

FrachtNEWS

Logistics Market Report

 Global Market

Ocean Freight



Progress and Plans: Updates on Francis Scott Key Bridge Collapse Site Effort

Maryland officials convened for a press briefing to offer insights into the ongoing endeavors at the Francis Scott Key Bridge collapse site. Governor Wes Moore highlighted, "We've already completed two temporary channels, one on the northeast side of the collapse with a depth of 11 feet and one on the south side with a depth of 14 feet" (Yorgey, 2024). He emphasized the significance of these channels, which have facilitated 58 commercial movements thus far, albeit constituting only 15% of pre-collapse vessel traffic. Moreover, efforts persist to clear containers from the Dali ship to enable the removal of the bridge section atop it. Colonel Estee Pinchasin of the Army Corps of

Engineers detailed the complex operations, including cutting the 1,500-ton bridge wreckage into manageable sections for removal. Mayor Brandon Scott unveiled an Action Plan offering assistance to affected residents, including utility bill and rental aid. With a dedicated focus on safety and community support, the recovery operations remain steadfast.

Source: Yorgey, T. (2024, April 10). Crews working to remove containers from Dali ship, reopen channel. WBALTV. <https://www.wbal.tv.com/article/crews-removing-containers-dali-key-bridge-collapse/60459697>

Charting the Course: Implications of the Dali Containership Incident on Cargo Insurers

Cargo insurer WK Webster has indicated that the owners of the Dali containership, responsible for the devastating collision with Baltimore's largest bridge, have likely declared general average. This declaration entails shared responsibility among all cargo stakeholders for salvage costs. According to Sam Chambers, "Records look set to be broken in terms of shipping insurance payouts for the Dali incident" (Chambers, 2024). Amidst looming legal battles,

the ship's owner and manager seek to cap liabilities at \$43.6 million, despite potential billion-dollar payouts. The incident is poised to set new records for insurance settlements in the maritime industry, possibly surpassing previous milestones set by the Costa Concordia and Ever Given incidents. Lloyd's of London anticipates the Dali catastrophe to be the largest marine insurance payout in history. Meanwhile, salvage operations led by the US Army Corps of Engineers are making significant strides, aiming to restore navigational access while ensuring safety and efficiency.



Source: Chambers, S. (2024, April 12). Insurance pay-outs from Baltimore bridge disaster in the spotlight. Splash247. <https://splash247.com/insurance-pay-outs-from-baltimore-bridge-disaster-in-the-spotlight/>

Advancing Sustainability: Transitioning to Electronic Bills of Lading (eBLs)

A recent study commissioned by the Global Shipping Business Network (GSBN) highlights the significant environmental benefits of transitioning from paper-based bills of lading to electronic ones. According to the study, such a shift could lead to an annual reduction of 440,802 metric tons of carbon emissions. Authored by Eric Johnson, the study underscores the potential impact of digitalization on decarbonizing the shipping industry. GSBN, a non-profit consortium advocating for eBL adoption, aims to address interoperability challenges to streamline the transition. Despite representing only a fraction of total emissions, the carbon reduction potential per eBL is notable. "A cut in carbon emissions is just one of the benefits being pushed by advocates of electronic documentation. Others include the ability to edit documents in real-time, the chance to structure bill of lading data and the ability to marry eBLs with financial transactions, such trade financing." (Johnson, 2024).

Alicia Lee, GSBN's chief operating officer, emphasizes that digitization not only enhances trade efficiency but also aligns with sustainability goals. As industry leaders commit to 100% eBL adoption by 2030, the study sheds light on the broader benefits of embracing electronic documentation in maritime trade.



Quote Source: Johnson, E. (2024, April 10). Shift to eBLs would mean big cut in carbon emissions: study. The Journal of Commerce. https://www.joc.com/article/shift-ebls-would-mean-big-cut-carbon-emissions-study_20240410.html

Airfreight Demand Grows but 777F Production Logjam Hobbles Capacity

Boeing's inability to deliver new 777-200 freighters is crimping carrier capacity to meet the strong demand, especially in the transpacific market. And freighter conversions are also hobbled, owing to rising passenger demand.

Boeing's woes spread from its 737 and 787 lines to the 777 freighter segment. It produced six 777-200Fs in March, but none could be delivered and they joined five others sitting at Boeing's facility in Everett, waiting for engines.

The 11 'gliders' (as the engineless planes are referred to) are not Boeing's fault, said Stan Wraight, president and CEO of strategic aviation consultancy and training firm SASIWORLD. They are the result of manufacturer GE's struggles to ramp up engine production, which has been crippled by persistent labour and parts shortages.

"An engine overhaul takes 90 days, but it takes a year to get a slot," he said (Lennane, 2024).

The problem has been exacerbated by the fact that airlines deferred maintenance work during the pandemic, when cash reserves were low, added Mr Wraight, adding that further pressure on the engine sector had come from problems with Pratt & Whitney engines that need to be replaced.

Boeing has not delivered any 777 freighters in the first quarter, to the frustration of airlines and shippers.

Source: Lennane, A. (2024b, April 11). Airfreight demand grows but 777f production logjam hobbles capacity. The Loadstar. <https://theloadstar.com/airfreight-demand-grows-but-777f-production-logjam-hobbles-capacity/>



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: <https://www.aircargonews.net/data-hub/champ-cargo-systems-air-cargo-market-tracker/>



Navigating Q4: Prioritizing Capacity Management for Forwarders



Amidst discussions at the CNS Partnership event in Dallas, forwarders emphasized the critical need for capacity management in 2024. Echoing this sentiment, a senior airfreight executive stressed, "Capacity is going to be king for the rest of 2024" (Lennane, 2024). This resonates profoundly as the industry faces the enduring impact of e-commerce growth, particularly from China and Southeast Asia. The executive highlighted the shift away from cost-driven decisions, stating, "It's not going to be the cheapest rate that gets the business... you have

to be a forwarder that can actually get capacity if the customers want their volumes" (Lennane, 2024). This mindset shift underscores the industry's focus on securing capacity over cost efficiency, a sentiment shared by airline executives prioritizing capacity acquisition.

Source: Lennane, A. (2024c, April 17). For forwarders, "a hot Q4" will be all about controlling air cargo capacity. The Loadstar. <https://theloadstar.com/for-forwarders-a-hot-q4-will-be-all-about-controlling-air-cargo-capacity/>

Global Market

Air Freight

Maximizing Sustainable Aviation Fuel: The Imperative of Collaboration

ATAM Cargo's CEO emphasizes the need for collaboration among air cargo companies to ensure effective investment in sustainable aviation fuel (SAF) initiatives. According to Andres Bianchi, failure to collaborate may result in misdirected investments in SAF developments. He highlights the complexity of SAF production, with various feedstocks and emission reduction levels, necessitating discussions on adoption suitability.

Bianchi underscores the importance of comprehensive discussions to avoid investing in inappropriate SAF types, which could lead to inefficient resource allocation. Collaboration extends to production, supply security, and data sharing to optimize SAF development strategies.



In Bianchi's view, collaboration is paramount for the air cargo industry's goal of achieving net-zero carbon emissions by 2050. He concludes, "Understanding this problem thoroughly and having the right discussions about what we want to push and what we need to prioritize [to improve SAF developments] is important" (Jeffrey, 2024).

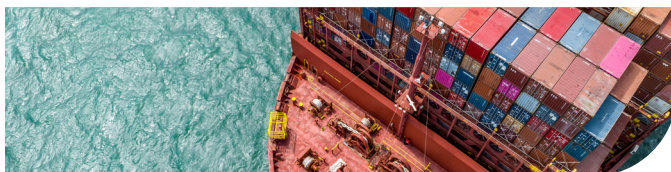
Source: Jeffrey, R. (2024b, April 22). *Collaborate to get SAF investment right*. Air Cargo News. <https://www.aircargonews.net/policy/environment/collaborate-to-get-saf-investment-right/>

Global Market

Breakbulk

Signs of Recovery: Heavy-Lift Carrier Rates Rise

Charter rates for multipurpose vessels are showing a modest increase, indicating a tightening of ship capacities for project shipments. "The earnings situation in project and heavy lift shipping now appears to be stabilizing after a prolonged downturn," (Hollmann, 2024).



According to the Hamburg-based shipbroker Toepfer Transport, charter rates for general cargo vessels with a deadweight capacity of 12,500 tons (tdw) rose by approximately 2% to USD 12,259/day compared to the previous month.

BBC Chartering reports a surge in energy project cargoes globally, with limited fleet capacity due to route detours around Africa and South America. The recent easing of the situation, reflected in increased transit figures in the Panama Canal in March, is encouraging.

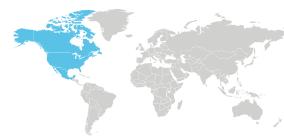
Industry experts anticipate further market improvements, projecting a nearly 7% increase in rate levels over the next twelve months.

Reference: Hollmann, M. (2024, April 15). *Sea freight flash: rates for heavy-lift carriers bottoming out*. DVZ - Deutsche Verkehrs-Zeitung. https://www.dvz.de/login.html?redirect_url=https://www.dvz.de/unternehmen/see/detail/news/seefrachtenflash-raten-der-schwergutfrachter-verlassen-die-talsohle.html



North American Market

Ocean Freight



Impasse in Canadian Rail Negotiations Raises Prospect of May Strike

Negotiations over a new collective bargaining agreement for Canadian rail conductors and engineers have reached a standstill, potentially paving the way for a strike next month. The Teamsters Canadian Rail Conference (TCRC) members will vote on authorizing a strike against Canadian National Railway (CN) and Canadian Pacific Kansas City (CPKC) from April 8 to May 1, with a potential strike date set for May 22. According to a Journal of Commerce analysis, a strike could disrupt intermodal service to and from Canadian containerized marine terminals, affecting around 50,000 TEUs per week in imports. Talks have stumbled over salary and mandatory rest periods, with TCRC alleging regression in negotiations. CN and CPKC assert their offers ensure competitive wages and work-life balance. CPKC has presented two offers,



one aiming to simplify the prior collective bargaining agreement, and the other to “maintain the status quo” within rules established last year by Transport Canada (Ashe, 2024). However, TCRC remains unconvinced. The TCRC last went on strike in 2019, prompting Ottawa to pass Transport Canada Duty and Rest Period Rules, which TCRC believes are not being properly implemented. Despite ongoing discussions, the specter of a strike looms as the 21-day cooling-off period approaches.

Quote Source: Ashe, A. (2024, April 2). Lack of progress in Canadian rail talks raises possibility of May strike. Journal of Commerce. https://www.joc.com/article/lack-progress-canadian-rail-talks-raises-possibility-may-strike_20240402.html?utm_source=newsletter

Rail Alternatives Alleviating Baltimore Port Closure Challenges

Norfolk Southern Railway is implementing strategic measures to mitigate the impact of the Francis Scott Key Bridge collapse, facilitating the movement of containers between the Port of New York and New Jersey and Baltimore. Following CSX's lead, Norfolk Southern will commence train operations from the Elizabeth Marine Terminal to its Bayview Yard, located just north of the Baltimore port. According to Ari Ashe, Senior Editor, “Trains will run five days per week between Elizabeth and Baltimore, departing Friday through

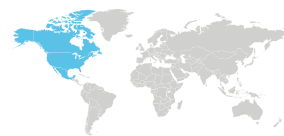
Tuesday for imports and back to NY/NJ Monday through Friday for exports and empty containers” (Ashe, 2024). These operations are scheduled five days a week, ensuring a seamless flow of imports and exports. Containers will be accessible at the destination terminal within 72 hours of departure, providing a timely solution to logistical challenges amidst the port closure.



Source: Ashe, A. (2024, April 3). NS offering NY/NJ, Virginia rail workarounds to ease Baltimore port closure. Journal of Commerce. https://www.joc.com/article/ns-offering-nynj-virginia-rail-workarounds-ease-baltimore-port-closure_20240403.html?utm_source=newsletter&utm_medium=email&utm_campaign=daily%25newswire

North American Market

Air Freight



Meeting E-commerce Demands: Driving Growth in the Transpacific Market

The transpacific trade lane is experiencing a surge in e-commerce volumes, necessitating continuous capacity growth to meet demand. An unexpected spike in November and December revitalized airlines' peak season, particularly notable from Asia to the US, as highlighted by Shawn McWhorter, president for the Americas at Nippon Cargo Airlines (NCA).

"E-commerce demand finished on a strong note in 2023, which helped put our yields above 2019 levels," reports Tom Owen, director cargo of Cathay (Brett, 2024). Looking ahead, Owen expresses



confidence in 2024, anticipating continued e-commerce growth, particularly from southern China, a key area for Cathay Cargo.

Matt Casey, managing director of commercial at Air Canada Cargo, acknowledges e-commerce's role in sustaining volumes and notes its impact on various sectors, including pharmaceuticals. Cathay plans to focus

on enhancing services for special cargoes like project cargo and dangerous goods, recognizing their significance in the evolving market landscape.

Source: Brett, D. (2024, April 5). *Recovering transpacific market needs more lift*. Air Cargo News. <https://www.aircargonews.net/monthly-exclusive/recovering-transpacific-market-needs-more-lift/>

Air Freight

Addressing Air Cargo Infrastructure Gaps: A Call to Action

The Airforwarders Association (AfA) has sounded the alarm on the precarious state of air cargo infrastructure in major US airports, asserting that the future of air cargo is in jeopardy due to insufficient investment. Brandon Fried, AfA's executive director, emphasized at the CNS Partnerships Conference in Dallas that prolonged waiting times for trucks at airports are symptomatic of this neglect. Fried remarked, "This inefficiency disrupts supply chains and hinders economic growth" (Jeffrey, 2024).

The need for urgent action is underscored by the collapse of the Francis Scott Key Bridge in Baltimore, a stark reminder of the imperative to prioritize infrastructure safety and security. AfA and the National Customs Brokers and Forwarders Association of America have jointly identified critical areas requiring investment,



including public sector financial support, digitalization, workforce training, and modernized security protocols.

In response to airport congestion issues, AfA has garnered support from three US Senators to advocate for a comprehensive review by the Government Accountability Office. This concerted effort aims to address the pressing challenges facing air cargo infrastructure.

Source: Jeffrey, R. (2024, April 17). *Air Cargo Infrastructure Investments still critical*. Air Cargo News. <https://www.aircargonews.net/freight-forwarder/air-cargo-infrastructure-investments-still-critical/>



Ocean Freight

CMA CGM Sets Record with Deepest Draft at Manzanillo Port

French shipping giant CMA CGM made history at the port of Manzanillo as the CMA CGM Dignity arrived, breaking the draft record. Enrique Duarte Rionda reports, “The vessel has a length of 365.99 meters (m), a beam (width) of 51 m and an arrival draft of 15.25 m, making it the deepest that has touched the port of Colima” (Rionda2024). Departing from South Korea’s Busan port, the CMA CGM Dignity berthed at the Contecon Manzanillo terminal to handle 1,500 containers. Recent rapid dredging efforts by the port authorities have enabled Manzanillo, Mexico’s busiest commercial port, to accommodate larger vessels like the CMA CGM Dignity.



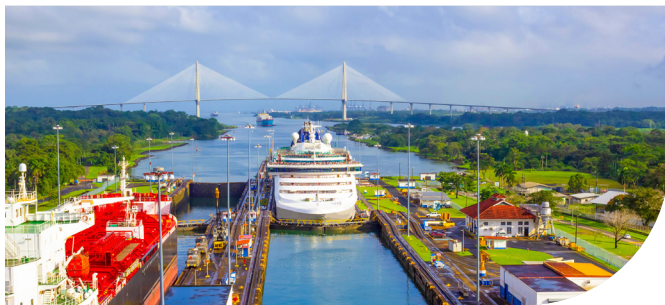
Javier Moreira, CMA CGM’s country manager in Mexico, noted that such ships have been deployed on the Asia to Mexico trade route due to increased cargo volumes from Asia and cascading effects from vessel renewals on other routes, like Asia to Europe. This development signals a significant milestone for the port, reflecting its growing capacity and importance in the region’s maritime trade landscape.

Quote Source: Rionda, E. D. (2024, March 27). CMA CGM “BREAKS” THE DRAFT BARRIER IN MANZANILLO. T21. <https://t21.com.mx/cma-cgm-rompe-la-barrera-del-calado-en-manzanillo/>



Ocean Freight

Panama Canal Authority Boosts Transit Capacity and Draft Limits



The Panama Canal Authority (ACP) has announced a significant adjustment, signaling positive strides in overcoming the El Niño-induced drought in Central America. According to the ACP, daily booking slots will gradually increase to accommodate up to 32 ships per day, a notable rise from the previously enforced limit of 27. Additionally, the maximum allowable draft for

vessels navigating through the largest locks will be raised to 13.71 meters in mid-June, up from the previous 13.41 meters. This move follows months of restrictions implemented due to the severe drought experienced since May of the preceding year. “Recent precipitation and progress secured by the Canal’s ongoing water-saving efforts are turning the tide.” (Chambers, 2024). These adjustments are expected to rejuvenate traffic flow through the canal, which saw a 33% decrease in tonnage transits during the drought period, according to Clarksons Research. As the rainy season approaches, the ACP anticipates a rise in water levels at Gatun Lake, a pivotal component of the canal, by the end of May, as per the latest projections.

Reference: Chambers, S. (2024, April 16). Panama Canal Authority increases daily slots and maximum draft. Splash247. <https://splash247.com/panama-canal-authority-increases-daily-slots-and-maximum-draft/>

Latin American Market

Ocean Freight

Santos Brasil: Capturing New Liner Business Amid Terminal Disruptions

Santos Brasil (SB), the leading container terminal operator in Brazil, has strategically capitalized on recent berth capacity challenges at key terminals, securing long-term contracts with shipping lines. The damaged berth at BTP in Santos and quay refurbishment at Portonave terminal in Navegantes, Santa Catarina, have forced shipping lines to seek alternative solutions promptly. SB's Tecon Santos facility has successfully secured services to the Far East and the Mediterranean, while its Tecon Imbituba terminal in the south has gained the New Brazex service to the Gulf, operated by CMA CGM and Cosco. SB's commercial strategy focuses on signing one to two-year contracts, providing carriers with guaranteed windows amidst the disruptions.

As emphasized by a veteran director at Santos Brasil, "Usually, carriers will divert for a few months and pay a premium price for that but the commercial department at Santos Brasil insists that they sign one to two-year contracts, to guarantee windows" (Port Strategy, 2024). The company aims for stability and sustained growth amidst the challenges posed by the terminal disruptions.

Quote Source: Port Strategy. (2024, April 19). Santos Brasil sweeps up new liner business. <https://www.portstrategy.com/news/santos-brasil-sweeps-up-new-liner-business/1492894.article?adredir=1>



European Market

Ocean Freight

Surge in US Import Demand Revives Trans-Atlantic Shipping Volumes



A notable surge in US demand for European exports during the first quarter has propelled westbound trans-Atlantic volumes to levels akin to pre-pandemic times, thereby sustaining recent rate increases. Despite the rise in volume, long-term contract rates have seen minimal fluctuations, contrasting the substantial spikes observed in the spot market. "While demand and rate levels are improving, participants in the trans-Atlantic and Asia-US East Coast trade are closely monitoring longshore contract discussions on the US East and Gulf coasts with growing unease" (Knowler, 2024). Although concerns persist over the ongoing labor contract negotiations on the US East and Gulf coasts, which could potentially disrupt port operations, the trans-Atlantic trade remains buoyant with burgeoning demand and stabilized rates.

Trans-Atlantic westbound rates strengthen through Q1, into April
Platts container rate North Europe to US East Coast USD per FEU



Quote Source: Knowler, G. (2024, April 12). Boost in US demand pushes Trans-Atlantic Q1 volumes to pre-pandemic levels. Journal of Commerce. https://www.joc.com/article/boost-us-demand-pushes-trans-atlantic-q1-volumes-pre-pandemic-levels_20240412.html-0

Air Freight

Seizing Growth Opportunities: IAG Cargo Awaits Abu Dhabi Reconnection



IAG Cargo anticipates the revival of flights to Abu Dhabi, marking a significant milestone after a four-year hiatus. The cargo division of the IAG Group, comprising British Airways, Iberia, Aer Lingus, and Level, eagerly awaits the introduction of summer services from key hubs in London, Madrid, Barcelona, and Dublin.

The upcoming Heathrow-Abu Dhabi flights, set to commence on April 20, represent a pivotal moment for IAG Cargo. Operating daily with Boeing 787-9 aircraft, these flights contribute to a notable 19% increase in weekly rotations to Africa and the Middle East. Moreover, key transatlantic routes will experience a

capacity boost, with a 9% increase in services to Latin America and the Caribbean.

As Richard Hodgkinson, chief commercial officer at IAG Cargo, states, "The summer schedule is a key time for us and our customers" (Brett, 2024). This sentiment underscores the strategic significance of expanding flight services to meet growing demand and seize emerging opportunities.

Source: Brett, D. (2024a, April 4). IAG cargo looks ahead to return of Abu Dhabi Connection. Air Cargo News. <https://www.aircargonews.net/airlines/iag-cargo-looks-ahead-to-return-of-abu-dhabi-connection/>

Oceania Market

Advancing Logistics: Brisbane Airport's \$50M Parcel Facility

The Brisbane Airport Corporation (BAC) has announced plans for a cutting-edge \$50 million parcel facility for Australia Post, marking its most significant industrial project yet. Overseen by BAC, the facility will provide direct airside access from the Airport Industrial Park, streamlining parcel operations ("New \$50M Parcel Facility for Brisbane Airport," 2024). Set to be operational by mid-2025, the facility will prioritize sustainability, aiming for a 5-Star

Green Star certification and featuring over 1,000 solar panels for energy generation (Cook, 2024). With the capacity to handle up to 176,000 parcels daily and equipped with advanced automation and security, the facility underscores Brisbane Airport's commitment to modernizing infrastructure and enhancing connectivity.



Source: Cook, K. (2024, March 15). New \$50M parcel facility for Brisbane Airport. *Infrastructure Magazine*. <https://infrastructuremagazine.com.au/2024/03/15/new-50m-parcel-facility-for-brisbane-airport/>

Uncorking Opportunities: Australian Wine Industry Cheers as China Lifts Import Tariffs

The decision to lift import taxes on Australian wine entering China comes as a ray of hope for the struggling wine industry in Australia. As highlighted by the statement, "A lifting of import tax on Australian wine into China could help relieve a struggling industry down under – but a huge increase in consumption is needed to make up for lost time" (Goldstone, 2024), the removal of these tariffs presents a significant opportunity for the industry to bounce back.

Introduced in 2021, these tariffs had substantially inflated the cost of Australian wine exports to China, dealing a blow to the industry. Before the imposition of tariffs, China represented a substantial market for Australian wine, accounting for a significant portion of exports. Amidst global oversupply challenges and declining wine consumption trends in China, Australian wine producers are now banking on a surge in consumption to regain their lost market share. Despite the potential benefits of the tariff removal, the road to recovery remains fraught with challenges. Nevertheless, the industry is poised to capitalize on this opportunity and navigate the complexities ahead as it seeks to reclaim its foothold in the Chinese wine market.



Source: Goldstone, C. (2024, April 2). Cheers: Good news for Oz wine producers as China lifts import tariffs. *The Loadstar*. <https://theloadstar.com/cheers-good-news-for-oz-wine-producers-as-china-lifts-import-tariffs/>

Middle East & African Market

Ocean Freight

Disruption in European Shipments: Implications of MSC Aries Seizure

Indian shippers and freight forwarders are encountering fresh obstacles in cargo movements following the seizure of the MSC Aries by Iranian military forces near the Persian Gulf entrance. "The latest blow comes from the seizure on Saturday of the MSC Aries by Iranian military forces near the entrance to the Persian Gulf at the Strait of Hormuz" (Mathew, 2024). With the MSC Aries being part of the Himalaya Express (HEX) service between India and North Europe, the impact on trade routes is substantial. While efforts are underway to manage the backlog, uncertainties loom over the fate of import cargo.



MSC's potential deployment of an extra loader and adjustments in sailings aim to mitigate disruptions, yet challenges persist in cargo planning amidst unscheduled sailings. As the situation unfolds, stakeholders anticipate a gradual alleviation of cargo pressures, albeit with ongoing complexities.

Quote: Mathew, B. (2024, April 16). Large loads to Europe stranded in Indian ports after MSC Aries seizure. Journal of Commerce. https://www.joc.com/article/large-loads-europe-stranded-indian-ports-after-msc-aries-seizure_20240416.html

Middle East & African Market

Air Freight

Expanding Capacity: Kenya Airways Responds to Rising Sea-Air Demand in Africa

Kenya Airways has recently introduced its second Boeing 737-800 freighter, aiming to address the escalating sea-air demand, particularly to West Africa. This addition follows the arrival of the aircraft in Kenya at the end of March, with operations commencing in April. These new freighters complement the airline's existing fleet of two 737-300Fs.

Peter Musola, Kenya Airways' head of cargo commercial, highlights that the enhanced range of the 737-800Fs enables the airline to serve destinations in the Middle East, India (including Sharjah and Mumbai), and various African locations. Plans are underway to expand services to Riyadh and Jeddah, along with an additional destination in India, leveraging the added capacity.

Musola notes a significant driver of demand this year: the shift from sea to airfreight volumes originating



from the Middle East. This shift is prompted by shippers seeking alternatives to vessel routes affected by geopolitical tensions. Kenya Airways, with its extensive network in West Africa, is strategically positioned to capitalize on this sea-air demand.

As Musola explains, "KQ is already touching into those end points in Freetown, Conakry, Monrovia, Accra," (Brett, 2024) enabling seamless connectivity for cargo flow. This shift underscores the agility and adaptability of air cargo operations amidst evolving trade dynamics.

Quote: Brett, D. (2024c, April 17). Kenya Airways adds second 737-800 freighter while African Sea-air demand soars. Air Cargo News. <https://www.aircargonews.net/airlines/freighter-operator/kenya-airways-adds-second-737-800-freighter-while-african-sea-air-demand-soars/>

Middle East & African Market

Air Freight

Airfreight Disruptions: Airlines Divert from Iran Airspace, Creating Bottlenecks



The Middle East's escalating tension, underscored by Iran's recent missile launches towards Israel, threatens to disrupt Asia-to-Europe airfreight routes, leading to potential bottlenecks and price hikes. Lufthansa Cargo, among others, has opted to avoid Iranian airspace until at least April 19, citing safety concerns.

Closure of Russian airspace since 2022 exacerbates the challenge, with carriers heavily reliant on Iranian airspace for vital transit. According to The Loadstar, Lufthansa Cargo stated, "We will fly around Iranian airspace" (Goldstone, 2024) until the situation stabilizes.

This closure raises concerns about bottlenecks and delays in the Asia-to-Europe airfreight supply chain, impacting goods flow and driving up prices.

As tensions persist, stakeholders in the airfreight industry remain vigilant, navigating the geopolitical landscape to minimize disruptions and ensure efficient cargo movement between Asia and Europe.

Quote: Goldstone, C. (2024, April 15). *Bottlenecks and price hikes as airlines now avoid Iran airspace*. The Loadstar. <https://theloadstar.com/bottlenecks-and-price-hikes-as-airlines-now-avoid-iran-airspace/>

Middle East & African Market

Breakbulk

Surge in MPP Index Reflects Carrier Rush for Capacity



The Toepfer Transport's MPP Index continues its ascent, spurred by ongoing Middle East turmoil that drives up fleet utilization. Marking its third consecutive monthly increase, Toepfer Transport reports a rise to \$12,259 per day in April 2024, up by 1.9% compared to the previous month. Despite this uptick, it stands 16% lower than April 2023's \$14,595 per day. "Looking forward, Toepfer Transport expects the MPP Index to climb 3.54 per cent over the following six months and 6.75 per cent over the next twelve months," (Bajic, 2024).

Analysts attribute this trend to heightened demand and persistent shipping threats posed by Houthi attacks, leading carriers to secure ships at rates surpassing index levels.

On the asset front, the second-hand market exhibits a minor downturn. Prices for vessels of varying capacities, like 9,000 dwt and 12,500 dwt, saw a slight decrease, while 30,000 dwt vessels remained steady at \$18.50 million. Limited market activity contributes to this decline, though newbuilding prices remain robust.

As the industry navigates fluctuating market dynamics, the surge in the MPP Index underscores carriers' urgency to secure capacity amidst geopolitical uncertainties.

Source: Bajic, A. (2024, April 15). MPP Index rises as carriers rush to secure capacity. *Project Cargo Journal*. <https://www.projectcargojournal.com/shipping/2024/04/15/mpp-index-rises-as-carriers-rush-to-secure-capacity/?gdpr=accept>

Asian Market

Ocean Freight

Delays in Asia-US East Coast Service Restart Amid Red Sea Crisis

THE Alliance has announced a delay in the relaunch of its service between Asia and the US East Coast due to ongoing threats in the Red Sea, signaling prolonged diversions around Africa's Cape of Good Hope. Michael Angell reports, "THE Alliance on Wednesday said it was postponing the planned restart of a service between Asia and the US East Coast due to the ongoing threats against vessels transiting the Red Sea" (Angell, 2024). The suspension of THE Alliance's East Coast 4 (EC4) service,

initially halted due to declining freight rates, underscores the impact of geopolitical tensions on maritime operations. With 13 vessels from the EC4 service redeployed, alternative routes will accommodate additional Asian and US port calls.



Despite increased naval presence aimed at curbing attacks by Houthi militants, recent incidents continue to pose risks to maritime traffic, prompting cautionary measures from international seafarers' unions and shipping companies alike.

Quote: Angell, M. (2024, April 3). Red Sea crisis prompts THE Alliance to delay restart of Asia-USEC service. Journal of Commerce. https://www.joc.com/article/red-sea-crisis-prompts-alliance-delay-restart-asia-usec-service_20240403.html

Asian Market

Air Freight

Chinese Airlines Expand Transpacific Bellyhold Capacity

Chinese airlines are set to increase bellyhold capacity on flights to the US in April following approval for expanded operations. The US Department of Transportation has authorized an increase in weekly flights from 35 to 50 between the US and China, a move seen as a significant step in normalizing the market for the upcoming Summer 2024 traffic season.

"We believe that our present action is a significant step forward in further normalization of the US-China market



in anticipation of the Summer 2024 traffic season," (Brett, 2024) explained the DoT.

Air China, China Southern, China Eastern, Xiamen Airlines, Hainan Airlines, and Sichuan Airlines will operate increased services. Despite the expansion, it remains below pre-pandemic levels when each side allowed over 150 round-trip flights.

Source: Brett, D. (2024c, April 10). Chinese airlines to increase transpacific Bellyhold Capacity. Air Cargo News. <https://www.aircargonews.net/airlines/chinese-airlines-to-increase-transpacific-bellyhold-capacity/>

General Fracht News Sources:

- wbaltv.com
- splash247.com
- portstrategy.com
- joc.com
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