



Market Report 1/2024



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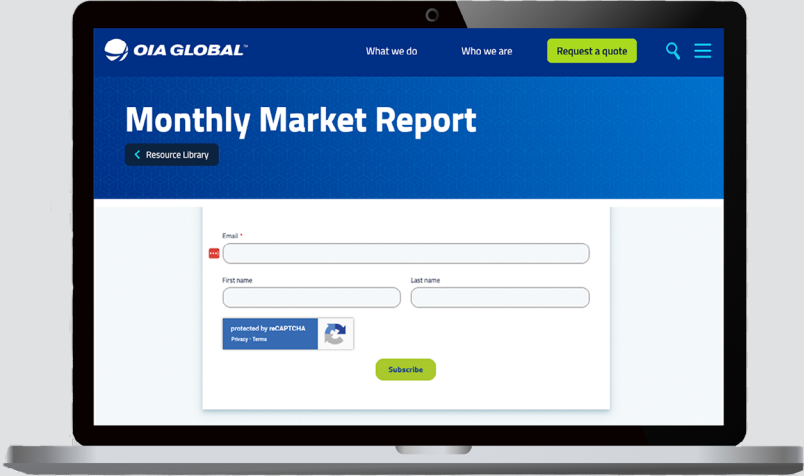
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Note
All monetary figures are shown in United States Dollars (USD) unless stated otherwise.



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Mexico is **growing** its influence within the U.S. supply chain after decades of investments in logistics infrastructure and trade deals have increased nearshore production. This “nearshoring” trend is having a ripple effect on Mexico’s economy, with some regions and industrial sectors benefiting more than others.



Following Yellow Corporation’s bankruptcy, the United States’ \$58B less-than-truckload (LTL) sector is becoming even more consolidated. Shippers should be prepared to pay higher rates during contractual renewals, perhaps 6-8% higher in some instances.

- So far 128/174 of Yellow’s owned properties have been auctioned.
- The U.S. bankruptcy court in Delaware recently **approved** XPO’s offer for 28 service center locations, **including** sites in New York, Nashville, Atlanta, Houston, and Las Vegas.

There have been four consecutive months of volume growth at the Port of Los Angeles (POLA) and the Port of Long Beach (POLB) **according** to November data.

India will further **expand** its thermal power fleet amidst an unexpected rise in demand. The nation intends to add almost 88 gigawatts of new capacity by early 2032, a 63% increase as compared with previous plan published in May ‘23. Coal will likely account for most of this expansion.

- India is **expected** to be the world’s fastest-growing major economy in 2024, with a projected growth rate of 6.1%. Vietnam, the Philippines, and Indonesia are also expected to accelerate, with growth rates projected at 6.0%, 5.7%, and 5.1% respectively.

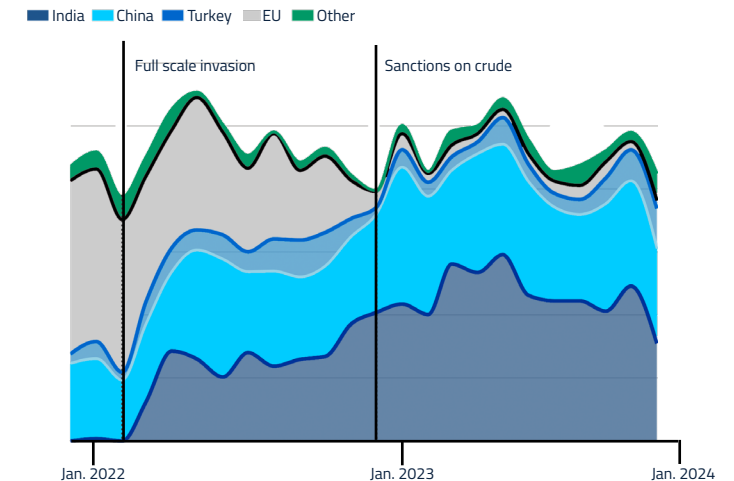


Malaysia’s prime minister **closed** the country’s ports to any vessels operated by Israeli carrier Zim. The ban **applies** to all the country’s ports and with immediate effect.

The Panama Canal Authority’s month-over-month (MoM) data shows that the total number of transits **declined** 22% in November ‘23. Transits via the Neopanamax locks fell 28% in November while transits through the Panamax locks dropped by 19%.

RUSSIA REPLACES EU VOLUMES WITH EXPORTS TOWARD INDIAN SUBCONTINENT

Monthly seaborne crude flows; segmented by destination; measured in millions of barrels.



Source: Kpler/Urals, ESPO, Western Russia and Navy Port exports

SERVICES

- ⊕ MSC Air Cargo **bolstered** its weekly services with a third 777 freighter, adding a new route between Hong Kong International Airport (HKG) and Dallas/Fort Worth International Airport (DFW).
- ⊕ Cathay Cargo Terminal **expanded** its intermodal cargo handling operations between Hong Kong and the Dongguan Logistics Park to include northbound services.
- ⊕ CMA CGM is **launching** a new Morocco-North America service focused on seasonal exports of fruits and vegetables.
- ⊕ Maersk is attempting to **break** into the fast-growing Tunisian export market by introducing a combined container/ro-ro service that also revives transshipment operations at Cagliari.
- ⊖ Ocean carriers in THE Alliance will **suspend** a transpacific West Coast and an Asia-Europe container services but will **restore** two other services to the Pacific Northwest and the U.S. East Coast.

⊖ FEDEX'S TRICOLOR REORGANIZATION

FedEx will **reorganize** its air freight network to better suit the demands of various shipment types. The company's "tricolor" initiative **aims** to better **serve** e-commerce growth and shifting volumes.

- Purple network: delivers high-priority, high-margin volumes through FedEx-owned aircraft operating under a hub and spoke model.
- Orange network: integrates 'off-cycle' FedEx flights into the network to build density, lessen congestion at individual hubs, and connect with global surface networks.
- White network: uses partner airlines' networks to add capacity when/if needed.

Mergers & Acquisitions

Star Bulk Carriers Corp. and Eagle Bulk Shipping Inc. will **merge** in an all-stock deal to **create** the world's largest dry bulk shipping company. The merger creates the world's fourth-biggest commodities carrier with a combined fleet of 169 owned vessels. Importantly, 97% of these ships are fitted with Exhaust Gas Cleaning Systems ("scrubbers").

Terminal Investment Ltd. (TIL), MSC's container terminal operations and investment segment, will **acquire** a 49% stake in the Adani Ennore Container Terminal (AECTPL) near Chennai, India, for **about** \$30M (Rs. 247 crore).

Wilhelmsen Ship Management and MPC Capital will acquire 100% of Zeaborn Ship Management. After integration the combined companies will **operate** under the brand names of Wilhelmsen Ahrenkiel and Barber, respectively. Zeaborn currently manages a fleet of around 100 vessels.

Canadian National (CN) will **acquire** Iowa Northern (IANR), a regional U.S. freight railway with CN interchanges at Waterloo and Cedar Rapids, as well as roughly 440km of track. CN will **overtake** the shortline's 275 track miles in Iowa which largely serves agricultural and industrial markets, such as biofuels and grain.

Deutsche Bahn AG officially **launched** the sale process for its logistics subsidiary DB Schenker.

Capital Product Partners L.P. **finalized** a \$3.1B deal to **acquire** 11 newly built liquified natural gas (LNG) carriers.

Serial acquirer TFI International will **buy** flatbed truckload carrier Daseke in a \$1.1B transaction. TFI is also **exploring** the potential of transforming its truckload unit into a separate, publicly-traded company.






In a \$1.15B **deal**, Euronav NV and its controlling shareholder Compagnie Maritime Belge (CMB) entered into a share purchase agreement to acquire 100% of cleantech maritime group CMB. TECH. For context, Euronav is a dual-listed tanker giant with a fleet of 48 ships that will now **own** a diversified clean technology group with four distinct divisions.




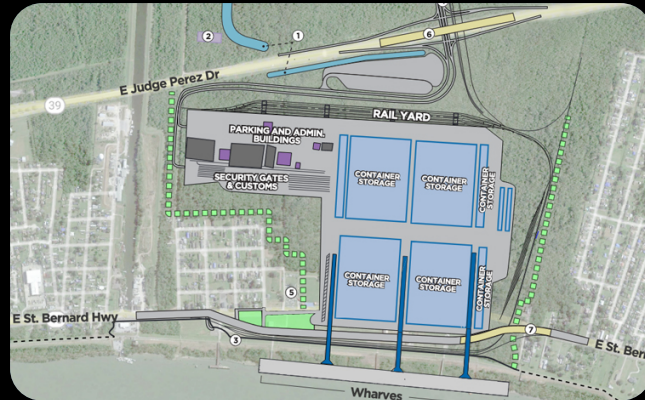
YELLOW CORPORATION'S ONGOING FIRESALE


Court documents show that Estes Express Line was the biggest spender in the latest round of bidding for bankrupt Yellow Corporation's freight terminals. Estes **won** five leased terminals for a combined \$35.35M, with the terminals located in Sun Valley, CA; Tacoma, WA; Sparks, NV; St. Cloud, MN; and Wichita, KS. XPO also **purchased** 26 of the defunct service centers and will assume the existing leases for another two.

Infrastructure


-  DP World will [invest](#) \$200M in Brazil to expand and modernize the port of Santos, increasing annual throughput to 1.4M TEUs (currently 1.2M) and extending the quay area to 1,290 meters (currently 1,100). The project is slated for completion in 2024.
-  In Peru, APM Terminals Callao will [increase](#) its port capacity to >2.8M TEUs, doubling its current capabilities. Investments [include](#) four new ship-to-shore Super Post Panamax gantry cranes, 12 electric rubber-tired gantry cranes (eRTG), and 33 terminal trucks.
-  El Salvador's government [announced](#) a \$700M investment in the Pacific Train project which will connect the Salvadorean coast with Guatemala, Mexico, the U.S. and Canada. The standard gauge rail line will restore rail operations in the country for the first time in two decades.
-  All DP World air traffic will be [centralized](#) through its new air cargo logistics hub in Punta Cana, Dominican Republic by the end of 2024. The 10,000 square foot facility features a fuel supply terminal and a logistics center with warehouse and manufacturing facilities. The site is projected to be operational in H2 '24.
-  Landlocked Zimbabwe [regained](#) direct access to Mozambique's Port of Beira after a rail line reopened in the Mozambique section of the Machipanda line.


-  The Port of New Orleans will receive \$73.77M from the federal government to aid in the construction of the Louisiana International Terminal project in St. Bernard Parish. Once completed in 2028, the \$1.8B planned container port will be capable of [handling](#) 2M 20' TEUs annually while also accommodating ultra-large container vessels. Plans [include](#) a 350-acre container facility with a 3,500-linear-foot wharf on >1,000 acres.





-  Maersk [completed](#) phase 2 of the 1M TEU expansion at APM Terminals (APMT) MedPort in Tangier, Morocco. Phase 3 will increase the total capacity by an additional 1M TEU and should be fully operational by 2025.


Uber Freight [compiled](#) data from 500,000 dry van loads to create a detailed report: *What can Uber Freight Data Tell Us About the Future of Electrification*. Uber's analysts are using this information to develop a model for the optimal development and deployment of EV charging stations throughout larger markets.


-  South Carolina Ports [announced](#) major investments in rail capacity. A new advanced cargo yard—expected to open in July '25—aims to bring commodities to market faster while also increasing capacity and service levels. Rail companies Norfolk Southern and CSX will both service the intermodal yard, establishing a direct link between Charleston's port terminals and rail-served inland ports in Greer and Dillon, as well as other markets in the U.S. Southeast and Midwest.

-  North Carolina's Port of Wilmington will [grow](#) its refrigerated operations via a new certified cold treatment facility. The facility will be capable of handling and clearing foreign-grown produce for entry into the U.S. market, with only 14 such facilities existing in the U.S.

-  APM Terminals will [commission](#) two new state-of-the-art ZPMC Super-Post Panamax ship-to-shore (STS) cranes at its Port Elizabeth terminal at the Port of New York and New Jersey.

-  Carrier Estes Express recently [opened](#) a new terminal near Richmond, Virginia, with 98 doors, >41,000 square feet of dock space, and 4,900 square feet of office space across 20 acres.

-  Cargo processing at the USA/Mexico point of entry in Los Indios, Texas, is [expected](#) to improve after a recent \$1.5M influx of capital.

-  The Port of Valencia [approved](#) a tender for a new container terminal, which will reportedly expand the port's northern area.

Transport Technology

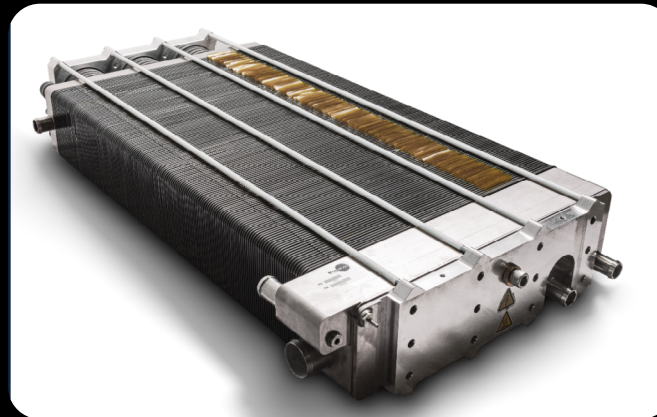
Even under the best possible conditions, designs for sails can only [provide](#) about 30% of the propulsion needed to power a large container ship. “Wind wings” still aren’t a solid substitute for investments in other areas (hull forms, bubble lubrication, etc.) because the benefit of sails is very situationally dependent. Furthermore, weather patterns are always uncertain, which is the main reason why the maritime industry stopped using wind propulsion in the first place.

- Belgian marine innovation firm ZULU Associates [unveiled](#) its latest conceptual design for an autonomous short sea container vessel. Named the *ZULU MASS*, the 200 TEU capacity vessel incorporates an auxiliary wind assistance system and other emerging technologies.

Turkish Airlines recently [ordered](#) 220 new planes, including 70 long-distance wide-body A350 jets and 150 single-aisle A321neo aircraft.

Uber Freight and Torc Robotics are [collaborating](#) on a deep autonomous freight network. Torc will leverage Uber Freight’s preexisting logistics network—including >100,000 digitally-enabled carriers—to achieve greater insight into how autonomous trucks could be deployed.

Maersk’s venture capital arm, Maersk Growth, is [investing](#) in Blue World, a Danish startup that’s developing fuel cell technology in support of the maritime industry’s decarbonization efforts. Blue World claims its high-temperature PEM fuel cells can efficiently convert methanol to electricity. The technology also carries potential to optimize the methanol-reforming process and to create additional energy recovery onboard, improving the system’s overall efficiency.



Momentum is building in the drone development market. In particular, the United Arab Emirates (UAE) has quickly [become](#) an incubator for the development of unmanned vehicle (UAV) technologies.



Sustainability/ESG

- Singapore's Ministry of Transport (MOT) and Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) will [establish](#) a Singapore/Japan green and digital shipping [corridor](#).
- The Maritime and Port Authority of Singapore (MPA), Port of Long Beach, and Port of Los Angeles [formalized](#) plans for a transpacific green and digital shipping [corridor](#).
- The United States' Ports of Houston and Belgium's Antwerp-Bruges hope to establish a green shipping corridor and will explore mutually beneficial collaboration.

Nestlé will [collaborate](#) with Maersk, CMA CGM and Hapag-Lloyd to ship ½ of its global shipping needs using lower-emission fueled vessels as part of an attempt to reach net-zero emissions.

The U.S. Treasury Department [released](#) guidance to help companies determine how and if they might qualify for tax credits related to the production of sustainable aviation fuel (SAF). The tax credits are designed to increase the overall supply, thus lowering SAF's high prices. SAF producers will be [eligible](#) for tax credits ranging from \$1.25-1.75 per gallon, depending on how much their fuel reduces emissions as compared to conventional products, such as kerosene-based jet fuel.

More than half of new vessels currently [being](#) built for Danish shipping companies will be capable of sailing on green fuels.

Shanghai International Port Group (SIPG) and Evergreen [signed](#) a Memorandum of Understanding (MoU) to supply green methanol and support refueling efforts at Shanghai port. For context, Evergreen's methanol dual-fuel vessels are scheduled for delivery during 2026 and 2027.

Hong Kong's government wants to [develop](#) the city as a regional bunkering hub for next-generation ship fuels (methanol/ammonia) to retain existing business and lure back lost container volumes.

COSCO [introduced](#) Hi ECO, a green shipping product utilizing green biofuels that allows clients to reduce their emissions throughout the entire well-to-wake life cycle.

According to a recent market [report](#) from research firm Global Market Estimates, electric vehicles (EV) for last-mile delivery [remain](#) in high demand around the world and the EV market for last-mile delivery is expected to grow at a nearly 16% compound annual growth rate (CAGR) between 2023 and 2028.

Charging infrastructure developer Greenlane wants to combine its data with Uber Freight's data to [build](#) a public electric and hydrogen commercial vehicle charging network. Greenlane plans to build its first charging corridors in Southern California, Texas and the Northeastern U.S.

Suppliers are [falling](#) behind original equipment manufacturers (OEMs) in their Scope 3 upstream decarbonization journey, with increased pressure expected in the future.

- The quickly evolving Scope 3 regulatory landscape may create major challenges for U.S. organizations. For example, when the California Climate Accountability Act takes effect in '26, it will put organizations under increased pressure to have clear cross-company accountability roles for climate reporting, with Scope 3 reporting being a critical part.

EUROPE'S EMISSIONS TRADING SYSTEM

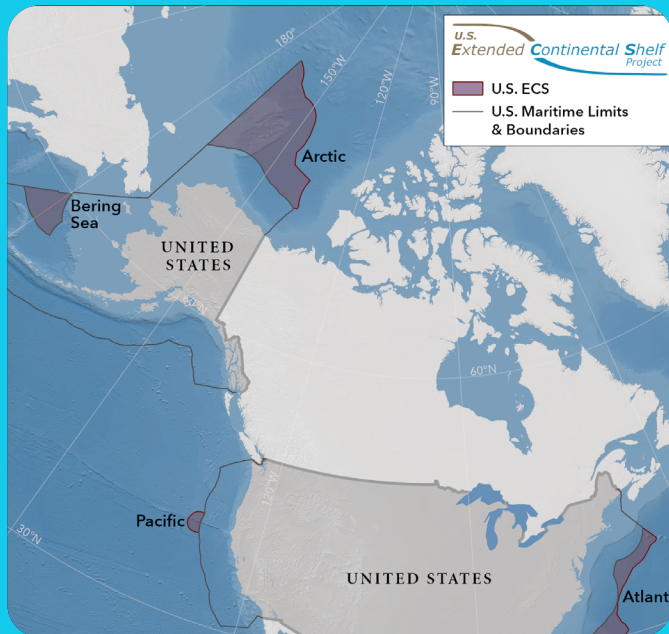
The EU's Emissions Trading System (ETS) took effect on 1 January 2024, requiring owners to pay for EU allowances (EUAs) that correspond with carbon emissions for all ships calling at EU ports. Carriers have repeatedly implemented and revised their ETS surcharges as carbon pricing in different markets becomes clearer.

The price differences in carriers' surcharges are confounding many shippers since there's a wide variance between different carriers within the same alliance and on the same trade lane.

- Notably, carriers are [using](#) different methodologies to calculate surcharge costs and are not required to share their methods, adding another layer of complexity.
- Clarkson's Research [created](#) a graph that [estimates](#) ETS costs for certain ship types based on '22 trading patterns and 2023's average EUA price of \$90 per ton of CO₂.

Laws/Legislation

The Biden administration added 385,000 square miles of seabed in the Pacific, Atlantic, Bering Sea and Arctic Ocean to an “extended continental shelf” territorial claim. The majority is off Alaska’s coast, and the decision strategically follows Russia’s move to expand its own territory within Arctic waters. It is the United States’ largest administrative **expansion** since the establishment of the U.S. Exclusive Economic Zone in 1983.



U.S. Customs and Border Protection (CBP) filers who are **approved** to participate in CBP’s Periodic Monthly Statement (PMS) can pay duties for shipments entered or released during the previous calendar month. For 2024, those dates are now available for reference **here**.

The U.S. House of Representatives’ Select Committee on the Chinese Communist Party released an expansive report with recommendations about how to sever trade and reduce U.S. dependence on China for critical minerals and other goods. U.S. lawmakers have called on the Biden administration to **reset** the country’s economic relationship with China by revoking low tariff rates that were established more than two decades ago.

The U.S. Department of Commerce will **launch** a new survey in January ‘24 that **serves** as a foundation for the continued analysis of the U.S. semiconductor supply chain. The intent is to identify how U.S. companies are sourcing current-generation and mature-node semiconductors, also known as legacy chips. This analysis will then **inform** U.S. policies that aim to reduce potential national security risks.

The California Air Resources Board (CARB) will **extend** the deadline for trucks to register for the state’s Clean Truck Check to 31 January 2024.

Tariffs/Surcharges

UPS, FedEx and other parcel delivery carriers maintain wide-ranging power regarding when to **adjust** diesel and jet fuel surcharges. These fuel surcharges are now fluctuating week by week, with no clear patterns to follow.

Officials in the Mexican state of Baja California recently **enacted** a \$5 charge for all containers moving through the Port of Ensenada.

RED SEA SURCHARGES

In response to recent attacks in the Red Sea, multiple carriers have **declared** *Force Majeure* and more carriers are expected to follow.

- Shipments on the water may be financially impacted by additional surcharges related to *Force Majeure*.
- Carriers are **implementing** GRI and PSS surcharges on multiple routes, in particular the Transatlantic and Transpacific trades.
- Most surcharges range from \$250-\$1,000, depending on the route and container size.
- FAK rates have been implemented on the most affected routes (TPWB, TPEB to USEC) and are **showing** major price increases.

RED SEA SHIPPING ATTACKS

Most of the world's largest shipping firms are pausing shipments through the Red Sea amidst ongoing attacks by Houthi rebels.

Expect delays for all shipments initially routed via the Suez Canal! The disruption continues to push up freight rates and lengthen delivery times.

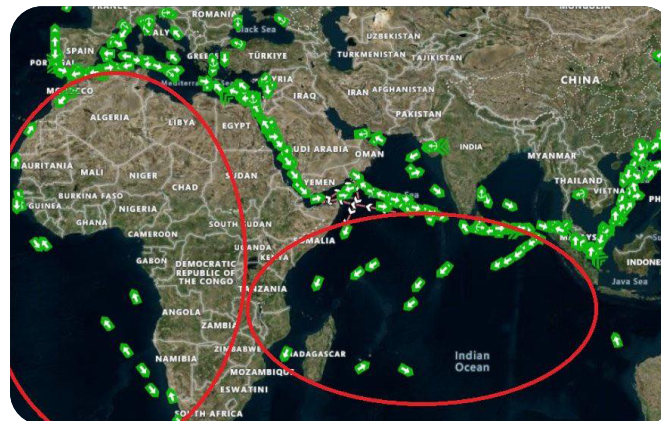
It is [estimated](#) that 10-15 % of global shipping flows through the Red Sea, making it a vital link for commercial goods, including seaborne oil and LNG. Furthermore, some 40% of Asia-Europe trade passes through the Red Sea.



"Operation Prosperity Guardian" brings together multiple countries—the United Kingdom, Bahrain, Canada, France, Italy, Netherlands, Norway, Seychelles and Spain—to jointly address security challenges in the southern Red Sea and the Gulf of Aden. The coalition's goal is to [bolster](#) regional security and ensure freedom of navigation for all countries.

- This webpage [shows](#) the different ocean carriers' financial actions in response to the recent attacks.

More than 280 container vessels—not counting tankers, bulkers, car carriers or other vessel classes—have [diverted](#) via the Cape of Good Hope, a voyage that adds 1,900 nautical miles and takes twice as long as the normal Suez route. Shipping companies choosing this route face tough choices over where to refuel and restock, as African ports [struggle](#) with congestion and poor infrastructure.



According to the U.S. military, an Israel-affiliated merchant vessel (chemical tanker) operating in the Indian Ocean was [attacked](#) by an Iranian drone. The attack marks the first direct attack on a civilian vessel since Israel's war with Hamas began in October 2023. The Indian navy [dispatched](#) three guided-missile destroyers to protect commercial vessels in the Arabian Sea after the attack.

- These recent developments [reiterate](#) that the threat to international shipping could potentially expand elsewhere in the world.

Venezuela is [threatening](#) to invade Guyana and annex its oil-rich Essequibo region, which comprises about 2/3 of Guyana overall. An invasion would be a 'double negative' for mainstream tanker demand as it would derail burgeoning exports from Guyana and lead to renewed U.S. sanctions, pushing Venezuelan cargo back onto the black market.

- U.K. Prime Minister Rishi Sunak [dispatched](#) a Royal Navy patrol ship to Guyana amidst the rising tensions.
- For context, Venezuela's current oil production is less than 1/3 of its '09 levels, largely due to corruption and mismanagement.

Starting mid-January '24, the Panama Canal Authority [said](#) it will only offer 24 slots a day. Full container vessels will continue to have priority when PCA [assigns](#) new transit slots. So far the dry bulk and LNG segments have experienced the worst impacts.

Australia's railways are [facing](#) a workforce crisis during a time of unprecedented investment, according to a recent Australasian Railway Association (ARA) report. The country is amidst a 15 year, \$103.9B (\$A 154B) investment which includes several city-shaping projects.

U.S. Customs and Border Protection (CBP) [reopened](#) three international bridges at USA/Mexico border crossings in El Paso and Eagle Pass, Texas, after a nearly 100-hour closure that [sent](#) major shippers in Mexico scrambling for container capacity.

Guam's Piti Channel will [become](#) narrower after a ship, the vessel Voyager, went adrift during Typhoon Mawar and lodged in the waterway.



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