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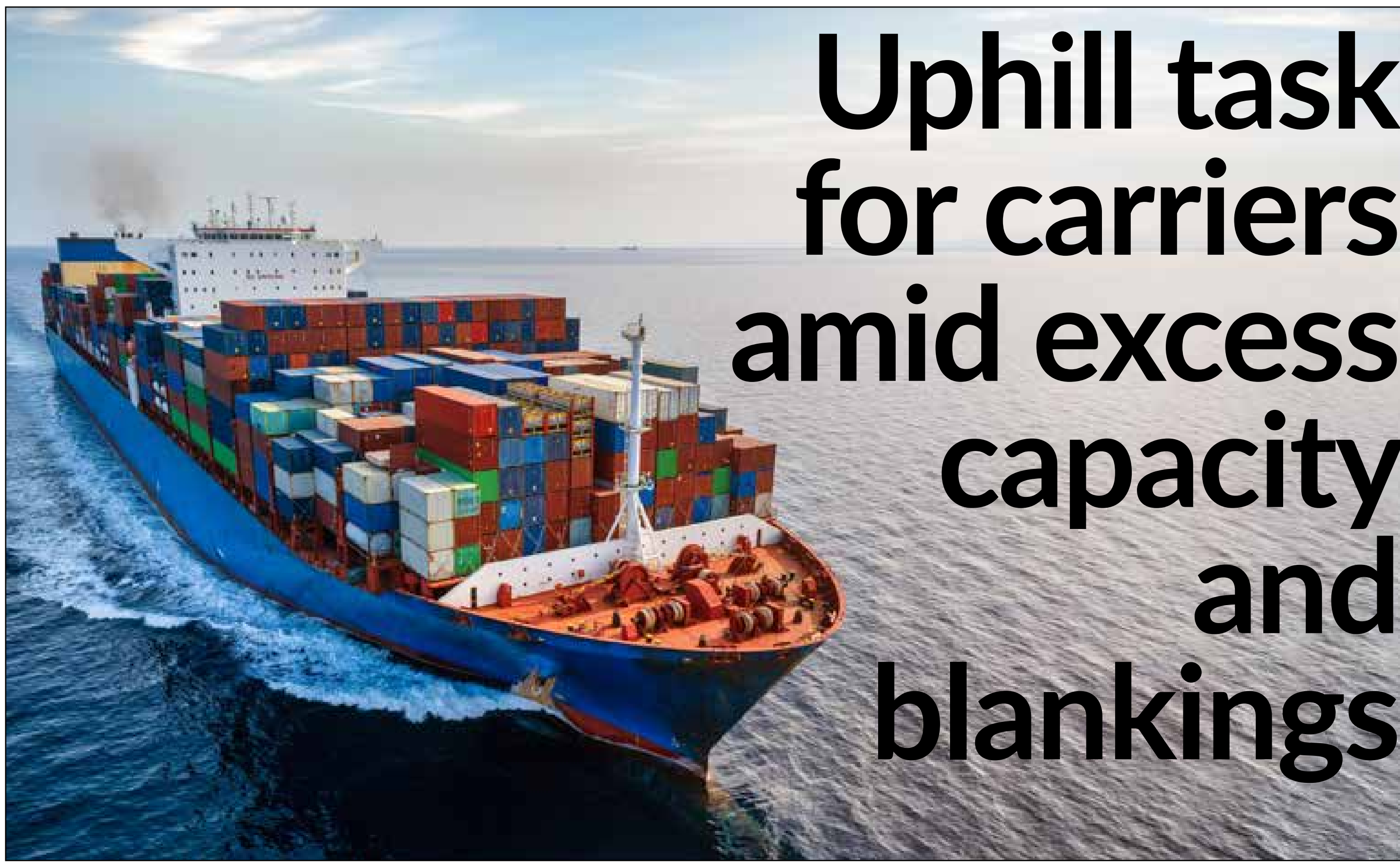

Uphill task for carriers amid excess capacity and blankings

Emergency fuel and peak season surcharges played their part on transpacific trades

SPOT rates on the Shanghai-Los Angeles trade began May after back-to-back weeks of gains, and now it seems the other main trades are following suit after three successive weeks of similar decline, posing questions for cargo owners.

Emergency fuel and peak season surcharges played their part on transpacific trades with Drewry's World Container Index (WCI) Shanghai-Los Angeles route growing five per cent week on week over the first seven days of the month, hitting $3,062 per 40 foot.

This came on the back of two per cent growth in the closing days of April, meaning that spot rates on the trade had jumped 34 per cent on where they sat in the immediate aftermath of the start of the conflict in the Middle East, in February.

Forwarders on the trade told Voice of the Independent (VOTI) that from their perspective the rate situation had remained relatively stable, and that there were, in fact, discounts being offered on Asia-West Coast sailings of $2,500 per 40 foot.

One west coast forwarder said, however, that space was becoming increasingly tight as carriers had opted to cut capacity in an effort to push rates up further, noting that this was adding to the general supply chain disruption that has plagued supply chains.

> "Multiple blankings are planned in early May"

"Space is technically available to book, but reduction in vessel capacity means a high percentage of shipments are being rolled to subsequent weeks," said the forwarder, adding that carriers were leaving China overloaded, depositing excess volumes in Busan.

"To compensate for fewer ships, carriers are overloading vessels, sometimes forcing unplanned discharges at intermediate ports like Busan to lighten the transpacific load crossing," and warning that May blankings were likely to "occur at a higher rate than in April".

Linerlytica supported this conclusion, reporting that: "Multiple blankings are planned in early May, with the biggest changes involving the Premier Alliance's reconfiguration of its transpacific services."

Freightos Terminal further supported the upturns made on Asia-US West Coast trades, with head analyst Judah Levine suggesting this was 45 per cent

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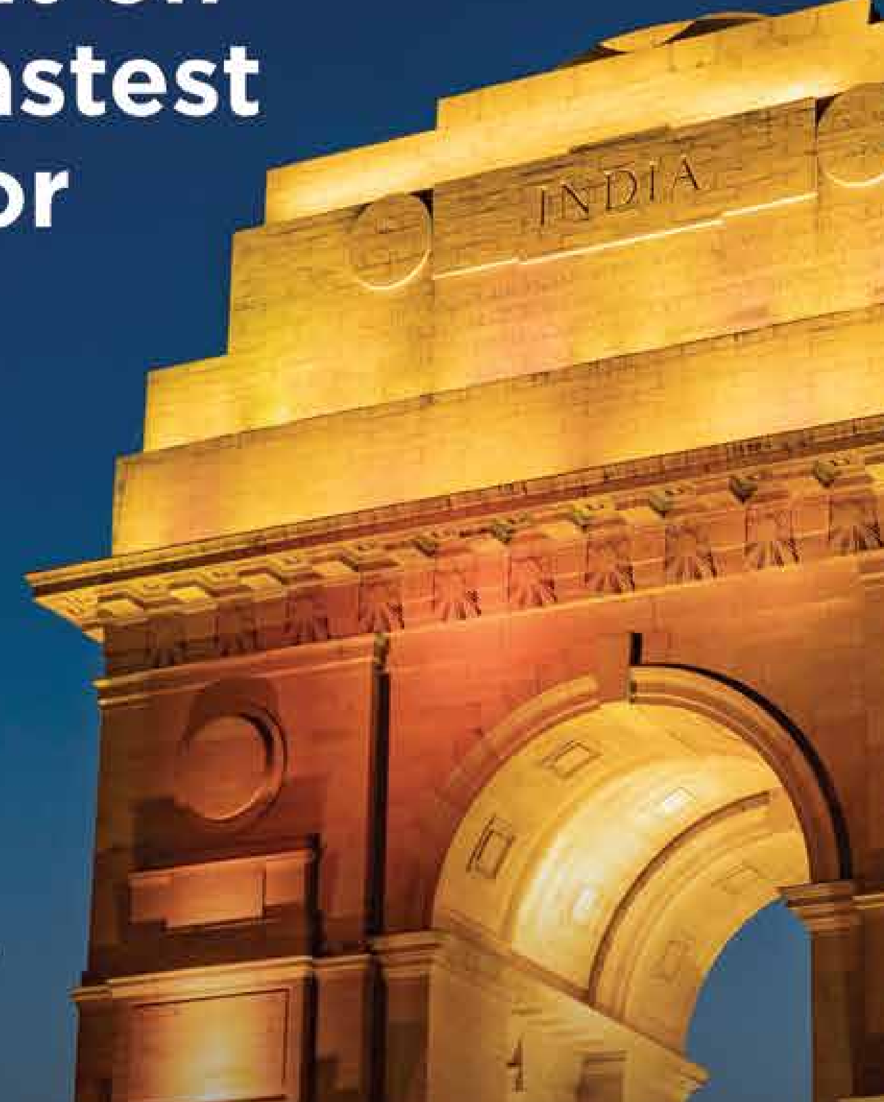

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Smart capacity management is key

continued from page 1

up on the pre-war state, while Xeneta suggested they had climbed 50 per cent compared with the start of March.

One forwarder told VOTI that just after the commencement of bombing in the Middle East that the quoted rate per 40 foot for 2026 annual contracts had leaped by $1,000 overnight.

They had been fairly derisive of the offer, but Xeneta head analyst Peter Sand told VOTI that a mixture of pricing discipline and capacity management had allowed the carriers to have largely managed to achieve that goal.

> "A lot of shippers have decided 'let's move my goods forward'"

"Part of it is arguably due to the smart capacity management post-Chinese New Year, but 50 per cent up is also testament to the fact that carriers have successfully been pushing up rates amid all the uncertainty shippers also had to handle," said Sand.

Adding that there were some early signs of shippers replenishing inventory, Sand noted: "It's also shippers perhaps fearing that as we face the traditional peak season in the third quarter, there could massive congestion in the main hubs in South-east Asia.

"A lot of shippers have decided 'let's move my goods forward' – Adidas, for instance, is front-loading ahead of the World Cup", calling it a "better safe than sorry" approach – "bring my goods in so I won't run short at a later stage with some unforeseen headwind".

Having ended April with a two per cent week-on-week decline, the WCI's Shanghai-New York leg recorded an even stronger upturn in the first week of May, gaining seven per cent week on week to hit $3,721 per 40 foot.

And yet, on the Asia-US West Coast trades it appeared still possible to find a few carriers offering discounts, with forwarders telling VOTI a discount of $3,550 per 40 foot was being touted on Asia-US East coast sailings.

Carriers dealing with overcapacity in April failed to offset successive week-on-week declines, but seven days into May, Drewry's WCI recorded upturns across its Asia-European routings.

For Shanghai-Rotterdam, spots were recorded by the WCI as up two per cent over the first week, hitting $2,170 per 40 foot, while its Shanghai-Genoa leg eked out a one per cent week-on-week increase to $3,075 per 40 foot.

Now, carriers will be hoping to build on this momentum with the planned implementation of new freight all kinds (FAK) rate levels, reportedly ranging from $3,500 to $4,500 per 40 foot on Asia-North Europe and $4,500-$4,600 on Asia-Mediterranean trades.

Despite the slew of capacity cuts, analysts and customers are sceptical that carriers will be able to make these FAK levels stick, one forwarder telling VOTI: "Asia-Europe rates from April to the first half of May have been flat.

"We're seeing early indications of an increase for the second half of May of around $200 per teu, which I think has come from the heavy blanking, and it has impacted our allocations and even seen some rollovers."

Drewry has forecast that capacity will decline three per cent month on month on Asia-North Europe and 10 per cent on Asia-Mediterranean in May, but analysts at Linerlytica suggested this would be insufficient to support new FAK levels.

One analysts said: "Carriers will face an uphill task in securing the next three rounds of rate hikes to North Europe, with limited capacity cuts in May and higher capacity expected in June."

Shippers eye multimodal solution to rising cost of air

DISRUPTION from conflict in the Middle East and surging airfreight costs is driving Asia-Pacific shippers to consider the use of sea-air routings via the US west coast as an alternative routing for shipments headed to Europe.

And it seems lasting cost pressures brought about by issues relating to aviation fuel supplies could result in the routing being utilised for some time – although sources indicated that they did not consider it being a long-term option.

Under the model, cargo travels by sea to the US before being flown to its final destination in Europe, with the ocean voyage typically taking in the range of 16 to 18 days, before transit to airport and onward flight adds two further days to the journey.

Pinch points in US landside operations present a threat of delay, however, with the traditional ocean routing between Asia and Europe taking as many as 50 days amidst the ongoing disruption in the Red Sea, some consider it a risk worth taking.

Several forwarders noted that the proposition was being pushed with an increasing regularity as shippers try to balance cost with speed; one forwarder noting that shippers themselves were upping the ante on the route as a viable solution.

Sources claimed shippers moving consumer goods, fashion, retain, and technology are most receptive to the use of the multimodal solution, with speed-to-market vital but tight margins keeping a pure airfreight solution off the table.

Given rail connectivity to Europe, Chinese firms have been less taken by the idea but there is appetite for a sea-air solution from other parts of North Asia as well as from the Philippines, Thailand, and Vietnam.

Brazil's u-turn on bids for Tecon10 box terminal

BRAZIL'S government has proposed allowing container lines to bid for the new Tecon10 greenfield terminal in the port of Santos, upending a ruling from its shipping regulator, Antaq, blocking carriers from the bidding process.

Directed by the Brazil Federal Court of Accounts (TCU), Antaq prohibited carriers from participating citing concerns surrounding about vertical integration and competition concentration as a result of carriers' existing involvement in terminals in Santos.

But the body responsible for public-private investment projects, Investment Partners Programme (IPP), informed the Ports Ministry that the TCU failed to provide adequate reasons for the exclusions.

It said APMT, CMA CGM, DP World, and MSC could bid for Tecon10 if they "filed with the competent authorities the irrevocable and unalterable sale of their shareholdings in other terminals at the port", before signing the new contract.

This, it added, "addresses the risk pointed out of any player frivolously delaying the divestment, threatening operations". It added: "If the said divestment does not occur, there will be no loss for the public authority, given it will be possible to call the second-placed participant of the conducted bidding."

It noted that the "greater the competition in the auction, the higher the chances of selecting the most efficient partner; one who reduces Brazil's logistics costs, helping the production chain", and doubled the minimum bid level, to R1 billion ($186 million).

Once completed, Tecon10 will add four berths, providing the port with an annual handling capacity of three million teu, raising overall annual capacity by around 50 per cent, to nine million teu.

Focus ON

Bullish forwarders still see potentia

THERE appears something of a mixed interpretation of the state of project cargo in the present moment. Recent years have been kind to the sector. Demand from China, India, and Southeast Asia prompted successive years of increasing growth and opportunity. But all good things must come to an end – or perhaps a slowdown – with project cargo seemingly failing to escape the impact of the conflict in the Strait of Hormuz.

JIMMY LIU
Universal Logistics

Universal Logistics' Jimmy Liu tells Voice of the Independent (VOTI) the project market, having experienced a boom in recent years, has now been brought to something of a halt: "Due to the Iran war, the logistics industry is almost suspended, and trade cannot be realised. Fuel prices are climbing, which means logistics costs are too. Meanwhile, the crude oil shortage is causing issues, all of which is surely having a bad influence on the global economy. As I see it, the economy is very much in the recession section of the economic cycle, and the market is tipping downwards."

"Our daily work shows us that the driving force of the global economy is China and India"

Thus far, Liu's outlook appears worrying. But, like others VOTI spoke to, Liu sees that even in the midst of a troubling situation on so many levels, there are pockets of optimism. Those pockets are none too shabby, either.

"Our daily work shows us that the driving force of the global economy is China and India," Liu continues. "China especially has been investing a lot in infrastructure projects in Africa and South America and is exporting a large quantity of various materials and equipment to and from these areas. This makes these particular markets active. But when we look to other markets, we see demand is not so strong."

Liu makes the point that the outlook for the macroeconomic world is "not optimistic", at least for this year. Other forwarders VOTI spoke with warn that if the situation in the Persian Gulf is not brought to a peaceful conclusion soon, this instability and dampening of demand is likely to stretch well beyond this year. But, on the flipside, if a swift and peaceful resolution is achieved in the coming weeks, the end of the year could look very different to where everyone is presently sat. Business development manager at Fleet Line Shipping Services in Dubai Simona Peter tells VOTI that even amid this chaos there is opportunity.

"Recent geopolitical developments, including tensions between the United States and Iran and the closure of the Strait of Hormuz, have introduced new and largely uncharted challenges for the industry," says Peter. "However, with every disruption comes opportunity. We are seeing a noticeable increase in air freight for urgent and high-value cargo, as well as a heavy reliance on multimodal solutions through Oman and Saudi."

SIMONA PETER
Fleet Line Shipping Services

Providing a broader temporal lens on the situation, Peter actually considers the Middle East to have contained one of the brighter spots for the project cargo scene before the conflict erupted at the end of February. She notes that energy investment and a push towards greater regional connectivity were driving new opportunities for project forwarders.

"Abu Dhabi, in particular, continues to see significant activity across both oil and gas expansion and renewables, with large-scale projects generating

Project Cargo

al in project cargo

FRANK SCHEFFLER
isa (Independent Shipping Agencies)

consistent demand for heavylift and project logistics services," says Peter. "At the same time, the region is investing heavily in inter-regional connectivity. Saudi Arabia's rail developments, the UAE–Oman rail link, and the phased rollout of Etihad Rail, which is already operational across parts of Abu Dhabi, are creating new logistics corridors that will reshape how project cargo moves across the GCC.

"These developments are not short-term; they are foundational and will support long-term project cargo flows across the region. Overall, forwarders that can adapt quickly to these changing dynamics are well positioned to benefit from both the challenges and the opportunities emerging in the region."

None of which is to say that the situation in the Middle East – or rather, situations – is not impacting project logistics. Peter stresses: "Yes, the situation in the Red Sea did have a clear impact on project logistics." In particular, she notes that the need to re-route vessels around the Cape of Good Hope has added significant transit time and increased freight costs.

"However, in comparison to the recent closure of the Strait of Hormuz, that disruption now appears relatively minor in scale," she adds. "The situation in Hormuz has created a far more complex operating environment, especially for cargo moving in and out of the Gulf. In times like these, the ability to adapt and implement flexible solutions becomes critical. Project forwarding in the region is no longer just about execution, it is about navigating constant change."

Project manager at Translog Overseas Oscar Saavedra tells VOTI, that the most direct impact felt by project logistics from the situation in the Persian Gulf was the decision of shipping lines to immediately suspend shipment of any oversized or overweight cargo, as well as dangerous goods and reefer cargo, to countries within the Gulf, such as the UAE, Qatar, Bahrain, Saudi Arabia (Dammam), Kuwait, Iraq, or Iran.

"The alternative offered is unloading in alternative countries outside the Persian Gulf, such as Saudi Arabia (Jeddah) or Oman (Sohar or Salalah) and leaving delivery to the affected countries solely in the hands of the consignee, who must arrange for a road transport that significantly increases the total costs of any operation," Saavedra says. "As if this were not enough, ocean freight rates have increased at the same time, and shipping lines have applied important surcharges due to rising fuel prices caused by instability in the region, and due to the war itself."

In an effort to tackle these issues, Peter says Fleet Line Shipping Services has focused on providing reliable multimodal solutions, particularly for OOG and breakbulk cargo. To ensure these movements go without a hitch, the company has used routings through Saudi Arabia and Oman, combining sea, road, and alternative gateways.

"These have proven to be an effective approach in maintaining cargo flow despite the disruptions," Peter notes. "Ultimately, while these challenges increase pressure on costs and timelines, they also reinforce the importance of expertise, planning, and adaptability in project logistics."

While turning to road may work for certain projects, isa's (Independent Shipping Agencies) managing director, Frank Scheffler, tells VOTI that while the Middle East conflict is "of course" a point for everyone in project shipping, size does matter.

"The newly established overland transport options and connections are fine for full containerload shipments, but cargo with over-dimension and which is overweight, is simply a different kind of beast and often cannot be moved over land for the sort of distances that are required in the absence of access to usual gateways," Scheffler says. "Nearly every carrier has declared, at various points, 'end of voyage', so even when the conflict ends, we expect no capacity for both out-of-gauge cargo and ro-ro services for at least three months. Cost-wise, carriers will definitely introduce new fuel add-ons, due to the volatile oil prices, or high oil prices. Anyhow, we remain in the hope, that there will be peace again soon."

> "carriers will definitely introduce new fuel add-ons, due to the volatile oil prices"

But, again, even in this chaos, the project sector sees opportunity. For Saavedra, the greatest opportunity for project cargo currently lies in the energy transition industry, and in opening new factories, or relocating them. Noting that the discussion on the move to alternative energies is a global trend, Saavedra says this will mean phasing-out all forms of energy dependent on fossil fuels, meaning that the opportunities are not limited to a small pocket of the world, but to everywhere. And in turn, everywhere will see the desire to take advantage of this opportunity if it leaves them in control of their own energy supplies – the need for which has been shown by first the conflict in Ukraine and subsequently the issue in the Persian Gulf.

"The need to transition is also there for another reason," Saavedra continues. "It has been widely demonstrated that their [fossil fuels] use releases greenhouse gases, causing severe pollution and climate change. It is also common knowledge that many countries offer incentives to promote the growth of this industry; for example, in some European countries, the governments have maintained active subsidies for the energy transition since 2021 for photovoltaic and wind power installations, energy-efficient building retrofits, subsidies for the purchase of electric vehicles and the installation of charging stations, among other initiatives."

All of which means more opportunities for project forwarders to tap into. And yet, there remains a space for those fossil fuels, Saavedra pointing out "another big opportunity" comes from the fact that prices for oil have been driven so high that, with demand for energy having by no means waned, the oil and gas industry is becoming an even bigger opportunity for new projects located across many countries.

What about other opportunities? Sales director at TSL Australia Allan Hou tells VOTI that the momentum in South Asia,

especially India, remains incredibly encouraging.

"The momentum in India is definitely real and accelerating," Hou says. "We are seeing huge structural investments and major logistics players expanding into industrial hubs there. For those of us in heavylift and out of gauge operations, India has become a massive, critical hub for both inbound infrastructure and outbound manufacturing."

It is an observation shared by others. Peter points out that the momentum in South Asia, particularly India, has sustained itself and is evolving into a more consistent and diversified project pipeline. This, she says, is being driven by multiple sectors, including renewables like large-scale solar parks, wind farms, and emerging green hydrogen projects in Rajasthan and Tamil Nadu alongside infrastructure developments like port modernisation and expansion across the coast.

"This is generating steady demand for the movement of oversized cargo, including turbines, blades, and transformers," Peter continues. "All of which is being supported by government initiatives such as 'Make in India' are accelerating industrial growth, leading to increased imports of heavy machinery while boosting exports of plant equipment and industrial cargo from India to global markets, particularly the Middle East. The projects are part of long-term, government-backed development strategies. For forwarders, this means that they are seeing more repeat

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Focus ON

Project Cargo

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movements, phased shipments, and ongoing contracts rather than one-off project cargo. This level of consistency is exactly what continues to sustain momentum in the market."

Boring into the details of what the South Asian market means for project forwarding, Saavedra points out that there are some "important countries" experiencing rates of GDP growth exceeding the six per cent mark. One of these is India, with expectations that this year it will surpass 6.5 per cent growth in GDP. And it is a growth that is being well supported by government planning and efforts.

"Looking at the size of the Indian market, the recent free trade agreements it has signed with different countries or groups of countries, like the one recently signed by India and the European Union, and the continuous growth in industries such as energy transition, with new solar, wind, and hydrogen have provided a big boom for project," Saavedra notes. "And then there is growing demand in oil and gas and transport infrastructure (rail corridors, highways, ports), as well as industrial manufacturing expansion (steel, cement, chemicals). All of which means that the forecast is growth in these industries continuing over the next few years, which represents a significant opportunity for the movement from or to India. There are many industries moving to India, some to produce for the local market, and others to export the products to all over the world."

Scheffler agrees that India represents a big opportunity. But he stresses that it is a far from perfect market in which to operate. Describing it as an "up and coming" market, part of the issue Scheffler has with working in the country is that he sees "a lot" of buying occurring at auctions, with the forwarder then provided unclear or incomplete information on the cargo. This includes situations where the cargo is still in the factory and the customers in India are unwilling to pay for all of the work that needs to be carried out to get said cargo safely transported to them.

Where then does Scheffler see as the emergent pockets of opportunity for project forwarders?

"The 'Green Offensive' especially in Germany, leads to a lot of movements with nearly new machines, but do not fit into the set climate goals, to nearly all over Asia," he says. "Then we have Vietnam coming online more and more as far as project shipments are concerned. And, importantly, we do not believe it has yet reached its peak, with us expecting to see more volumes being generated by the region over the coming months and years. For the rest of South-East-Asia we see a lot 'in the air', but the region remains currently quite reluctant, when it comes to final commitment. And then there is Canada, which is doing well. So too is the US, albeit a bit lower, but given the unclear tariff situation, that was to be expected although we expect it to slowly re-develop."

Similarly asked about where the opportunities lie, Hou points to Australia alongside the wider Asia Pacific region as the spaces to watch in the coming years. Echoing others, he argues that the transition to green energy is the "undisputed driver".

"With massive wind and pumped hydro projects getting fast tracked, there is a dense pipeline of complex logistics work," Hou adds. This is absolutely foundational. Moving these huge modular packages and oversized components will sustain the project sector for years."

But he also sees another area of opportunity.

"The impact of the Red Sea and Persian Gulf instability is definitely heaping cost and transit time pressures on the supply chain with all the rerouting," Hou says. "But honestly, it also creates an opportunity for specialized forwarders to show their worth. When moving critical gear, like the two TBM thrust frames our team recently handled for the Western Sydney Tunnel, clients need more than just a basic booking. They need real risk management, alternative routing, and rigorous scenario planning. This kind of volatility separates the experts from the rest."

But all of the uncertainty has underpinned the growing need for technical transparency. Hou says that clients want to see exactly how any complex problems are solved on the ground. Consequently, he notes that TSL recently started sharing real life operational case studies with its partners, breaking down the technical realities of heavy lift moves, and the response has been fantastic.

"This kind of volatility separates the experts from the rest"

"Right now, pairing real world expertise with clear communication is what wins," Hou says, and Saavedra agrees.

"At Translog, we maintain constant communication with shipping lines and airlines to obtain accurate information on additional surcharges and alternative routes, with the goal of ensuring that information flows quickly to our clients to keep them up to date," Saavedra says. "Communication is important in uncertain situations for any type of logistics operation, but it is critical for project cargo shipments because any mistake resulting from a lack of information can lead to very high additional costs. And with constant communication with the key suppliers in the industry we can provide a high-quality consultant project service to our clients, resulting in fewer costs for our clients."

Asked how he feels about the future, Saavedra says that as far as the project forwarding sector is concerned, "the future has never been more promising". It is a theme reflecting what the other forwarders have said. Should there be any concerns? Saavedra notes that should the war in the Persian Gulf intensify, that would present an issue.

Spotlight ON

Tulio Gallese

chief executive
Gamma Cargo

Peru's port of Chancay: the answer to a dream?

GIVEN the port of Callao's proximity to major urban areas, hopes of expanding it were, "if not impossible, extremely difficult". This, chief executive of Peru-headquartered Gamma Cargo Tulio Gallese tells Voice of the Independent (VOTI), was just one of the reasons the country had been crying out for a new deepwater gateway. In the $3.5 billion port of Chancay, Peru has finally had its wishes answered.

"We needed this," says Gallese. "With Callao, accessibility is complex. It is something we are already dealing with, and in the future, we expect it to become catastrophic. Part of the issue is that Callao does not have the natural draught required to accommodate the mega-ships currently operating in the market, nor does it have the conditions needed to properly supply these vessels."

> "The intention is to supply Peru and all of South America with the products that China offers"

Boasting an 18-metre draught that can meet the needs of larger vessels, Chancay's location, 50 miles to the north of Lima, leaves it well situated to handle the country's mineral cargo, which typically travels north to south. A result of this, Gallese believes, is that the region will enter into a cyclical process of improvement, creating a significant development axis in northern Lima. That in turn will only help to better capture more of the mineral cargo coming from the country's north. Nor is it just Peru that can benefit from the "smarter, more efficient" routings. The needs of the wider region are set to win out from Chancay's arrival, meaning demand will be there for Callao too.

"Chancay can facilitate operations between our neighbouring countries, Ecuador and Chile, since through Chancay we can manage transit between the west coast of South America and Asia," continues Gallese. "We expect Chancay to become much more competitive in terms of the transportation of cargo from Southeast Asia, as we currently tranship this cargo in South Korea or Singapore using our consolidated maritime cargo services. Therefore, we hope that the port of Shanghai can offer this alternative in a competitive manner. We expect this to succeed because these ports are highly automated and operate primarily with FCL (Full Container Load) cargo. Internationally, Callao and Chancay are attractive due to their strategic geographic location for serving countries such as Colombia, Ecuador, and Chile. Lima has proven to be the most attractive and natural hub, situated on the west coast of South America. As a result, cargo flows have been generated from ports in neighbouring countries. There has also been an increase in domestic cargo, as Chancay is linked to a project aimed at connecting it with the fluvial port of Pucallpa. This connection will generate significant internal development by linking the coast with the Andes and providing connectivity with Brazil. It should be noted that Chancay will always be a competitor to Callao, which is only 40 miles away."

There remains work to be done, however, with Gallese pointing out that improvements in road access and internal connectivity are expected. He said the Peruvian government must invest to enhance cargo flows in northern Lima and ensure efficient connections to central Lima if it is truly to capitalise on the opportunities afforded by the opening of Chancay, particularly as once vessels arrive, containers are currently transported by land. But Gallese appears optimistic that all stakeholders in Peru know what is required, are ready to enact it, and know what the future holds.

"The intention is to supply Peru and all of South America with the products that China offers – household appliances, textiles, electronics, industrial inputs, machinery, equipment, among others," he says. "For China, this means that its products reach South American markets quicker and at lower cost, increasing their competitiveness compared to suppliers from other regions. The opening of Chancay means that China can better penetrate Peru, Bolivia, Ecuador, Chile, and other countries. Regional distribution is facilitated by using Peru as a logistics hub, since connectivity to other destinations can then be achieved by sea, by land and even by air for parcel shipments."

Asked what he expects from the import side of the business, Gallese says that Gamma is anticipating handling a higher volume of technology equipment. He notes that the high rate of obsolescence of these products makes them particularly high value. Textiles for the retail sector – particularly on the fashion front – will also benefit from the short 22-day transit time. A consequence of which is that costs for shippers will likely drop, with Gallese contending that the reliance on air freight from some of these sectors will be "significantly reduced".

And then there is something for the Peruvian export community. As a major consumer of natural resources, China offers Peru's mineral shippers a strong market. And Chancay is well suited to enable the direct export of the products the Chinese are after, including minerals such as copper, zinc, and iron. Added to which, agricultural produce – from blueberries and grapes to avocados and coffee – fisheries, including fishmeal and fish oil alongside the forestry and agro-industrial products from neighbouring countries can also capitalise on Chancay's opening.

Gallese says: "For China, this means more stable and predictable access to key inputs, reduced dependence on long or congested routes, and diversification of suppliers in the face of global risks. And on the export side, we have a strong footprint as a result of managing our own fleet of trucks. These are fully equipped to handle perishable and refrigerated products from anywhere along the Peruvian coast, from Paita to Matarani. As a result, we will place a strong focus on exporting perishables to China, including the establishment of agreements with partners in Brazil, where we are working on improving connectivity to enable exports through Chancay."

> "it is important to examine the challenges faced in Panama"

It all sounds rather optimistic. Does Gallese have any concerns surrounding the port of Chancay? Well, there is one. And it concerns the law. As he points out, the present legal framework that will protect cargo users and cargo owners within Peru operates under international regulations. Those regulations are presently designed for port concessions over full private investment. But Chancay, among other things, is the first private port in the country. Consequently, Gallese believes there is a need for the government to review how these systems operate globally and where effective mechanisms to protect users have already been developed.

"For example, it is important to examine the challenges faced in Panama, which we hope will not arise in this project," he adds. "It is worth noting that Cosco has invested in Chancay. That investment commitment exceeds $3 billion, of which only 50 per cent has been invested so far. This implies that Cosco could eventually control the entire supply chain – and, potentially, even express freight services."

Airfreight rates stay high, but 'worst may be behind us'

ONGOING disruption and uneven demand may be prompting airlines and forwarders to secure capacity, but there are early indications that the airfreight market is stabilising following a sharp, war-induced rate surge.

Market data suggests air cargo sector is exiting its major phase of disruption, WorldACD reporting that global air cargo spot rates rose around two per cent week on week in the closing days of April.

It noted full-market prices, including contract rates, had climbed by about one per cent week on week, with spots 45 per cent higher than they had been a year earlier and full-market rates up 30 per cent year on year, although the pace of increase has slowed.

Not all data sets painted the same picture, with TAC Index showing a more mixed state of affairs in early May, with European-bound lanes softening even as China-US routings moved up, with forwarders suggesting strength on this lane across recent weeks.

Asked why this was, sources told Voice of the Independent (VOTI) AI server shipments, ecommerce flows, ocean-to-air conversions and general cargo were the driving forces, allowing for maintained pressure on available capacity to keep rates elevated.

Stabilising demand from Asia into Europe is expected to lead to rates following suit, but on Asia Pacific routings demand has remained mostly high, and there is an expectation that the recent elevated pricing, extended lead times, and tight capacity will persist.

Data from Aevean suggests there is a fragmenting to broader demand signals; China-origin ecommerce volumes having dropped six per cent year on year in March – its first decline in three years – driven by sharp drops to the US and the Middle East.

While Europe volumes of Chinese ecommerce climbed 27 per cent year on year and Latin American experienced 31 per cent growth, this was insufficient to offset 24 and 45 per cent declines in the US and Middle East, respectively.

Stabilising or not, the sense of divergence across markets has left many to assume that with fuel costs and the Iran crisis volatile, air freight rates will remain high, in the near term, although Xeneta noted in its latest market update, "the worst may be behind us".

Elsewhere, carriers have begun adjusting networks amidst a normalising of conditions on the ground in the Middle East, even as capacity remains structurally constrained, with Qatar Airways Cargo having resumed freighter and bellyhold services to Iraq.

That decision put more than 115 tonnes of capacity back into the weekly Doha–Baghdad route, while UAE-based EDGE Group's decision to select Etihad Cargo to handle its global airfreight requirements gave the carrier a boost.

Are we sailing into an early peak season?

YANG Ming chair Chuck Tsai Feng-ming believes the third-quarter container peak season has arrived prematurely, amidst an increase in new bookings and rate hikes.

Addressing the Taipei Shipowners' Association, Tsai said: "We are seeing bookings coming in for this month, and we see a recovery in cargo volumes.

"Therefore, we believe the container shipping market has entered the peak season ahead of schedule."

Tsai noted that with the war in the Persian Gulf having removed 1.5 percent of capacity from the market and spiked oil prices, carriers had been able to raise freight rates.

Data from a number of indices support Tsai's claims of rates hikes, with Asia-North Europe prices having climbed during the first week of May, as reported in our lead story.

Linerlytica indicated stronger spikes than most, suggesting cargo moving along the trade could cost as much as $3,200 per 40 foot.

"Space availability is slightly lower in weeks 19 and 20, due mainly to blanked sailings by Ocean and Premier alliance partners," it noted.

However, with Tsai, as this issue was going to press, alone in suggesting the market was entering an early peak season, there remain question marks over what is happening.

FMC awards record reparation after carrier's illegal practices

BANKRUPT US shipper Bed, Bath and Beyond has landed a record reparations payment from the Federal Maritime Commission (FMC) from pandemic-era practices of OOCL, paving the way for more payouts to follow.

DK Butterfly-1, Bed, Bath and Beyond's administrator, was chasing the US regulator for the better part of three years for an award exceeding $165 million, and rejecting that, the FMC found in its favour hitting the Chinese box line with a bill topping $45 million.

Although agreeing OOCL's objections to the higher claim were "well-founded", the FMC determined that the carrier's service was "not in accordance with service contracts or refusal to deal," awarding damages of $45,600,599.25.

This not only marked the largest single award in its history, but in also agreeing there was "retaliation" by OOCL, the case provided some indication as to how the FMC will deal with administrator Butterfly-1's other claims.

Those claims include filings against BAL Container Lines for $9.5 million, Evergreen ($1.25 million), HMM (said to be $16 million), as well as MSC and Yang Ming, for purported breaches of the US Shipping Act.

Each complaint alleges carriers took advantage of pandemic-induced chaos, with its initial filing against OOCL accusing it of exploiting "price inflation in container shipping during the Covid-19 pandemic and unjustly and unreasonably exploited customers".

Butterfly-1 said that the Chinese carrier not only failed to meet minimum quantity commitments by more than a quarter but that this was a widespread practice among lines at the time.

That failure forced Bed, Bath and Beyond to pay $9 million to secure alternative space, with further damages arising from OOCL's detention and demurrage charging policy, even as the carrier purportedly hobbled the furniture shipper's capacity to collect its cargo.

For other shippers with major claims in play, the FMC decision will likely bolster their optimism, with Cornerstone Brands and QVC seeking $18.1 million from ONE, while Yang Ming is facing up to a $14.7 million claim from Dollar General.

However, sources told Voice of the Independent they would be less hopeful that smaller shippers could benefit from the FMC, pointing out that in "risk versus reward" terms, its was "prohibitively expensive" for smaller operators to bring claims.

One source said: "You're not going to spend $20,000 on legal fees to get $5,000 back for Covid-era (nonsense). Carriers are being very open that they are just waiting out the two-year statute of limitations to reduce what they have to pay out."

Voice of the Independent

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