



# Market Report 10/2024



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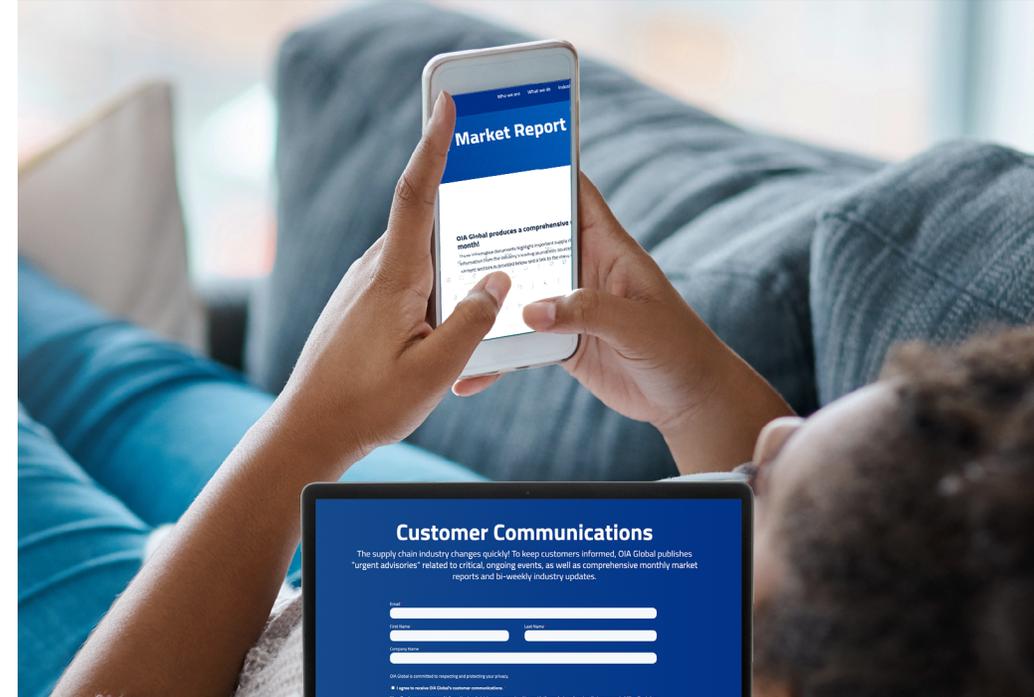
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### Note

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

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## Ocean Freight



South Korean shipbuilder Hanwha Ocean Co. **announced** that it will invest \$1.3b over the next three years to improve the safety of its shipyard operations.

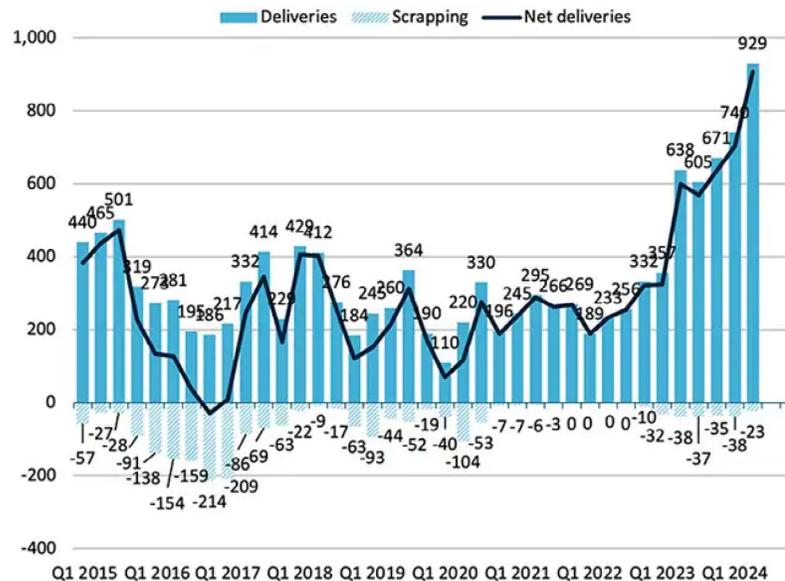
- Additionally, Hanwha Ocean is buying a former Navy shipyard in Philadelphia and recently **secured** Korea's first ever contract to **overhaul** a U.S. naval ship. Importantly, this could mark a new wave of investment as the Korean company starts to **play** a bigger role in the U.S. shipbuilding sector.



The United States remains heavily dependent on foreign companies for shipping, port access and shipbuilding. Although 80% of global trade and >90% of military supplies **travel** by sea, the U.S. shipbuilding industry accounts for <1% of the world's commercial vessels.

## SUPPLY CAPACITY TRENDS

The maritime industry's recent trends for supply capacity, showing elevated deliveries and declining orderbooks.



Source: Alphaliner, accessed via Maersk. Note: Net deliveries are updated only once per quarter, with the latest update being July '24.



## Air Freight

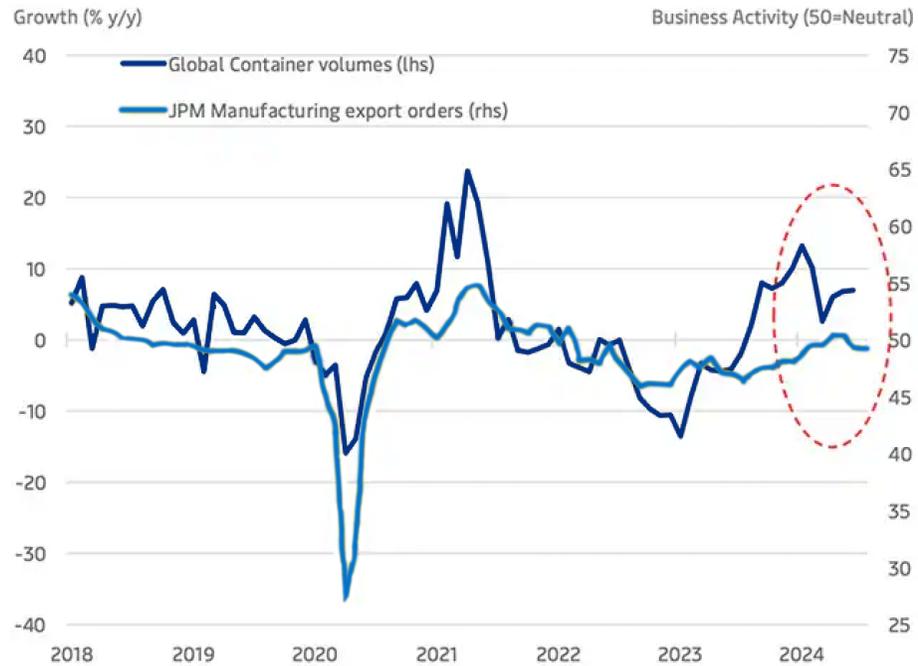
With a heightened risk in the Red Sea and no resolution in sight, more and more shippers are choosing air freight to avoid the longer voyages around southern Africa.

Amazon will **make** its freighter space available to the air cargo market, with dedicated flights as well as charters.

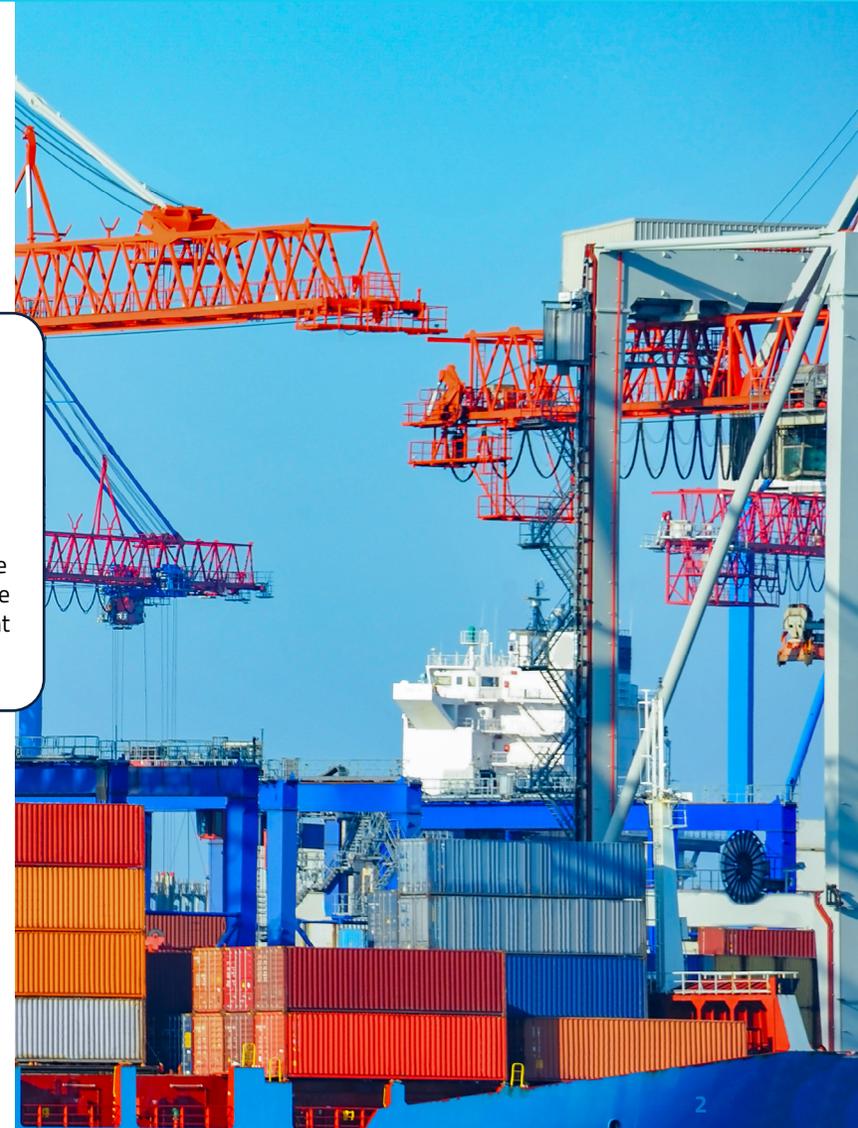
Air freight rates are being **pushed** upward by a supply/demand imbalance, with August '24 supply metrics increasing 2% year-over-year (YoY) while demand was +11%.

China-U.S. and China-Europe air freight rates have been elevated all year as E-commerce volumes continue to dominate.

## EXPORT ORDERS & CONTAINER TRADE



Peak season surcharges have returned, and this informative article [compares](#) the different companies' 2024 fees.



Source: J.P. Morgan, Oxford Economics, Internal Ocean Container Market estimations as of July '24, Maersk calculations, Seabury. Note: Global private consumption includes both goods and services.



Germany's Duisburg Gateway Terminal (DGT), Europe's largest inland container facility, is now **open** for business. DGT will have an annual capacity of 850k TEUs once it's fully operational.



The Ports of Indiana-Burns Harbor will **invest** \$25m for two new railyards and a brand new dock. U.S. Customs and Border Protection (CBP) will also develop an international ocean terminal at Burns Harbor, set to open in 2026.



Designs for the \$17b Iraq-Turkey development road are now **complete**. The project will create a new 1200km double-track freight and passenger railway between the Turkish border and Iraq's Grand Port at Al Faw.



India's new Tuticorin International Container Terminal (TICT) is strategically **positioned** in the Gulf of Mannar to link with Europe, the U.S., and other key markets.

- **Handles** roughly 600k TEUs annually
- 370 meter quay
- 14.2 meter draught
- Advanced cargo handling equipment, including three post-Panamax cranes and 9 electric rubber-tyred gantry cranes.



After >40 years, freight trains can **operate** across the Mozambique-Malawi border again. The restored Dona Ana-Vila Nova da Fronteira rail line reconnects Mozambique's Port of Beira with other local resources.

## Mergers & Acquisitions

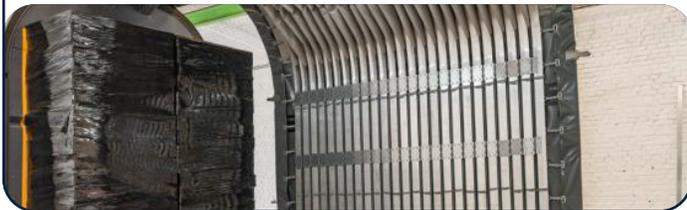
- Deutsche Bahn will **sell** its logistics subsidiary DB Schenker to DSV for approximately \$16m (EUR \$14.8b). The acquisition allows Deutsche Bahn to **focus** on its core rail business and reduce debt, while DSV will **expand** its global logistics presence, especially in Germany where it expects to invest >\$1b over the next 3-5 years.
- CMA CGM Group will **acquire** nearly half of Santos Brasil Participações S/A, a key terminal operator **managing** the Port of Santos in São Paulo, South America's largest container terminal. Santos port alone **handles** +/-40% of Brazil's container volumes.
- RXO **acquired** Coyote Logistics from UPS, becoming the 3rd largest freight broker in the U.S.
- **OUTSIDE THE GREATER 48**  
Alaska Airlines and Hawaiian Airlines will **finalize** a \$1.9b merger after clearance from the U.S. Department of Transportation (DOT). **Notably, the transaction allows Alaska to overtake freight cargo operations for Amazon.**
  - **Context:** Hawaiian Airlines also operates several freighters for Amazon's air network and expects to have 10 cargo jets soon. The companies have not indicated whether the Hawaiian/Amazon transportation services agreement will need alterations. Amazon has claim to a 15% equity stake in Hawaiian Airlines after nine years conditioned on meeting a spending threshold of \$1.8b.



## DESIGNING RAIL WAGONS FOR PALLETS

Road freight is still the leading mode of transport for lighter freight travelling on pallets, and intriguingly, the market segment continues to grow. Historically, there has been minimal innovation in the rail wagon design for palletized freight, which has hindered rail freight's overall performance.

Now, Ermewa is **working** to identify which changes can **optimize a rail wagon for pallets**. In the team's new design each side of the wagon is independent, meaning a forklift operator can load one open side before moving onto the next, improving the overall loading processes' efficiency.



Thomas Bagge, CEO of the Digital Container Shipping Association (DCSA) **noted**, "This year, electronic Bill of Lading (eBL) adoption reached 5%, up from 1.2% in 2021, and carriers adopted more DCSA standards in the first quarter of 2024 than in the whole of 2023."



Corvus Energy's **Pelican Fuel Cell System** for ocean vessels has been **given** approval from international maritime classification company DNV.

**Trials of an entirely automatic heavy-haul freight train were successfully completed in northern China**, from Huanghua to Dongying city. Shenhua says the project relied on new domestically developed technology, which was used to achieve a multi-dimensional data exchange between train and trackside was successfully demonstrated on a Chinese high-speed railway for the first time. The digital simulation platform enables real-time and remote monitoring of train statuses, intelligent infrastructure detection, active and precise route identification, and remote control of the rear of the train.



Amogy successfully **launched** the first carbon-free, ammonia powered maritime vessel, a tugboat **named NH<sub>3</sub> Kraken**. Amogy's ammonia cracking technology **converts** liquid ammonia (NH<sub>3</sub>) into its base elements of hydrogen and nitrogen, and then funnels the hydrogen into a fuel cell. The system is designed for vessels as small as a tugboat and as large as a containership and could also work in other heavy industries.



Clean Energy Fuels Corp., the transportation industry's largest provider of renewable natural gas, is **launching** a pilot program for heavy-duty fleets to operate a truck equipped with the Cummins' new X15N engine, and J.B. Hunt Transport Inc. will be the first trucking company to participate in the program.



Photo: Clean Energy

The 2025 Peterbilt 579-day cab tractor will be available for fleets to **test** on normal routes in two-week intervals. The fleets operating the demo truck can leverage Clean Energy's fueling infrastructure, consisting of >600 stations across North America, and 200 with public tractor-trailer access.

HMM will **invest** KRW \$23.5t (USD \$17.4b) by 2030, with >60% of the total investment directed at sustainable management activities like green facilities or low-carbon ships.

MSC's latest network structure **reduced** the distance between Asia and Europe by nearly half, meaning MSC will have an economic advantage over OCEAN Alliance in terms of ETS costs.

- The European Union's Emissions Trading System (ETS) is the de facto carbon tax on shipping in the EU, so to maximize ETS savings, vessels should call the non-EU port nearest to its first/last EU port of call.

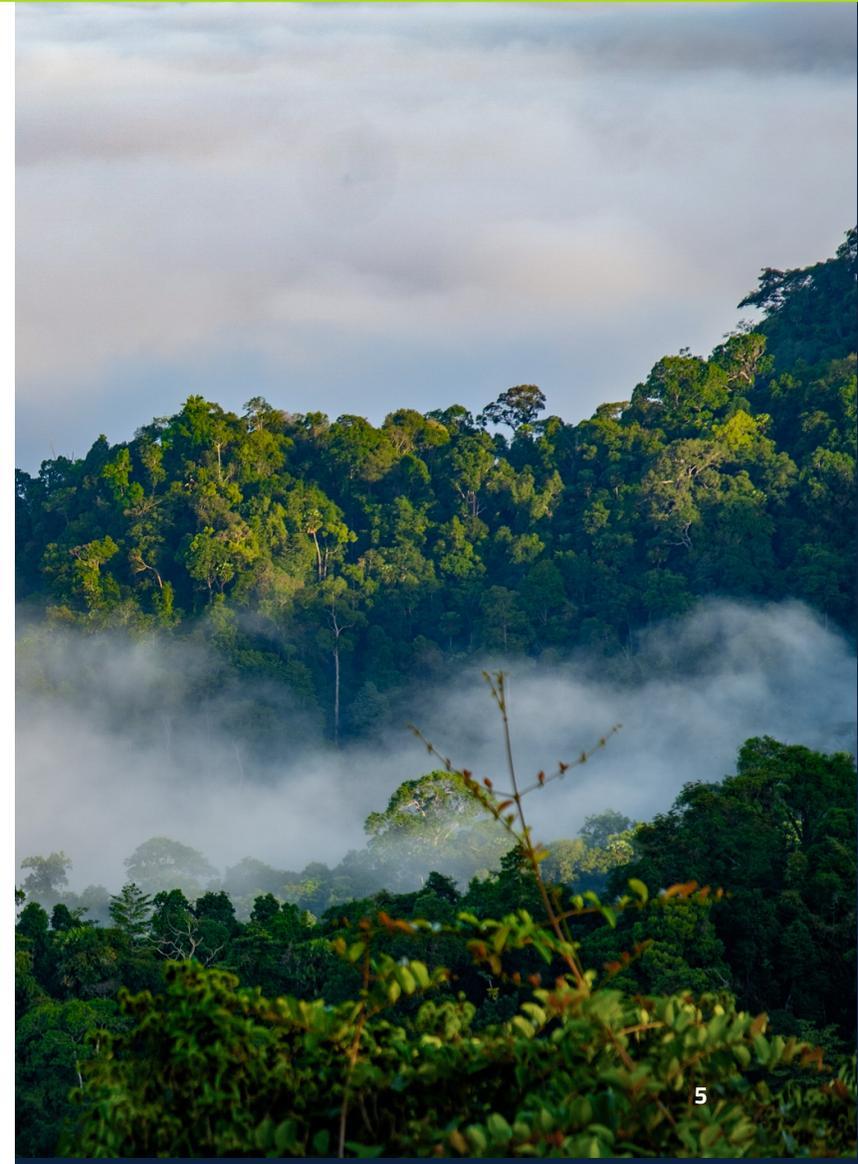


Germany's Hamburg Port Authority (HPA) and the Maritime and Port Authority of Singapore (MPA) **signed** a letter of intent (Loi) to accelerate their maritime decarbonization. HPA and MPA commit to share information on the development and uptake of zero and near-zero emissions fuels, including crew training and safety protocols for the handling and bunkering of such fuels.



Starting 1 January 2025, all flight departures from European Union (EU) countries must **blend** in 2% Sustainable Aviation Fuel (SAF) into their fuel.

- Customers of Lufthansa Cargo and sister company Swiss WorldCargo will see a **rise** in the carriers' airfreight surcharge (ASC) as it folds-in SAF costs.



## Laws/Legislation



The Panama Ship Registry is currently the world's largest with >8,000 vessels totaling >250m tons, and the Panama Maritime Authority (PMA) recently **implemented** these strategies to maintain the integrity of its ship registry, bolster its regulatory framework, and combat sanctions evasion:



- Introduced the "Panama Flag Precheck Process" in September 2024 to enhance due diligence procedures for new registrations. The PMA is now **authorized** to automatically **cancel** the registration of any vessel involved in illegal activities.
- Joined the Registry Information Sharing Compact (RISC) to better prevent vessels from evading sanctions.
- Restructured monitoring capabilities by transferring the *Monitoring and Control Section* to the *Maritime Ship Protection Department*.



### EPA DELAYS 'FOREVER CHEMICALS' RULES

Manufacturers have been given more time to submit information about the presence of Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS). The Environmental Protection Agency (EPA) **delayed** implementation of the rule from 12 November 2024, until 11 July 2025, giving manufacturers more time to **submit** information about "forever chemicals" in their supply chains.



Container Corporation of India (Concor)—the largest container rail operator in the country—**amended** its container storage and handling tariff policies for both empty and laden boxes. Notably, shippers now have an extended 90-day 'free time' for storage of empty containers at Concor's inland terminal in Nhava Sheva, one of the largest.



### RUSSIA CONTINUES CIRCUMVENTING SANCTIONS

Western economic sanctions imposed on Russia will likely remain in place for decades, even if there is a peaceful settlement in Ukraine. Because of this, Russia continues to **establish** a complex network of helpful individuals, shell companies, and other resources to keep its "dark fleet" of restricted oil moving around the world.

Dmitry Birichevsky, head of the economic cooperation department at the foreign ministry, **noted** that Moscow is already sharing strategies with other sanctioned countries (Iran, Venezuela, North Korea, etc.) to create an international "anti-sanction" coalition that can resist Western pressure.

Similar tactics used to circumvent sanctions on Russia's crude oil trade are now being **applied** to the Liquefied Natural Gas (LNG) market. Kpler noted that developments in the LNG tanker market pointed "to a complex network of maritime operations potentially linked to Russian interests."

- Since Q2 '23, >50 LNG vessels have **changed** ownership to companies located in the United Arab Emirates (UAE).
- The Cook Islands recently **entered** the top 30 flag leaderboard, with Cook Island ships often trading sanctioned Russian/Iranian/Venezuelan oil.
- Notably, LNG was the most popular alternative fuel for ships **ordered** during September 2024.



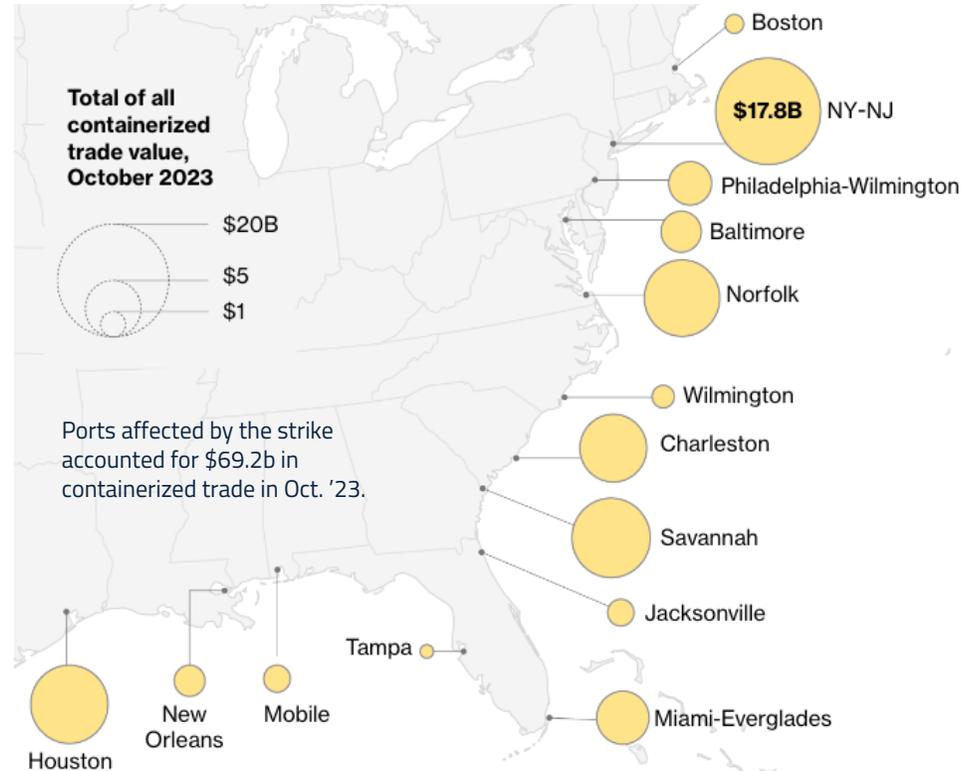
## MAJOR DOCKWORKER STRIKE SHUTS DOWN U.S. EAST & GULF COAST PORTS FOR SEVERAL DAYS

According to a joint statement: **"The International Longshoremen's Association (ILA) and the United States Maritime Alliance, Ltd. (USMX) have reached a tentative agreement on wages and have agreed to extend the Master Contract until January 15, 2025, to return to the bargaining table to negotiate all other outstanding issues."** A final agreement would still have to be ratified by union members.

HSBC Global Research [reports](#) that a long-term strike could impact +/- 15% of the global fleet, while shipping analysts at Linerlytica [noted](#): "The 14 ports controlled by the ILA handled 28.4m TEUs of containerized cargo in 2023, almost 550,000 TEU each week. For each week the strike continues, it would hold up [impact] 1.7% of the global containership fleet."

Some carriers invoked *Force Majeure* or implemented additional charges related to recent events.

- In commercial/international law, *force majeure* signifies an extraordinary and unforeseen event whose occurrence frees the agreed upon parties from certain obligations to one another. *force majeure* incidents typically include wars, natural disasters, terrorist attacks, pandemics, or civil unrest like riots.



Source: USA Trade, U.S. Census, accessed via [Bloomberg](#).  
Note: Trade value for the ports of New York and New Jersey; Wilmington, Del. and Philadelphia; and Everglades and Miami are combined.



Air Canada and the union representing thousands of its pilots reached a new labor deal, averting a major, nationwide shutdown.



Austria's railways will need months to restore the country's busiest train line after catastrophic floods damaged rail infrastructure.

- The rail corridor between Vienna and other key hubs is operating at about 1/3 of its normal capacity.
- By 10 October 2024, Provisional repairs are expected to raise the number of trains to about 300 a day.



OIA Global delivers resilient **supply chain solutions** that adapt to a dynamic world. Our mission is to deliver peace of mind. Through proven solutions and exceptional service, we go above and beyond to find the path to success for every customer.

OIA Global goes beyond transportation management to offer **contract logistics** services, innovative **packaging solutions**, **raw materials management**, **4PL** supply chain orchestration, and several advanced **technology solutions**. OIA is headquartered in Portland, Oregon, USA, but maintains an expansive network across 25+ countries, with 1,100+ **employees** in 50+ **offices**.

The company maintains expertise in several **key industries**, including **automotive** and mobility, **electronics**, **energy**, **healthcare**, **industrial**, and **retail** and lifestyle companies.



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