Market Report 5/2025

OIA GLOBAL™

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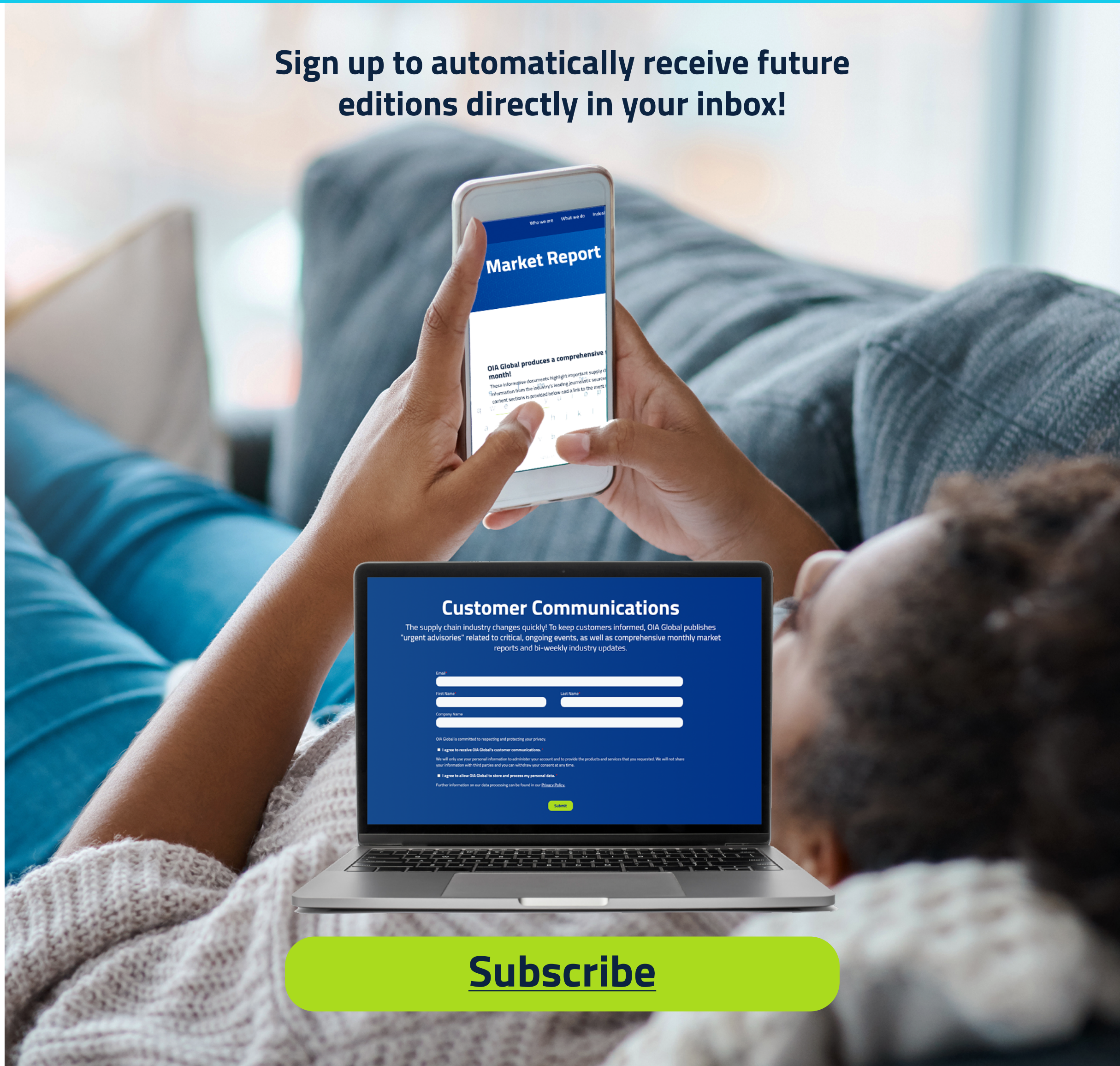
Disruption

jf moran

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



Market Trends

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The global ocean shipping fleet size expanded 10% year-over-year (YoY), nearing record-high levels. Vessel idling remains low, signaling strong utilization across most major trade routes.

- China's share of global container exports **increased** from 32% (2019) to 34% (2023) and then 36% in 2024.

- China's growing export share strengthens its influence in the global container trade. Shippers with heavy exposure to China should remain alert to ongoing tariffs and trade policy risks.

Truckload tender volumes remain the weakest of the three major demand-side indicators, down 9% YoY.

- In contrast, loaded intermodal containers moving by rail averaged a +7% YoY increase. Logistics managers should anticipate tighter truck capacity and shifting inland strategies (intermodal/rail), especially for long-haul domestic moves.

IndiGo, India's largest private airline, is working to solidify its cargo operations and add significant belly capacity as part of a fleet expansion. IndiGo hopes to achieve +19% tonnage growth this year and remains bullish on the Indian cargo market even as global trade conditions become increasingly volatile.

- Last year, IndiGo signed a deal to acquire 30 wide-body A350s, with the option to purchase another 70. Deliveries are scheduled to start in '27.

Saudi Arabia's regional container volumes are **expected** to reach 41m TEUs by 2030 as the country is positioned to capture roughly 35% of the Middle East's feeder trade and 45% of Red Sea volumes.

- **Overall, the global feeder market is projected to reach $451b in revenue by 2030, with the Middle East representing a significant portion of this growth.** The current feeder market across the Middle East, Turkey, East Africa, and South Asia is worth about $8b.

The feeder shipping sector accounts for the short sea, last-leg, or regional journeys, which use small-size feeder vessels (<3,000 TEU capacity).

The U.S. drayage market continues to experience challenges at key hubs on the West Coast, **impacting** container pickups and returns:

- In Long Beach, the TTI Port Terminal introduced a new appointment system in February '25, which created difficulties for truck drivers when scheduling containers beyond the last free day (LFD), resulting in unsuccessful import container pickups.

- At Los Angeles' APMT Pier 400, scarce empty container return appointments have strained operations even further.

Gemini Cooperation Phase-In Continues

Maersk and Hapag-Lloyd are still phasing in Gemini Cooperation services, with the new network expected to be fully deployed by Q3 '25. **Shippers should expect operational disruptions, dual-booking issues, and schedule delays throughout '25 and build contingency plans into their supply chains accordingly.**

- So far 250/340 vessels have transitioned into the new ocean network

- About 75% of Maersk's new East-West network has been **implemented**, but there are still some vessels running under the earlier 2M agreement

- **The new networks require two full cycles from Asia to Europe and back to Asia before they can be fully implemented**

- Implementation is expected to continue until the end of May '25

Russia/India Oil Trade Rebounds to Normal Levels

The Russia-India oil trade has **returned** to normal: India's imports of Russian crude are on track to hit 2.15m barrels a day in April, the highest level in two years. Oil refiners in India—eager to keep **importing** cheap crude products from Russia—have been actively **working** with merchants, shippers and other middlemen to alter their supply chains as tougher sanctions took effect.

Market Trends

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Blank Sailings Impact Transpacific Capacity

In recent weeks, the maritime shipping industry has seen significant changes in scheduled vessel capacity, particularly on routes between Asia and North America. Container lines are increasingly blanking eastbound Transpacific voyages, which means some ships will depart China half-empty in May. **There are also signs of a surge in demand on the Transatlantic westbound as multiple carriers have levied new peak season surcharges (PSS):**

- Mediterranean Shipping Co. (MSC), one of the most active carriers on the Transatlantic westbound, announced a $1,000-per-FEU PSS, effective May 13th from North Europe to the U.S., Canada and Mexico.
- CMA CGM will also implement a $1,000/FEU PSS
- Starting May 3rd Hapag-Lloyd will add $750/FEU PSS for the Mediterranean to North America trade lane

U.S. importers are increasingly canceling or suspending orders due to tariff increases that have made business impractical. U.S. importers using East and Gulf coast gateways for Asian imports will likely see even more drastic cuts in capacity, particularly in weeks 19-21.

Freight rate indexes have not collapsed yet, suggesting that carriers are reducing ships quickly enough that slot supply is dropping as fast or faster than the drop in demand.

These rapid capacity adjustments reflect the maritime industry's current approach: only make immediate, short-term supply chain adjustments. **With tariffs being imposed, suspended, and re-negotiated daily, both shipping lines and cargo owners are waiting for the situation to stabilize before implementing any long-term network changes.** Much of the freight market remains in a holding pattern, waiting to see how financial markets respond to ongoing trade negotiations.

"The near term need to blank sailings out of China and possibly increase services from other origins may prove challenging for ocean carriers and cause delays for shippers, with empty containers concentrated in China likely to pose a challenge too."
- Judah Levine, Head of Research at Freightos

Market Trends

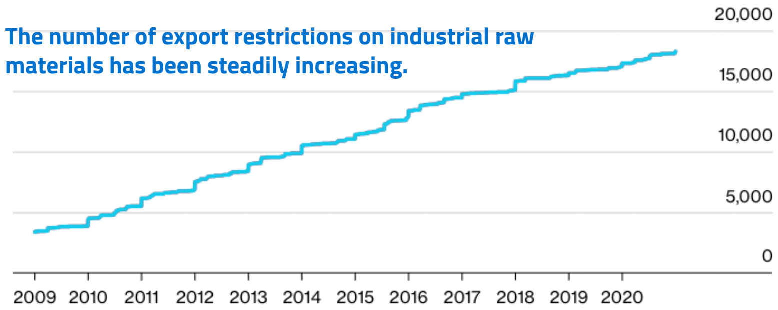
China Dominates Critical Raw Materials; Strategically Slows Exports

China is now the leading producer of >20 critical raw materials, as **measured** by its share of global mined or refined production. Beijing remains the undisputed leader in minerals used in equipment such as electric vehicle batteries, solar panels, and wind turbine magnets.

- For example, more than half the cobalt mines in the Democratic Republic of the Congo (DRC) are owned or controlled by Chinese companies.

The race to catch up has even greater urgency now that China is intentionally **slowing down** exports of several critical minerals in response to the United States' targeted tariffs. **China added 7/17 rare-earth minerals to its export control list and restricted several other minor metals that it dominates in output.** Notably, many of these niche materials are vital for high-tech manufacturing in the defense and energy industries.

The number of export restrictions on industrial raw materials has been steadily increasing.



Source: Organization for Economic Cooperation & Development.

China Begins Rejecting Boeing Aircraft

As part of the ongoing tariff dispute between Beijing and Washington, China-based airlines have been ordered to **stop receiving** Boeing aircrafts and carriers to stop ordering new Boeing jets without prior approval. **Beijing also requested that Chinese carriers halt any purchases of aircraft-related equipment and parts from U.S. companies.**

- Air India Ltd. wants to **take** any Boeing planes rejected by Chinese carriers, joining several other Asian airlines that hope to benefit from the ongoing trade dispute.
- Citibank **signed** a memorandum of understanding to provide Vietnam Airlines at least $560m to partially finance new plane purchases, which are expected to come from Boeing.
- Additionally, Vietnam Airlines is moving forward with a $10b 2023 **commitment** to buy 50 Boeing Co. 737 Max aircraft.

Mergers & Acquisitions

Qatar Airways Cargo, IAG Cargo, and MAS Kargo intend to launch a joint global cargo business. IAG Cargo and Qatar Cargo will gain access to MAS Kargo's extensive Southeast Asian and Australian networks, while the Malaysian Airlines carrier (MAS Kargo) will expand its reach into the Middle East, European markets, and Gulf Cooperation Council (GCC) countries.

APM Terminals acquired the Panama Canal Railway Company (PCRC) from Canadian Pacific Kansas City (CPKC) and the Lanco Group.

- PCRC operates a 76-km (47-mile) single-line railway adjacent to the Panama Canal which facilitates cargo movements between the Atlantic and Pacific Oceans. Although the railway's capacity is much more limited, the link has been an increasingly attractive option during recent droughts that have restricted shipments through the canal.

DSV fulfilled all closing conditions for its acquisition of DB Schenker and the €14.3b transaction is expected to be finalized on April 30th, creating the world's largest freight forwarder.

NYK Line announced that three shipping and ship-management companies within the NYK Group will merge as part of a strategic business integration: Asahi Shipping Co., Hachiuma Steamship Co., and Mitsubishi Ore Transport Co.

Laws / Legislation (Tariffs)

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Section 232 Tariffs

Steel and aluminum: 25% duty effective March 12th, 2025, applies to HTS Chapters 73 & 76, including derivatives.

Automobiles & Parts:

- Cars: 25% from April 3th, 2025
- Parts: 25% from May 3rd, 2025
- USMCA-eligible autos: Tariff applies only to non-U.S. content
- Misstatements: Subject to retroactive tariffs and clawback provisions

In the Federal Register, U.S. CBP provided instructions for importers, customs brokers, and filers about submitting import entries for the 25% tariffs on certain automobile parts from all countries. The 25% tariff will take effect with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. ET on May 3rd.

Tariff Rates by Country

Please reference the complete list here.

De Minimus Elimination

- **Effective May 2nd, 2025, goods < $800 from China or Hong Kong are no longer allowed.**
- possible future expansion to Macau
- Still applies to goods from other countries
- Carriers must report shipment data to CBP

International Emergency Economic Powers Act (IEEPA) Tariffs

- Imposed on February 4th, 2025, at 10%, increased to 20% on March 4th, 2025, with additional reciprocal tariffs up to 84% starting April 5th, 9th.
- 90-Day Pause for Reciprocal Tariffs effective April 10th, 2025, reducing rates to 10% for all countries, except for China which was increased.
- Not eligible for duty drawback

More information

In-Transit Provision

U.S. Customs and Border Protection (CBP) provided guidance on its IEEPA webpage concerning the applicability of the in-transit provision. The in-transit provisions for reciprocal tariffs only apply to the vessel mode of transportation and do not apply to other modes of transportation such as air, rail, truck, etc.

Bloomberg Economics estimates that Trump's tariffs will shave about $2t off global output by the end of 2027. For the U.S., they have lowered 2025's gross domestic product (GDP) forecast from 2.1% to 1.3%.

- In particular, South Korea's export-reliant economy remains highly vulnerable to U.S. tariffs, with preliminary trade data showing a 14.3% slump in shipments to the U.S. during the first 20 days of April.

Summary of Effective Dates

February 4, 2025—IEEPA 10% tariff
March 4, 2025—IEEPA raised to 20%
March 12, 2025—SEC 232 (Steel/Aluminum) tariff expansion
April 3, 2025—Autos (25% tariff under Section 232)
April 10, 2025—Reciprocal Tariffs 125% for China, Hong Kong and Macau
April 5, 2025—Reciprocal Tariffs (10%)
May 2, 2025—De Minimis elimination (China/Hong Kong)
May 3, 2025—Auto parts (25% tariff under Section 232)

Trade negotiations are evolving quickly! All parties in the supply chain industry should recognize that these widely impactful laws will change regularly and significantly. OIA Global publishes timely advisories on its website, including news about the latest tariff developments.

Latest Updates

The E.U.'s Import Control System 2 (ICS2) had its third release and now includes road and rail carriers. Traders moving goods into the E.U. by rail/road must ensure that their haulers adapt to new Entry Summary Declaration (ENS) requirements, including this mandatory data:

- Harmonized System (HS) codes of goods
- Consignees' Economic Operators Registration & Identification (EORI) number
- Seller/buyer information

The U.S. Department of Commerce (DOC) is proposing tariffs as high as 3,500% against solar panels imported from Cambodia, Thailand, Malaysia and Vietnam after determining that companies in each country were receiving transnational subsidies from China.

An April 9th Presidential Executive Order, Restoring America's Maritime Dominance, is intended to blunt China's maritime dominance by offering new funding streams that support American shipbuilding. The proposal clears the way for tax breaks on investments in "maritime opportunity zones" and directs federal agencies to study the United States' presence in the Arctic and develop a strategy to secure Arctic waterways.

USTR Revises Targeted Plan Toward China

Under the U.S. Trade Representative's (USTR) latest plan, all Chinese-built and -owned ships docking in the U.S. would be subject to a fee based on the volume of goods carried, on a per-voyage basis. The plan also targets non-Chinese shipbuilders, adding a levy to any vehicle carriers not made in America that call at U.S. ports.

The original proposal suggested charging fees of at least $1M per ship per visit at a U.S. port, but the new proposal recommends fees levied based on tonnage. This iteration alarmed many shipping companies, especially container liners, who feared increased congestion at bigger U.S. ports if vessels tried to avoid multiple stops. **Scaled-back from earlier proposals, the latest USTR plan softens fee levels and offers exemptions and incentives, aiming to curb Chinese dominance without crippling global trade flows.**

All the main carriers have sufficient exempt tonnage to switch the Chinese-built ships *"without severe operational disruptions,"* according to Linerlytica: *"Over the next 180 days, carriers are expected to swap the affected Chinese built ships out of the U.S. and replace them with fee-exempt ships. Chinese carriers such as COSCO may be able to circumvent the onerous port fees if they withdraw their ships and replace them with slots on fee-exempt ships operated by alliance partners."*

China's Commerce Ministry said in a statement: *"China firmly opposes any party reaching a deal at the expense of China's interests. If this happens, China will never accept it and will resolutely take countermeasures in a reciprocal manner. China is determined and capable of safeguarding its own rights and interests."*

Bharat Africa Setu

India's government (Ministry of Commerce & Industry and the Ministry of External Affairs) and DP World launched Bharat Africa Setu, a "transformative trade initiative designed to double India-Africa trade and strengthen South-South cooperation."

Bharat Africa Setu will give Indian exporters access to 53 African countries and 260,000 points of sale through a fully integrated trade ecosystem. They will integrate DP World's physical infrastructure—ports, economic zones, and logistics parks—with value-added logistics services to create a seamless trade ecosystem between both regions. DP World currently operates 10 ports and terminals, three economic zones, and 200+ warehouses across Africa.

Sustainability/ESG

The EU's **Carbon Border Adjustment Mechanism** (CBAM) implemented new rules and compliance regulations:

- Importers of CBAM goods must apply in the E.U. country in which they are established.
- **Application timeline:** authorities have 120 calendar days to process applications.
- **Compliance:** past infringements (customs, tax, market abuse, etc.) could lead to rejection. Compliance can be demonstrated through third-party assessments and audits, and there is no waiting period after revocation: re-apply once compliance is restored.

Less than a year after becoming the first European port to offer shore power for large containerships, Hamburg, Germany, is on track to **complete** the installation of shore power capabilities at all its terminals for large containerships.

Oman **signed** a Joint Development Agreement (JDA) to **establish** the world's first commercial-scale liquid hydrogen corridor. The corridor will enable the export of RFNBO-compliant liquid hydrogen from Oman's Port of Duqm to the Port of Amsterdam in the Netherlands, Port of Duisburg in Germany, and onward to other key logistics hubs in European countries.

Vessels will ship LH_2 from a centralized liquefaction plant in Duqm to a re-gasification terminal in the Port of Amsterdam where the hydrogen gas will be **distributed** onwards to the Netherlands and Germany by gas pipeline, rail tanker, and barges via the Dutch canal network.

The U.S. Transportation secretary **repealed** a Biden-era GHG emissions rule, **shifting** regulatory responsibilities from the Department of Transportation (DOT) to the individual states. The **final rule** will take effect on May 19th, 2025.

UN's IMO Set to Impose First Global Tax on GHG Emissions

In what is effectively the first global tax on greenhouse gas emissions, many of the world's largest shipping nations recently **decided** to **impose** minimum fees for every ton of GHG that ships emit above a certain threshold.

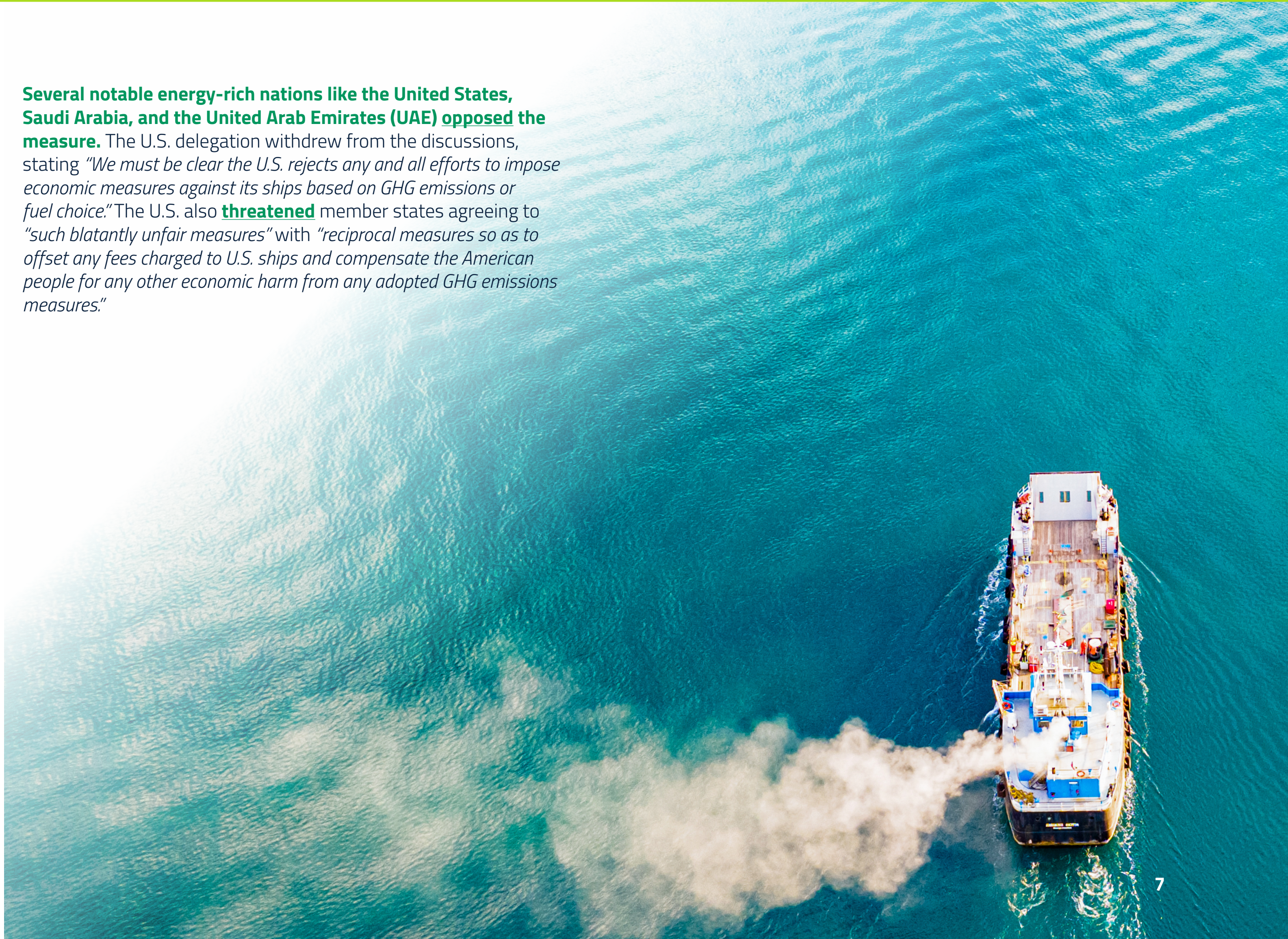
After two years of intense negotiations, the deal at the United Nation's International Maritime Organization (IMO) represents a complex compromise between polarized member states that called for a straightforward levy on every ton of emissions and others that supported a less punishing credit trading scheme.

The IMO **expects** the measures to be formally adopted in October '25 and to take effect in '27. Starting in 2028, ships worldwide must either transition to less carbon-intensive fuels or face substantial fees:

- $380 per ton on their most intensive emissions
- $100 per ton on remaining emissions above a lower threshold

The IMO **estimates** $11b-$13b in annual revenue from the fees, generating $30-40b by 2030, with money invested in a net zero fund for green shipping technologies. The fund will also be used to reward low-emission ships and support developing countries, so they aren't left with old ships and dirty fuels.

Several notable energy-rich nations like the United States, Saudi Arabia, and the United Arab Emirates (UAE) opposed the measure. The U.S. delegation withdrew from the discussions, stating *"We must be clear the U.S. rejects any and all efforts to impose economic measures against its ships based on GHG emissions or fuel choice."* The U.S. also **threatened** member states agreeing to *"such blatantly unfair measures"* with *"reciprocal measures so as to offset any fees charged to U.S. ships and compensate the American people for any other economic harm from any adopted GHG emissions measures."*



South Africa's transport minister **launched** a request for information (RFI) process to develop more private-sector participation (PSP) projects for the country's port infrastructure, rail, and inland terminals:

- Gauteng - Durban port
- Gauteng - Eastern Cape (East London, Port Elizabeth, Ngqura)
- Gauteng - Western Cape (Cape Town)

There are also several new "pit-to-port" projects:

Northern Cape - Saldanha Bulk Minerals Corridor and the Northern Cape - Nelson Mandela Bay Corridor

- This project would include rail, port and terminal infrastructure and equipment, moving iron ore from the Sishen-Postmasburg region to the port of Saldanha, in addition to manganese from mines located between Hotazel and Postmasburg to Saldanha and to Port Elizabeth and Ngqura in Nelson Mandela Bay.

Limpopo and Mpumalanga - Richards Bay Bulk Minerals Corridor

- Intended to boost exports of coal mined at Lephalale in Limpopo province, as well as chrome from mines in the Rustenburg-Brits region of northwest South Africa and coal mined in Mpumalanga and KwaZulu-Natal.

Learn More

OIA's New Road Consolidation & Storage Solutions Throughout Africa

Road freight and bonded warehousing solutions for the mining, energy, agriculture, and construction sectors.

Less than truckload (LTL) road consolidations from Johannesburg to:

- **Zambia:** Lusaka, Ndola, Kitwe, Solwezi
- **Zimbabwe:** Harare, Kwekwe, Gweru, Bulawayo
- **Democratic Republic of Congo (DRC):** Lubumbashi, Likasi, Kolwezi
- **Malawi:** Blantyre, Lilongwe
- **Angola:** Luanda
- **Botswana:** Gaborone, Francistown, Orapa
- **Mozambique:** Maputo
- **Namibia:** Windhoek, Walvis Bay, Otjiwarongo

Full truckload (FTL) road freight service is available in all the above countries as well as Kenya, Tanzania, Eswatini, and Lesotho.

Diverse contract logistics solutions, including bonded warehouse facilities in Kitwe (Zambia) and Lubumbashi (DRC)! These sites are strategically positioned to serve the increased demand for reliable and secure storage, particularly in the small mining towns across Africa's Copperbelt region.

Berths 55–59 at the Port of Oakland are being **upgraded** to accommodate ultra-large container vessels (UCLVs) and new shore power technology.

Four new, super post-Panamax cranes have come into service at Virginia International Gateway (VIG). With a maximum outreach width of 26 containers, the port's cranes can now handle three ultra-large container vessels (up to 21,000 TEUs) at once. In total, Virginia will have 26 cranes for UCLVs across both VIG and the larger Norfolk International Terminal (NIT). Several other key projects are in progress:

- Expanding to five berths
- Dredging the commercial shipping channels to 55' deep, making Virginia the deepest port on the U.S. East Coast.

Mexico will invest 46.4b pesos (USD $2.51b) in road infrastructure during 2025, with a focus on seven priority locations, six continuity works, artisanal roads, and conservation and maintenance projects. Overall, Mexico's infrastructure investments should improve highway connectivity throughout the country.

PSA International started Phase II operations at its 2.4m-TEU terminal at India's Nhava Sheva Port, with the expansion expected double the size of PSA Mumbai, also known as Bharat Mumbai Container Terminals (BMCT). **BMCT is poised to emerge as India's largest standalone terminal due to its 4.8m TEUs of annual capacity.**

- Additionally, the Nhava Sheva Business Park near Mumbai **offers** 1m square feet of warehousing space, with another one million in the pipeline, as well as temperature-controlled storage solutions.

Transport Technology

CMA CGM **announced** a five-year strategic partnership with artificial intelligence startup Mistral AI, with a focus on streamlining the customer experience through personalized solutions like automated claims processing, advanced document management systems, and new e-commerce tools.

DISRUPTION

U.S. importers and their Mexican counterparts are **experiencing** much longer wait times when northbound shipments arrive at key border gateways, such as Laredo, Texas, the largest U.S./Mexico crossing point.

- Verifying that a shipment is compliant with U.S.-Mexico-Canada Agreement (USMCA) rules of origin is proving to be a costly and time-intensive process, which is pushing supply chain costs upward and creating increased disruption.

RECENT COMPANY ACQUISITION

The acquisition of JF Moran, a premier U.S.-based customs brokerage firm, expands OIA Global's trade compliance expertise and strengthens the company's North American footprint via JF Moran's well-established presence in the U.S. Northeast and Southeast.

Since its founding in 1937, JF Moran has earned a strong reputation for regulatory expertise and client-focused solutions. The company's highly skilled customs team shares OIA's commitment to service excellence and enhances OIA's ability to deliver strategic logistics solutions.

Learn more

OIA GLOBAL™

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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