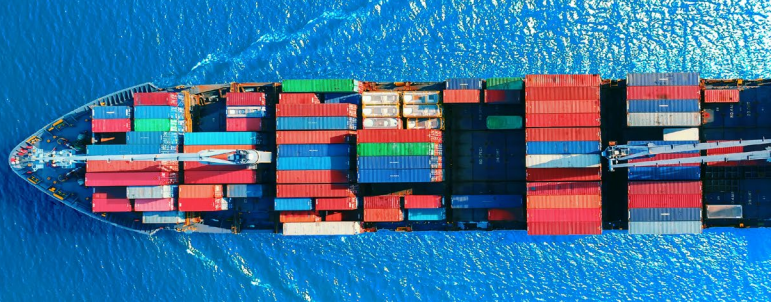


Sea Freight News

March 2024



As the ocean freight market enters its annual slow season, it's become clear that fears of significant supply chain disruptions from diversions around South Africa were over-rated. Indeed, both ports and carriers have adapted well to the new norm. Vessel positioning, capacity, and container stocks have greatly improved following the holiday in Asia. And aside from mild congestion in Houston and Oakland and some more extensive congestion at India's ports of Nhava Sheva and Chennai, overall congestion globally is minimal and port operations have run relatively smoothly.

Predictions by industry analysts of a shift back to the U.S. West Coast due to the disruptions at both the Panama and Suez Canals have also failed to materialize, with West Coast ports and inland routing options through Mexico not seeing a significant surge in volumes.

TPM24 Update: Shippers wary of signing deals

The Transpacific contract season has unofficially kicked off this week at the TPM24 conference in Long Beach, CA. The word on the street is that shippers are delaying pricing negotiations due to opposing views on supply-demand dynamics. Carriers have argued for the need of higher rates due to increased operating costs, while shippers maintain that current rate levels far exceed most estimates of those additional operating costs. Nevertheless, the general consensus is the ask from carriers should "be reasonable" and backed up with improved service levels and space guarantees.

Red Sea Update

Houthi rebels continue to fire upon merchant vessels transiting the Red Sea - including a missile strike on the *MSC Sky II* earlier this week - despite assessments that joint coalition strikes have significantly hindered their ability to carry out attacks. In addition to banning vessels with ties to Israel, the U.S., and the UK, the Houthi are demanding all vessels [obtain a permit](#) before entering Yemeni waters. The Yemen government also warned IMO member countries that the Houthi have "continued to randomly plant sea mines" throughout the region. Meanwhile, CMA CGM has announced it will resume some Red Sea transits on a case-by-case basis.

Expectations that tensions in the Middle East are likely to ease later this year have given shippers hope that vessels would revert back to the much shorter Suez Canal routing sooner rather than later. However, during his keynote address at TMP24, former Defense Secretary Robert Gates warned the rebels will likely continue their attacks even if a ceasefire is reached in Gaza.

KEY DEVELOPMENTS

Demand: While overall demand has softened as the market enters its seasonal lull, load factors from Asian origins remain steady due to backlogs created over the past few weeks.

Supply: While freight is generally finding space, we are seeing occasional constraints on some services – esp. from India– due to smaller vessel deployment, schedule reshuffling.

Blank Sailings: Carriers have cancelled 5% of sailings between Weeks 10–14, with 34% occurring on the Transpacific, 49% on Asia – Europe, and 17% on the Transatlantic trades.

Rates: While the Red Sea diversions have kept rates significantly elevated, overall rates have softened WoW as tepid demand prevented carriers from launching March 1 GRI attempts. Several carriers have postponed the GRI until mid-March / April; however, it is likely the GRI will be cancelled unless there are significant developments in the coming weeks.

In Other News

Freight Rail Layoffs Renew Concerns About Safety and Service

Transport Topics

The latest [rail layoffs](#) are renewing concerns about the effects all the cuts might have on safety and service ... [Read more](#)

Upcoming Holidays

| Holiday | Country | Date(s) Observed |
|--|---------------|------------------|
| Daylight Savings Time | International | March 10 |
| Hindu New Year | Indonesia | March 11 – 12 |
| Independence Day | Bangladesh | March 26 |
| Maundry Day / Good Friday / Resurrection Day | Multiple | March 28 - 31 |

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

Rotation Changes

- **MSC** launches new **Ecuador-NWC** and **Scan Baltic-USA** service, replacing the Ecuador-NWC and Scan Baltic-USA services
 - Klaipėda • Gdynia • Gothenburg • Bremerhaven • Antwerp • Felixstowe • Le Havre • Boston • New York • Philadelphia • Norfolk • Jacksonville • Freeport • Panama Canal • Rodman • Guayaquil • Puerto Bolívar • Païta • Panama Canal • Cristóbal • Moín • Antwerp • Rotterdam • Bremerhaven
- **MSC** has relaunched its West India – U.S. East Coast (**Indusa**) service



Market Outlook

| Market | Trade Lane | Capacity | Demand | Rates | Origin Performance | | | |
|---------------|-------------------------|----------|--------|-------|--------------------|-------------|------------|----------|
| | | | | | Equip | Reliability | Congestion | Backlogs |
| Asia | Asia – North America EC | ● | ● | ↓ | ● | ● | ● | ● |
| | Asia – North America WC | ● | ● | ↓ | ● | ● | ● | ● |
| | Asia – Europe | ● | ● | ↓ | ● | ● | ● | ● |
| North America | North America EC – Asia | ● | ● | ↑ | ● | ● | ● | ● |
| | North America WC – Asia | ● | ● | ↑ | ● | ● | ● | ● |
| | North America – Europe | ● | ● | → | ● | ● | ● | ● |
| Europe | Europe – North America | ● | ● | ↓ | ● | ● | ● | ● |
| | Europe - Asia | ● | ● | ↑ | ● | ● | ● | ● |

Major Disruptions

- Some terminals in Los Angeles have limited the number of daily drayage appointments and empty returns, leading to higher chassis and storage charges
- Container shortages and tightening capacity continue to impact exports from India’s Nhava Sheva and Chennai, leading to rate volatility
- French port officers have announced a nationwide strike on **March 12**; No end date has been announced yet
 - Port officers have confirmed participation at Bastia, Boulogne, Caen, Dunkirk, Le Havre, Lorient, and Rouen; however, ports across the country are likely to join in
 - While affected ports will likely attempt to operate at reduced level, operations are likely to cease entirely

Announcements

- The **FMC** has issued a **Final Rule** on demurrage and detention (D&D) billing requirements for ocean carriers and terminal operators, effective **May 26**
 - D&D Invoices must be issued within 30 days
 - Invoices may only be issued to the consignee or whoever contracted the transportation/ storage
 - Invoices must include specific information to ensure compliance with the Shipping Act of 1984
 - If the issuer fails to include the required data, the billed party is under no obligation to pay
 - Billed parties will have 30 days to dispute charges

Forecast

Industry analysts expect rates to gradually decline over the coming weeks as the market enters its annual slow season. However, rates will remain elevated above normal levels due to the higher operating cost of the Africa diversions. Carriers will also likely push another GRI increase in April as they seek more leverage for the Transpacific contract negotiations.

Global capacity is expected to increase 23% in March and will continue to grow throughout the year, creating an oversupply that will continue to pressure rates.

Looking further ahead, the threat of a dockworkers strike on the U.S. East and Gulf Coasts in the second half of the year may entice shippers to divert cargos to the West Coast. However, many analysts are expecting the West Coast trucking market to tighten in H2 as capacity exits, leading to increased inland costs. The tight trucking conditions will be further exacerbated by produce season, which typically runs from late spring through fall. While switching coasts may improve ocean transit times, it could lead to longer total transit times and increase overall landed costs, which is something shippers should keep in mind when making planning decisions. On the bright side, DC Velocity has reported that the Port of Montreal is one step closer to ratifying a contract with union members, “which will likely lead towards a positive resolution between parties soon.”



Thank You

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