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Logistics Market Report



Ocean Freight





Carriers Decreasing Vessel Capacity Allocations

cean carriers are scaling back vessel space amid a sharp decline in eastbound trans-Pacific capacity. Rising eastbound trans-Pacific bookings, driven by US importers advancing their shipping schedules due to factors like longer routes bypassing southern Africa and port congestion in Asia, are swiftly depleting available capacity. This surge allows carriers to impose peak season surcharges (PSSs) and general rate increases (GRIs) bi-monthly instead of monthly, leveraging their pricing power.

"This would have made it virtually impossible for carriers to proactively deploy more capacity in order to prevent capacity shortages and rate spikes, partially dispelling the myth that the spike is simply the carriers manipulating the market," commented Alan Murphy, CEO of Sea-Intelligence Maritime Analysis (Mongelluzzo, 2024).

Sources suggest carriers prioritize spot cargo over fixed-rate allocations in tight markets.

Source: Mongelluzzo, B. (2024, June 24). *Carriers cutting back on vessel space allotments for nvos, retailers: Sources.* Journal of Commerce. https://www.joc.com/article/carriers-cutting-back-vessel-space-allotments-nvos-retailers-sources 20240624.html



Global Container Fleet Nears Full Utilization

s reported by ShippingWatch, recent data indicates that only 77 container ships worldwide are idle, a figure unseen since the pandemic. "Virtually all of the world's container ships are currently at work serving customers in a red-hot container market driven by the Red Sea crisis, higher-than-expected volumes, and congestion at major ports" (Holmstad, 2024).

According to shipbroker Clarksons, the market faces significant pressure, with disruption in the Red Sea leading to longer sailing routes around the Cape of Good Hope, boosting vessel demand by approximately 72%. The increased volumes during the early peak season and unexpectedly high shipments from Asia to developing economies have further accelerated market activity.



Source: Holmstad, D. (2024, June 27). Less than one percent of the container fleet is currently idle. SHIPPINGWATCH. https://shippingwatch.com/carriers/Container/article17234132.ece

Global Market (Air Freight

Double-Digit Growth Predicted for Air Cargo in 2024

he air cargo sector is poised for significant growth in 2024, with projections indicating double-digit expansion. Industry analysts attribute this surge to a combination of rising ecommerce demand and improved global trade dynamics.

"At the end of 2023 we saw the dramatic impact China's e-commerce behemoths had on the air cargo market," Xeneta chief airfreight officer Niall van de Wouw explained. "Everyone is now waiting anxiously to see what happens in the upcoming peak season. But if the potential rising costs and increasing transit times of e-commerce ex-China leads US consumers to procure less and less, that can have a ripple effect globally. If fewer freighters are required to carry e-commerce, [the freighters] will enter the general airfreight market (again) and produce a noticeable supply impact, putting downward pressure on rates" (Damian, 2024).



Experts caution that market volatility, influenced by factors like e-commerce patterns and logistical obstacles, could impact the expected growth.

Source: Brett, D. (2024, June 5). Air cargo heading for double-digit growth in 2024. Air Cargo News.

https://www.aircargonews.net/airlines/air-cargo-heading-for-double-digitgrowth-in-2024/



Air Freight

Surge in Overall Air Cargo Demand Fueled by E-commerce and Maritime Disruptions



he demand for general air cargo has soared, driven significantly by the surge in e-commerce activities and disruptions in ocean shipping. This uptick is attributed to increased international e-commerce shipments and the shift from sea freight to air cargo due to ongoing disruptions in container shipping.

According to data provider WorldACD, "one factor for this is the strong growth since the start of last autumn in cross-border e-commerce traffic, which often flies in bulk as general cargo rather than within a special product category, as well as the conversion of sea freight to air cargo and sea-air resulting from disruptions since last November to container shipping due to the attacks on vessels in the Red Sea" (Damian, 2024).

Source: Brett, D. (2024, June 25). *General air cargo demand takes off thanks to e-com and ocean disruption*. Air Cargo News.

https://www.aircargonews.net/airlines/general-air-cargo-demand-takes-off-thanks-to-e-com-and-ocean-disruption/



Concerns Over Ocean Freight Rates Persist into 2025

espite positive news on inflation from the Federal Reserve, global trade faces new challenges as ocean freight rates continue to rise. Predictions suggest that these rates could surpass \$20,000, potentially reaching pandemic-era peaks of \$30,000, and remaining high into 2025. Spot freight rates from the Far East to the U.S. have surged, and increased charges by ocean carriers have compounded the issue. Limited container availability and vessel capacity have driven shippers to the spot market.

"Are we operating in a Covid-like environment without the actual presence of Covid? It certainly feels that way. Several niche carriers have recently entered the market," Jon Monroe of Jon Monroe Consulting wrote in a recent advisory about smaller carriers entering the market offering expedited services (LaRocco, 2024).

Alan Murphy, CEO of Sea-Intelligence, noted that the pandemic established a precedent where freight rates per nautical mile can soar to exceptionally high levels during periods of significant distress.



Source: LaRocco, L.A. (2024, June 13). *Fears are rising ocean freight rates may surpass \$20,000 with no relief for global trade into 2025.* CNBC. https://www.cnbc.com/2024/06/13/fears-rise-ocean-freight-rates-may-hit-20000-with-no-relief-in-sight.html

Asian Port Congestion Mirrors Pandemic Levels

ort congestion in Singapore has intensified to levels not seen since the pandemic, as shippers advance the peak season.

Research by Linerlytica shows major ports experiencing the worst congestion in 18 months, with 60% of container ships anchored in Asia.

"The bottlenecks are exacerbated by shippers starting the peak season earlier this year than usual to ensure they get their goods on time. Increased threats in the Red Sea have also forced longer routes, worsening delays and congestion" (Thomsen, 2024).



Source: Thomsen, J. (2024, June 27). Congestion in Asian ports is now as bad as during Covid. SHIPPINGWATCH. https://shippingwatch.com/Ports/article17235413.ece



Volumes Shifting from Asia to India:

Insights from Ocean Carriers and Forwarders

ccording to an article in the Journal of Commerce, "Vessel delays are easing at key gateways in North and Southeast Asia and equipment availability is also improving overall in China, but ocean carriers and forwarders say congestion is spreading to India" (Wallis & Matthew, 2024).



Ports in North and Southeast Asia are experiencing reduced vessel delays and improved equipment availability, particularly in China.

Asia-based shipping executives report a decrease in delays at major ports, as carriers redirect to Malaysian ports like Klang and Tanjung Pelepas.

Conversely, Mundra, India's largest container gateway, is struggling with increased transshipment volumes, leading to extended container dwell times and significant backlogs. This situation has prompted calls for urgent measures to improve cargo flow.

Source: Wallis, K., & Matthew, B. (2024, June 21). Port congestion in Asia easing, shifting to India: Ocean Carriers, forwarders. Journal of Commerce. https://www.joc.com/article/port-congestion-asia-easing-shifting-india-ocean-carriers-forwarders_20240621.html?utm_source=newsletter&utm_medium=email&utm_campaign=daily%25newswire_



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Incheon Airport's Air Cargo Set to Double Amid E-Commerce Surge

ncheon International Airport Corp (IIAC) expects air cargo volumes to double to 6 million tons this year, driven by manufacturers' supply chain adjustments and a surge in e-commerce. Lim Hoon, deputy GM at IIAC, noted, "With deteriorating China-Taiwan relations and Hong Kong's political alignment with China, Incheon's proximity and free trade zone make it the optimal location" (Li, 2024). Last year, sea-and-air transhipments from China increased 43%, largely due to the e-commerce boom.

Source: Li, M. (2024, July 1). *Chinese ecommerce behind transhipment traffic increase at Incheon Airport.* The Loadstar.

 ${\color{blue} https://theloadstar.com/chinese-ecommerce-behind-transhipment-traffic-increase-at-incheon-airport/} \\$









Baltimore Port Channel Reopens After Key Bridge Collapse

he main shipping channel to the Port of Baltimore has reopened following an 11-week closure caused by a cargo ship losing power and colliding with the Francis Scott Key Bridge.

"We've cleared the Fort McHenry Federal Channel for safe transit," Col. Estee Pinchasin, Baltimore District commander for the U.S. Army Corps of Engineers, said in a news release" (Mahoney, 2024). The incident involved the container ship Dali, which remained lodged in the channel along with 50,000 tons of bridge debris until its removal on May 20. The reopening aims to boost economic activities at Maryland's deepest harbor, supporting the flow of commerce and facilitating the Port of Baltimore's vital role in global trade.

Source: Mahoney, N. (2024, June 11). *Baltimore shipping channel reopens* 11 weeks after Key Bridge collapse. Freightwaves. https://www.freightwaves.com/news/baltimore-shipping-channel-reopens-11-weeks-after-key-bridge-collapse

Navigating Potential East Coast strikes:

Significant Volume Increase Expected at US West Coast

he International Longshoremen Association (ILA) is intensifying its position in negotiations with east and Gulf coast port employers after halting talks with the US Maritime Alliance (USMX) due to an automation dispute.

ILA President Harold Daggett warned of potential operational disruptions across 36 ports, stating, "The threat of a coast-wide strike on 1 October

is becoming more likely, as USMX and its member companies drag their feet" (Putzger, 2024). This firm stance aims not only to influence USMX members but also to impact cargo routing decisions, potentially altering traffic flows from eastern ports to alternative gateways.



Source: Putzger, I. (2024, June 14). *East coast port strike looms larger as union takes a tough stance on wages*. The Loadstar. Retrieved from https://theloadstar.com/east-coast-port-strike-looms-larger-as-union-takes-a-tough-stance-on-wages/



Consumer Spending Fuels Latest Upgrade in US Import Growth

lobal Port Tracker (GPT) now anticipates a 15.2% year-over-year rise in June imports, up from the previous month's forecast of a 10.7% increase. July imports are projected to grow by 9.5% compared to the earlier estimate of 5.5%. Forecasts for August and September have also been revised upward, expecting 10.6% and 1.7% growth, respectively.

Ben Hackett, founder of Hackett Associates, noted that the traditional peak season for imports has extended over additional months in recent years. This shift is attributed to retailers restocking after strong post-pandemic sales, preempting impending tariffs on Chinese goods, and preparing for robust holiday demand.



"Consumers are continuing to spend more than last year, and retailers are stocking up to meet demand, especially as we head into peak shipping season," Jonathan Gold, vice president for supply chain and customs policy at the National Retail Federation (NRF), said in the June Global Port Tracker (Mongelluzzo, 2024).

Source: Mongelluzzo, B. (2024, June 10). *Increased consumer spending drives latest upgrade for US import growth: retailers*. Journal of Commerce. https://www.joc.com/article/increased-consumer-spending-drives-latest-upgrade-us-import-growth-retailers 20240610.html



Air Freight

U.S. Lowering Duty-Free Ceiling on Chinese E-Commerce Imports Is No Instant Solution

roposals by U.S legislators to reduce the duty-free exemption limit of USD800 to slow down e-commerce imports into the U.S. is unlikely to provide an immediate fix to the current influx of Chinese trade.

While some officials argue that this measure could reduce the flow of low-cost imports which are currently dominating the Transpacific air freight market, experts suggest that its impact may be limited, particularly when compared to European import rules.

Cargolux CEO Richard Forson remarked, "The de minimis rule in Europe is €150 (\$163), not only for e-commerce but in general for packages coming in. We have seen no slowdown in the demand for cross-port e-commerce – rather, it is increasing. And, if you look at those e-commerce platforms [and the cost of their goods], the number of items you would need to buy to break that limit is going to be significant" (Whiteman, 2024).



The rapid growth of international e-commerce volumes implies that merely adjusting the duty-free threshold may not significantly alter consumer behavior or market trends.

Source: Whiteman, A. (2024, June 4). Lowering duty-free ceiling on Chinese ecomm imports "no magic bullet." The Loadstar. https://theloadstar.com/reducing-duty-free-ceiling-on-chinese-ecomm-imports-no-magic-bullet/





Ocean Carriers Introduce New Services in the Expanding Asia-to-Mexico Market

editerranean Shipping Co. (MSC) has unveiled its latest initiative to enhance connectivity between Asia and Mexico, with the introduction of the Dhalia premium shuttle service. This new service aims to meet rising demand for shipping capacity from Asia to Mexico's West Coast. The Dhalia route includes key ports such as Xiamen, Shanghai, Busan, and extends to Manzanillo and Lazaro Cardenas in Mexico. MSC's decision to launch the Dhalia service emphasized the growing trend of nearshoring by Chinese manufacturers, driving increased trade volumes to and from Mexico.

"Other ocean carriers have also been chasing growing trade between Asia and Mexico. In May, Cosco Shipping and OOCL commenced their TLP5 shuttle service between northern China and Mexico, while CMA CGM began its M2X-Mexico Express, which also begins in northern China" (Angell, 2024).



Commencing in the upcoming year, the joint venture between Maersk and Hapag-Lloyd, known as the Gemini Cooperation, plans to introduce direct calls at Lazaro Cardenas port.

Source: Angell, M. (2024, June 20). MSC adds to growing Asia-Mexico service growing-asia-mexico-service-launches_20240620.html



Air Cargo's New **Mexican Interest** and Developments



exico is emerging as a key player in the air cargo industry, bolstered by its strong manufacturing base and strategic location. As Chinese companies seek cost-effective alternatives close to the U.S., Mexico's appeal grows, driving increased air cargo activity, with Lufthansa, Air Canada and China Southern all adding frequencies.

"Chinese companies have scrambled to open production facilities in Mexico in response to the nearshoring wave that has boosted Mexico-US flows which have propelled Laredo past the Port of Los Angeles to claim the crown of top gateway for US imports" (Putzger, 2024).

The government is also investing in infrastructure improvements, including expanded airport capacities and better cross border connectivity to support this surge. These efforts aim to establish Mexico as a significant hub in the global air cargo market.

Source: Putzger, I. (2024, June 3). Putzger Perspective: Air cargo's Mexican wave. Air Cargo News.

https://www.aircargonews.net/monthly-exclusive/putzger-perspective-aircargos-mexican-wave/



Rail Union Considers Extending Strike Threat at CN and CPKC

he Teamsters Canada Rail Conference (TCRC), representing over 9,000 CN and CPKC workers, has initiated a second strike vote amid ongoing contract negotiations.

Canadian Labor Minister Seamus O'Regan referred the dispute to the Canada Industrial Relations Board (CIRB) on May 13, pausing any strike until the CIRB assesses its impact on public safety.

"If the CIRB rules that a strike would not cause a serious threat to public safety, the earliest a strike could occur would be mid-July, according to CPKC" (Mahoney, 2024).





Source: Mahoney, N. (2024, June 18). Union voting on whether to extend strike threat by CN, CPKC rail workers. Freightwaves. https://www.freightwaves.com/news/union-voting-on-whether-to-extendstrike-threat-by-cn-cpkc-rail-workers



Latin American Market Ocean Freight



Maersk Reports Diminished Water Levels in the Amazon River

aersk is actively monitoring and studying water levels in the Amazon region, employing rigorous mapping and research efforts. Based on data adhering to the National Water Agency's standards, Maersk's ongoing analysis indicates no increase in the Negro River levels since June 17, 2024. This observation implies potential constraints on vessel drafts during the forthcoming dry season, from mid-September 2024 to early 2025. Maersk aims to mitigate disruptions by exploring alternative strategies to ensure seamless logistics for transporting goods to and from Manaus.

"To minimise the effect during the most critical period, Maersk is urging its clients to plan ahead of time for the transportation of commodities to and from Manaus," Magli included (Magli, 2024).

Source: Magli, D. (2024, June 24). Maersk reports low sea levels in the Amazon River. Port Technology Inernational.

https://www.porttechnology.org/news/maersk-reports-low-sea-levels-inthe-amazon-river/





Latin American Market

Ocean Freight

Panama Canal:

Enhanced Draft and Daily Transits

he Panama Canal will boost its daily transits from 32 to 33 starting July 11, with an additional increase to 34 transits by July 22.

These adjustments respond to current and projected water levels in Gatun Lake and the upcoming rainy season in the Panama Canal Watershed. Effective June 15, the draft will rise from 45 to 46 feet.

"The Panama Canal said it will continue to monitor weather conditions daily to implement the necessary operational actions in the event of increased rainfall in its watershed," Kontos added (Kontos, 2024).

Source: Kontos, I. (2024, June 21). Panama Canal increases draft and daily transits. Container News. https://container-news.com/panama-canalincreases-draft-and-daily-transits/



Container Shipping Rates Surge on Brazil's Major Trade Routes

s reported by Keith Wallis for the Journal of Commerce, "Container freight rates on the main north-south and eastwest Brazilian trades are rocketing higher, fueled by strong demand and capacity shortages both to and from South America" (Wallis, 2024). According to local forwarders, rates from Brazil to North America are at their highest in a year, while those on the Asia-East Coast South America route have reached nearly two-year peaks.

The increases are exacerbated by worsening port delays in Brazil, with construction at Navegantes port and increased vessel diversions straining alternate gateways like Itapoá and Paranaguá. Carriers are also imposing hefty detention fees due to full container yard capacities despite confirmed bookings.



Source: Wallis, K. (2024, June 20). Brazil north-south, Asia-ECSA rates hit recent highs on strong demand, congestion. Journal of Commerce. https://www.joc.com/article/brazil-north-south-asia-ecsa-rates-hitrecent-highs-strong-demand-congestion_20240620.html





Labor Disputes at German Ports Threaten European Supply Chain Bottlenecks

trikes at major German ports including Hamburg, Bremen, Bremerhaven, Brake, and Emden are expected to exacerbate shipping delays and logistical challenges, potentially fueling inflationary pressures. Dockworkers have halted operations demanding better pay, impacting operations and prompting vessel delays.

"At the face of it, work stoppages lasting 24-48 hours could be seen as a minor event to the outsider — but not to the insider," said Peter Sand, chief analyst at Xeneta, an Oslo-based freight analytics platform (Murray, 2024). "Shippers will get hit, carriers may need to omit port calls — discharging cargo in another hopefully nearby port — at a point in time when all container shipping supply-chain stakeholders are struggling to move cargo efficiently."



Source: Murray, B. (2024, June 18). *German Port Strikes to Worsen European Cargo Bottlenecks*. Bloomberg. https://www.bloomberg.com/news/newsletters/2024-06-18/supply-chain-latest-german-port-strikes

Challenges Mount as China-Europe Rail Network Grapples with Surging Demand

he transition from congested sea routes to China-Europe rail freight is causing significant delays at critical transfer points in Kazakhstan, leading to extended transit times and escalating rate levels.

"Whether cargo owners use the northern or middle corridors, the transit times of both routes beats ocean shipping, where sailing around southern Africa adds 10 to 14 days to an Asia-Europe voyage and port congestion extends the transit times even further" (Knowler, 2024).

Infrastructure adjustments in Kazakhstan aim to alleviate congestion, with efforts focused on optimizing routes and upgrading supply chain technologies. The viability of rail over sea routes persists despite longer transit times due to port congestion.

Source: Knowler, G. (2024, June 27). Bottlenecks build as China Europe rail network battles rising demand. Journal of Commerce. https://www.joc.com/article/bottlenecks-build-china-europe-rail-network-battles-rising-demand_20240627.html?utm_source=newsletter&utm_medium=email&utm_campaign=daily%25newswire





Air Freight

747 Ban at Schiphol Airport Too Soon for Carriers

he impending ban on 747 freighters due to noise pollution at Schiphol Airport poses significant challenges for airlines, with many struggling to adapt by the 2025 deadline.



Air Cargo Netherlands MD Maarten van As said, "The ban on 747 freighters will hurt several airlines at Schiphol, 2025 is too soon. New, less noisy freighters have been ordered, but this fleet renewal will take place in Q4 26 to Q1 27... production takes time" (Goldstone, 2024).

Airlines have expressed concerns over the short timeline, highlighting the need for more time to transition to quieter aircraft.

Source: Goldstone, C. (2024, June 3). *A quieter Schiphol – but 747 ban too soon for carriers to adapt.* The Loadstar https://theloadstar.com/a-quieter-schiphol-but-747-ban-too-soon-for-carriers-to-adapt/



Ocean Freight

New Houthi Strategies Heighten Maritime Security Concerns

he Houthis have intensified fears among Middle Eastern seafarers and their families with a recent video demonstrating their new tactics. The footage reveals explosive-laden boats targeting and sinking the Greek-controlled Tutor kamsarmax, marking a novel approach in their seven-month campaign against merchant shipping.

This attack, resulting in one fatality and the vessel's sinking, signifies a troubling escalation. "The Tutor is the second ship to have been sunk by the Houthis, following on from the Rubymar in early March," editor Sam Chambers pointed out (Chambers, 2024).

Fourteen prominent shipping associations issued a statement requesting assistance from influential states in the region. The shipping community is increasingly alarmed by the rising threats, with experts highlighting the profound impact on crew morale and recruitment.

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Source: Chambers, S. (2024, June 20). New Houthi tactics put seafarers on edge. Splash247. https://splash247.com/new-houthi-tactics-put-seafarers-on-edge/#:~:text=The%20Houthis%20have%20ratcheted%20up,attack%20in%20the%20Houthis%20seven%2D



Air Freight

Emirates Continues with Freighter Conversion Plans

mirates remains committed to its freighter conversion plans, undeterred by ongoing delays. The airline highlights the strategic benefits of these conversions for enhancing cargo operations, telling Air Cargo News that "Once converted, the freighters will offer unique operational advantages, including larger and more flexible capacity which are ideal for high volume lanes and transporting e-commerce shipments" (Jeffrey, 2024).

Despite aircraft delivery setbacks, Emirates continues to focus on expanding its cargo capabilities to meet growing demand in key markets.



Source: Jeffrey, R. (2024, June 13). *Emirates backs freighter conversion plans despite delays*. Air Cargo News. https://www.aircargonews.net/airlines/emirates-backs-freighter-conversion-plans-despite-delays/



Ocean Freight



Dar es Salaam Port Welcomes Largest Ever Container Ship



anzania's Port of Dar es Salaam celebrates a significant milestone with the arrival of the MSC ADU V, the largest container vessel in its history, carrying 4,000 containers. Acting Port Manager Abeid Gallus highlighted the port's recent enhancements, including increased depth from 8 to 14.5 meters, enabling it to accommodate larger ships.

"This is a historic milestone for us," Gallus remarked (Maricha, 2024). "Initially, we handled ships of up to 267 meters long but with these enhancements, Dar es Salaam Port can now accommodate larger vessels."

The upgrades aim to boost cargo capacity and efficiency, promising quicker turnaround times. Gallus noted the vessel's cargo will be discharged within five days, underscoring efforts to streamline operations and reduce logistics costs for port users.

Source: Maricha, J. (2024, June 23). *New dawn for Tanzania's Dar es Salaam Port as it receives its largest container ship ever.* The Citizen. https://www.thecitizen.co.tz/tanzania/news/business/new-dawn-for-tanzania-s-dar-es-salaam-port-as-it-receives-its-largest-container-ship-ever-4666776#google_vignette