

# Sea Freight News

March 9, 2023



China's economic recovery remains uncertain as foreign trade continues to slump. While overall exports fell 6.8% in February, exports to the U.S and the EU recorded steep declines, tumbling 21.8% and 12.2%, respectively. Imports fell at an even faster rate by value, down 10.2%, including a 26.5% plunge in semiconductor imports, signaling weak demand for consumer electronics. Many other major Asian exporters are also seeing a decline, including South Korea and Vietnam, reflecting the slowdown in global economies.

U.S. import volumes have returned to pre-pandemic levels after falling 16.2% from January, with the majority of the decline coming from China. The Port of Los Angeles recorded the greatest drop, representing 40% of the total decline. While U.S. consumer confidence dropped unexpectedly in February, falling to 102.9 from 106 in January, the correlation between confidence and spend has been weak with sales performing better than expected. Meanwhile, the months-long slide in the dollar helped drive U.S. exports up 3.4%, the first increase since August 2022, despite a 5% drop in exports to China.

Across the pond, export growth has been tepid in Germany and France, while imports volumes continue to slump. Greece, Italy, and Spain, on the other hand, continue seeing strong import and export volumes.

While many analysts expect weak demand to persist throughout the year globally, the National Retail Federation expects a modest import rebound to begin this month in the U.S. and then climb above pre-pandemic levels by July.

The annual Transpacific contract negotiations have officially started and this year the roles have been reversed. Carriers are now out in force trying to repair the fractured customer relationships caused by the non-existent service levels and skyrocketing freight prices during 2021-2022 supply chain crisis. Long-term rates are expected to drop to the current spot market average, but with rates still falling, with no end in sight, they will face a lot of push back. Most likely, customers will look to hold off on making long-term commitments due to uncertainty in the market, opting instead for short-term quarterly contracts. In the meantime, many previously loyal shippers are aggressively comparison shopping, spreading their business among multiple carriers, and betting on the spot market. It is "shippers' revenge," said industry consultant Jon Monroe.

## KEY DEVELOPMENTS

**Demand:** Demand continues to fall across the major tradelanes, with demand from Asia especially weak.

**Supply:** Despite idling ~7% of global fleets, supply is currently estimated to be ~20% higher than actual demand.

**Blank Sailings:** Carriers have blanked a mere 9% of scheduled sailings between weeks 10 and 14, with the majority (68%) to the U.S. West Coast, causing significant space limitations for U.S. exports.

**Rates:** Average spot rates on the world's leading corridors continue to slip, marking the sixth consecutive month of falls. The decline is most pronounced on Asian trades, although the pace of the decline has slowed.

## In Other News

### Container glut won't dent the financial appeal of shipper-owned boxes

The Loadstar

Despite the glut of equipment and falling freight rates, shipper-owned containers (SOCs) may be more cost-effective than renting those owned by carriers. [Click here to find out why...](#)



## Upcoming Holidays

Holiday	Country	Date Observed
Daylight Saving Time	Int'l	March 12
Hindu New Year	Indonesia	March 22 -23
Independence Day	Greece	March 25
Independence Day	Bangladesh	March 26
Rama Navami	India	March 30

For a more comprehensive list of holidays, please click [here](#).

## Rotation Changes

- **Zim** cancels its expedited China-U.S. East Coast (ZCP) service
- **Zim** to launch a new U.S. East Coast – South America West Coast (ZCX) service
  - Philadelphia • Miami • Kingston • Buenaventura • Guayaquil • Callao • San Antonio • Cartagena
- **MSC** extends Asia – U.S. West Coast (Sentosa) service to include North India and Sri Lanka
- **MSC** has reinstated its Far East – Med "Dragon" service between the Far East, Naples (Italy), and Ashdod (Israel), but will not include Beirut or Spain in the reinstated service



## Market Outlook

Market	Trade Lane	Capacity	Demand	Rates	Origin Performance		
					Equipment	Reliability	Congestion
Asia	China – North America	↑	↓	↓	●	●	●
	China – Europe	↑	↑	↓	●	●	●
	South Asia – North America	↑	↓	↓	●	●	●
	South Asia – Europe	↑	↑	↓	●	●	●
North America	North America – China	↓	↓	↑	●	●	●
	North America – South Asia	↓	↑	↑	●	●	●
	North America – Europe	→	↑	→	●	●	●
	North America – Oceania	→	↓	→	●	●	●
Europe	Europe – North America	↑	→	↓	●	●	●
	Europe – China	↓	↓	↓	●	●	●
	Europe – South Asia	↓	↓	↓	●	●	●
	Europe – Oceania	↑	↓	↓	●	●	●

### Major Disruptions

- Carriers are continually restoring to last-minute cancellations due to low vessel utilizations
  - As a result, containers are getting bumped from one vessel to another, which could spark a new round of cargo delays
- Multiple strikes in Sri Lanka over the coming weeks will likely affect shipments to and transiting the country
  - Union workers will be protesting the government's new IMF-related tax policies and its decision to halt the March 9 elections, citing a lack of funds to finance the elections
- A series of strikes across Europe could lead to short-term inland transport interruptions and production delays
- Despite lower import volumes on the U.S. West Coast, port transit delays have increased at four of the coast's top five ports, with the only exception being Long Beach
- While equipment availability continues to improve at major locations, inland locations in the U.S., Europe, and India continue to struggle with shortages

### Announcements

- **FIATA** calls on carriers to reinstate container free-time periods back to pre-pandemic levels, saying justifications for the reduced free time are no longer valid, and return to normal detention and demurrage practices
- **CMA CGM** and **MSC** announce a general rate increase on shipments from India to the U.S. East and Gulf Coasts and Canada, effective **March 23-24**
  - However, industry sources are skeptical about the chances for success due to overcapacity on the lane
- Finnish dockworkers have ended their three-week strike that severely disrupted Finland's trade after reaching a pay deal
  - The strike is estimated to have cost the country \$1 billion in import and export losses
- Due to persistent congestion in Vancouver, carriers have shifted their preference to Seattle/Tacoma for Midwest IPI destination, including Chicago, Plains, and Ohio Valley



# Thank You

Please note the information contained in this publications is compiled from a variety of sources - including trade publications, local media outlets, federal agencies, and partner agents - and is based upon information available at the time of writing. This information is provided to our valued clients for informational purposes only, and we do not accept liability or responsibility for reliance on the information contained herein.

[www.oceanair.net](http://www.oceanair.net)



**OCEANAIR, Inc.**  
186A Lee Burbank Highway  
Revere, MA 02151



Phone  
781.286.2700



Email  
[solutions@oceanair.net](mailto:solutions@oceanair.net)