



Labor Deal Ends British Columbia Port Strike

After being shuttered for 13 days and disrupting the flow of billions’ worth of cargo, Canada’s key shipping ports in British Columbia have reopened following an announcement that a new labor deal has been reached.

The tentative agreement, brokered by a federal mediator, was reached just minutes before the deadline set by Canada’s Labor Minister and includes wage increases over the next four years and an expansion of ILWU Canada’s jurisdiction over regular maintenance work at the terminals, according to Reuters. The deal is subject to ratification by both the British Columbia Maritime Employers Association and the ILWU Canada.

The scale of the disruption has been significant to the Canadian economy, with the Greater Vancouver Board of Trade estimating the strike disrupted C\$9.7 billion in trade. Ongoing congestion and delays are expected over the coming weeks – both in the harbor and landside - as crews begin to clear the backlogs and unload the twenty or so vessels awaiting berth.

In comparison, the impact on U.S. imports has been relatively small, with rail moves between British Columbia and U.S. IPI locations brought to a virtual standstill. Even though the cargo operations at the ports have resumed, ripple effects will be felt for weeks to come, with the Railway Association of Canada warning it will take weeks to months to clear the backlogs. Additionally, mounting congestion at U.S. railway hubs, such as Chicago and Memphis, will likely impact rail service on both the East and West Coast, possibly leading to chassis shortages at some locations.

Demurrage and Detention Changes Fall Below Pre-Pandemic Levels

A recent survey by Container xChange found that average global D&D charges across 65 gateways have fallen 25% YoY and are now below pre-pandemic levels for the first time in three years. While averages charges are down, D&D charges at 11 of the 65 ports remain above 2020 levels, including seven ports in the U.S. - with New York, Oakland, and Los Angeles leading the pack for the highest D&D charges. However, after years of protest, D&D charges in the U.S. will likely be forced down as the Federal Maritime Commission works to ban the charges on days when terminals as closed.

KEY DEVELOPMENTS

Demand: Volumes remain muted, especially out of China, as global demand continues to slow amid persistently high inflation.

Supply: The supply-demand imbalance continues to grow and is projected to grow further in the second half of the year as new capacity comes online.

Blank Sailings: The blank sailing rate on the major east-west trades remains low, with 5% of scheduled voyages cancelled between weeks 29 – 33.

Rates: On the spot market, overall rates have increased marginally, despite falling Transatlantic rates, which are now back to pre-pandemic levels. Meanwhile, contracted rates continue to decline, but remain ~20% higher than pre-COVID levels.

In Other News

Rights group reports allegations of abuses in critical minerals supply chains
Associated Press

An advocacy group says it found allegations of labor and environmental abuses by Chinese-invested companies involved in mining or processing minerals used in renewable energy.... [Read more](#)



Upcoming Holidays

Holiday	Country	Date(s)
New Year	Indonesia & Malaysia	July 19
National Day	Belgium	July 21
Multiple	Switzerland & Thailand	August 1
Multiple	Bangladesh, India, Korea, & European Union	August 15

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

Rotation Changes

- **MSC** postpones Chinook Service rotation shift due to labor issues affecting Canadian west coast ports until further notice
 - Yantian • Shanghai • Qingdao • Busan • Seattle • Portland • Vancouver
- **ZIM** to add Port Klang, remove Jakarta on its ZXB service, effective **July 20**
 - Port Kelang • Laem Chabang • Cai Mep • Haiphong • Yantian • Kaohsiung • Kingston • Baltimore • Norfolk • New York • Boston



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 – Asia	●	●	↓	●	●	●
	North America – Europe	●	●	↓	●	●	●
Europe	Europe – North America	●	●	↓	●	●	●
	Europe – Asia	●	●	↓	●	●	●

Major Disruptions

- Carriers have cancelled some port calls to British Columbia, Canada in late July as works begins to clear the vessel queues in Vancouver and Prince Rupert
- Low water levels on the Rhine River have forced inland waterway vessels, particularly in Germany, to reduce capacity by as much as 50%, impose low-water surcharges
- Negotiations between **UPS** and the Teamsters have collapsed, taking the company one step closer to an **August 1** strike
 - Should there be an industry disruption, **FedEx** will limit the number of shipments it will accept “in order to protect capacity and service for existing customers,” based upon the volume the customer shipped between **July 17 – July 21**
 - The **U.S. Postal Service** is also stepping up its game with the launch of a new “Ground Advantage” service with two- to five-day transit times for parcels weighing up to 70 lbs.

Announcements

- Carriers have paused demurrage charges for in-terminal cargoes impacted by the ILWY Canada strike
 - Any charges that would have accrued between **July 1 – 13** will be waived
 - For containers on demurrage prior to the strike, the clock will start ticking again on **July 14**
- After a spate of incidents, **OOCL** has updated its [cargo acceptance policy](#) for all shipments containing batteries
- **SM Line** will increase its Overweight Surcharge to \$250 per 20’ container with a new weight between 38,000 – 44,000 lbs., effective **July 27**

Forecast

Analysts at FreightWaves have reported that U.S. import demand is now “peaking” and is positioned to reach a “new bottom” in the second half of the year, down 10% - 20% below the same period in 2019.

Drewry expects rates on most major east-west trades to decline in the coming weeks as additional capacity enters the market. Meanwhile, FreightWaves warned that too much capacity has the “potential to trigger a more intense price war among ocean carriers as they strive to gain market share during the remainder of this downcycle.”



Thank You

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