

INTERNATIONAL MONTHLY MARKET UPDATE

JULY 2024



As we enter Peak Season earlier than usual, ocean demand is outstripping the available equipment and vessels. This imbalance is driving rates up, now nearly 3.5 times higher than just a year ago. The Journal of Commerce reported that mid-June average spot rates on trans-Pacific and Asia-Europe routes are reaching levels not seen since the summer of 2022. Carriers continue to raise rates every 15 days, canceling bookings with lower rates and now reducing tonnage for shippers.

It has been nine months since the Houthi attacks began in the Red Sea, rendering the Suez Canal unsafe for carriers and unusable in the near future. DHL told CNBC they expect ocean freight rates to keep rising through the Chinese New Year in 2025. Some forecasts predict these rates will surpass the peak levels seen during the COVID-19 pandemic in 2022. Data from SONAR and Xeneta indicate that shippers of consumer products like furniture, arts and crafts, toys, and low-value cargo are holding back their materials, waiting for the market to stabilize. Meanwhile, other commodities, such as high-tech products and automotive goods, are severely impacted by new tariffs, as they are in high demand.

Advisory for Port of New York / New Jersey

For the past six weeks, operational trucking challenges have severely strained conditions. Increased return containers, issues with the Terminal Appointment System, and unexpected tolls are causing long lines, driver delays, and decreased productivity. Drivers are forced to queue outside the terminal, sometimes extending for several miles. These delays are largely due to the rerouting of vessels from Baltimore, which is expected to continue for several months. Please check with the IL2000 International team for any shipments moving through these ports.

Port News

The Indian Government has announced plans to develop a new port on the west coast, just north of Mumbai, with an estimated investment of \$9.1 billion. The Vadhavan Port will be designed to enhance capacity, featuring nine terminals, four multipurpose berths, and an annual capacity to handle 300 million tons of cargo. This port is a key component of India's strategy to become an industrial powerhouse and will play a crucial role in facilitating trade between India, the Middle East, and Europe.



Site plan for the mega port JNPA. Source: [The Maritime Executive](#)

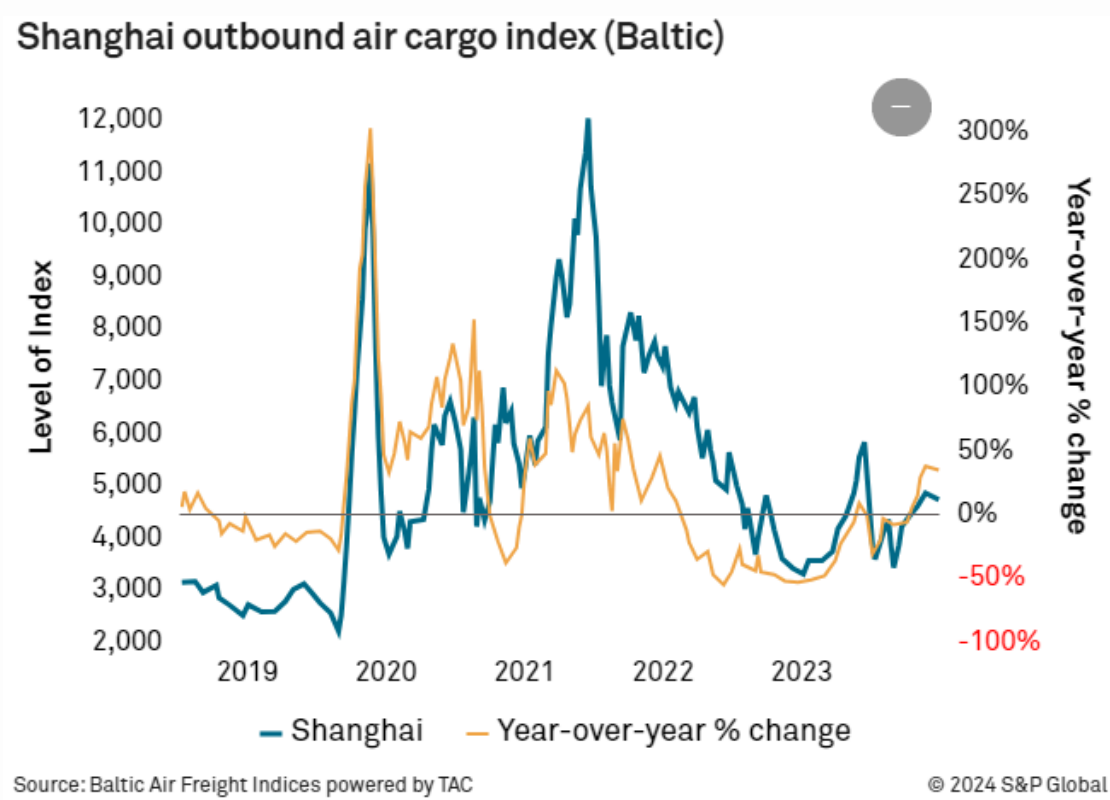
The Port of Charleston experienced an incident when the MSC Michigan VII, traveling at twice the normal speed, lost control on June 5 while exiting the terminal due to a malfunction in its propulsion system. The vessel's wake damaged Pier J, and the cargo ship Norway Pearl was violently pushed into another pier. A lawsuit has been filed, seeking over \$500,000 to cover the property damages.

The South Carolina Ports Authority announced a two-week pause on the ongoing construction project that has shut down one of the berths at the Wando Welch Terminal. Although the exact dates are yet to be determined, the break will occur shortly after the July 4th holiday. This pause is necessary to help clear a backlog of vessels, which has been an issue since May.

Air Freight

FedEx recently retired twenty-two Boeing 757-200 freighters as part of a downsizing effort to better align with slower parcel demand. By the end of September, FedEx will no longer be the primary provider for the US Postal Service, with UPS taking over with a new five-year contract. Since 2022, FedEx has steadily reduced its fleet, pulling more aircraft out of service.

Volume and rates out of Asia and the subcontinent continue to rise due to all the disruptions caused by the Red Sea. A year-over-year comparison posted by S&P Global shows rates are up over one-third for Shanghai.



Shanghai outbound air cargo index by Baltic Air Freight Indices powered by TAC. Source:
[Journal of Commerce by S&P](#)

Customs

US Customs seized 450 pounds of cocaine from a merchant vessel originating from the Dominican Republic that arrived in San Juan, Puerto Rico, on June 12. The cocaine, estimated to be worth \$4 million, was concealed in a container chassis aboard the roll-on/roll-off vessel Blue Harmony. Field Director of Operations Roberto Vaquero highlighted that this discovery underscores the relentless efforts of their team to intercept and dismantle drug trafficking operations. This drug bust came just days after another incident near St. Croix, where the US Coast Guard seized \$7.4 million worth of cocaine from a different vessel.

US CBP released the May monthly operational statistics, which include:

- More than 2.9 million customs entries were processed, valued at more than \$284.8 billion, with an estimated duties of nearly \$6.7 billion to be collected.
- Ocean accounted for 41.6% of all international entries.
- CBP completed 46 audits in April and identified \$20 million in duties and fees owed from improperly declared goods.
- CBP seized 1640 shipments that contained counterfeit goods valued at more than \$331 million.
- 450 entries valued at more than \$100 million were stopped for further examination due to suspicion of being made with forced labor. CBP is the leader in the US government to eliminate goods made with forced labor.

On June 4, CBP updated the HTS system with the 301 exclusion extensions and changed to PGA flag indicators for the FDA.

President Biden's Administration announced an extended suspension of the 25% tariff on steel and derivative steel products imported from Ukraine, which will remain in effect until June 1, 2025.

FMC opened a 12-day comment period starting June 6 to allow the industry to respond to the vessel-sharing agreement between Maersk and Hapag Loyd, known as the Gemini Cooperation Agreement. If the FMC takes no action, the agreement will take effect July 15.

The international team is here to help with your logistic needs! Making Logistics Happen!
international@il2000.com

Sources: FreightWaves, American Shipper, Journal of Commerce, The Maritime Executive, SONAR, Xeneta, cbp.gov, Shipco customsandinternationaltradelaw.com