

INTERNATIONAL MONTHLY MARKET UPDATE

JUNE 2024



As vessels continue to avoid the Red Sea, China faces extreme equipment shortages caused by longer transit times to Europe and North America. After the Chinese Lunar New Year, the demand for exports out of China rose 13.2%. China base ports are challenged to keep up with demand. Ningbo, Guangzhou, and Dalian are experiencing the worst shortages, where inland hubs such as Wuhan and Chongqing face similar challenges with 40ft and 40HC containers.

Carriers limited allocation with heavy blank sailings over the month of May and increased spot rates over fixed-rate bookings. This is expected to continue as many are stating Peak Season has come early this year. Additionally, carriers are back to only guaranteeing secure space allocation with a premium add-on for ocean freight. Be sure to pre-book shipments if possible!

Marine risk has also increased at unprecedented speed, with 154 attacks reported by American Shipper since November. These vessels experienced fires, engine failures, marine hull damage, and cyber-attacks. With the use of the alternative route around Cape Horn and the Southern Hemisphere now entering its winter season, extreme weather could “induce” parametric rolling which could lead to containers falling overboard. Risk is now at an all-time high as this season is upon us. We recommend shippers check their marine insurance coverage or reach out to IL2000 for a quote.



Ship's mast heading toward Cape Horn

Europe

The new Import Control System 2 (ICS2) by the European Union began on June 3. This new IT system collects data for all goods entering the EU prior to cargo arriving. The new requirements mandatory on each house bill of lading are:

- Complete and accurate cargo description
- First six digits of the harmonized tariff code
- Additional details of all parties involved in the transaction (seller, buyer, consignee, and consignor)
- EORI number assigned to the destination party

If this information is not provided, consignments can be stopped before the shipment leaves the United States or held by customs upon arrival. The shipment will not be cleared and may be rejected and returned to its origin. This requirement includes all international movement of goods for containerized cargo, airfreight, inland waterways, railroads, and road transport.

Port News

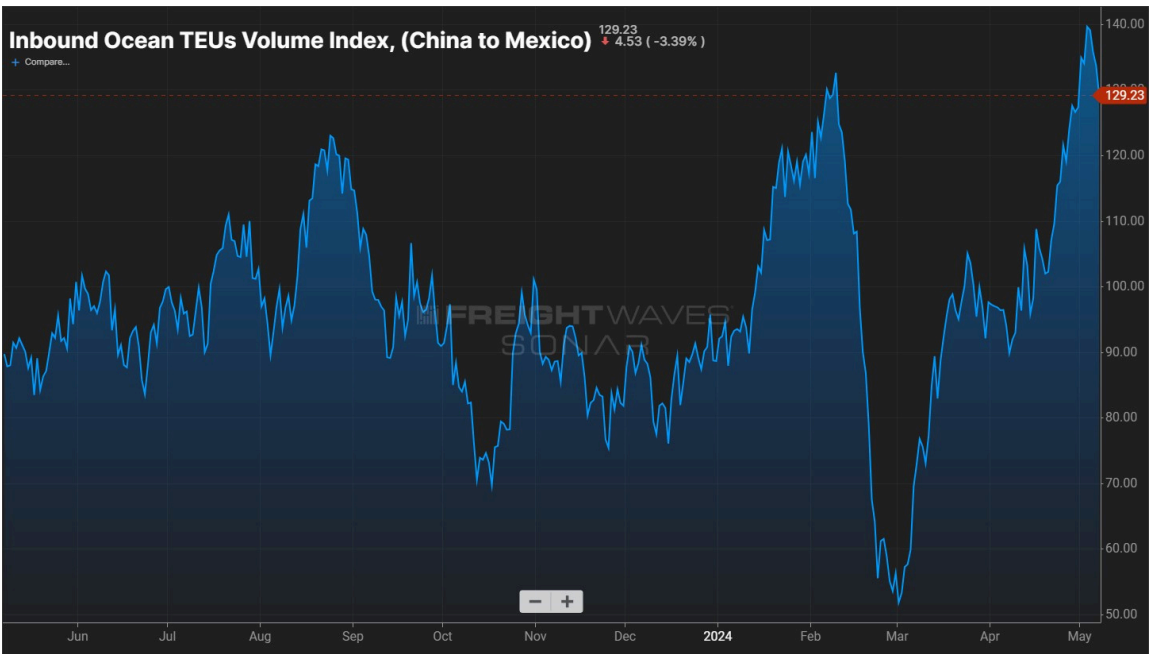
The container ship Dali, which crashed into the Francis Scott Key Bridge in March, was finally moved back to port. The Unified Command, working with local and federal agencies, managed the operation to help the ship become buoyant, allowing tugboats to escort it back at one mph. In May, a preliminary National Transportation Safety Board reported that the vessel lost power twice in the three minutes before the crash.

The situation in the Port of Baltimore remains fluid. Maersk released an update that imports to Baltimore from Asia are currently open for acceptance, subject to space availability. The ability to call the Port of Baltimore will rely on the Captain of the Port to officially open. Vessels may still be redirected to another US East Coast port if the reopening timeline is pushed back.

Last year, data was released that the launch of new builds for vessels was at an all-time high for 2024. In March, 41 new vessels were delivered with a capacity of 260,000 TEUs. Alphaliner recorded 50 new vessels for April with a capacity of 333,000 TEUs. More are expected to be released in June. Stricter environmental regulations and vessel diversions to the Cape of Good Hope due to the Red Sea crisis have created additional tonnage demand. Volume forecasts remain healthy, with tonnage supply remaining fairly tight.

Global ocean carriers Cosco, Mediterranean Shipping and CMA CGM have all launched new services targeting Asia-to-Mexico trade. Container volumes are soaring as Chinese companies' investments in Mexico have spiked. Cosco and its subsidiary OOCL's new Transpacific Latin Pacific 5 (TLP5) line now offer direct connections between China, Japan, South Korea, and Mexico. MSC launched their new shuttle service on May 15 sailing from Qingdao to Mexico with the MSC Apollo.

New data released from Freight Waves Sonar showed volumes from China to Mexico were up 44% over the past year with a massive uptick of 145% since March.



FreightWaves' SONAR Inbound Ocean Twenty-foot Equivalent Unit (TEU) Volume Index shows that imports from China to Mexico (IOTI.CHNMEX) have been increasing since May 2023. Source: [FreightWaves](#)

Air Freight

Demand for air cargo continues to downturn. However, Maersk is looking ahead to 2024. In April, Maersk Air Cargo opened a 90,000-square-foot facility in Miami. Next quarter, the carrier will have its first two 777s for airline operation. Currently, they are offering nine flights per week from China to the US and are looking to expand into the Latin market.

Customs

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

- More than 3.2 million customs entries were processed, valued at more than \$289 billion with an estimated duties of nearly \$6.4 billion to be collected.
- Ocean accounted for 39.66% of all international entries.
- CBP completed 20 audits in April and identified \$13 million in duties and fees owed from improperly declared goods.
- CBP seized 1736 shipments that contained counterfeit goods valued at more than \$235 million.
- 392 entries valued at more than \$184 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.

CBP launched a new website to update customs brokers on the Continuing Education for Licensed Customs Brokers Final Rule.

The US State Department issued a proposed rule to amend the ITAR, including a license exemption to support defense trade between the US, Australia, and the UK.

The White House announced additional Section 301 increases on Chinese Goods. Impacted industries include steel and aluminum, semiconductors, electric vehicles, batteries, critical minerals, solar cells, ship-to-shore cranes and medical products.

The international team is here to help with your logistic needs! Making Logistics Happen!

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Sources: FreightWaves, Splash, cbp.gov, customsandinternationaltradelaw.com, Shipco, Journal of Commerce, Maersk, Sinpex, American Shipper, MSN News