

# INTERNATIONAL MONTHLY MARKET UPDATE

JUNE 2023



In mid-May, the Panama Canal Authority announced they were instituting weight restrictions effective immediately. Rainfall has dropped by over 50% compared to the average, and the water shortage is projected to surpass 2019's record low by July. This weight reduction will result in a 40% drop in cargo on global liners through the Panama Canal. Many carriers are announcing surcharges starting at \$500 per container, and shippers are seeking alternate water routes to the US to avoid the canal. Further restrictions are possible if the drought continues.



Photo Source: [FreshFruitPortal.com](https://www.freshfruitportal.com)

According to the latest data from McCown Report, US imports into the West Coast continue to fall. Ports saw a decline of 22% in April, with labor negotiations still not settled. Gene Seroka, Executive Director at the Port of Los Angeles, reported the terminals were running at 70% capacity, as the shift to the East Coast is still ongoing. Mr. Seroka stated they are ready for the next cargo surge when it comes. Even with uncertainty, the port is optimistic for the second half of the year.

Congestion is mainly gone, and ocean carrier schedule reliability continues to improve globally. New results posted by Sea Intelligence show 62.6% for March, compared to 35% last year at this same time.

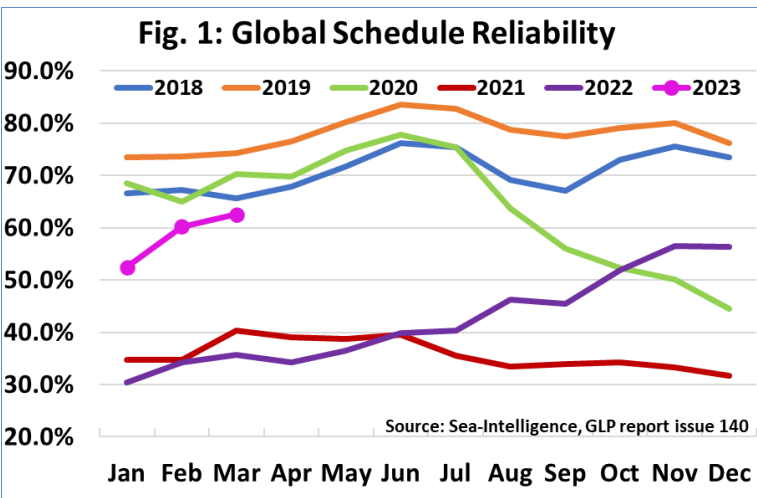
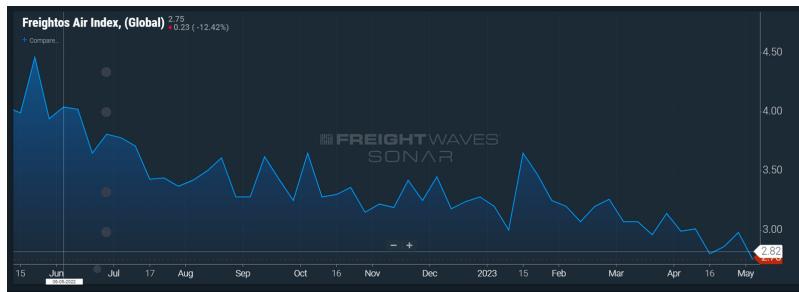


Photo Source: [Sea-Intelligence](https://www.sea-intelligence.com)



## Air Freight:

- Global air freight volumes continue to decline due to the growing risk of recession and high inventories. The Air Index results for May show a descent since January, with commodities such as apparel, lifestyle products, and chemicals leading the decline.



The Freightos Global Air Index, available in the FreightWaves SONAR platform, illustrates how the price of shipping by air has climbed down by 40% over the past year. Source: [FreightWaves](#)

- Once again, CMA CGM Air Cargo has discontinued US Service, redeploying aircraft to Asia and the Middle East. This is now the second time the carrier has abruptly suspended service to customers without notice within five months. In early April, CMA CGM and Air France-KLM started a 10-year alliance to jointly market freight capacity. In addition, CMA CMG has more 777s on order, along with an Airbus. The carrier has yet to comment on the service suspension.

## Carriers:

- Mid-month, Maersk announced its plan to improve service reliability and fuel efficiency. Adding vessels to specific trade lanes helps reduce speed and emissions, pushing them toward the goal of net-zero greenhouse gas emissions by 2040. However, the changes will increase lead times by two to three days on Asia to Europe and Mediterranean lanes.
- CMA CGM announced last month that they were entering into negotiations with Bollore Logistics. The carrier now works to finalize the deal quickly. The commitment to purchase the provider has CMA stating this will make them one of the top five global players to contend with.

## Customs:

- CBP had a hearing focused on customs modernization. The agency is talking about ways to advance data and expedite releases for trusted traders. They are also discussing better harmonization of data requests from partner government agencies and CBP, among other changes.
- On May 24th US, Mexico, and Canada announced the launch of the North American Ministerial Committee on Economic Competitiveness. The goal is to align and strengthen regional competitiveness and productivity in industries.
- On May 10th, The Raising Tariffs on Imports from China Act was processed. This act would require the president to impose an additional 25% duty on all goods imported from China if the US registers a trade deficit.

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Sources: *Splash 247.com, Maersk, CMA, The Load Star, FreightWaves, Bloomberg, Freshfruitportal.com, Sea-Intelligence*