Yield Versus Weight Tracker

The Champ Market Analytics Air Cargo Market Tracker is a useful tool that provides insight into the monthly trends in demand and yield in the air freight industry. You can access the chart using the link below.

Access the chart here: aircargonews.net/data-hub/champ-cargo-systems-air-cargo-market-tracker/



Innovations in Air Cargo Documentation Explored by U.N. Commission

The United Nations Commission on International Trade Law (UNCITRAL) is currently exploring the development of negotiable cargo documents tailored for air cargo transactions. Unlike ocean bills of lading, transport documents issued by rail, road, and air carriers lack the capacity to transfer ownership during transit because they are not documents of title.

UNCITRAL's initiative aims to address this gap by crafting a negotiable cargo document capable of serving as a document of title for both multimodal and unimodal transportation networks. This innovative approach promises to inject flexibility into international trade operations and facilitate the use of trade finance, as highlighted by the working group.

According to a provided fact sheet, a negotiable cargo document enables seamless transfer of ownership, simplifying buying and selling activities while goods are in transit. This capability proves particularly valuable in scenarios such as multimodal transport, where shipments may undergo reloading or experience prolonged voyages. The facts sheet also states that "in addition, documents of title can provide better security for banks and financial institutions providing trade finance, such as the letter of credit" (Brett, 2024).

Furthermore, the introduction of a document of title is anticipated to bolster security for banks and financial institutions involved in trade finance, offering enhanced risk management mechanisms, notably for instruments like letters of credit.

There have been several working group sessions held to consider preliminary draft provisions, but implementation is still expected to be years away as the document would still require a new convention as an international legal basis.

Source: Brett, D. (2024, May 16). *UN commission examines the creation of negotiable cargo documents for Air Cargo.* Air Cargo News. https://www.aircargonews.net/airlines/un-commission-examines-the-creation-of-negotiable-cargo-documents-for-air-cargo/

Global Market BreakBulk

The Renaissance of Heavy-Lift Shipping: A Boom for the Wind Energy Industry

The heavy-lift shipping sector is undergoing a renaissance, driven by the expanding wind energy sector's demand for specialized vessels to transport oversized cargo. Despite a recent decline in freight rates, this niche market is experiencing a positive upturn.

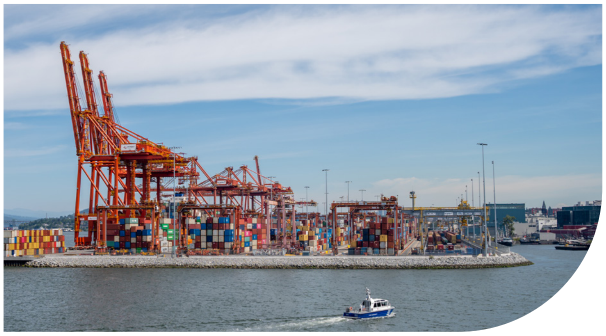
According to Project Cargo Journal, a surge in the transportation of large wind turbine components has led to an increase in orders for multipurpose heavy-lift ships, replacing an aging fleet and meeting the growing demand for project cargo. However, the escalating construction costs in the shipbuilding industry present a challenge for the construction of new heavy-lift vessels.

Jost Bergmann, Business Director of MPV & General Cargo Ships at DNV, commented, "The focus is on optimizing designs to maximize cargo space while ensuring structural integrity and stability. But there are natural limitations to how big these cargo holds can get – not everything engineering can achieve is commercially feasible" (Bajic, 2024).

Source: Bajic, A. (2024, May 22). *Revival of the heavy-lift segment.* Project Cargo Journal. https://www.projectcargojournal.com/shipping/2024/05/15/revival-of-the-heavy-lift-segment/?gdpr=accept

North American Market Ocean Freight

Stalemate in B.C. Port Foreman Contract Talks Amid Rail Strike Concerns



Negotiations between port employers and a foremen's union on Canada's West Coast have hit an impasse, raising concerns of labor disruptions in Vancouver and Prince Rupert, prompting the BCMEA to lodge a complaint with Canada's labor tribunal, accusing ILWU Local 514 of prolonging talks over a new four-year contract for 730 union foremen.

According to the BCMEA, "the complaint follows the 21-day cooling off period required under the Canadian labor law after talks supervised by federal mediators failed to reach an accord" (Angell, 2024). Once the cooling-off period concludes, the union gains the authority to issue a 72-hour notice to employers indicating its intention to strike. However, the union has not yet filed a notice, and mediated talks are ongoing.

The BCMEA has expressed deep concern over the prolonged negotiations with ILWU Local 514, citing potential risks to Canada's supply chain and global trade reputation.

Faced with what they perceived as the union bargaining committee's obstinance, the BCMEA felt compelled to file a complaint with the Canada Industrial Relations Board, hoping for a swift resolution.

Concerns escalate amidst memories of disruptions caused by a two-week strike at Canada's West Coast ports during previous master contract talks with ILWU Canada. Speculation looms over potential ramifications should Local 514 proceed with a strike notice, particularly regarding its impact on container operations at Vancouver and Prince Rupert. The ongoing standoff brings attention to broader issues within Canada's labor landscape, including looming strikes by railroad workers and protracted negotiations between dockworkers and employers at the Port of Montreal.

Source: Angell, M., & Associate Editor. (2024, May 13). *B.C. Port Foreman contract talks stall as government delays rail strike threat.* Journal of Commerce. https://www.joc.com/article/bc-port-foreman-contract-talks-stall-government-delays-rail-strike-threat_20240513.html?utm_source=newsletter&utm_medium=email&utm_campaign=joc%25asia

North American Market

Air Freight

Addressing Airport Truck Delays: A Focus on US FAA Legislation

US President Joe Biden recently enacted the Federal Aviation Administration Reauthorization legislation, which incorporates a pivotal provision dedicated to examining truck congestion issues at airports across the United States. According to the US Airforwarders Association (AfA), this legislation mandates the General Accountability Office to conduct a comprehensive assessment of air cargo operations nationwide, with a specific focus on addressing truck delays and infrastructural deficiencies.

In the words of the AfA, "This gives the current administration a year to carry out this investigation and take the necessary steps to tackle this problem," signaling a concerted effort to alleviate congestion and streamline operations within the air cargo sector (Brett, 2024).

The AfA played a key role in sponsoring the legislation, collaborating closely with the National Customs Brokers and Forwarders Association (NCBFAA) to advocate for its approval.

The comprehensive FAA Reauthorization legislation seeks to modernize the U.S. aviation system, encompassing over $105 billion in appropriations for the Federal Aviation Administration (FAA) over the next four years. Among these allocations is $19.35 billion designated for airport infrastructure improvement grants aimed at bolstering infrastructure enhancements for over 3,300 airports nationwide.

Source: Brett, D. (2024, May 20). *US FAA legislation includes review of Airport Truck delays.* Air Cargo News https://www.aircargonews.net/cargo-airport/us-faa-legislation-includes-review-of-airport-truck-delays/

New Tariff Measures Stoke Concerns in US-China Supply Chains

Cargo volumes and supply chain costs for China-US services face potential strains following US President Joe Biden's announcement of new tariffs on Chinese imports. Biden unveiled tariffs on Chinese imports valued at $18 billion, spanning electric vehicles (EVs), solar cells, semiconductors, and more, set to take effect between 2024 and 2026. Notably, tariffs on EVs will spike to 100% later this year, with EV lithium batteries facing a triple increase to 25%, and non-EV lithium batteries seeing tariff hikes by 2026.

This move echoes the tit-for-tat tariff increases of 2018 between the US and China, which weakened cargo volumes in the air cargo industry. Peter Sand, chief analyst at Xeneta, noted the potential for increased red tape and complexity in supply chains, warning of rising costs ultimately borne by US consumers. He suggested that businesses may seek alternative supply chain routes into the US, including increased imports from Mexico and Vietnam. However, these routes pose challenges of complexity and volatility compared to direct transpacific trade.

Sand emphasized the broader implications of the tariffs, stating, "There is no doubt this is an aggressive move by the US against China, and, once again, we are seeing geo-politics impact global supply chains" (Brett, 2024).

Reference: Brett, D. (2024, May 15). *Supply chains brace for new US-China tariff war.* Air Cargo News. https://www.aircargonews.net/business/supply-chains/supply-chains-brace-for-new-us-china-tariff-war/

North American Market

Air Freight

National Airlines Cargo Explores Expansion Amid Rising Demand for 747-400Fs

National Airlines Cargo is considering expanding its fleet of 747-400Fs in response to increasing demand from charter clients requiring nose-loading capabilities. The carrier, reliant on on-demand charters to bolster its B747 freighter operations, faces limited availability of this aircraft type and is exploring alternative acquisition avenues for future growth.

While National currently operates three 747-400s with nose-loader capabilities, including one extended-range variant and six 747-400BCFs, plans are underway to procure additional factory-built freighters in the coming months. Nihal Wickrema, VP of strategy and revenue optimization at National Airlines Cargo, emphasized the importance of nose-loading capabilities in penetrating the off-size cargo sector. "The 747 freighters' operational advantage and capacity are hugely significant for numerous customers that are regularly involved in transporting bulky and irregularly shaped cargo," Wickrema remarked (Mwanalushi, 2024).

Wickrema also noted that the augmented 747 fleet has additionally opened charter capacities for defense, government, oil and gas, aircraft, and aerospace customers, particularly amidst the reduced availability of AN-124 and IL-76 aircraft in circulation.

Source: Mwanalushi, K. (2024, April 29). *National seeks more 747-400FS as charter clients demand nose-loaders.* The Loadstar. https://theloadstar.com/national-seeks-more-747-400fs-as-charter-clients-demand-nose-loaders/

Mexico

Ocean Freight

Enhancing Supply Chain Speed: CMA CGM Introduces Mexico Express Service

CMA CGM has announced the launch of a new service linking the Far East with the west coast of Mexico. The Mexico Express (M2X) service will feature stopovers in Ensenada, Manzanillo, and Lázaro Cárdenas, aimed at enhancing trade connectivity in the region. As stated by the company, "This initiative aligns with market dynamics in the region and reaffirms CMA CGM's commitment to providing a high-quality service and supporting the growth of its business" (T21, 2024).

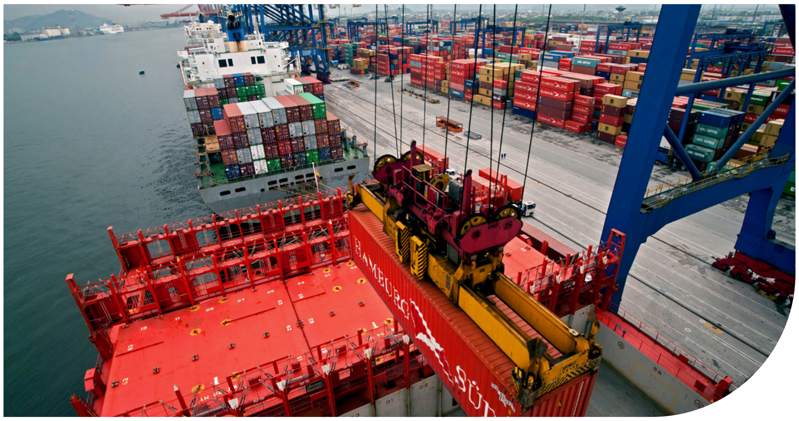
The Mexico Express service, designed to streamline shipments, will follow a rotation from Tianjin-Qingdao-Busan-Ensenada-Manzanillo-Lázaro Cárdenas-Yokohama-Busan-Tianjin. According to the company, the service will offer competitive transit times, catering to the needs of customers in the region. It aims to improve the connection of reefer cargo containers by directly linking refrigerated containers from the west coast of Mexico and Central America with key markets in northern China and Japan.

The service will operate on a direct fixed-day weekly cyclical route and will utilize a fleet of eight dedicated vessels. The inaugural departure is scheduled for May 11 from Busan, South Korea, on the container ship ANL Wangaratta.

Source: T21. (2024, May 3). *¡Del Lejano Oriente al Oeste Mexicano! CMA CGM Lanza Nuevo Servicio De Conexión Exprés* ¡Del lejano oriente al oeste mexicano! CMA CGM lanza nuevo servicio de conexión exprés – T21

Mexico

Ocean Freight



Mexico's Tariff Strategy Spurs Nearshoring Movement

In response to global shifts in manufacturing, Mexico has strategically implemented tariffs ranging from 5% to 50% on 544 products, aiming to incentivize nearshoring and bolster its position as a manufacturing hub. This move is poised to reshape supply chain dynamics, prompting companies to reassess their production strategies.

As noted by Juan Perez, an industry analyst at MexLog Consulting, "These tariffs serve as a catalyst for businesses to reconsider offshoring practices and explore the advantages of nearshoring" (Morales, 2024). This initiative aligns with Mexico's broader economic goals, aiming to capitalize on its proximity to the United States and its established trade agreements. By offering competitive advantages through reduced tariffs, Mexico aims to attract investment and stimulate domestic manufacturing capabilities.

As businesses navigate evolving geopolitical landscapes and supply chain disruptions, Mexico's tariff strategy presents a compelling opportunity for companies to optimize their manufacturing footprint.

Source: Morales, R. (2024, April 23). *Mexico erects tariff dam to promote nearshoring.* El Economista. https://www.eleconomista.com.mx/empresas/Mexico-impone-aranceles-de-entre-5-y-50-a-544-productos-para-aprovechar-el-nearshoring-20240423-0054.html

Latin American Market

Ocean Freight

Flooding Impedes Cargo Operations at Rio Grande Port

The Rio Grande port authority stated on May 17 that the full impact of recent heavy rains and flooding on cargo movements would only be discernible by the end of the month. The inclement weather conditions significantly hampered cargo operations at Rio Grande, a crucial port renowned as the fourth largest in Brazil for soy exports and third largest for fertilizer imports.

According to the Rio Grande port authority, adverse weather continues to pose challenges, with vessels now limited to "a new draft of 12.80 meters (41.99 ft) for vessels at three grain terminals" (Samora & Mano, 2024). Despite these constraints, all terminals remain operational, striving to navigate through the disruptions caused by the weather.

The port authority emphasized the ongoing efforts to mitigate the impact, noting that "The weather-related obstacles have indeed slowed down cargo movements at Rio Grande. However, we are committed to ensuring that operations continue smoothly, despite the challenges posed by the recent flooding" (Samora & Mano, 2024).

Source: Samora, R., & Mano, A. (2024, May 17). Flooding slows cargo movement at Brazil's Rio Grande port. gCaptain. https://gcaptain.com/flooding-slows-cargo-movement-at-brazils-rio-grande-port/

Latin American Market

Ocean Freight

Panama Canal Traffic Resumes, Yet Full Restoration Still Pending

Liner services impacted by Panama Canal transit restrictions have gradually returned to regular operation this month. Among these services are THE Alliance's Asia-US East Coast, MSC's Santana, and Asia-US East Coast services by Hapag-Lloyd and Wan Hai Lines. These services underwent rerouting, initially diverting through the Suez Canal and later via the Cape of Good Hope amidst enhanced impact from the Red Sea crisis by the end of 2023.

Martina Li reports from Taiwan, stating, "With the increase in the number of neo-Panamax transit slots at the Panama Canal from May, carriers are bringing back all of these services to Panama, which would allow them to reduce overall round trip transit times by 1-2 weeks" (Lennane, 2024).

As the Panama Canal expands its neo-Panamax transit slots, carriers seize the opportunity to streamline operations, aiming to slash transit times significantly. However, while crossings have resumed and efforts toward normalization are underway, complete restoration may require additional time and strategic adjustments.

Source: Lennane, A. (2024, May 20). *Panama Canal crossings resume, but some time before full normalisation.* The Loadstar. https://theloadstar.com/panama-canal-crossings-resume-but-some-time-before-full-normalisation/

European Market

Ocean Freight

Impending Import Security Measures in Europe Prompt Urgent Alert from Trade Groups

Global and European trade associations are urgently notifying businesses involved in ocean freight movement about impending import security measures set to begin on June 1. According to representatives from key industry bodies like the World Shipping Council and the Global Shippers Forum, failure to comply with these measures could result in delays, disruptions, and financial penalties.

Hapag-Lloyd, a prominent shipping company, emphasized the significant changes compared to previous regulations, stating, "Some of the most relevant changes compared to ICS1 are the implementation of house-level data filing and the E.U. Customs request on information about the buyer and seller of the cargo" (Knowler, 2024).

In addition to Europe, the United Kingdom has already implemented its own post-Brexit import control system, initiating inspections at the border as of April 30. With increased scrutiny of goods, including medium-risk items, U.K. businesses are facing potential annual costs of up to £330 million. Businesses engaged in global trade must swiftly adapt to these evolving regulations to ensure compliance and minimize operational disruptions.

Source: Greg Knowler, S. E. E. (2024, May 16). *Trade groups warn of Europe import delays amid new security measures.* Journal of Commerce. https://www.joc.com/article/trade-groups-warn-europe-import-delays-amid-new-security-measures_20240516.html

European Market

Air Freight

Cargolux Eyes Additional 747F Amid Surging E-commerce Demand

Cargolux is actively seeking another 747 freighter, mirroring the actions of competitor National.

According to chief executive Richard Forson, the delivery of Cargolux's new Boeing 777F fleet is not expected until the end of 2027 at the earliest. Considering the current pace of e-commerce growth, Forson expressed concerns about the adequacy of their existing fleet of 30 747 aircraft in the interim.

In Forson's words, "If the e-commerce continues to grow at the rate at which it's going, additional capacity may be required by the airline, and if so, what kind of capacity we are going to be bringing in" (Lennane, 2024). He emphasized the importance of maintaining uniformity in aircraft types within the fleet to avoid logistical challenges.

While acknowledging the current e-commerce boom, Forson remains cautious about its sustainability, stating, "We are also cautious on how long the boom will last" (Lennane, 2024). He highlighted potential challenges arising from increased e-commerce volumes, including lobbying efforts by local companies in the U.S. and potential regulatory issues worldwide.

Source: Lennane, A. (2024, May 16). *Cargolux on the hunt for another 747F as ecommerce eats up capacity*. The Loadstar. https://theloadstar.com/cargolux-on-the-hunt-for-another-747f-as-ecommerce-eats-up-capacity/

European Market

BreakBulk

Toepfer Transport's MPP Index Continues Ascending with Positive Impact on Fleet Utilization

According to a recent report by the Hamburg-based shipbroker Toepfer Transport, their MPP Index has maintained a steady upward trend for the fourth consecutive month. In May 2024, it showed a significant increase. While this figure represents a month-on-month growth of 1.83 percent, it is notably lower compared to the Index recorded in May 2023.

Toepfer Transport remains optimistic about the future, forecasting further increases in the MPP Index. They anticipate continued growth over the next six months, followed by a substantial rise over the subsequent twelve months.

According to Toepfer's analysts, "the additional tonnage miles created by ships circumnavigating the Red Sea risk area still have a positive impact on fleet utilization. The unexpected recovery of the rates for containers weakens the competition from Container Operators chasing breakbulk cargo" (Bajic, 2024).

Reference: Bajic, A. (2024a, May 17). MPP index rate up with Fleet Utilisation. Project Cargo Journal. https://www.projectcargojournal.com/shipping/2024/05/13/mpp-index-rate-up-with-fleet-utilisation/

Oceania Ocean Freight

Western Australia Allocates $373 Million for Port Upgrades

The Western Australian government has announced $373 million in the 2024-25 State Budget to enhance port infrastructure across the state. This significant investment aims to support the growth of imports and exports from ports between Broome and Esperance.

Key projects include $117 million for upgrading berths and mooring equipment at Fremantle, Kwinana, and Esperance, and $101 million for a new cargo wharf at the Port of Dampier. Other allocations are $84 million for capital works across all ports, $17 million for roadworks at Utah Point in Port Hedland, and $14 million for a Seafarers Centre at Port Hedland.

Ports Minister David Michael highlighted the strategic importance of these upgrades, stating, "As a geographically isolated state, W.A.'s entire economy depended on efficient port infrastructure and associated land transport connections to support critical import and export supply chains" (Crisp, 2024).

These investments, which target both export and import infrastructure, are crucial for maintaining supply chains and supporting local employment and regional economic development. The state's fully-owned port authorities operate as Government Trading Entities to ensure ongoing regional support.

The budget also includes $11.8 billion for new road, rail, and transport infrastructure over the next four years, contributing to a total of $42.4.

Source: Crisp, D. (2024, May 9). *W.A. ports share in new funds - daily cargo news*. The DCN. https://www.thedcn.com.au/sticky/wa-ports-share-in-new-funds/

Oceania

Ocean Freight

Auckland's Port Transformation: A Tripartite Accord Secures Future Prosperity

In a significant development for Auckland's maritime landscape, proposals to privatize or lease the Port of Auckland have been definitively halted with the recent signing of a tripartite agreement. This historic pact involves the Port of Auckland, the Auckland City Council, and the Maritime Union of New Zealand.

Auckland mayor Wayne Brown, who had previously explored various options to enhance the council's financial standing, announced the groundbreaking agreement aimed at maximizing the potential of Tāmaki Makaurau's port and waterfront. "Port of Auckland has agreed to deliver much improved profits to Auckland Council. And, we have agreed to take the proposed sale of a long-term port lease off the table," stated Mayor Brown (Crisp, 2024).

Under this new framework, Auckland's port assets, land, and operations will remain under council ownership. The Port of Auckland is committed to channeling NZ$1.1 billion in profits to Auckland Council over the next decade, surpassing the anticipated returns from leasing the port by $172 million.

Port of Auckland Chair Jan Dawson expressed enthusiasm for the agreement, emphasizing its role in providing clarity and stability for port stakeholders and the wider community. "Together, we will continue to deliver for the people of Auckland," affirmed Dawson (Crisp, 2024).

Source: Crisp, D. (2024a, May 9). *Auckland scores a tri-daily cargo news.* The DCN. https://www.thedcn.com.au/news/auckland-scores-a-tri/

Asian Market

Ocean Freight

Trans-Pacific Carriers Adjust Allocation Strategies Amidst Surging Spot Rates

In the dynamic landscape of trans-Pacific shipping, container carriers are recalibrating their approach, prioritizing spot rates over fixed-rate agreements with non-vessel-operating common carriers (NVOs). This strategic shift reflects the evolving market conditions where spot rates have surged by over 50% since early April, prompting carriers to concentrate on more lucrative booking options.

According to insights from industry insiders, forwarders traditionally secure 20% to 25% of container volumes through fixed-rate contracts, known as "named-account" bookings. Larger NVOs typically secure up to 30% of their commitments through such agreements, while smaller players are often limited to less than 20%.

As spot rates in the Asia-US trade route continue to soar, carriers are poised to enforce a substantial general rate increase (GRI). If successful, this move could elevate average spot rates from Asia to the U.S. West Coast.

The impetus behind these rate hikes lies in carriers' leverage to manage capacity amidst soaring demand and constrained vessel space. According to Jon Monroe, an adviser to NVOs, carriers have such leverage "because space on vessels leaving Asia in May is extremely tight and carriers are rolling some shipments to subsequent voyages" (Mongelluzzo, 2024).

Source: Bill Mongelluzzo, S. E. (2024, May 14). *Trans-Pacific carriers slashing NVO allocations as spot rates spike.* Journal of Commerce. https://www.joc.com/article/trans-pacific-carriers-slashing-nvo-allocations-spot-rates-spike_20240514.html

Asian Market

Air Freight

Nippon Cargo Airlines Extends Partnership with Atlas Air for Transpacific Freight Operations

Nippon Cargo Airlines (NCA) and Atlas Air Worldwide have renewed their collaborative efforts, extending their Boeing 747 freighter partnership for transpacific flights.

Under the Air Transportation Services Agreement (ATSA), Atlas Air will continue to operate five 747-400F aircraft on behalf of NCA, providing crew, maintenance, and insurance (CMI) services.

In a joint statement, the partners emphasized the significance of the partnership extension, stating that "The extension of the current ATSA with transpacific operation between Asia and North America will boost international air cargo growth, including capital equipment for semiconductor and e-commerce needs, while meeting diverse customer transportation demands" (Brett, 2024).

Source: Brett, D. (2024c, May 23). *Nippon Cargo Airlines renews freighter deal with Atlas Air.* Air Cargo News. https://www.aircargonews.net/airlines/freighter-operator/nippon-cargo-airlines-renews-freighter-deal-with-atlas-air/

Middle East and African Market

Air Freight

Saudia Cargo Sets New Records in First Quarter

Saudia Cargo has achieved unprecedented success in the first quarter, driven by surging volumes of fashion, e-commerce, and express shipments. The Jeddah-based company witnessed a remarkable 20% year-on-year increase in overall cargo volumes during the first quarter.

Specialized product volumes experienced a notable surge of 19% compared to the previous year, with fashion shipments soaring by 85%, express by 9%, and e-commerce by 34%. Saudia Cargo attributed the surge in fashion tonnages to its "adaptation to the evolving demands of the fashion industry," showcasing its commitment to meeting market needs (Brett, 2024).

Additionally, Saudia Cargo has directed attention toward expanding its presence in the e-commerce sector. In a recent development, the company forged a new partnership with e-commerce logistics firm Cainiao and handler WFS in Liege. Additionally, it introduced new flights to Shenzhen, strategically targeting the burgeoning online retail sector.

According to Saudia Crago chief executive Teddy Zebitz, "Saudia Cargo continues to set new industry standards while empowering businesses to flourish worldwide. All these initiatives led to achieving the highest monthly flow tonnages for the month of March 2024 since 2017" (Brett, 2024).

Reference: Brett, D. (2024b, May 17). *Record volumes for Saudia Cargo in Q1*. Air Cargo News. https://www.aircargonews.net/airlines/freighter-operator/record-volumes-for-saudia-cargo-in-q1/