

# INTERNATIONAL MONTHLY MARKET UPDATE

JANUARY 2024



## *Happy New Year from IL2000!*

As we head into the new year, the looming drought and delays at the Panama Canal bring uncertainty for shippers. Now, there is also the threat to vessels traveling through the Suez Canal, which has had carriers scrambling for solutions for the last 20-plus days.

Just over the holiday weekend, another Maersk vessel was attacked. The Maersk Hangzhou had a double attack as the US sent two destroyers in to assist. Maersk then issued a statement to pause all transits through the Red Sea / Gulf of Aden until further notice. Carriers have started rerouting vessels around Africa, causing delays, war risk surcharges, and vessels being held in position while they figure out their next move.

Carriers are now using the uncertainty in the Red Sea to raise freight rates. The Federal Maritime Commission has been permitting carriers to publish new tariffs with less than the usual 30-day notice. Maersk and MSC have already issued letters. CMA announced new Peak Season Surcharges that continue to increase. The Shanghai Containerized Freight Index (SCFI) showed a 162% rate increase from Shanghai to North Europe over the last two weeks.

Shippers enter 2024 uncertain of how long the Suez Canal situation will continue. This, along with the Chinese New Year almost upon us, will continue causing freight rates to increase. Capacity will be limited, blank sailings will increase, and we will see delays in the overall global transit. We suggest that all our customers review their lead times and check with the international team for the best options.

### **Europe**

Starting January 1, 2024, the Europe Emissions Trading System (ETS) surcharge will be applied to all cargo originating from or arriving at an EU-operated port. Europe's goal is to become the first climate-neutral continent by the end of 2050. The ETS intends to assist Europe by introducing a price for all greenhouse gases being emitted in this sector.

### **China**

The Lunar New Year celebration is a little later this year, starting February 10 and lasting through the 17th. If something is urgent, please check with your supplier to ensure the product can be shipped prior to their closing. Many carriers implement blank sailings during this time, and pre-booking is suggested.

South China Customs offices (excluding Hong Kong, Da Chan Bay, Yantian, and Shekou)

announced they will be off duty during the Chinese Lunar New Year period. Barge services will be suspended during this time as customs will be closed. Any cargo arriving during this time will be delayed for connection and incur demurrage. The planned barge suspension will be from February 5 through the 18th.

## Port News

US Imports are still tracking higher than before the pandemic. However, November shows a 9% fall, with the East Coast and Gulf Ports getting hit the hardest. Conditions worsening at the Panama Canal combined with seasonality are causing the decline.

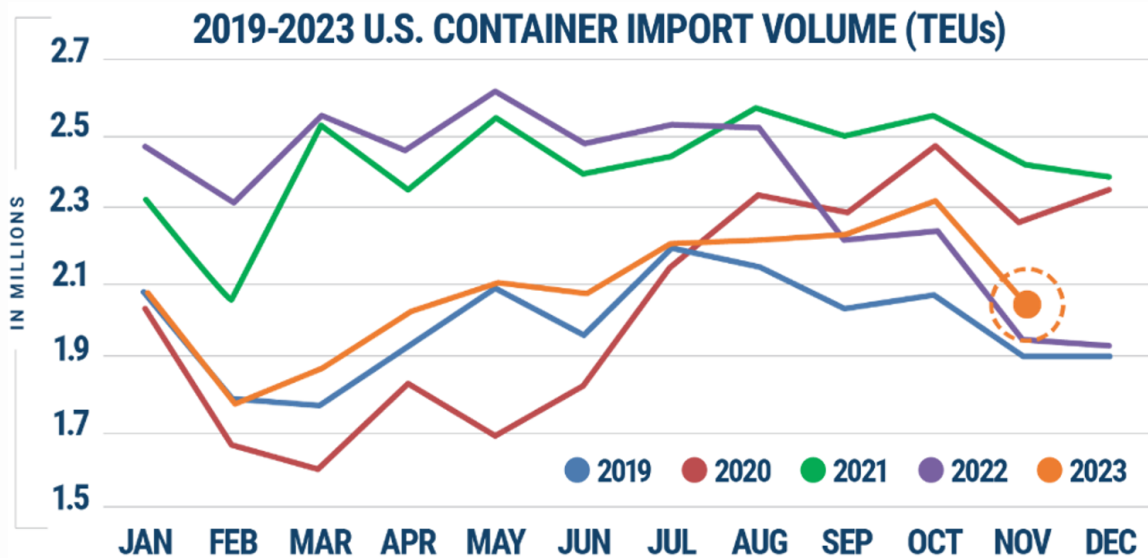


Chart: Descartes. Data: Descartes Datamyne. Source: [FreightWaves](https://www.freightwaves.com)

## Customs

On January 2, the US Census Bureau sent out a notification with updated Schedule B and Harmonized Tariff Schedules codes that will not be valid in 2024. They will give a 30-day grace period for the outdated codes. Please see the links below for more information:

- The 2024 Schedule B and HTS tables are available for download at: <https://www.census.gov/foreign-trade/aes/concordance.html>
- The current list of HTS codes that are not valid for AES is available at: <https://www.census.gov/foreign-trade/aes/documentlibrary/concordance/hts-not-for-aes.txt>

On December 24, the US Departments of Commerce, Treasury, Justice, State and Homeland Security Issued a Joint Quint-Seal Compliance Note; "Know Your Cargo: Reinforcing Best Practices to Ensure the Safe and Compliant Transport of Good in Maritime and Other Forms of Transportation." This document highlighted the responsibility of individuals' and entities' participation in global trade to assess their risk and implement compliance programs. This note included potential indicators that could be an effort to evade sanction and export controls and recommended compliance practices that should be followed.



The Customs Broker Triennial Status Report opened on December 18, 2023, and is due by February 29, 2024.

CBP's November 2023 monthly update was published on December 22, 2023. Some of the highlights include:

- Over 2.7 million entry summaries were processed and valued at more than \$268 billion, with an estimated duties of \$6 billion to be collected. Ocean entries accounted for 38%.
- CBP seized 1607 shipments containing counterfeit goods valued at more than \$118 million.
- The defense of the US agricultural system is huge, and CBP issued 363 emergency action notifications restricting and prohibiting plant and animal products from entering the US.

The last meeting of 2023 for the Commercial Customs Operations Advisory Committee was held on December 20, 2023. It unanimously passed 12 recommendations on export modernization, rapid response, and North American trade. These recommendations aim to improve US CBP's operation and communication while empowering businesses to remain compliant with trade laws and policies.

The international team is here to help with your logistic needs! Making Logistics Happen!  
[international@il2000.com](mailto:international@il2000.com)

*Sources: HMM, Maersk, FreightWaves, American Shipper, CBP.gov, Customsandinternationaltradelaw.com, The Telegraph UK, MSC, CMA, US Census*