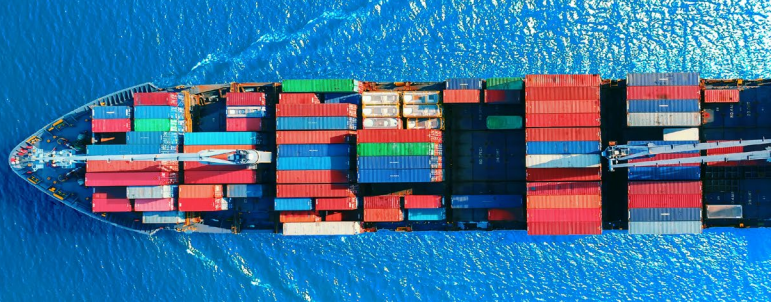


Sea Freight News

April 2024



No Impact So Far from Baltimore Cargo Rerouting on East Coast Operations or Rates

As emergency crews continue the daunting task of cleaning up the wreckage of the Francis Scott Key Bridge after last week's horrific incident, shipping lines have begun rerouting cargo to other East Coast ports. According to Project44, 43% of the diverted cargo is heading to Norfolk, 26% to New York, 13% to Wilmington, 10% to New Jersey, and 6% to Boston, with the remaining 2% diverted to other ports.

While many Baltimore-bound vessels already make calls at these ports, they will need more time to offload the additional volumes during these calls, which are likely to create ripple effects for shippers across the East Coast. With 21,000 TEU being diverted weekly to just six ports, there is a real potential for port congestion, tightened trucking and rail capacity, equipment shortages, and increased transportation costs. However, as demand has waned during the slack season, any delays experienced are likely to be minimal, and the situation is expected to normalize over the next few weeks.

To help mitigate disruption and facilitate cargo flows, CSX and Norfolk Southern have launched new rail services between Baltimore and New York/New Jersey. Authorities have also opened two temporary channels to allow emergency vessels to pass through and free some of the tugs and barges that had been trapped at the Port of Baltimore since the bridge collapsed on March 26. However, the depth of both passageways is inadequate for large vessels, with only a depth of 11 feet and 15 - 16 feet, respectively. "The opening of these two alternate channels and transit of critical response resources, as well as the first commercial traffic movements through the area, is a significant milestone in our response efforts," said U.S. Coast Guard Cmdr. Baxter Smoak. And while a third channel, with a depth of 20 - 25 feet, will be opened once the debris is cleared, a wider restoration for commercial shipping won't likely happen until at least May.

Meanwhile, ABC News reported that DSH has deemed the water near the crash site unsafe for divers after a hazardous materials sheen was identified in the water. While they have not yet determined the source of the discharge, NTSB Chair Jennifer Homendy said the agency has identified 56 containers of dangerous goods aboard the *Dali*, 13 of which were damaged during the collision, and are monitoring about 1.8 million gallons of fuel for the potential spill. The team is also analyzing the cargo manifest to determine if any materials could pose health risks.

KEY DEVELOPMENTS

Demand: With the slack season in full swing, overall demand remains sluggish.

Supply: Global capacity continues to loosen as more newbuilds hit the water and networks adjust to the longer routings around the southern tip of Africa. However, capacity has tightened slightly on the Transpacific trade lanes, resulting in higher rejection rates, up to 14.2% from 11.9% WoW.

Blank Sailings: Carriers have cancelled 7% of sailings between Weeks 14-18, with 46% occurring on the Transpacific, 33% on Asia - Europe, and 21% on the Transatlantic trades.

Rates: While average global spot rates continue to slide, falling 3.0% WoW, rates remain significantly higher than the same period in 2023.

In Other News

What can we learn from the Baltimore bridge collision?

Seatrade Maritime

What the disaster in Baltimore should be reminding people of, is the risks to infrastructure which were thought perfectly acceptable ... [Read more](#)

Feds mandate 2-person minimum for most train crews

FreightWaves

The new requirement is part of the Federal Railroad Administration's final rule announced on Tuesday mandating a two-person minimum ... [Read more](#)

Upcoming Holidays

Holiday	Country	Date(s) Observed
Lebaran	Indonesia	April 8 - 9
Hari Raya	Singapore / Malaysia	April 10 - 11
Ramadan	Bangladesh	April 10 - 12
Songkran Festival	Thailand	April 13 - 16

Rotation Changes

- **ONE** postpones relaunch of Asia- U.S. East Coast (**EC4**) service until the Red Sea crisis stabilizes, revises other East Coast services
 - **EC1:** Kaohsiung • Xiamen • Yantian • Shanghai • Ningbo • Pusan • Manzanillo • New York • Norfolk • Charleston • Savannah • Rodman
 - **EC2:** Qingdao • Yantian • Ningbo • Shanghai • Pusan • Manzanillo • Cartagena • Savannah • Charleston • Wilmington • Norfolk • Cartagena • Pusan
 - **EC3:** Laem Chabang • Cai Mep • Singapore • Colombo • Halifax • New York • Norfolk • Savannah • Jacksonville • Charleston • New York • Halifax • Jebel Ali • Singapore



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

- Despite contractual obligations to arrange domestic transport for Baltimore-bound cargo, several carriers have informed their clients that once cargo reaches the diversion port, it will be the client’s responsibility to make transportation arrangements to final destination
 - The move could likely lead to increased demurrage or detention charges should impacted customers have issues with pick up, return of empty containers
- The hearts and prayers of all us at OCEANAIR go out to those impacted by the powerful 7.2 magnitude earthquake that struck Taiwan on Tuesday
 - The earthquake, the largest in 25 years, caused at least 9 fatalities, injured more than 1,000 people, and hit the world’s largest production center for semiconductors
 - Operations at affected facilities are expected to take anywhere between a week to several weeks to restore, depending on the type of chip produced; as a result, shipments of the electronics components will be delayed
- The Biden Administration has cancelled plans to replenish the [Strategic Oil Reserves](#), which have dropped to a forty-year low, citing high prices
 - Critics warn that low reserves are a national security threat, especially amid the rising turmoil in the Middle East and Taiwan
- A merchant vessel operating in the Persian Gulf has reported electronic interference to its GPS/AIS navigation systems
 - The incident comes after the expiration of a U.S. Maritime Administration advisory on the threat of significant GPS interference and AIS “spoofing,” which manipulates the systems into broadcasting incorrect data

Announcements

- Lobby group Transport & Environment (T&E) has filed [a claim](#) accusing Maersk, MSC, Hapag-Lloyd, and CMA CGM of profiteering off European Union ETS surcharges, to the tune of millions of euros
- Shipping alliances plan to drop direct calls to Hong Kong
 - The Ocean Alliance has dropped the number of direct calls from 11 to just 6 in 2024 and plans for only 1 in 2025
 - The Gemini Cooperation’s (Maersk and Hapag-Lloyd) network, which begins in February 2025, contains no direct calls to the port
 - An “analysis of network design and network efficiency will show that fewer, but larger, hubs are economically more efficient,” said Alan Murphy, CEO of Sea Intelligence. “Hong Kong appears to be the first major ‘victim’ of this. But as the new alliance constellations improve their networks in the coming years, it is likely that more ports could risk the same fate as Hong Kong.”

Forecast

After two unsuccessful GRI attempts in March, carriers are eyeing another rate hike in mid-April. However, industry insiders expect rates will likely trend downward as they had for most of March. The only outlier would possibly be lanes heading to or from the U.S. East Coast, which could see building congestion due to the uptick of cargoes diverted from Baltimore.



Thank You

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www.oceanair.net



OCEANAIR, Inc.
5 Centennial Drive, Suite 400
Peabody, MA 01960



Phone
781.286.2700



Email
solutions@oceanair.net