



Market Report 3/2025



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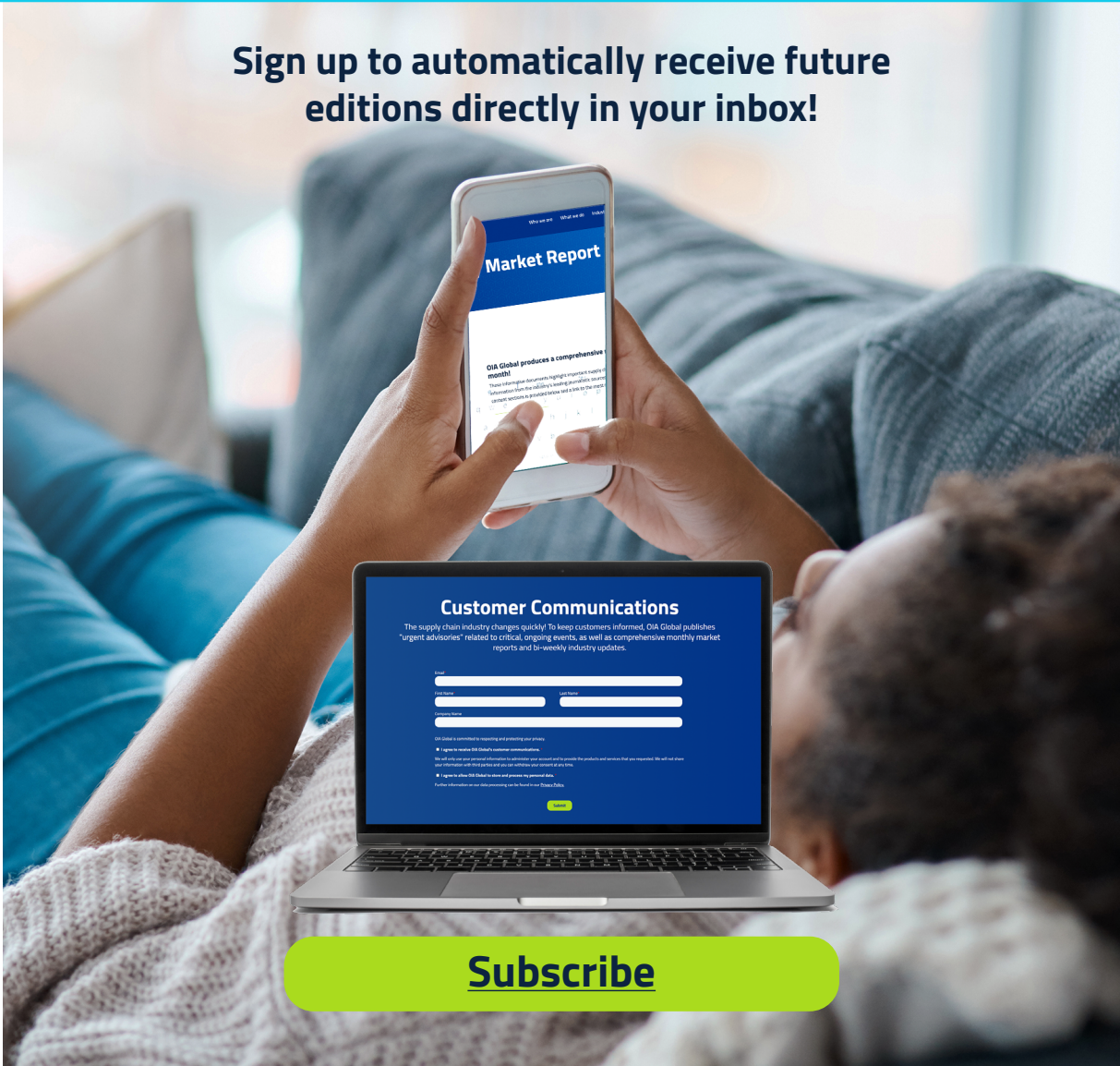
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Note: All monetary figures are shown in United States Dollars (USD) unless stated otherwise.

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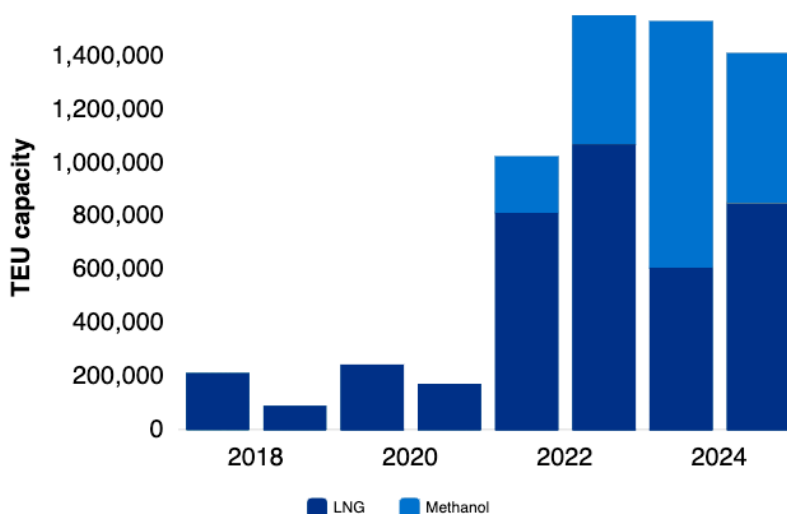
Ocean Freight Market Trends



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ORDERS FOR NEWBUILD SHIPS WITH ALTERNATIVE FUEL PROPULSION

Fears over the long-term methanol supply has created a resurgent LNG ship orderbook. Together, LNG and methanol comprised 70% of the total 1.7M TEUs in 2024.



South Korea's shipbuilding companies are seeking overseas subcontractors amidst full order books and docks. Projections indicate that the shipbuilding boom will continue for several more years, and domestic shipbuilders are considering producing revenue-generating vessels in Korea while passing on those with standardized construction technologies to foreign partners.

Hapag-Lloyd **acquired** \$3.4B in "green financing" for its latest newbuild program. The money will be used for 12 new 16,800 TEU and 12 new 9,200 TEU liquefied natural gas (LNG) dual-fuel vessels, adding 312,000 TEUs of capacity overall. The vessels, from Yangzijiang Shipbuilding and New Times Shipbuilding respectively, are supposedly "ammonia ready" too.

Bangladesh Shipping Corp. (BSC) is buying 12 new 2,500-3,000 TEU containerships as it works to absorb a larger share of regional container volumes.

Pacific International Lines (PIL) has **ordered** 18 newbuild vessels since 2022: four 14,000 TEU vessels, four 8,000 TEU vessels, five 13,000 TEU vessels, and five 9,000 TEU vessels.

Mediterranean Shipping Co. (MSC) ordered a new series of LNG dual-fuel MegaMax containerships, **purchasing** four new 21,700 TEU vessels with an option for up to four more. Deliveries are expected in '27/'28.

Evergreen is **spending** >\$3B on eleven more 24,000 TEU ultra-large containerships, six from South Korean shipbuilder Hanwha Ocean and five from China's Guangzhou Shipyard International.

INDIA'S NATIONAL MARITIME DEVELOPMENT FUND



India announced a multifaceted initiative to bolster its trade capabilities and expand the country's influence in maritime commerce. **The \$3B Maritime Development Fund (MDF) hopes to expand domestic shipbuilding and port infrastructure overseas.**

Key Initiatives

- Launch a new liner operator, Bharat Container Line, to **reduce** reliance on foreign vessel operators.
- Establish a fleet of 100+ vessels and deploy them on key international trade routes.

Currently, the national Shipping Corp. of India (SCI) **operates** just four container ships, two owned and two chartered. For comparison, the world's largest container carrier, Mediterranean Shipping Co. (MSC) operates almost 900 vessels.

Amidst government incentives, Maersk recently **signed** a memorandum of understanding with India's largest shipbuilding and maintenance facility, Cochin Shipyard Limited (CSL), to **collaborate** on ship repair, maintenance, and building activities. For Maersk, this strategic partnership **extends** its interests in the Indian subcontinent beyond port-to-port shipping and terminal/inland operations.



Ocean Freight Market Trends

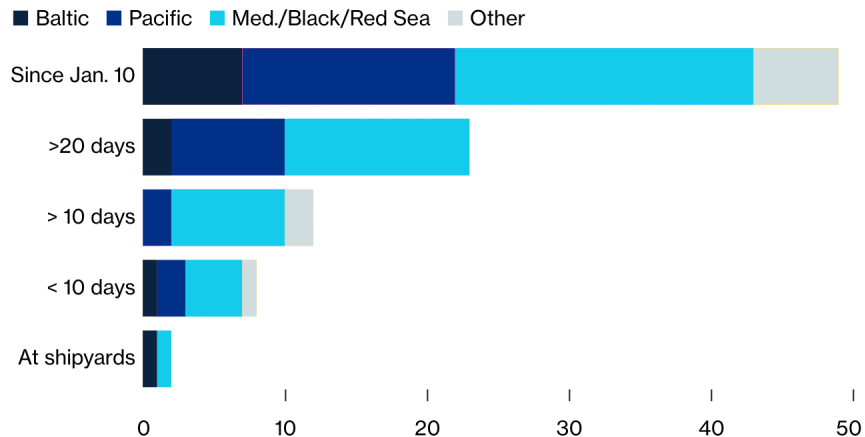


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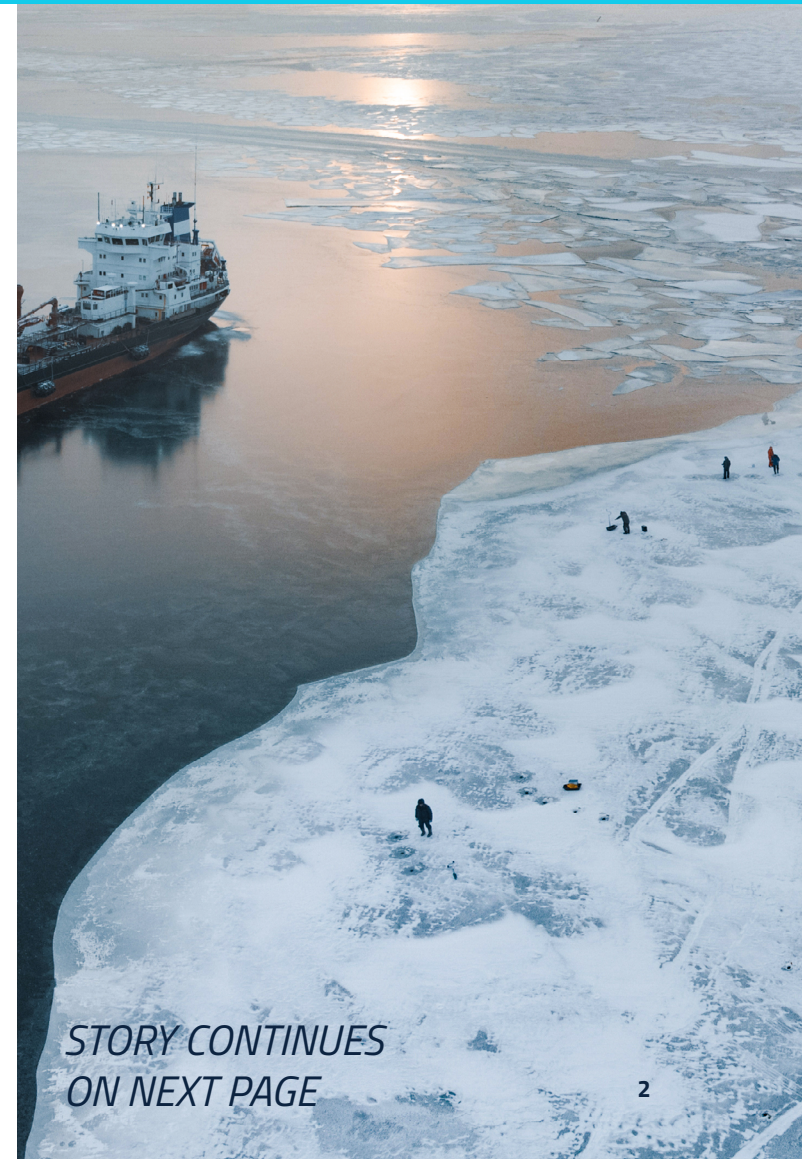


G7 STRATEGIZES WHILE LATEST SANCTIONS LEAVE RUSSIAN TANKERS IDLE

Following the 10 January 2025 sanctions package, about 61% (94/154) of the tankers blacklisted for their involvement in the Russian oil trade are now idle or have **stopped** hauling new barrels. **So far Russia has largely worked around western sanctions to keep its wide-ranging energy export program running, but now, Russia appears to be facing a debilitating problem as it needs to find new tankers for its huge volumes.**



Sources: US Office of Foreign Assets Control; UK Foreign, Commonwealth and Development Office; European Commission; Bloomberg.



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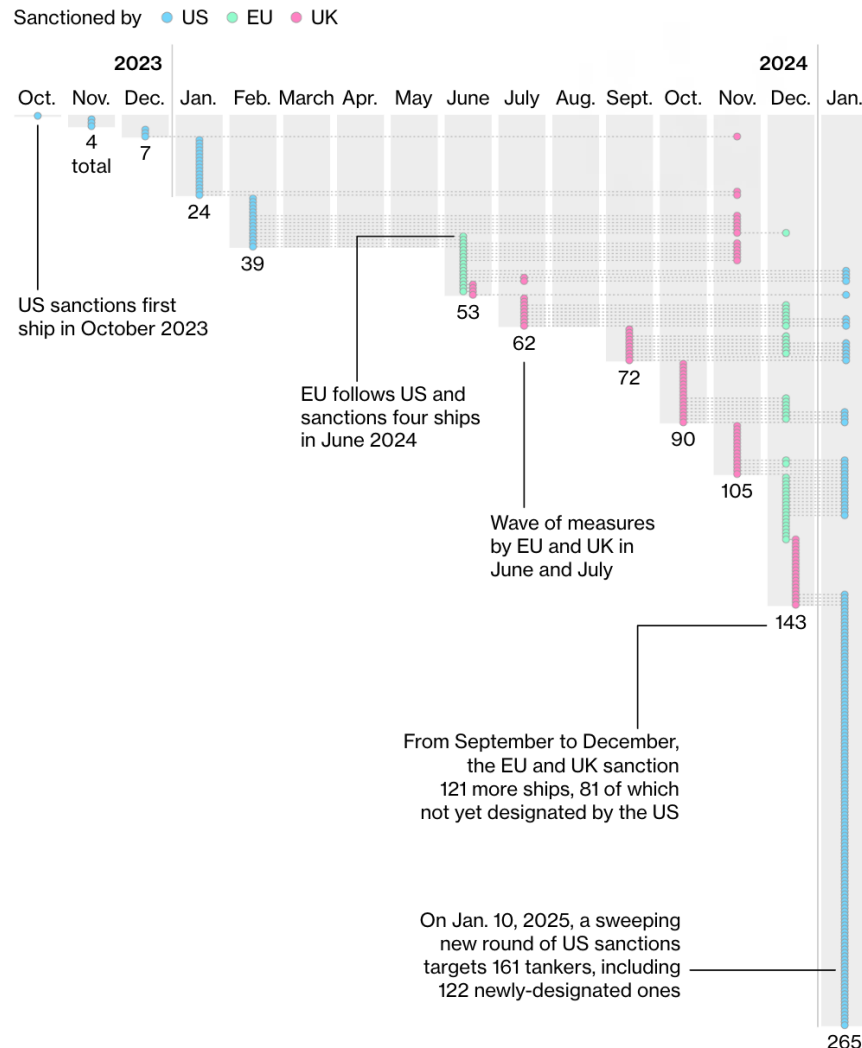
The International Energy Agency lowered its annual outlook for Russia's oil production by only a small margin as it still **expects** the nation to implement effective workaround tactics.

The Group of Seven (G7)—Canada, France, Germany, Italy, Japan, the UK and the U.S.—is considering tightening or adapting its price cap on Russian petroleum, which was originally introduced to curb the Kremlin's access to petrodollars. G7 nations could **task** their finance ministers by collectively redrawing the price limit, which is currently set at \$60 a barrel for crude oil.

Oil refiners in India—eager to keep **importing** cheap crude products from Russia—are **working** with merchants, shippers and other middlemen to alter their supply chains as tougher sanctions come into effect.

Since Russia's invasion of Ukraine, Dubai, Hong Kong and several other globalized cities have seen dozens of shell companies emerge to serve as conduits for the Russian shadow fleet. Although these small companies are often easy to identify and shut down, they are also being created faster than sanctions can respond to, creating a never-ending game for authorities.

It's unclear how the Trump administration will balance its eagerness to remain tough on Russia and Iran while still limiting oil price increases and global disruption.



Source: Vessel tracking data compiled by Bloomberg.
Note: Excludes vessels under construction or undergoing sea trials.



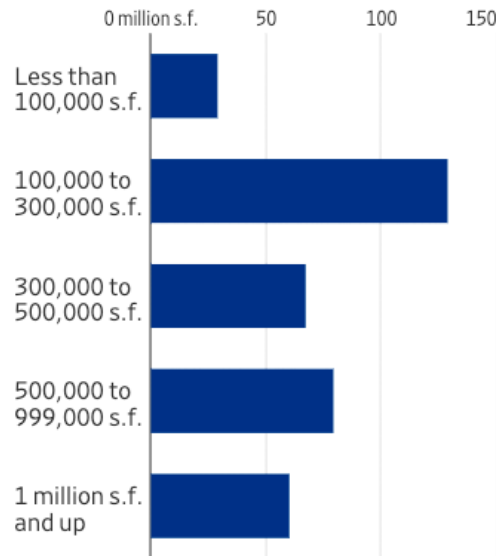
Warehousing Market Trends



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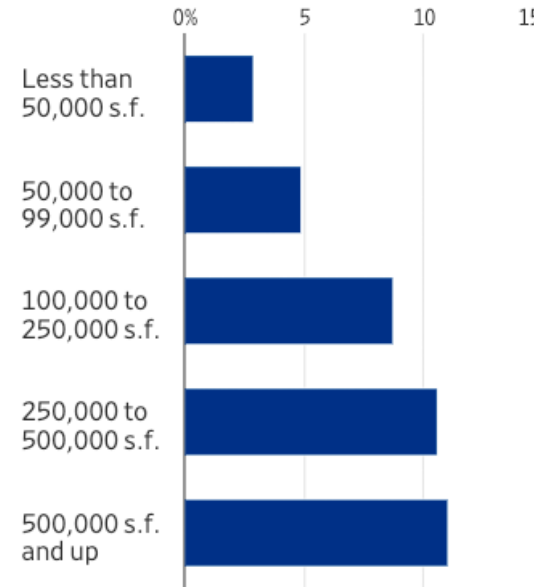
U.S. WAREHOUSE VACANCY RATE BY SIZE (Q4 '24)

There is a growing imbalance between sprawling distribution centers and smaller warehouses. Although the U.S. national vacancy rate for warehouses has climbed, beneath this additional availability lies a tight supply of buildings <100,000 square feet.



NEWLY BUILT WAREHOUSES BY SIZE (Q4 '24)

In the past 5 years developers have focused on buildings of >100,000 square feet to accommodate growing e-commerce operations. Smaller warehouses have been less desirable to build, largely because they often reside in urban and suburban areas where land is expensive, and space is limited.



Nearshoring into Mexico has left the country's warehouse space at historic lows. **Although tariffs are creating sustained uncertainty, the flow of foreign investment toward Mexico is still expected to continue.**

Source: Cushman & Wakefield via the [Wall Street Journal](#).



Air Freight Market Trends



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In 2024 the global air freight market **grew** 5.8% year-over-year (YoY), despite the Transatlantic and westbound Transpacific routes showing downward trends. The Asia-Europe trade largely fueled this growth, increasing +18% in Q4 '24 as compared to Q4 '23.

The Middle East's biggest airlines are replenishing their fleets via hundreds of purchases from Boeing Co. and Airbus SE. **Given the near-record demand for new jets, many airlines want to lock in as many orders as possible because delivery slots stretch into the next decade for both single-aisle and twin-aisle aircraft.** FlyDubai, Etihad, Qatar Airways, Riyadh Air, and Gulf Air have all shown interest in long-term fleet renewal.

Air freight operators **expect** to see continued demand growth despite the introduction of new tariffs targeting China. Even with significant tariffs, freighter demand is still projected to grow, and it's unlikely that it will be significantly impacted in the long term.





Turkey is trying to **become** the main rail freight link between Asia and Europe and is actively positioning itself as a critical gateway within the Middle Corridor. The government has been soliciting foreign investment to modernize its rail infrastructure, including electrifying the network and building new domestic routes. Turkey's minister of transport Abdulkadir Uraloglu wants to add 8,554km to Turkey's high-speed network by 2053, and China is **considering** a \$60B investment to help.



India's air cargo trade **expects** another infrastructure boost: a new international cargo terminal at Dholera International Airport (DIACL), within Ahmedabad city in the Gujarat state. Phase 1 development includes a 3.2km runway and 12 aircraft parking spots, estimated to cost \$150M. Dholera features a 10,700 square foot air cargo terminal, with international operations expected to go live by June/July this year. Recent estimates show that Dholera's export/import cargo volumes could reach 20,000 tons in '25-'26 and rise to 273,000 tons over the next two decades.



Mongolia and China agreed to **establish** the Gashuunsukhait-Gantsmod cross-border railway, extending the 258km Tavantolgoi-Gashuunsukhait line, which opened in 2022. The project will extend both 1520mm-gauge infrastructure in Mongolia and 1435mm-gauge infrastructure in China, which currently ends at Ganqimaodu, the site of a freight terminal on Mongolia's border.



Cambodia's Ministry of Public Works and Transport **signed** a framework agreement to upgrade and extend the national railway network to boost trade and regional integration. The government will work with concessionaire Royal Railway to improve freight and passenger services.



Vietnam's National Assembly **approved** a project to build a new 390km railway connecting the port of Haiphong and the capital Hanoi with Lao Cai on China's border. The Vietnamese government hopes to complete construction by 2030.



Oman's Port of Salalah has **invested** \$300M to prepare for its incorporation into the Gemini cooperation (Maersk & Hapag-Lloyd). There will be expanded terminal capacity (4.5M TEUs to 6.5M), and 10 new ship-to-shore (STS) cranes capable of handling ultra-large vessels 26 containers wide.



The Jacksonville Port Authority **completed** its construction project at Blount Island Marine Terminal, expanding vehicle Berth 22 to accommodate larger vehicle vessels of 750 feet in length. Additionally, construction is underway on a new vehicle berth at Blount Island, which should be completed in early '27.



The Panama Canal board of directors **approved** funding for the construction of a new lake in the Indio River watershed, a massive project that is slated to **begin** in 2027 and take four years to complete. Designated as a national security initiative, Panama wants to mitigate the effects of droughts while also ensuring the Panama Canal's operational reliability. The \$1.2B project includes a huge dam, a reservoir with a 1.5B capacity and an 8.7 km transfer tunnel, which would go from the Indio River watershed to the Panama Canal basin, with the aim of **strengthening** the freshwater supply capacity of the two artificial lakes that feed the waterway, Gatún and Alajuela.



Quebec's government is **investing** C\$130M (USD \$92M) into a proposed container gateway north of the Port of Montreal, saying the port has reached capacity and that tensions with the U.S. necessitate additional trade lanes outside of North America. The Contrecoeur project is a proposed 1.15M TEU terminal that would be **developed** about 43 miles up the St. Lawrence River from Montreal.



Sweden's government **gave** approval to infrastructure manager Trafikverket to proceed with key rail projects contained in the 2022-2033 national transport infrastructure plan. Trafikverket has been authorized to begin construction on 12 projects in 2025-2027. Major rail elements of this package include the 120km Däva-Skellefteå section of the North Bothnia line, a new railway that will run for a total of 270km from Umeå to Luleå.



Thirteen additional countries—Dominica, Georgia, Grenada, Kiribati, Malawi, Mexico, Namibia, Nauru, New Zealand, Senegal, Switzerland, Trinidad and Tobago, and Türkiye—pledged to [support](#) a global carbon levy on shipping at the International Maritime Organization's (IMO) latest climate talks agreeing that a future levy should be in the price range of \$18-150 per ton of greenhouse gas. Importantly, adoption still seems to be many years away.

Collectively, African countries are [conceiving](#) a net-zero shipping strategy and identifying practical measures to advance the continent's green shipping transition, with an emphasis on maritime governance, infrastructure development and job creation.



The South Korean Ministry of Ocean & Fisheries (MOF) [revised](#) its operational guidelines for the eco-friendly ship and equipment certification system to include new certification standards for vessel equipment. The new standards took effect on 20 February 2025.



The Trump administration indefinitely [paused](#) funding approvals for charging infrastructure under the National Electric Vehicle Infrastructure (NEVI) Formula Program, leaving between \$885M-\$1.5B in purgatory while the U.S. Department of Transportation (USDOT) reviews the policies.



Lee Zeldin, Environmental Protection Agency's (EPA) new administrator, recently vowed to [rescind](#) environmental policies targeting the automotive industry and energy production. Federal agencies have not yet rolled back policies directly affecting heavy-duty trucks, but such policies face existential threats.



The Trump administration is working to [revoke](#) California's recent EPA waivers, with the aim of killing the state's Advanced Clean Trucks and Omnibus NOx rules. For context, since 1967 California has used the Clean Air Act to adopt emissions requirements independent from EPA's regulations and thus meet its significant air quality challenges. But the state must get a waiver from the agency to do so.





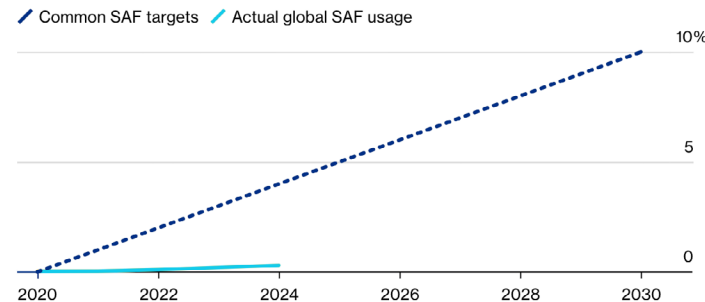
BANGLADESH SHIP RECYCLING INDUSTRY SET FOR AMENDMENTS

Amendments to Bangladesh's ship recycling industry are being **drafted** to align the country's shipbreaking industry with international environmental standards and safety regulations. The International Maritime Organization's (IMO) Safe & Environmentally Sound Ship Recycling (SENSREC) project **initiated** the project, and the Government of Norway is funding it.

Currently about 85% of the global end-of-life fleet is dismantled on a beach in Bangladesh, India, or Pakistan. According to the European Commission, the most pressing issue is shipowners who **circumvent** regulations by switching to non-EU flags before recycling, allowing them to sell end-of-life vessels to cash buyers at steel prices that exceed EU rates who then dismantle the ships at South Asian yards where conditions often don't meet EU standards.

AIRLINES REMAIN BEHIND ON SUSTAINABLE FUEL ADOPTION

Many carriers have **vowed** to address their greenhouse gas (GHG) emissions contributions by using more fuels derived from lower-emitting energy sources like used cooking oil or energy crops, but the data doesn't support the rhetoric. Air France-KLM, Delta Air Lines Inc., and Cathay Pacific Airways Ltd. are among a large group of airlines that already promised to consume 10% sustainable aviation fuel (SAF) by 2030.

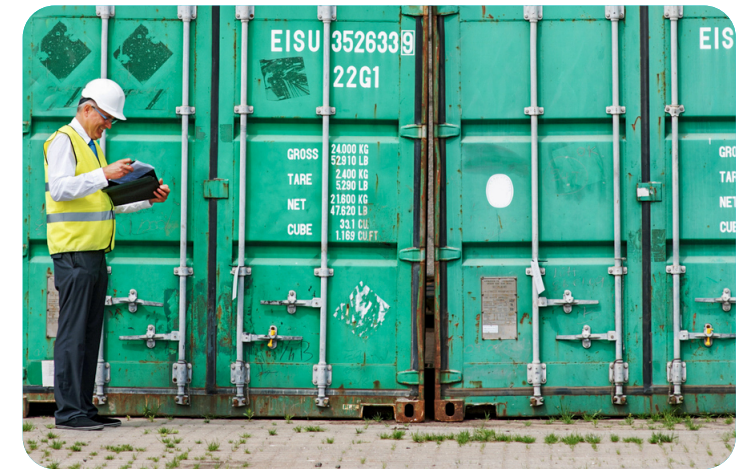


Source: International Air Transport Association, airline pledges.
Note: The most common goal among airlines is 10% SAF by 2030.

DATA FOR FIRST CARBON INSET PROGRAM RELEASED

Data shows that the world's first container port Carbon Inset Program **registered** >100,000 TEUs of import-laden containers during its first two months. The program awards importers with 50kg CO₂e of carbon credits for every filled import container transported through DP World's U.K. ports, with DP World beginning a six-month trial on 1 January 2025.

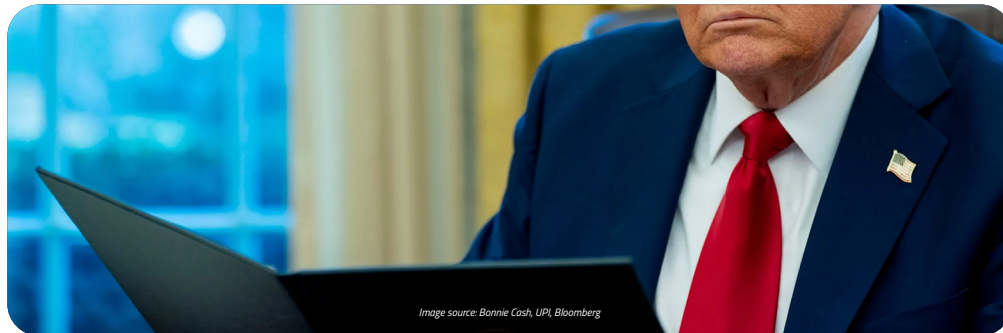
Unlike carbon offsetting, which compensates for emissions through external programs such as tree planting, inset credits show a meaningful decrease in emissions that occurred directly within a company's supply chain.





TRUMP TARIFFS

Trump [ordered](#) his administration to [impose](#) reciprocal tariffs on a country-by-country basis, [targeting](#) the European Union, Japan and South Korea, as well as the automotive, semiconductor and pharmaceutical industries. Top economic officials said they will [start](#) by examining which economies the U.S. has the largest trade deficits with. They will then [calculate](#) new U.S. tariffs, considering the total amount of tariffs and taxes, regulations, currencies, or any other barriers that U.S. exports may face.



Key Resources

- [White House Presidential Actions List](#)
- [Latest Updates \(Yahoo Finance\)](#)
- [U.S. International Trade Commission: Harmonized Tariff Information](#)
- [Navigating Tariffs: Strategies to Keep Your Supply Chain Moving](#)

We encourage you to bookmark these helpful resources for daily updates with the latest information.



USTR TARGETS ALL ASPECTS OF CHINESE SHIPPING

Following a lengthy investigation, the United States Trade Representative (USTR) recommended imposing steep fees on Chinese shipping companies and any Chinese-built vessels that enter U.S. ports.

- Charge Chinese-owned ships up to \$1 million per entrance
- [Charge](#) Chinese-built vessels \$1.5 million per entrance

Operators outside of China could [face](#) sliding scale fees for Chinese-built ships, depending on factors such as the carrier's current fleet and orders at Chinese shipyards. The wording of the proposal could [impact](#) any ship operator that has even just one Chinese-built ship in its fleet or on order.

- China [increased](#) its share of global shipbuilding tonnage from 5% in 1999 to over 50% in 2023.
- U.S. shipyards were [building](#) 70 ships in 1975, but just five annually today.



NEW FLAGS, SMALL COUNTRIES EMERGE IN GLOBAL SHIPPING REGISTRIES

The International Chamber of Shipping (ICS) is **concerned** about a growing number of poorly performing shipping registries as four smaller flag-states made the Flag State Performance Table for the first time: Cambodia, Eswatini, Gabon and Guinea-Bissau. These smaller shipping registries are often **associated** with companies seeking to **bypass** US/EU/G7 sanctions and thus pose potential regulatory gaps.

Eswatini, formerly known as Swaziland, is a tiny landlocked state in Southern Africa: *“Eswatini’s emergence as a flag State presents a distinct concern as it is not a member of the UN IMO and is therefore not a signatory of its international maritime Conventions. ICS strongly encourages Eswatini and other new flag States to prioritize IMO membership and the ratification and implementation of IMO Conventions to demonstrate their commitment to global maritime governance and the responsible operation of those ships registered with their fleets.”* - Guy Platten, ICS Secretary General



The E.U.-Chile Interim Trade Agreement **replaced** the preexisting deal on 1 February 2025, introducing key changes for traders, such as self-certification, which replaces EUR.1 certificates for preferential origin claims. The new rules **apply** to goods either in transit or storage, and under the new agreement, a REX number is required for shipments >6,000 euros. Eventually, 99.9% of EU exports into Chile are expected to be tariff-free, which should increase EU export revenue by up to €4.5B over time.



The U.K. government will **introduce** vehicle excise duty (VED) charges for electric vehicles (EVs) on 1 April 2025, ending their longstanding tax exemption. The move will bring EV taxation in line with petrol and diesel vehicles. Additionally, the changes will affect hybrid and alternative fuel vehicles, with the government removing a £10 annual discount for these vehicles.



Panama did not **renew** its membership in China’s Belt and Road initiative, the massive infrastructure project designed to connect different logistics hubs throughout the world.



After delays and deliberations, the U.S. Federal Maritime Commission (FMC) completed its review of the Premier Alliance, allowing the agreement to take effect as of 9 February 2025. The new container shipping alliance permits Hyundai Merchant Marine (HMM), Ocean Network Express (ONE), and Yang Ming joint service agreement to share vessels in trades between the U.S., Asia, the Middle East, and Europe.



Members of the International Longshoremen’s Association (ILA) **approved** a new six-year master contract covering the U.S. East and Gulf coast ports. The new contract is retroactive to Oct. 1, 2024, and will be in effect until Sept. 30, 2030. It includes a hefty raise for all dockworkers but an even higher salary bump for new hires. While the union **secured** further protections against automation, maritime employers negotiated for remote operation of terminal equipment and the use of operator assistance technology at ports.



DATA STANDARDIZATION IS MARITIME INDUSTRY'S NEXT BIG REVOLUTION

Data standardization may transform the maritime industry as much as the introduction of the shipping container in the 1950s. Modern vessels **generate** large quantities of data—up to 20 gigabytes daily—from various sensors, engines, and reports, yet much of this data remains isolated on board the ship without being transmitted anywhere on shore. But this is quickly changing.

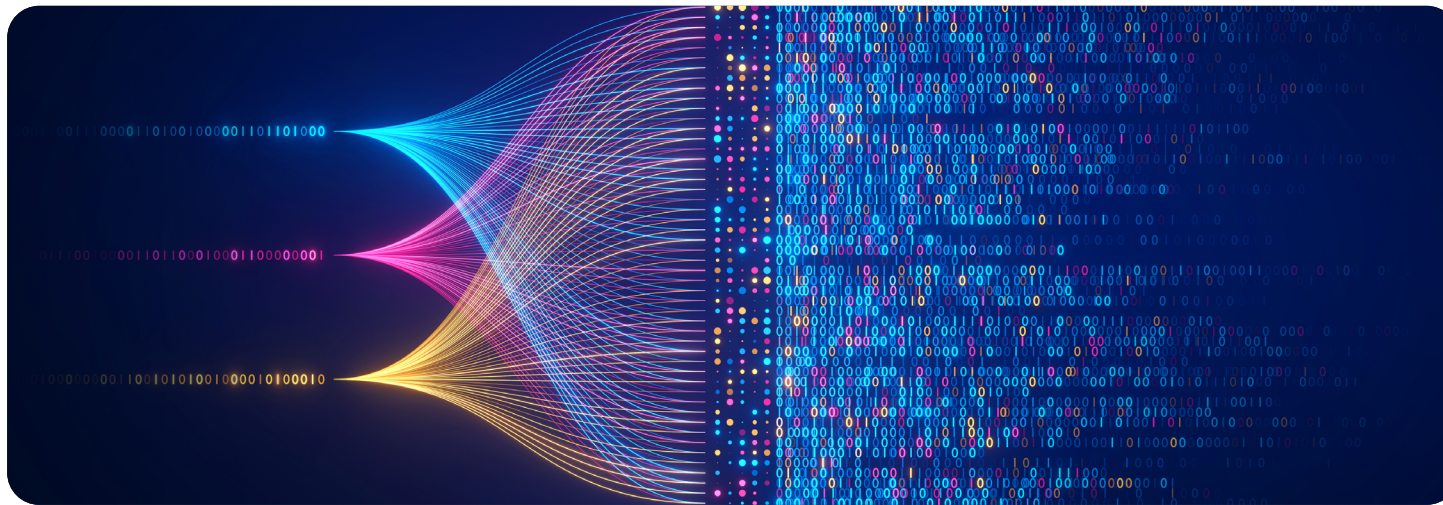
Standardization should help in several key ways:

- Provides a common framework for communication between different types of supply chain partners (carriers, freight forwarders, customs authorities, etc.).
- Boosts accuracy during data interpretation across different languages and cultures.
- Reduces risks associated with human error; for example, mixing up speed units (knots versus statute miles).

Mediterranean Shipping Co. (MSC) is **advancing** its perishable cargo offerings via iReefer, a monitoring system that offers shippers real-time updates on their refrigerated cargo, including location and temperature. The Geneva-based carrier said a network of 210,000 reefer containers and >500 vessels are equipped with the new technology.

The Smart Container Alliance recently **launched** to drive the adoption of smart container technology. Smart containers are set to play a key role in the shift towards a data-driven approach to customs checks, reinforcing security measures across European ports and beyond. With headquarters in Brussels, the alliance will **engage** with policymakers, industry leaders, and enforcement agencies to support a harmonized approach to trade security.

Federal Express Corporation **launched** its Collaborative Shipping Tool, simplifying the import process and enabling seamless collaboration between importers/shippers during the Airway Bill (AWB) creation. This new tool allows importers to share AWB creation process directly with shippers so they can confirm shipment details and schedule pickups based on their readiness. This collaborative feature is designed to improve the success rate of shipment pickups and ensure greater efficiency during the import journey.





DISRUPTION

Security analysts are **concerned** about a potentially new form of attack on merchant shipping. Recently, two Aframax tankers that recently called at Russian ports—the *Seajewel* and the *Seacharm*—reported onboard explosions while in the Mediterranean. The Grace Ferrum product tanker was also badly hit off the coast of Libya. All three tankers suffered similar damage, puncture holes in the ship's hull below the waterline, leading security analysts to **suggest** that the vessels were targeted with limpet mines. Some oil tanker owners are now **taking** precautions and sending divers and underwater drones to check their ships' hulls for mines.



When container shipping is reintroduced to the Red Sea and Suez Canal, several different scenarios could occur, but the most likely is a “bandwagon” effect where most if not all carriers change their strategies simultaneously. Typically, market leaders will signal confidence, creating peer pressure that forces other companies to recognize a competitive advantage and follow suit. So far shipping lines have **reacted** with extreme caution, and most are still in a “wait and see” mode to see how a ceasefire will pan out before they allow their ships to return to the area.



The American Transportation Research Institute **released** its 14th annual **list** of the most congested trucking **bottlenecks** in America. For the 7th straight year, the I-95 and State Route 4 intersection near the George Washington Bridge in Fort Lee, New Jersey, is the worst in the country. The top remaining bottlenecks are:

- Atlanta: I-75 at I-285 (North)
- Atlanta, I-285 at I-85 (North)
- Atlanta, I-20 at I-285 (West)
- Chicago, I-294 at I-290/I-88
- Cincinnati, I-71 at I-75
- Houston, I-45 at I-69/US 59
- Houston, I-10 at I-45
- Los Angeles, SR 60 at SR 57
- Nashville: I-24/I-40 at I-440 (East)

MERGERS & ACQUISITIONS

Sun Country Airlines expects to double its cargo revenue within 12 months after **integrating** eight 737-800 converted freighter aircraft into its fleet. Amazon is providing the new jets to Sun Country's cargo business, which should increase sharply from Q2 '25 onward.





Since 1988, OIA Global has grown to become a world leader in supply chain management by delivering creative end-to-end logistics solutions with an industry-leading customer experience. Unlike many other companies, OIA goes beyond transportation management to offer customized contract logistics services, such as warehousing distribution and inventory management, as well as 4PL supply chain orchestration, innovative packaging design, raw materials management, and several advanced technology solutions.



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