



Market Report 4/2024



Contents

Market Trends

Trade lane data, overarching supply chain trends, new service offerings, carriers' business performance, rates, pricing, trade developments, etc. **1**

SERVICES..... **2**

MERGERS & ACQUISITIONS..... **2**

Technology

Investments & expected improvements, etc.

TRANSPORT TECHNOLOGY..... **2**

INFRASTRUCTURE..... **3**

SUSTAINABILITY/ESG..... **4**

Trade & Compliance

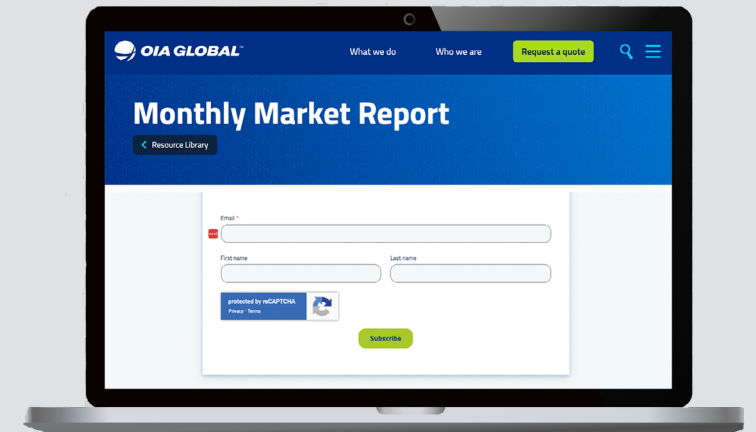
LAWS/LEGISLATION..... **5**

Government action, rules & regulations, customs & compliance updates, etc.

Disruption

GENERAL/ACUTE..... **6**

Severe weather, congestion, geopolitical incidents, accidents, etc.



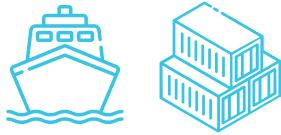
Sign up to automatically receive all future editions!

Subscribe



Note

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



Cosco Shipping, CMA CGM, Evergreen Marine, and Orient Overseas Container Line agreed to continue **sharing** ship capacity through 2032 under the OCEAN Alliance pact. Launched in 2017, OCEAN Alliance is the world's largest operational shipping network and the backbone of many trade routes in international commerce. The agreement was originally set to **expire** in 2027.

Dynamar analysis **shows** that container fleet growth has outstripped container trade volumes by an average of 2.5% a year for the last nine years.

February— typically the slowest month of the year due to Lunar New Year factory shutdowns in Asia—**elicited** 1.9M TEU, showing a 22.7% annual increase.

The Baltic Exchange's dry bulk sea freight index **posted** five straight weekly gains, with rising rates across all vessel segments.

U.S. container imports are **projected** to grow 7.8% during H1 '24, according to the Global Port Tracker, an upgrade from an earlier forecast of 5.3%.

Volume shifts toward the U.S. West Coast have **increased** the use of "transloading," the process of moving freight from truck to rail or rail to truck. For context, this strategy is now resurfacing but was popular during the Covid-19 supply chain shocks.



Worldwide air cargo demand was up 13% year-over-year (YoY) in the first two months of '24, with demand continuing to **surge** from the Middle East and Southern Asia. Xeneta also **showed** a second consecutive month of double-digit growth in air cargo demand.



Overall worldwide air cargo capacity remains significantly higher than last year's levels (+8%), including Asia Pacific export capacity +19%, and Central & South American export capacity +12%.

Since the start of 2024, many tankers **carrying** Russian oil have rejected expert help before navigating the dangerous straits between the Baltic and North Seas. Every ship that refuses to take these specialist pilots onboard will greatly increase its risk of spills.

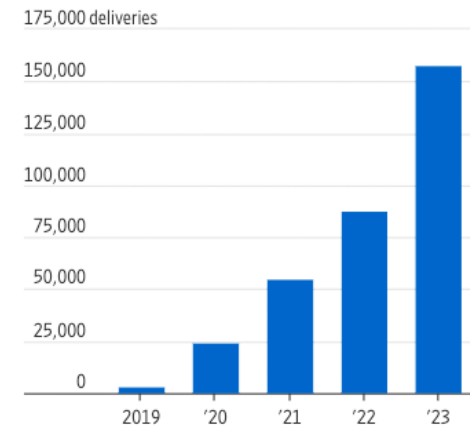
- March '24 shipments of Russian oil are about 1/3 of the levels seen in January and February, and this change comes directly after the U.S. and U.K. both increased sanctions targeting Russia's oil trade.

EURASIAN RAIL FREIGHT GROWTH

- Demand to move goods from Asia to Europe via Russian rail has **soared** since the start of the Red Sea crisis.
- Russia plans to **create** a Moscow hub to better connect with Kazakhstan and China.
- Kazakhstan's Deputy Minister of Transport, Maksat Kalialparov, confirmed that Kazakhstan is planning a joint venture with Russia and Turkmenistan.
- Rail volumes between Azerbaijan and Iran have recently surged (+58% YoY).

COMMERCIAL DRONE DELIVERIES IN NORTH AMERICA

The U.S. government is **giving** regulatory clearances to several drone companies, but there are still barriers to widespread commercial acceptance.



Note: 2023 commercial deliveries are an estimate.

Hanwha Ocean—formerly known as Daewoo Shipbuilding & Marine Engineering—**secured** a \$256M deal to build four Very Large Crude Carriers (VLCCs), the highest price for VLCCs since the 2008 global financial crisis.

Ocean Network Express (ONE) plans to **increase** its fleet to 3M TEU by 2030, at an annualized growth rate of 10% per year. ONE's current fleet measures around 2.3M TEU, with the aggressive expansion expected to cost \$25B.



Annual growth figures for Chinese goods handled in Mexican ports **increased** 34.8% in '23, compared to just 3.5% the previous year. Mexico's January 2024 YoY inbound freight surged from 73,000 TEU to 117,000 TEU.

Mergers & Acquisitions

Bolloré Logistics **completed** its sale to CMA CGM at a purchase price of \$4.85B EUR. This is CMA CGM's largest acquisition since its creation in 1978 and it constitutes a major step in the group's logistics development strategy.

Mitsui OSK Lines (MOL) completed its \$400M **acquisition** of Fairfield Chemical Carriers (FCC). MOL Chemical Tankers (MOLTC) will integrate its fleet of 81 multi-segregated chemical tankers with FCC's 36 vessels, making it one of the largest fleets in the world.

Services

🔄 Cosco Shipping Lines and its subsidiary, OOCL, have **reversed** their position on halting calls to Israeli ports. Both lines are still calling at Haifa and Ashdod ports, with long-haul shipments facilitated through transshipment at Piraeus in Greece and Velncia in Spain.

⊕ THE Alliance (Hapag-Lloyd, ONE, HMM and Yang Ming) will **reinstate** two transpacific services after suspending the strings for almost half a year.

- Asia-U.S. east coast 4 (EC4/SUEZ1)
- U.S. west coast Pacific North 3 (PN3) service

Transport Technology

The Saudi Ports Authority (MAWANI) **launched** the Ports Community System (PCS) to create technology that raises the Saudi port network's operational performance.


The U.S. Department of Transportation's (DOT) Freight Logistics Optimizations Works (FLOW) platform now **publishes** data on inland freight hubs, including rail terminals and warehouse end destinations. The enhanced views are supposed to help users **make** more informed capacity decisions while also avoiding delays.




BIMCO is **reporting** a significant surge in crude tanker newbuild contracts during the first two months of 2024, with a 490% YoY **increase** to 7.4M DWT. There have been 19 Very Large Crude Carriers (VLCCs) ordered, surpassing the total number for all of 2022.

South Korea's Ministry of Oceans and Fisheries **launched** a new containership: the first large, ocean-going ship designed for Level 3 autonomous shipping. They plan to launch the first long-distance international demonstrations of autonomous shipping with the vessel later this year.


Infrastructure

 The Saudi Fund for Development (SFD) **signed** a \$55M loan agreement with the Tunisian government to support upgrades for 190km of rail freight line.


 The Nigerian Ports Authority (NPA) put aside \$1B for **reconstruction** of Tincan Island, Apapa, Rivers, Onne, Warri and Calabar Port complexes.

 China's transport ministry **allocated** funds for 187 total projects and is striving for a 12% YoY increase in container volumes.

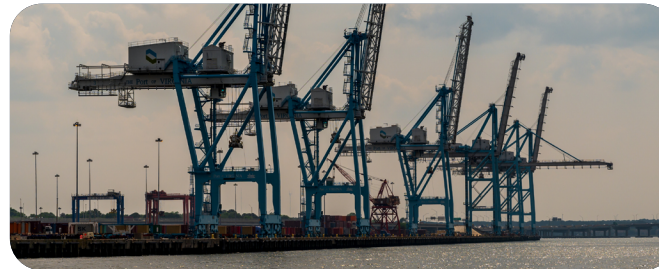
- As part of this, Shanghai will construct a new container terminal, called Xiaoyangshan, at an expected cost of \$7.3B.
- China will more than double the 399km Zhundong Temple - Hama Naomao Lake heavy haul line in northwest China. Once completed in 2025, it's expected that annual freight capacity will increase from 48M tons to >150M tons. At its western end, the line **connects** with the Urumqi-Jiangjunmiao railway, and at the eastern end it will connect with the proposed Burak-Wutongshui line.


 PSA Singapore **announced** an expansion of its Jurong Island Terminal (JIT) to **satisfy** increasing demand. Jurong Island is the hub of Singapore's energy and chemical industries.


Taiwan International Ports Corporation, Ltd. (TIPC) is **upgrading** Kaohsiung Port's 3rd and 5th Container Terminals and adjacent yards to boost port competitiveness. Additionally, the port's 7th Container Terminal, which began operations in May '23, is expected to increase annual container handling capacity at the port by 6.5M TEU.


 The Port of Virginia began its \$1.4B **Gateway Investment Program**, which includes dredging and **widening** of the channel and six other port-related projects.


- The port also widened its shipping channel, which is now 1,400 feet wide in some areas, allowing for simultaneous two-way traffic of ultra large container vessels (ULCVs) in Norfolk Harbor. Port officials **estimate** the wider channel will reduce the amount of time ULCVs spend berthing by up to 15%.

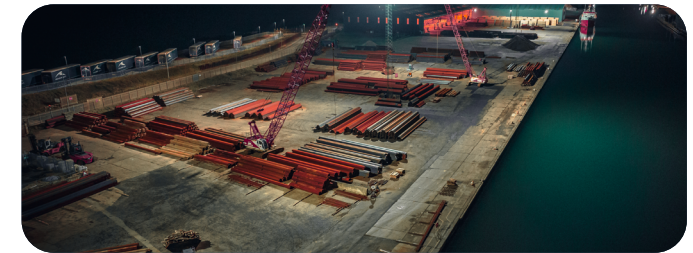



 The South Carolina Ports Authority plans to **buy** a nearby 280-acre industrial waterfront property for a major expansion that will more than **double** capacity at its North Charleston Terminal.

 The Georgia Ports Authority **approved** \$65.6M as part of the multi-year project to significantly expand the container-handling capacity at Savannah's ocean terminal, which currently handles up to 4,000 TEU, but will be capable of **processing** post-Panamax vessels in the future.

 Cosco's \$1.3B port project in Chancay, Peru is **scheduled** to open this November. The Peruvian government is **attempting** to remove COSCO's exclusive right to operate the facility, which prompted the company to reconsider its investment (roughly \$3.6B overall). Once operational, the port facility north of Lima could **transform** South American trade by creating a direct line from Chancay to Shanghai.

 Peru's government also **awarded** a tender to Chinese firm Jinzhao to build the country's third largest port, San Juan de Marcona. The new terminal is expected to cost \$405M and will be in Ica on the southern coast of Peru, about 300 miles from Lima.



 Honduras' government **proposed** building a \$20B, 440km coast-to-coast railway that would connect the Caribbean port of Puerto Castilla with the Pacific Ocean ports of San Lorenzo and Amapala.

 The Argentinian government plans to **invest** \$550M to build a new port in the agricultural region of Rosario. For context, Argentina is one of the world's top two exporters of soybean materials and is third in corn exports.

Sustainability/ESG

Singapore and Australia **signed** a Memorandum of Understanding (MoU) to legally create the Singapore-Australia Green and Digital Shipping Corridor (GDSC).

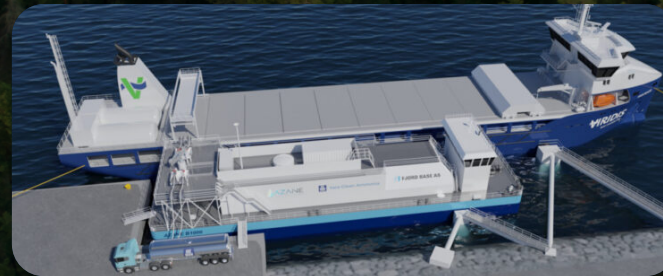
Classification society Bureau Veritas (BV) unveiled the results of new modeling research, titled *Decarbonization Trajectories*. The report **examines** possible decarbonization pathways for the shipping industry through five distinct scenarios.

Clean Freight Coalition, a transportation advocacy group, **unveiled** a **new study** that puts the price tag for the U.S. trucking industry's **transition** to battery-electric vehicles at more than \$1T.

When it takes effect, the International Maritime Organization's (IMO) mechanism is set to be the planet's first ever global, mandatory charge for greenhouse gas (GHG) emissions, with the shipping industry likely **being** the industry that's tested first.

AMMONIA STARTING TO BECOME PRACTICAL

Norwegians will **construct** an ammonia bunkering facility at Fjord Base in Florø, which is expected to be the world's first ammonia bunkering terminal. The planned terminal consists of a floating stationary barge with a 1000 cubic meter capacity, or 650 tons, of low-emission ammonia, and the permit allows for up to 416 operations.




Fortescue **conducted** the world's first use of ammonia as a marine fuel in the Port of Singapore, the world's largest bunkering port. The groundbreaking vessel, *Fortescue Green Pioneer*, was loaded with liquid ammonia from the Vopak Banyan Terminal on Jurong Island for a seven-week fuel trial in collaboration with the Maritime and Port Authority of Singapore (MPA).

Coming soon!





OIA Global's annual Environmental and Social Governance (ESG) report, *Forward*, highlights the company's efforts during the 2023 calendar year and strategic initiatives for the year ahead. The report contains ESG performance metrics for managed logistics, packaging design, raw materials management, data security, workplace safety, and employee engagement.


Laws/Legislation

 The Modernizing Operations for Vehicles in Emergencies (MOVE) Act expands the circumstances under which the federal government could allow a state to waive federal weight limits along interstate highways. The bill would **apply** to loads “that can easily be dismantled or divided” and if supply chains are “substantially impaired in the state, either in terms of slow overall movement, freight traffic congestion, or otherwise.”

 The European Union’s (EU) Sustainable and Smart Mobility Strategy aims to **eliminate** discrepancies between different countries and make better use of the EU’s existing capacity, particularly for cross-border freight. The bloc’s goal is to increase rail freight traffic +50% by 2030 and to double it by 2050.

 Kyrgyzstan is the latest state to join the International Maritime Organization (IMO), **becoming** the IMO’s 176th member state.



 One of the United States’ largest electric vehicle public charging networks **received** cybersecurity certifications from the federal government, clearing the way for federal contracts.

 **SEC ENHANCES CYBERSECURITY FILINGS**
New U.S. Securities and Exchange Commission (SEC) rules make the cybersecurity plans of any public company—including their security arrangements with private trucking companies—available to the public. Anyone interested in closely **scrutinizing** a public company’s cybersecurity strategies—investors, journalists, or simply an everyday citizen—can now freely peruse that company’s official report to the SEC.




 **PUBLIC COMPANIES FACE ENHANCED ESG REPORTING & SCRUTINY FROM SEC**
The SEC **adopted** new rules to standardize climate-related disclosures by public companies.

- Scope 1 and Scope 2 emissions reporting requirements **will be** “phased-in” and only apply to large, accelerated filers.
- Scope 3 was **removed** from the final rule due to a large number of comments concerning the cost of compliance, as well as the consistency and reliability of Scope 3 data.








 **U.S. GOVERNMENT TARGETS CHINESE INFLUENCE**
 On 21 February '24 the Biden Administration released an **executive order** giving the U.S. Coast Guard the authority to control the movement of vessels **suspected** of being cyberthreats to U.S. maritime infrastructure, along with the authority to inspect suspicious vessels and facilities.



- Additionally, owners or operators of Chinese manufactured ship-to-shore (STS) container gantry cranes will be subject to new requirements aimed at **reducing** China’s ability to spy on America’s domestic supply chain.
- China’s Shanghai Zhenhua Heavy Industries (ZPMC) has **built up** a dominant position in the supply of STS cranes this century, with a global market share of around 80%.
- By design, STS cranes may be controlled, serviced, and programmed from remote locations, **making** them highly vulnerable to exploitation.

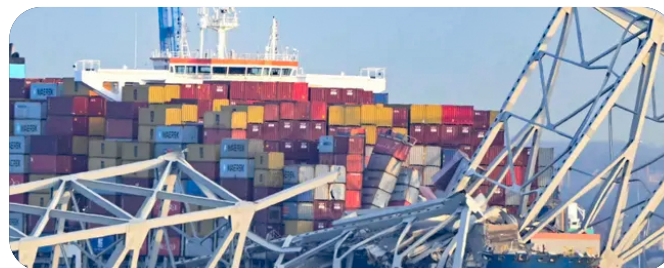
 The U.S. House of Representatives voted to **approve** the Ocean Shipping Reform Implementation Act, which amends federal maritime law to include enhanced oversight of China-based carriers and freight exchanges, along with establishing new committees to study ports and liner services.

Acute Disruption

-  Customs snarls in the Philippines are **causing** import delays that can last as long as a year.
-  Starting March 25th, the Panama Canal Authority (PCA) started **allowing** 27 booking slots each day.
-  The Mississippi River is at risk of bottlenecks for a third straight year as warm, dry spring weather and low winter snowfalls continue to **limit** the amount of water **feeding** into the river.
-  Haiti's main cargo terminal, Autorité Portuaire Nationale (APN) located in Port-au-Prince, is **closed** after heavily-armed gang members attacked and looted critical infrastructure throughout the capital.
-  Finland's main trade unions are **extending** their strike for a third week after talks with the government broke down. The work stoppage is crippling the country's cargo operations.
-  The German Locomotive Drivers' Union (GDL) and rail operator Deutsche Bahn (DB) **reached** a new collective bargaining agreement, ending a bitter five-month dispute that elicited strikes and service disruptions across the network.
-  In August '23 the governor of the Batanes islands—the Philippines' remote northernmost islands— less than 200km (125 miles) from Taiwan, had sought U.S. funding for a new port. The U.S. military recently **confirmed** that will not be involved in the development of such a port, removing a potential source of friction between China and the U.S.

BALTIMORE BRIDGE COLLAPSE

Baltimore's port facilities are closed indefinitely after a container ship weighing 95,000 gross tons **collided** with the Francis Scott Key Bridge, **causing** it to collapse on March 26th. The Singapore-flagged cargo ship named *Dali* had been traveling at about 8 knots (9 miles per hour) before the collision. The ship's crew **notified** authorities that the vessel had lost power, alerting Maryland Transportation Authority Police on the highway above, who quickly closed the bridge to road traffic and prevented further loss of life.

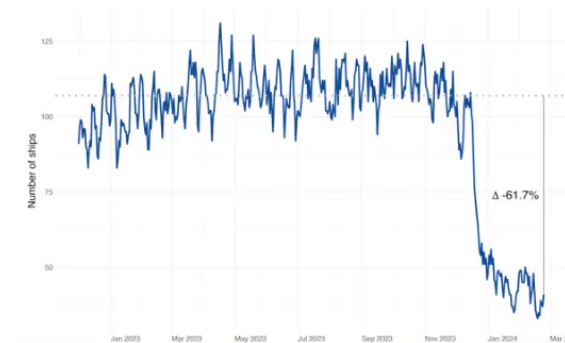


- Baltimore was the number 10 port in the country last year for container imports, **according** to the Pacific Merchant Shipping Association.
- Baltimore is the country's **busiest** port for automobile-related shipments.

Baltimore's weekly traffic of 30-40 container vessels carrying some 21,000 TEUs is being **diverted** to other nearby ports. The event will cause weeks or months of transportation disruptions in the Mid-Atlantic region and **accelerate** a cargo shift toward the U.S. West Coast try to avoid potential bottlenecks on the East Coast.

RED SEA CRISIS

The number of containerships passing through the Red Sea/Panama Canal **remains** low while transits via the Cape of Good Hope have more than **tripled**.



- The Red Sea/Suez Canal shipping disruptions are having a significant impact on African port operations. Port productivity fell by more than 18% at the main African ports, owing mostly to a significant **worsening** in vessel waiting times.
- The number of vessels sailing through the southern Red Sea is down 70-90% as compared to the start of December '23. The Suez Canal **experienced** a 50% YoY decrease in trade volume in the first two months of '24 according to the International Monetary Fund (IMF).
- Gas tanker transits are essentially nonexistent. No LNG carrier has **passed** through the Suez Canal for more than 65 days, according to data from the United Nations Conference on Trade and Development (UNCTAD).
- Egypt is **studying** further extensions of the Suez Canal and plans to complete a second channel.



Since 1988 OIA Global has grown into a world leader in supply chain management by delivering customers a unique combination of logistics solutions, packaging engineering, raw material management, contract logistics services, and much more.

