Voice of the Independent

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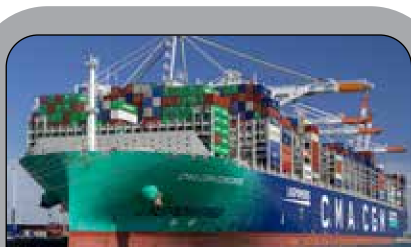

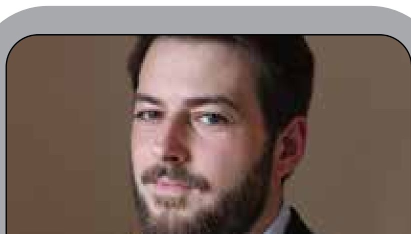

Shippers think ahead to secure airfreight capacity

Rate developments over the past 12 months indicated more volatility in the spot market

THE gap between global contract and spot rates is widening as shippers from China's maturing e-commerce sector, reserving space on freighters, gobble up air cargo capacity to leave the country rushing ahead of its competitors.

Speaking at the World Cargo Summit in Bruges, WorldACD's product development director, Rogier Blocq, said rate developments over the past 12 months indicated more volatility in the spot market compared to contract rates.

Blocq added: "Towards the end of the year there was a higher spread. It always causes a bit of shock. Still, while it is very small, there is a price increase on the spot rates," all of which he said had left forwarders "more eager" to move to long-term contracts.

> "while it is very small, there is a price increase on the spot rates"

More interestingly, however, than the rising spots and the shift to the longer-term rate stability offered by contracts, he said was the "huge difference in terms of behaviour" between the Asia-to-Europe and Europe-to-North America lanes.

"The spread between spot and contact is very small on the lane Asia-to-Europe, which means people were quite well prepared for the big peak. There was so much panic in the markets that capacity was already planned," said Blocq.

Chief commercial officer of Air One Aviation Peter Scholten said that this was likely an indication of the "maturity" of the Chinese e-commerce giants, specifically highlighting the likes of Alibaba, Shein, and Temu.

Scholten continued: "A trend is that those big shippers in the world today are becoming more professional and taking long-term commitments. They realise there are only 550 or so freighters, and they want to lock-in demand, long-term."

Such swift growth in e-commerce is evident in the numbers being recorded in China's air cargo volumes, which hit an all-time high in 2024, clocking up more than 20 million tonnes, up just shy of 17 per cent on the preceding year.

Coinciding with the volume growth, the country saw airfreight capacity out of China climb 25 per cent year on year.

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Chinese e-commerce boosts freighter movements

continued from page 1

Some of its key airports have benefitted from double-digit growth as Shanghai Pudong became the busiest for air cargo and mail.

Per figures from the Civil Aviation Resource Net of China, Shanghai, having handled some 3.7 million tonnes, recorded a year-on-year growth rate of 10 per cent, with 10 new routes added last year.

Furthermore, it restored eight other routes, seeking to shore up its connectivity with medium-, long-distance, and "Belt and Road"-related routes, with Shanghai Pudong now covering 291 destinations across 48 countries.

More pronounced growth rates were recorded by Guangzhou Baiyun and Shenzhen Bao'an airports, up 17 per cent (to 2.38 million tonnes) and 18 per cent (to 1.88 million tonnes) year on year, respectively, as both hit new cargo records.

> "If you talk about maybe $100,000 per flight one way, that's really important"

Despite being down on pre-pandemic processing levels, having handled 1.3 million tonnes over 2024 to leave it 18 per cent up year on year, Beijing Capital's cargo activities appear to have enticed some carriers back in as its fortunes look to turn.

Set to launch in May, United Cargo will begin running a thrice-weekly service into the Chinese capital from Los Angeles, with the carrier's president Jan Krems singling out the potential for freight as a motivating factor.

Krems said: "I mean, [you look at] how much cargo you can contribute towards a destination like Beijing. If you talk about maybe $100,000 per flight one way, that's really important."

It also bears noting the level of activity at Ezhou Huahu Airport which, having only started operating two years ago, now ranks as China's fifth busiest gateway for cargo, racking up more than one million tonnes last year.

Not making it into the top five, Cargolux's China hub Zhengzhou nonetheless bears noting after not only having hit a 27-year high, with an estimated 800,000-tonnes handled, but for gaining the attention of a number of other airlines.

Data from Rotate's capacity database suggests that capacity grew just shy of 29 per cent over 2023, in part prompted by surging demand ahead of the end-of-year holiday season 2024 for cheap, Chinese e-commerce.

Blocq suggested the capacity shift to Asia had directly impacted shippers on Europe-to-North America trades' capacity to obtain long-term commitments, although he added that this may have also been down to these shippers having been "a bit less" prepared.

"If you look at the US, there was 10 per cent less capacity on the transatlantic flow, which caused a huge spike in the yields and the spot rates on the transatlantic... And that had a clear impact on the market," Blocq added.

McKinsey & Co partner Ludwig Hausmann said that there had been a near-21 per cent growth in cross-border e-commerce between China and North America over the course of 2024 compared with 2023, with this market having "really" driven freighter

JAN KREMS
United Cargo

movements.

Putting the growth rate into perspective, Hausmann said it amounted to an additional 36 daily freighter flights over the 12-month period, "in a market where freighter capacity did not grow".

Consequently, he said the situation was one in which "this market sucked out quite a lot of freighter capacity from other lanes, which again then supported yields on other markets".

Panama bends under US pressure

PANAMA'S president, Jose Raul Mulino, has confirmed that the country will not renew its belt and road (BRI) deal with China, following sustained pressure from the US.

US secretary of state Marco Rubio met with Mulino, during his first overseas trip, to discuss increasing US concern over China's influence on the Panama Canal, with Mulino confirming after the meeting that the BRI deal, which expires within three years, would not be renewed.

In a further boost for President Trump, his Panamanian opposite number is said to be considering reviewing Hutchison Port Holdings' 25-year terminal concession in Panama.

Hapag's strong Q4 a firmer platform for Gemini launch

FULL-year figures for Hapag-Lloyd were largely in line with expectations, as the operator found itself matching the market on volumes carried.

Preliminary figures showed the carrier handled 12.5 million TEU over 2024, equating to a five per cent uptick on the preceding year, with revenues up $1.3 billion on 2023, to $20.7 billion. Hapag said this was "particularly owing to stronger demand for container transports".

However, it found itself contending with fluctuating freight rates that ended the year slightly down year on year, from $1,500 per TEU in 2023 to $1,492.

Full-year group EBITDA climbed from $4.8 billion to $5 billion, with EBIT also rising, from $2.7 billion to $2.8 billion, with the carrier noting that "both key figures [were] in the upper range of the adjusted earnings forecast published in October 2024".

That October report included an increased outlook for the year, but warned that the tensions around the world meant that there were a lot of variables in play.

"A backdrop of very volatile freight rates and major geopolitical challenges," it warned, left "the forecast subject to a high degree of uncertainty," but the numbers above suggest that it at least managed to mitigate these difficulties.

And certainly, its fourth-quarter performance provoked more reason to be upbeat, showing substantial improvement over the final three months of 2023.

In something of an inverse of the full-year figures, volumes stayed largely flat year on year, but freight rates jumped 31.4% compared with the same period in 2023, up from $1,190 to $1,564 per TEU.

Resultantly, revenues jumped 37 per cent, to $5.4 billion from $4.1 billion in 2023, as EBITDA surged 366 per cent, to $1.4 billion, drawing EBIT out of a $300 million loss to an $800 million profit.

Hapag-Lloyd's annual report for 2024 is due in March, just over a month after the start of the Gemini network, which it launched with Maersk, the two aiming to be the "undisputed number-one for quality".

Managing director of global commercial development Henrik Schilling said: "It was clear we have to step-change on on-time delivery – the delivery on a box level towards our customers.

"Poor reliability is, in our perspective, a big issue in our industry, not only for our customers, but also for our cost base, because you then have all these clean-up and divergence costs, and hence we need to solve this."

Ocean capacity the talking point as spot rates take a tumble

MUTED trading since the start of China's new year holiday has coincided with modest declines in spot rates on most major east-west ocean trades one month into 2025, and Asia-Europe has taken the biggest beating of the year so far.

Drewry's World Container Index's (WCI) Shanghai-Rotterdam leg recorded a week-on-week decline of five per cent, to leave spots at $3,274 per 40 foot, with Shanghai-Genoa down four per cent, to $4,400 per 40 foot.

The drop-off was even more apparent on Xeneta's XSI Far East-North Europe routing, down 8.5 per cent, to $3,713 per 40 foot, with suggestions Asia-Europe's contract season may also be stuck in limbo as shippers adopt a wait-and-see approach in the Red Sea.

Head of supply chain advisors practice and managing director of Drewry Shipping Consultants Philip Damas told Freight Buyers Club podcast that he had seen some importers postpone tenders as they seek to get a gauge on 2025's market.

Damas added: "They have been hoping all along that the situation would improve for shippers, that the Suez Canal would reopen, and that rates would fall. But this has not happened yet, so we are sort of in a hiatus at the moment."

Others said they too believed the situation was being delayed amidst uncertainty over how long a truce between Hamas and Israel will hold, and thus the cessation of attacks against Red Sea shipping, but some suggested it was much more nuanced.

"They have been hoping all along that the situation would improve for shippers"

One source said that delays to contract negotiations differed from vertical to vertical, pointing out that a trend was emerging within retail in which contract discussions started towards the end of January or in February.

"Then you have other verticals that are already starting. Tech is starting earlier, and I think that this is becoming common practice; it is something we have been seeing now on the Asia-westbound trade," they added.

Damas said that, given that spot rates had already started falling, he would expect to see some fall further, adding that a resumption of Suez Canal transits would only prompt more declines.

And those declines could become a "collapse" if carriers failed to mitigate the impact of the canal's reuse, with "frankly huge overcapacity" hitting the market as a consequence of sailing times being drastically reduced.

"But we do not expect carriers to rush to resume [Suez] transits," he added. "They'll wait a week, frankly, to see if it's a stable situation. They'll also want to make sure conditions are safe for their seafarers."

Over on the transpacific, with the new Trump administration's tariffs set to take effect, declines were nonetheless also being recorded, with the WCI Shanghai-Los Angeles leg showing spots down one per cent week on week, to finish at $4,771 per 40 foot.

The same rate of decline, one per cent, was also picked up on WCI's Shanghai-New York route, with spots ending the week at $6,288 per 40 foot, although these numbers were posted prior to a series of general rate increases (GRIs) coming into play.

Those GRIs took effect on 1 February on Asia-US services, ranging from $1,000 to $3,000 per 40 foot, although some commentators had been questioning whether the carriers would be able to make these stick.

Added to which, both CMA CGM and MSC announced their intention to implement a new peak season surcharge, of $1,000 pet 40 foot, which would be applied from 1 March on headhaul westbound transatlantic shipments.

PHILIP DAMAS
Drewry Shipping Consultants

Both WCI's Rotterdam-New York leg, and Xeneta's XSI equivalent, posted dips in spots, down two per cent, to $2,732 per 40 foot, and six per cent, to $2,636 per 40 foot, respectively.

An analyst at Drewry said that they were anticipating that spot rates would "decrease slightly" again over the first week of February, with expectations of more capacity hitting the market.

The Trump challenge for SMEs in logistics

GLOBAL trade has been rocked by the return of Donald Trump to the White House as the 45th and now 47th US president pushes ahead with plans to reassert the country's position atop the manufacturing heap.

As to whether Trump's plans will lead to the outcomes he and his team hope for remains to be seen, but in the early days – with tariffs threatened on neighbouring Canada and Mexico as well as on long-time foe China – challenges have been thrown up for forwarders.

Chief executive of LS Global Group Bryan Vreeland told Voice of the Independent (VOTI) the evolution in the global trading landscape – not just from tariffs – had left SME logistics operators contending with a range of issues when it comes to supply chain management.

"SMEs face increasing challenges: managing workforces, legal compliance, and adopting and implementing rapidly changing tech to stay ahead of competition," said Vreeland, noting LS Global specialises in developing strategic HR and infrastructure solutions for businesses.

Given the shifting approaches to global trade under the new US administration, Vreeland told VOTI that the potential changes in trade policies, labour laws, and compliance regulations would leave SMEs needing a "trusted partner".

On the issues cited above, he noted LS Global's capacity to handle entity establishment, compliance management, and risk mitigation strategies, which he said would help ensure international companies capacity to operate smoothly in the US.

BRYAN VREELAND
LS Global Group

But he stressed, that changes brought about by policy decisions within the White House were not the only developments SMEs needed to keep abreast of, noting that skills shortages and the associated rise in labour costs was making it harder to attract "top-tier talent".

"Our expertise and experience gives the global WCA network a direct pathway into the US by eliminating the complexity of setting up operations, hiring, and maintaining compliance," explained Vreeland.

"At the same time, LS Global supports US-based businesses by offering comprehensive strategic HR solutions that help them attract top talent, optimise costs, and develop thriving workplace cultures."

Spotlight ON

Godfried Smit

'We are seeing a shift from green to competitiveness'

IF 2024 was typified by geopolitical tensions, leaving cargo owners and their supply chain partners to juggle a whole host of vulnerabilities, 2025 has only upped the ante. The return of Donald Trump to the White House represents something of a sea change moment, one some have said is "way more pronounced" than his unexpected victory in 2016 and the subsequent four years in which he held office.

Speaking to Voice of the Independent (VOTI), secretary general of the European Shippers Council (ESC) Godfried Smit says that the shift brought on by the return of Trump has led to obvious questions surrounding the world's focus on the climate. In a slew of executive orders, Trump not only withdrew the US from the Paris Climate Accords but seemingly pivoted to competition over climate, slapping (and then suspending in the case of Mexico and Canada for 30 days) a raft of tariffs across the world, threatening others as he did. But the binary choice presented by Trump between remaining a competitive economy and becoming a green economy was not one recognised by the European Union, which is has sought to shore itself of years of stagnation by becoming competitive again as a consequence of leaning into the green agenda.

Indeed, that shift was one that the European Union had begun working on in advance even of Trump's November 2024 re-election, with former head of the European Central bank, Mario Draghi, issuing a scathing report on the state of the bloc's competitiveness. Scathing though it may have been Draghi did not come to the same conclusions of the re-installed White House incumbent, arguing, together with European Commission president Ursula von der Leyen that the bloc could blend "green" with competition via the implementation of the Clean Industrial Deal. Smit says he is closely following developments of the Deal, particularly in regard to the way it will modify the pre-existing Green Deal amid widespread concern among SME players that no quarter will be given to them in what promises to be an expensive transition towards a more sustainable business practice.

"But it is still not fully clear what the impact of the commission, nor the new European parliament will be on Europe's green policies"

"ESC is following the developments of the Clean Industrial Deal," Smit tells VOTI. "But it is still not fully clear what the impact of the commission, nor the new European parliament will be on Europe's green policies. Yes, we are seeing a shift from green to competitiveness, and Draghi's report has had a big impact on this front, but there remains a lot to be determined."

Shippers, forwarders, and carriers should get a better sense of the lay of the land come 26 February, with the Commission expected to unveil the "much anticipated" Clean Industrial Deal. Addressing the World Economic Forum at Davos in January, in the same week that Trump was re-inaugurated in the US, von der Leyen focused on how the new legislation would work towards diversifying energy supplies and sources of clean energy generation. And while welcomed by the SME forwarding and shipping community, Smit believes that more pressing – if the intention is green competitiveness – is the publication of the Omnibus Directive, also due on 26 February, intended to consolidate EU Taxonomy with the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD). The latter two were both highlighted in Draghi's report as being partly responsible for the stagnation seen in Europe's economy in recent years.

Typifying the sense that for Europe's SME shippers and forwarders, 2025 is a year all about regulation, Smit says he will also pay close attention to publication of the Omnibus package, noting that ESC's members, alongside the broader shipping community, are "hoping that the new legislation will offer clear simplification of the CSRD, CSDDD and taxonomy". But that hope comes with questions, "will the scope of CSRD be limited to larger companies? Will the Commission soften CSDDD in their attempt to reduce administrative burdens," he asks.

And there are yet more policy areas vexing the ESC secretary general, with Smit keen to see ground made on combined transport regulation, describing it as a "priority" given the present state of the market, with the volume of goods moving by combined transport going down. All of which plays into the European push for a green form of competitiveness, with Smit adding a need for rail regulation, "in order to make rail transport more attractive".

Elsewhere on the green front, he notes, "reform of customs legislation will enter a trilogue in the second half of next year. This new legislation has an implementation term until 2028. At that time customs declarations will become superfluous, and the communication will take place via a 'datahub'. And then there is the implementation of Electronic Freight Transport Information, which remains important. It is positive that shippers are allowed to launch all transport related information in a digital format to authorities. It is important that this not take too long."

Against all the legislative uncertainty, Smit does see positive signals.

By the start of the second quarter of 2024, he was slamming carriers for the "rock bottom" service levels they had been providing amid a loss of the predictability craved by shippers. Together with the poor service, his members were also citing the coinciding skyrocketing of prices. Less than 12 months on, however, he notes that with some of the bigger names facing challenges of their own, this may filter down into benefits for SMEs.

"As far as the maritime market goes, there have been new developments there, with struggles between different big carriers, including the likes of CMA CGM and Maersk, which makes it clear that at least partners in the market are aiming at more competitive behaviour. Hopefully this will have positive consequences on the service levels for shippers. We will continue to work on the service levels in maritime transport."

secretary general
European Shippers Council

Even so, Smit returns to where we began, reminding us that the current geopolitical situation has thrown up mass uncertainty, adding: "It is uncertain how relations between the important trading blocs will develop. For shippers, it is important that trade does not encounter additional barriers. More general inflation could endanger the economic climate."

Focus ON

Being ‘adaptable and tech-savv key to success in event logistics

“AUDIENCES are back”. Nearly five years since the start of the first wave of global lockdowns, the live event business has not only got back on its feet but seems to have undergone a substantial surge as concert-, sport-, and event-goers flock out. Numbers from within the music industry alone have shown previous records being shattered, with the top 100 tours of 2023 hitting the $9 billion mark for earnings, surpassing the previous record (set only a year earlier) by 50 per cent. Allied Market Research is forecasting that by the end of next year, the increasing popularity will push the value of the global events industry well beyond $2.3 trillion, more than doubling where it was in 2018.

Beyond simply demand, much of this growth has been precipitated by ingenuity and changes in the way these events are, with evermore pressure being heaped on logistics operators to ensure things go without a hitch. Into this mix comes WCAworld’s latest addition: the WCA Live Events & Expo Network. General manager of the new network Adam McKenna tells Voice of the Independent (VOTI) that from his side, the emphasis is simple, “we want to help our members thrive, we and they all feed off of the energy they provide”.

ADAM MCKENNA
WCA Live Events & Expo Network

> "from FIFA World Cups to major expos, our members are at the heart of global events"

Members have been involved with a wide range of events including moving ancient Roman and US civil rights artefacts and sporting events from golf and the Olympic Games to the soccer World Cup. McKenna says part of their skill in landing these big jobs surrounds the way in which they approach everything with “the human touch”.

The network opened with pre-applicants ready to go and is now open to any logistics company that can prove it has the expertise in handling high-profile events. McKenna notes that the aim is to ensure those within the network have access to not only WCAworld’s “industry-leading” benefits but that they will be partnering with members who match their own skillsets.

“The expertise within our existing networks is incredible, and members regularly share their achievements in the events logistics space – from FIFA World Cups to major expos, our members are at the heart of global events,” McKenna continues. “This network creates a dedicated space for them to connect, collaborate and continue growing in this exciting field.”

Included within this new roster is RE Rogers India (Reri). The New Delhi-based forwarder’s general manager, Ashutosh Gautam, tells VOTI that, having started out in 1986 with a focus on catering to exhibitions and other live events, the company has become “quite established,” adding that he and the team “have handled major big live events prior to the pandemic”. And if big names are what you are looking for, there are not many beyond the likes of Beyonce, Ed Sheeran, and the Rolling Stones, who boast five of the top 20 highest grossing tours of all time; three of which came in the wake of the pandemic.

Commenting further on Reri’s strengths, Gautam adds that it specialises in time-sensitive cargo handling, including customs clearance at India’s major airports and seaports on arrival, as well as the transportation to and handling at the show site, plus reverse logistics or multicity operations with local charter services to each city. Asked about how the industry has changed in recent years, he tells VOTI that he “completely agrees” that the events sector “faced significant challenges during and after the pandemic”. However, he stresses that – and as the numbers attest to – “the recovery has been substantial,” even if that recovery has led to changes including altered deadlines and new delivery challenges.

“Fortunately, our extensive experience in handling time-sensitive shipments has allowed us to maintain our operational effectiveness,” Gautam says. “During the pandemic, we faced similar challenges while working on projects within the defence and pharmaceutical sectors, which helped us adapt without losing our muscle memory. Significant changes are occurring in the landscape of large organisations involved in organising live events, whether in motorsports, other sports, or various types of events. The government's approach to promoting motorsports as legitimate sporting events, rather than merely commercial ventures – such as MotoGP – has been noteworthy. Additionally, more international artists are being drawn to live events due to the development of new venues and resources.”

> "more international artists are being drawn to live events due to the development of new venues and resources"

Like Reri, Pop Cargo also entered the pandemic having developed a strong reputation in the event logistics scene, with several years’ experience under its belt. Speaking to VOTI, chief executive Fabio Machado says that much of the company’s focus had been on time-sensitive projects, trade shows, film productions, and live-show and cargo touring across South America. And like Reri, Pop also handled some of the biggest names in entertainment, music, and sports.

“I have had the opportunity to work on a wide range of projects, from massive live performances like Dua Lipa, Evanescence, Nightwish, Gorillaz, Slipknot, Björk, and Rihanna,” he says, adding that Pop has also worked on “sporting events such as UFC, FIFA World Cup, FIFA Beach Soccer, Formula 1 hospitality, and entertainment events like Disney D-23, Riot Games, and Comic Con.”

Such a background provided Machado with a good frame of reference to judge the changes to the live events scene since the turn of the decade. Echoing Gautam, he says that he too has spotted some of the changes brought about by Covid on the events sector, pointing out that “the pandemic certainly disrupted many events, with the time away also affecting some of the operational rhythms”. Even so, he says these changes also prompted the industry into and provided it with an opportunity to rethink how it goes about ensuring efficient logistics flows. Since crowds have been flocking back, Machado

ASHUTOSH GAUTAM
RE Rogers India

Live Events Logistics

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tells VOTI that he has "noticed a strong push for new technologies" alongside stricter health and safety measures, allowing the industry to "bounce back with a renewed focus on flexibility, innovation, and cost consciousness". What does this mean for forwarders like Pop Cargo?

"From a logistics perspective, sports and concerts have different requirements, often depending on the timeframe of each event in various countries," says Machado. "For example, live concerts typically demand precise timing and expedited customs clearance, as touring schedules are becoming increasingly tight due to costs. Sports events, on the other hand, have a slightly different structure. While they also require logistics coordination for infrastructure such as catering and accreditation, and shipping of sports equipment, these elements usually allow more time for logistics planning. While both require detailed planning, each event is unique and needs a tailor-made approach."

> "There are always new events popping up but it is also great to get to work on large events that have been around for years"

Equally, he adds, there has been a sprouting up of new markets in the events sector, pointing to increasing popularity in areas including e-sports, online sports betting, and renewable energy and water treatment solutions for live concerts. Machado's recognition of the diversifying market reflects market research in recent years that has noted the rise of a whole host of events, including new festivals, and increasingly, boutique or micro festivals. Such changes, Machado notes, require logistics solutions that are more tech-driven and adaptable to new formats, which adds a layer of complexity to event planning and execution.

Concurring, managing director of 500 Logistics Steve Dinsey tells VOTI that he too has witnessed the diversifying landscape and the added complexity this brings, nonetheless, he says that as far as he is concerned, the "events industry as a whole has always been very innovative so there were always new events and that has not changed".

Dinsey adds: "There does seem to be a shift in the locations the large events are happening, especially Saudi Arabia. There are always new events popping up but it is also great to get to work on large events that have been around for years. The most important element for new events is ensuring that the proper planning is in place; there are so many moving parts in events logistics that can easily hold up a shipment if not managed properly."

For the teams on the ground, Gautam says the changing market dynamics have prompted shifts including the need to organise local charter services, become involved with stage construction and contend with the managing of warehousing and haulage within tight deadlines. Pointing to sporting events, he says these "in particular" have become more challenging and demanding regarding delivery and reverse logistics. All of which, he adds, has led to the rise of dedicated teams, "with clients increasingly seeking out these specialised teams for their various projects".

"Every live event presents unique delivery challenges, requiring a customised approach tailored to the specific needs of stakeholders, whether for live performances or sports events," adds Gautam. "The logistics strategy must be developed based on various plans, as it is crucial to avoid any potential pitfalls. Timely execution is essential, and there is no room for compromise in this regard."

Similarly, Dinsey says that when it comes to working on live events, logistics providers must recognise that the work required is "completely bespoke" for both the customer and the project. What this can mean in practice is being involved in all aspects of the event's logistics needs or acting as one of a multitude of suppliers working on a specific event. Like project cargo – and in many ways it is an extension of the project scene – event logistics differs from gig to gig, with Dinsey noting, "certainly a lot of them would be considered more project logistics as it requires a lot more management than a standard road freight job for example. A lot more cogs to turn."

Given 500 Logistics' expertise, it is interesting to note that Dinsey sees it as just "one of the many industries we work within". Considering the way the 2020s began, he says that this provided the company with some relief, resulting in a lessening of the impact of the cancellation of live crowd events "on the business as a whole". However, he stresses that when things picked back up, 500 Logistics was "ready to go" when people started returning to live events again, and "hit the ground running". That front-footed approach, combined with the demand meant that when they did return, Dinsey and the team found themselves working on "much larger scales".

"We were fully seasoned and prepared to hit the ground running again. From a European perspective, the return of the live events coincided with Brexit; this meant that shippers who had only previously handled European events had to be introduced to ATA carnets as a means of temporarily exporting their equipment," he continues. "We have always had customers that operated in the event space but since the pandemic, we have been operating and working on much larger projects and events management. Prior to the pandemic we did a lot of lighting, seating and structures, and the service was limited mainly to the transport itself. Now our services span the whole industry and includes the full scope from raising the ATA carnet, handling the transport, and project management."

> "As for the wider WCA membership, I think there is an opportunity to involve more forwarders in this sector"

Dinsey's reference to the company's other areas of business include its work in time-sensitive cargoes, which drew 500 Logistics to the WCA Time Critical network. Joining WCA Time Critical made sense for the company given its original focus as express and dedicated road freight specialists. Why then did the company look to join the new WCA Live Events & Expo network?

"As the business evolved, we started working on a lot more projects and with clients that were in the event space," Dinsey says. "It's now a huge part of our business and for that reason, we moved to WCA Live Events & Expo. WCA as a whole have been pivotal in expanding our network globally and give us the opportunity to work with other forwarders and customs agents that we can be confident in and knowing that our service to our customers will remain as high as possible. On a personal level, the people are amazing, and we have created some great friendships, as well as business partnerships within the Time Critical Network. Whilst there are a lot of cross overs between Time Critical and Live Events, we felt it was important to position ourselves correctly based on the services we offer to both agents and direct customers. With the expansion of events globally I think there is always more pieces of the pie to share out and partner with other forwarders and agents. My advice would be to make sure you're fully setup to serve your customers before entering into the space – the WCA network obviously helps with that."

Dinsey's response brings us back to McKenna's words and that focus on community and partnerships of equals. Gautam and Machado also see the fruits borne by their membership resulting from working with people who understand and can facilitate improvements in each other's ways of working.

"The deeper connections with professionals in this space offer more direct exchanges of insights and resources, which I believe adds significant value to my work," adds Machado. "As for the wider WCA membership, I think there is an opportunity to involve more forwarders in this sector, as it's still somewhat underserved."

For those seeking admission, Machado says that alongside realising that flexibility, speed, and a willingness to be available 24 hours a day, seven days a week is vital, his advice is to "stay adaptable and tech-savvy, as these events increasingly rely on advanced logistics solutions" to meet the ever-changing needs of the live events sector. Fortunately, Gautam believes that the WCA serves as an excellent gateway to connect with the right customers, enhance awareness, and ensure the network recognises key players and their specialisations.

"Joining this expert vertical was a strategic decision, as it provides both title and recognition for the services we deliver in our daily operations," he adds. "We are confident that we will reach our target customers and establish a robust network of partners worldwide. It is essential to build a network comprised exclusively of professionals in this field, given the 24/7 nature of the work, which only a select few can manage effectively. For those looking to get involved, we advise them to thoroughly review the membership criteria. It is also important to have a specialised founding group within the membership that can evaluate the credentials of new members."

STEVE DINSEY
500 Logistics

Japan’s box carriers on course for ‘going greener’

JAPANESE shipping lines have seemingly paid scant attention to changes in US climate policy, pushing ahead with a series of initiatives intended to drive emission reductions.

NYK Group has announced a series of “carbon removal” projects, while compatriot MOL has tethered 20 per cent of executive pay to the carrier’s climate-related performance, including that of its president and chief executive, Takeshi Hashimoto.

> NYK Group has announced a series of “carbon removal” projects

MOL’s Sustainability Factbook 2024 stated that progress in sustainability-related initiatives would be “reflected in part of the evaluation” of the remuneration of each executive director.

The Factbook indicated that greenhouse gas emissions for 2023 were reduced by around 1.8 million tonnes when compared with those it produced in 2019, although commentators noted that the reduction may not have been sustained in 2024.

They said the suspension of Red Sea transits over the past 14 months would, in all likelihood, have provoked an uptick as a consequence of longer sailing times.

Alongside the news on executive pay, MOL also announced it would be restructuring, with plans to spin-off its car-carrier division into its own distinct entity, among other changes set to be enacted.

The car-carrying sector, with its tight schedules and short time-to-market priority, presents hurdles for those determined to decarbonise their operations.

And in Korea, with Hyundai Heavy Industries, and in Norway, with Wallenius Wilhelmsen, the preference seems to have been toward utilising ammonia on their vessels, while Norway’s UECC is examining biofuel made from cashew shells.

At NYK, however, the plan seems to be a combination of LNG-fuelled car-carriers – of which it took delivery after orders placed in 2021 – and a series of onshore CO2 mitigation measures.

In a statement, it said that the onshore plans were targeting “residual emissions that cannot be avoided through efforts to reduce emissions”, although it did not provide specific details on which mitigation strategies it would be deploying.

However, in December it signed an agreement with Eneos to cooperate in a direct air carbon capture and storage (DACCS) project in Texas, which would remove CO2 from ambient air.

There have been question marks raised over the move, with DACCS suffering from high energy costs, up to 2.5 megawatt hours per tonne of CO2 collected, although others pointed out that it was for less land-intensive than tree planting projects (afforestation).

One commentator noted that afforestation required 862 square kilometres of trees to capture one tonne of carbon, compared with just the 0.2 square kilometres needed by DACCS projects.

Although, NYK has not ruled out geo-engineering, be it through afforestation or “ocean alkalinisation”, which involves dropping carbonate and silicate rock into the ocean, with the carrier noting that “a will finds a way”.

Not wishing to be outdone, Ocean Network Express also appears to be pushing ahead with plans to introduce ammonia-powered box ships into its network.

Last year, the carrier received regulatory approval for a 3,500 teu ammonia-powered containership, building on the environmental praise it gained for a ship design with a bow windshield – an idea subsequently picked up by other major carriers.

European haulage spot rates finally ‘bottoming-out’

SPOT rates on European road freight may finally have bottomed-out, following a second consecutive quarter of growth.

Having surged in the pandemic, spots have sat below contract rates for seven consecutive quarters, while Q4 2024 did not rectify this, there is a growing sense that the situation may have turned a corner.

Upply chief executive Thomas Larrieu said: “European road freight rates are caught between rising costs and weak demand.

“While low consumer spending is preventing prices from climbing too much, high labour costs and limited capacity are keeping them from dropping. In this context, even small cost increases or supply chain disruption can push rates up, even though demand remains fragile”

Based on Upply’s analysis of 750m prices, Q4 spots hit 123.9 points, a quarter-on-quarter rise of 0.5, which, while down on Q3 2022’s 140 points, suggests a new post-pandemic baseline.

European spots from 2017 to Q2 2020 hovered between 100 and 110 points before surging to that Q3 2022 peak before four massive drops in subsequent quarters.

But with two quarters of growth, and a gentler drop in preceding quarters, the situation appears to be levelling out.

Ti’s data and modelling manager Nathaniel Donaldson said “Low demand and cost pressures have allowed rates to settle somewhere higher level than recent years.

“Demand pressures are really quite weak, but at the same time, we also see costs and really low profit margins appear to be causing some increase in volatility in the short term. So, if we look at the overall trend of the spot market, it might just be about bottoming out now.”

India, the world's next 'agricultural superpower'?

INDIA beat Asia-Pacific and, indeed, global average air cargo growth rates last year, recording a near 20 per cent surge in international volumes.

Industry experts put the record growth down to e-commerce, perishables, and pharmaceutical gains, helped by airline network expansion and infrastructure improvements. The South Asian giant posted a capacity bump of eight per cent year on year, according to Rotate.

Sources told Voice of the Independent (VOTI), "government-led initiatives, such as dedicated cargo terminals, multimodal connectivity, and booming e-commerce", were all aiding growth.

> "government-led initiatives, such as dedicated cargo terminals, multimodal connectivity, and booming e-commerce"

Both Bengaluru and Mumbai airports recorded strong international volume growth, up 23 per cent and 17 per cent, respectively year on year, against a respective 14 per cent and seven per cent bounce in capacity, according to Rotate's Live Capacity Database.

A spokesperson for Mumbai's Chhatrapati Shivaji Maharaj International Airport said: "The festive season further amplified the e-commerce boom.

"Agricultural exports also reached new heights, with mango shipments hitting approximately 4,700 tonnes," the spokesperson added, although Bengaluru's Kempegowda International Airport retained its spot as the country's busiest perishables handler for the third year running.

Some 30 per cent of Indian cold chain trade flowed through the gateway, with 45 per cent of southern India's market in that segment.

Increasing opportunities for Indian airports from the fresh produce sector reflect increasing suggestions that the country is fast on its way to becoming what some reports have stated as the world's next 'agricultural superpower'.

But the growth seen in Mumbai has also coincided with significant capacity restraints, with the gateway struggling to match demand.

Resultantly, many are seeing the looming opening of the Navi Mumbai International Airport, which if all goes to schedule will happen in April, as essential to meeting the ever-increasing demand for space out of the South Asian country.

For industry representatives, the growth figures have buoyed what was already an upbeat mood, with further developments having been lined up.

Executives at both of India's top private carriers, IndiGo and Air India, told VOTI that they were working on new commercial and capacity strategies on the freight side of their businesses to take advantage of the opportunities.

Chief commercial officer of IndiGo's cargo division, CarGo, Mark Sutch said the carrier was looking to build on momentum from its October record, when it lifted 37,000 tonnes.

And, together with Air India, IndiGo has a massive fleet expansion in the works, with Air India having placed a massive 100-aircraft order with Airbus at the end of 2024 as part of its latest drive for more capacity.

One forwarder told VOTI: "We anticipate fleet developments will bolster the overall efficiency of air cargo logistics, further fuelling economic growth."

However, another source said there was still more industry needed to be doing in order to "tap into its full potential", although they noted that the direction of higher growth indicators was evidently settling in.

Added to which has been the benefits to the market from the chaos in neighbouring competitor Bangladesh, which has seen its massive apparel sector hit by a wave of protests and strikes.

And India has already capitalised on the Bangladesh unrest, the figures released by India's Apparel Export Promotion Council (AEPC) showed a 13 per cent year-on-year increase in December.

Chair of AEPC Sudhir Sekhri said that, long-term, the outlook for Indian apparel exporters looked promising.

This, Sekhiri added, was "largely on account of improved product acceptance, adaptability to changing consumer trends, focus of factories on compliance, and industry-friendly government policies".

Maersk forced to pay a premium for chartered tonnage

MAERSK Line has found itself forking out significant amounts to secure what is proving to be scarce chartered tonnage following the start of the Gemini Cooperation.

Per reports, the Danish carrier is paying Sinokor Merchant Marine $100,000 per day for use of the 8,030 TEU Manzanillo Bridge over a two- to three-month period.

That pricing, if accurate, puts it $10,000 per day up on what MSC had been paying to use the vessel on a just-finished three-month charter agreement.

Maersk has also found itself handing over $99,750 per day for the next two months to TS Lines for its newly built 7,000 TEU TS Hongkong, for use on transpacific services.

In a more long-term deal, it has also agreed to pay $35,500 a day to Greek tonnage provider Euroseas for two 4,253 TEU vessels.

Maersk will get its hands on the Synergy Antwerp and Synergy Keelung for a minimum of three years, in summer after their respective charters with Hapag-Lloyd and TS Lines end.

Insights IN

Seafreight – comment by Charlie Bartlett

Waiting on the next big crisis

WITH the Red Sea crisis conceivably coming to an end, shipping is poised to discover precisely how bad the damage from its two-year ordering bonanza will be. According to Drewry, there could be as much as a 20 per cent capacity overhang in the shipping industry, currently masked by the Cape of Good Hope diversions as well as front-loading panic in the US market.

At the time of that research, it was thought that there would be a strike at ports across the US eastern seaboard, adding to the panic and front-loading pressure. That does not appear to have materialised, after the ILA reached an agreement with employers in early January.

> "The president is going back and forth on the imposition of tariffs on US neighbours; but the inventories are already full"

Now, though, there is a different threat altogether. The president is going back and forth on the imposition of tariffs on US neighbours; but the inventories are already full. After regaining some ground in January, Drewry's most recent World Container Index (WCI) has observed a drop to $3,364 per 40 foot, losing almost all gains since the low point in October 2024, the last time a ceasefire in Gaza was thought to be close.

There is still very far to fall, however. To remind: the WCI in the pre-pandemic year of 2019 averaged some $1,420. This was at a time when the shipping orderbook was at a low ebb, before an additional 20 per cent of extraneous tonnage – and certainly before the imposition by the US of a 10 per cent blanket tariff on goods from China. Elsewhere in shipping, the Baltic Dry Index (BDI) has fallen to its lowest level in two years.

All this implies that the shipping industry will have to respond with a massive scrapping upheaval. But there are challenges in this. It will be rather more expensive to recycle vessels when the Hong Kong Convention comes into force in June. For shipowners, this could hardly be worse timing. Despite the lull in activity, prices paid for scrapped ships on the Indian subcontinent have fallen by around a quarter since last year; meanwhile, in accordance with EU law, European shipowners will have to scrap at EU-approved facilities, none of those in Bangladesh, India or Pakistan – the world's scrapping capitals – qualify.

Alphaliner this week highlights early evidence that shipping lines are resorting to desperate measures to secure market share ahead of the expected crash. "Both MSC and Maersk started quoting below market average spot freight rates on some trades, trying to secure cargo to fill their ships," the newsletter said.

We have seen this before. Between 2009 and 2012, rates remained depressed as the shipping industry remained slow to adapt to the post-crash reality. Acting as a multiplier, ships, patently too big, were cascaded onto trades which did not require them, displacing smaller vessels, the logic being that some revenue was better than none.

For shipowners, this meant trading operationally agile, flexible vessels with ships too big to call at some ports. Nobody was keen to be the first to dispose of perfectly useful ships, leaving them short-handed, whenever the next global crisis set in, to constrain capacity and massively increase profitability. As 2020 and 2021 rolled around, few smaller vessels were available to collect the revenues generated in the pandemic, with some able to fix absurd charters exceeding $100,000 per day.

Post-pandemic, lines are once again indifferent toward these smaller vessels. MSI's Horizon research highlights that deliveries of sub-3,900 TEU 'feeders' and 3,900-7,600 TEU 'midsizes' will add less than five per cent each to their respective fleets; 'large' vessels of 7,600 TEU teu and above make up the vast majority of orders, leading adding close to 50 per cent of the existing fleet.

Do not expect a rush to return to the Suez Canal; but do expect a great deal of slow-steaming. As ever, this will no doubt be couched in the language of decarbonisation and environmentalism, but do not be fooled: slow-steaming has always been shipping's primary stratagem for reducing capacity. Running two half-empty ships a few knots slower than the speed for which their engines were designed will not reduce CO_2 emissions as much as running a full ship at a normal speed. The new environmental regulations from the EU, and the IMO to some extent, take this into account, examining emissions on the fleet level, rather than that of the individual ship.

As a result of this, shipowners may run into problems with the new environmental regulations coming into force in Europe, adding costs for fuel and emissions which could further tip the scales for vessels already suffering from low filling rates.

However, unlike the period between 2014 and 2019 when rates remained in the doldrums, these are hardly stable times. It is difficult to say whether the next big crisis – more likely than not within the next four years – will bring fat profits or lean times for the shipping lines.

Awards event to remember for WCAworld members

WCAWORLD members had another event to remember at this year's BIFA awards, scooping 14 nominations and landing three wins across the categories in a ceremony hosted by double Olympic gold medallist James Cracknell.

Bagging the Ocean Services Award was WCA Inter Global member Denholm Good Logistics, fending off strong competition in doing so.

In its 36th outing, the awards saw 34 companies make the shortlists, up from 29 a year earlier, with six of those companies being nominated across multiple categories, while 12 finalists made it to the two individual award categories: Apprentice and Young Forwarder of the year.

Unsworth UK, part of the WCA Advanced Professionals network, had representation in the Young Forwarder award with Magdalena Krasinska nominated.

Indicating Unsworth's dedication to developing the next generation of talent, they also landed a nod in the Apprentice of the Year category through Dylan Cheesman, accompanied by Elite Global Logistics Network members (EGLN) United Worldwide Logistics's Iwan Williams and Leah Griggs from Laser Transport International.

Expressing delight at the number and the diversity of entries received, BIFA director general Steve Parker thanked the sponsors for the time dedicated to judging and selecting winners.

Parker added that, "It was fantastic to gather in person to celebrate excellence in the freight forwarding industry. Now in their 36th year, these awards are justifiably regarded as the most prestigious in the sector."

Cargo Overseas, another EGLN member, showed the network's pedigree as it walked away with the win in the European Logistics Category.

WCAworld members proved strong in the Extra Mile category, United Worldwide pipping WCA Perishables member Seafast Logistics to the gong, as Seafast and WCA Inter Global member Noatum Logistics UK each gained nods for Supply Chain Management.

Brunel Air Cargo, WCA Inter Global member, was among the nominees in the Air Cargo Services category, with Unsworth again nominated for Staff Development.

Westbound Logistics Services, an EGLN member, was in the running for Project Forwarding, while, exemplifying the WCA's commitment to going green, Peterson Freight Management, of WCA Inter Global, was nominated for the Sustainability Logistics and Environment.

Mixed results for N American rail freight operators

NORTH America's rail freight operators are making gains at the expense of their road freight peers, if sources are to be believed, but while volumes may be climbing it seems there are mixed results when it comes to converting these into increased revenue.

Over at CSX, chief commercial officer Kevin Boone beat a remarkably upbeat tone, noting during the company's full-year 2024 investor meeting that they were "continuing to compete and win intermodal business".

Boone's tone, and the fact that CSX recorded volume growth in all four quarters "for the first time in 10 years" aside, full-year income and revenue per unit (RPU) fell one per cent, to a little over $2 billion, and five per cent, to $708, respectively.

Even so, CSX chief executive Joseph Hinrichs said that despite intermodal posting the lowest RPU, he expected it to "show the fastest growth this year", particularly with the carrier making headway in efforts towards greater cost control and improved efficiency.

While Boone added: "On intermodal, it is encouraging to see at least some stabilisation and maybe some contract rates starting to move up slightly. Our domestic intermodal performed well, converting traffic from road, even in this challenging truck market."

"On intermodal, it is encouraging to see at least some stabilisation"

Up five per cent on 2023, total carloads for the intermodal division hit 2.8 million teu, with the final three months of 2024 witnessing a four per cent year-on-year increase, to 746,000 teu.

Over at Union Pacific, chief executive Jim Vena said the carrier's "strong fourth quarter represented a great capstone to a very successful year," as it reported Q4 intermodal revenue growth of six per cent year on year, to $1.25 billion.

Full-year turnover hit $4.7 billion, representing a growth rate of three per cent year on year, as full-year volumes jumped 11 per cent, to 3.3 million teu, helped in part by that talked-of end-of-year surge, with Q4 volumes up 16 per cent, to 911,000 teu.

Canadian National, perhaps, found itself standing out for the wrong reasons, with quarterly and full-year revenue dropping eight per cent and two per cent, to C$876 million ($602 million) and C$3.75 billion, year on year, respectively.

But its compatriot, Canada Pacific Kansas City Southern recorded strong growth in fourth-quarter turnover – up 12 per cent against Q4 2023, to C$949 million – and RPU to C$1,538, although volumes over the three months fell nine per cent, to 411,000 teu.

Despite that quarterly volume demise, over the 12 months of 2024, it managed to post a two per cent uptick in volumes, to 1.64 million teu, to generate intermodal revenue of C$2.52 billion, although RPU remained flat, at C$1,536.

Containerised exports out of Asia hit new highs

HOUTHIS, tariffs, industrial action, and a strong US economy turbocharged containerised exports out of Asia last year, with US-bound volumes from 18 Asian countries hitting an all-time high of 21.45 million, according to the Japan Maritime Center.

Individually, China and South Korea saw the best of it, recording respective 16 per cent (to 11.8 million TEU) and 15 per cent (to 1.36 million TEU) year-on-year increases.

But regionally, South Asia (including India) more than matched these growth rates, with a 16 per cent year-on-year upturn of its own, to 1.5 million TEU, as the Asean region surged against 2023's numbers by 24 per cent, to 5.38 million TEU.

Well surpassing the five million TEU mark, Asean set a new record, highlighting the now pronounced shift in manufacturing from China to the Southeast Asian bloc.

Elsewhere, US imports from Japan grew by eight per cent year on year, to 670,000 TEU, while Taiwanese exports to the US climbed up five per cent when compared with the preceding 12-month period, hitting 661,000 TEU.

Commenting on the growth rates, the Japan Maritime Center said that the inventories of US retailers were now higher than in 2022.

It added: "With the US east coast port workers reaching a tentative agreement with terminal operators, and the Trump administration's tariff policy, there will be no major changes right away. But we need to keep an eye on how the situation will change after Chinese New Year."

There have been suggestions that the uncertainty surrounding Trump's tariff policy – first on, then off, and then maybe back in a month – could prompt a further spike in front-loading.

Noting that US retailers had started to import goods from Asian factories ahead of the July peak season, Clarksons analyst Trevor Crowe said that transpacific trade had proven especially strong over the course of 2024.

Crowe pointed to a slew of front-loading, which he said had lent support to shippers which had "rushed" to protect their supply chains.

He added that their intent was not only to tackle the disruption from the Red Sea Crisis, which upended expectations of the year from shippers, forwarders, and carriers alike, but also to contend with "US port strikes and potential tariffs from the Trump administration".

Intermodal momentum appears poised for further growth

US rail carriers roared into the new year buoyed by strong gains in intermodal business. In the week that ended on 18 January, intermodal rail volume was up 27 per cent year on year. Three of the North American Class I carriers clocked up increases north of 30 per cent in their intermodal business, and the other three saw increases between 20 and 29 per cent.

For the US railways intermodal traffic in the first three weeks of the year was up 14 per cent. Canadian and Mexican rail companies also enjoyed robust demand, which lifted the tally for North American intermodal rail 27 per cent over the total volume recorded a year earlier.

Logistics providers and port authorities unanimously point to a surge of imports through West Coast gateways as the engine of all that growth at a time when volumes normally tank. A survey conducted by CNBC between mid-December and early January saw 78 per cent of respondents point the finger at cargo owners' desire to pull shipments forward in preparation for new tariffs as the primary reason for the unseasonal boost in traffic.

The lion's share of this was made up of imports from China, but front loading was not confined to shipments from that country, the CNBC survey indicates. Its authors also pointed to products imported from Europe, followed by Mexico, Vietnam and Malaysia, with India and South America seeing less front loading.

For the US railways intermodal traffic in the first three weeks of the year was up 14 per cent

This is not limited to retailers stocking up on inventory before tariffs hit. One forwarder noted that firms in the construction sector have rushed in components for infrastructure projects, as budgeting for materials and supplies was agreed on at the tender stage, leaving no room for another round of pricing negotiations to account for tariffs on materials.

Volumes that moved through the US west coast gateways reflect the increased activity from front loading. At the port of Los Angeles imports were up 26.4 per cent year on year in December, while neighbouring Long Beach registered a 23.9 per cent surge in imports. Mario Cordero, executive director of the port of Long Beach, attributed the increase to consumer demand, with fears of an east coast port strike in January a contributing factor.

Figures from the Intermodal Association of North America (IANA) show a 10.2 per cent rise in international containerised traffic for December – already well past the normal peak season for these flows. Union Pacific, the largest of the US Class I carriers and the leading carrier of intermodal imports through the west coast, also reported rising intermodal volumes in December, which was a major contributor to its 7 per cent increase in profit for the fourth quarter.

MARIO CORDERO
port of Long Beach

For that matter, an 8.5 per cent rise in intermodal business over 2023 was the engine for North American rail traffic growth through much of last year, whereas carloads were struggling, mainly owing to dwindling coal traffic.

The Surface Transportation Board and shippers have repeatedly criticised the North American rail carriers for failing to raise service levels and build up intermodal business, blaming this on the railways' pursuit of precision scheduled railroading, which emphasises operating ratio as the primary measure of carrier performance, an approach that has been encouraged by investors.

The prospect of elevated volumes as a result of new tariffs triggering more front loading is not prompting the railways to boost staff numbers. Two of the big four US carriers (UP and Norfolk Southern) are planning to increase staff by less than half a percentage point for this year, while the other two are aiming for headcount reduction under one per cent. They argue that improvement in technology and better productivity will allow them to handle larger volumes without growing headcount.

Paul Brashier, VP global supply chain at ITS Logistics, noted that shipment visibility has improved a lot since the days of the Covid pandemic, which makes it easier for the industry to cope with large volumes and disruptions. Still, he expressed surprise at how smoothly west coast ports and inland rail infrastructure have coped with the steep increase in container imports seen in December and January.

Nevertheless, he is not sure how the system will cope with another surge in imports kicked off by the anticipated next round of tariffs. The new US administration refrained from slapping tariffs on imports from China, Mexico and Canada on the first day of its tenure, as the new president had stated, but that was merely a temporary delay until the 1 February announcement.

Brashier urged cargo owners to prepare for front-loading similar to what played out in 2018, when the US introduced levies on imports from China. They should be bracing themselves for bottlenecks at import gateways, he warned, adding that tariffs will likely also affect availability of containers for export as a result of equipment imbalance.

On top of elevated containerised imports, the rail industry could also see an increase in domestic intermodal demand. IANA expects that the ongoing shrinkage in trucking capacity as smaller players are forced out of the market will provide a tailwind for the rail carriers.

China 'probably prepared' for 'shock' de minimis move

THE newly installed Trump administration kicked off February by suspending access to Section 321 customs de minimis entry processes for shipments under $800, leading to chaos, with operators suspending US services only to backtrack and resume those same services.

Sources told Voice of the Independent (VOTI) that Trump had "wide, bipartisan support" when it comes to suspending de minimis – "at least for Chinese shippers" – but one added that the speed at which the president pushed this through caught the sector by surprise.

But with China's rapidly growing e-commerce sector the target of Trump's move, comments from senior analyst at Gartner Brian Whitlock suggest the East Asian power may have been at least partially prepped for it.

"I suspect Chinese e-commerce players would have been prepared for this to happen at some stage, considering there are several bills going through Congress intending to strip Chinese access to de minimis," said Whitlock. "Even if they were caught offguard, they'll be ready."

Should the US administration persevere with its halt on the de minimis exemption, there will be mounting questions for the US Customs & Border Protection agency (CBP), which will find itself processing significantly more customs entries per day.

Based on 2023's figures, CBP processed around four million de minimis shipments a day, equating to one billion over the year, with a combined value of $50 billion, and well up on the 2.8 million daily shipments it handled in 2022.

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