



# Market Report 1/2025





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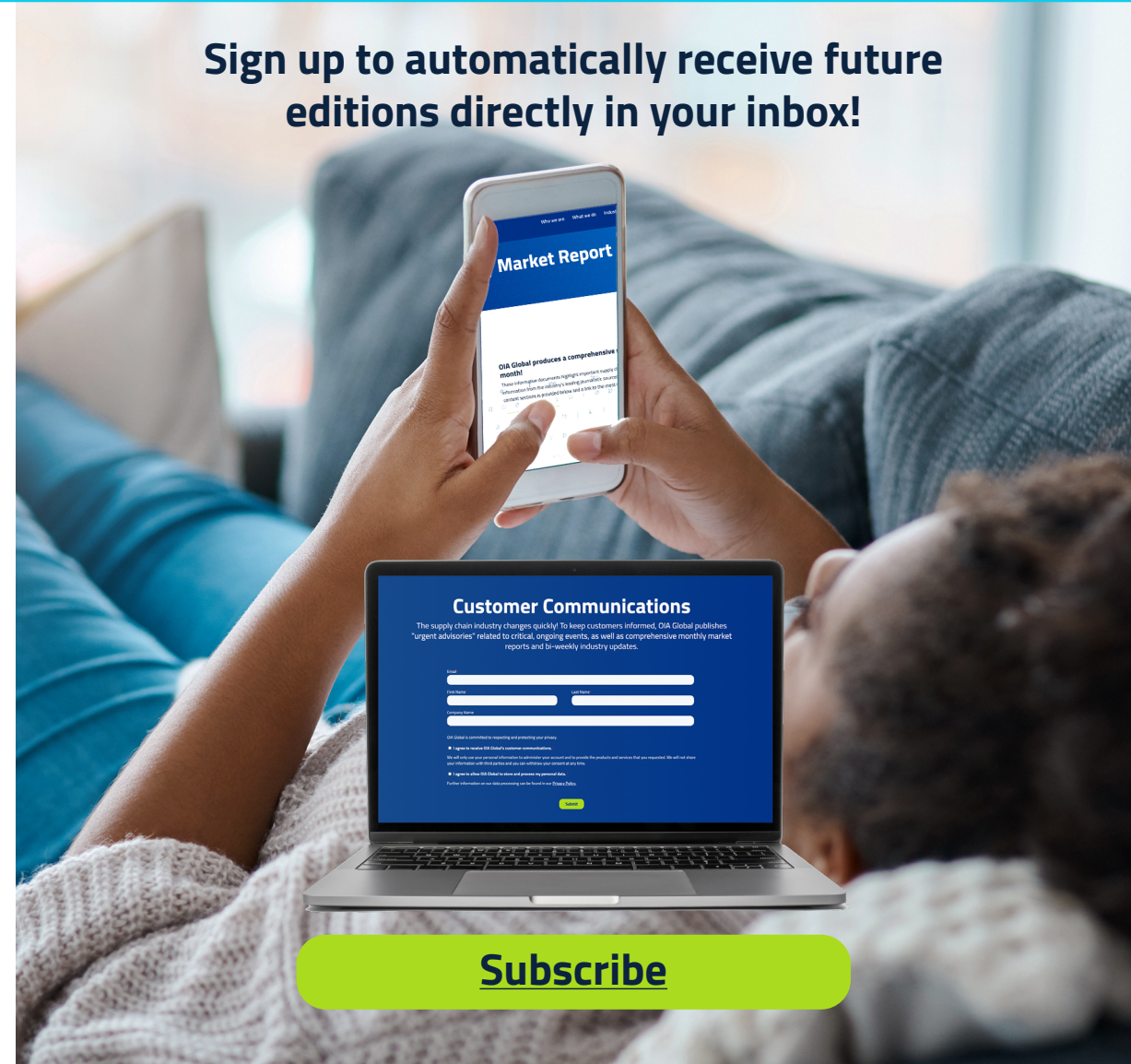
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**Note:** All monetary figures are shown in United States Dollars (USD) unless stated otherwise.

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# Ocean Freight Market Trends



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Tender rejection rates have **surged** to 8.36%, the highest metric since June '22.

Ocean freight charter rates have **doubled** from last year, reflecting the market's insufficient vessel supply. **Only 0.3% of the current fleet is idle, which is unprecedented in history.**



November '24 imports into the United States **increased** +12.3% annually (2.72M TEUs), showing growth for the 15<sup>th</sup> consecutive month.



Egypt **has lost** at least \$7B in Suez Canal revenue this year due to disruptions in the Red Sea, a consequence of the Houthis' ongoing attacks on maritime vessels.



Yang Ming's **fleet optimization plan** will add up to 13 new 8,000-15,000 TEU vessels. The company also plans to **replace** any 5,500-6,5000 TEU class ships that are 20+ years old.



Since its launch, the U.S. Department of Transportation's (DOT) **Freight Logistics Optimization Works** (FLOW) initiative has **expanded** from just 15 companies and 3 ports to include 85+ members, with the overall data and membership pool expected to continue expanding.

The reefer shipping market (refrigerated containers) is expected to boom when the Red Sea and Suez Canal situations improve. Currently, extended voyages around southern Africa are tying up both reefer equipment and vessel capacity, and a resumption of Suez Canal routings would immediately **release** that supply back into the market, putting downward pressure on reefer rates.



Capacity in the Philippines cold chain sector is **projected to expand** by 10-15% annually as part of a multi-year road map. President Ferdinand Marcos Jr.'s administration has made food security a priority, recognizing that investments in cold chain facilities are critical to stabilized prices.



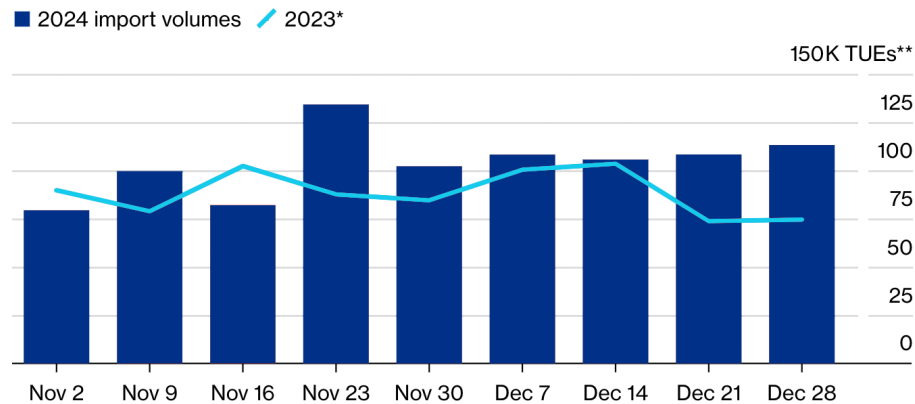
# Ocean Freight Market Trends



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## LOS ANGELES' IMPORT TRENDS

The United States' busiest seaport ended 2024 with a flurry of inbound containers as many companies attempt to **stockpile** materials before Donald Trump's inauguration on January 20<sup>th</sup>. Elevated imports into the U.S. could **extend** well into Q1 '25.

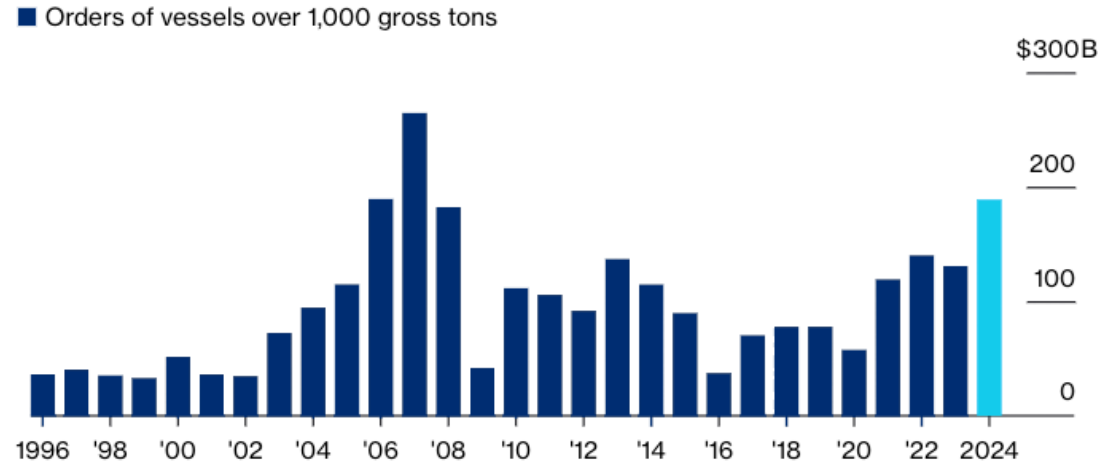


Source: Port of Los Angeles/Wabtec Port Optimizer, via Bloomberg.  
Note: \*Year-earlier week in 2023; \*\*TEU=20-foot equivalent container units.

## SHIPBUILDING ORDERS BOOM IN 2024

Owners have **signed** more new vessel contracts this year than any time since 2007, and robust demand isn't expected to reverse anytime soon. The global ocean trade should **expand** in both 2025 and 2026.

According to Alphaliner: "Currently, nobody can match the price advantage that Chinese yards can offer." With newbuild prices that far undercut the competition, China's shipyards can boast far larger capacities for each order, with many "committed to massive expansion projects that allow them to create numerous newbuilding slots for 2027 and beyond."



Source: Clarkson Research Services Ltd, via Bloomberg.





# Ocean Freight Market Trends

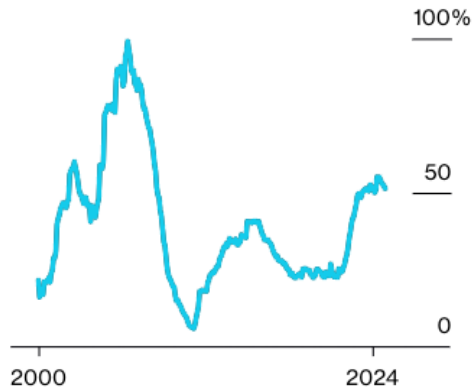


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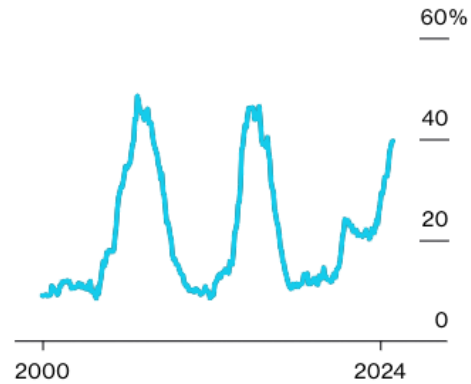
## ORDERS SURGE FOR GAS SHIPS

Liquefied Natural Gas (LNG) and Liquefied Petroleum Gas (LPG) ships both have large orderbooks right now.

### LNG ORDERBOOK AS % OF TOTAL FLEET



### LPG ORDERBOOK AS % OF TOTAL FLEET

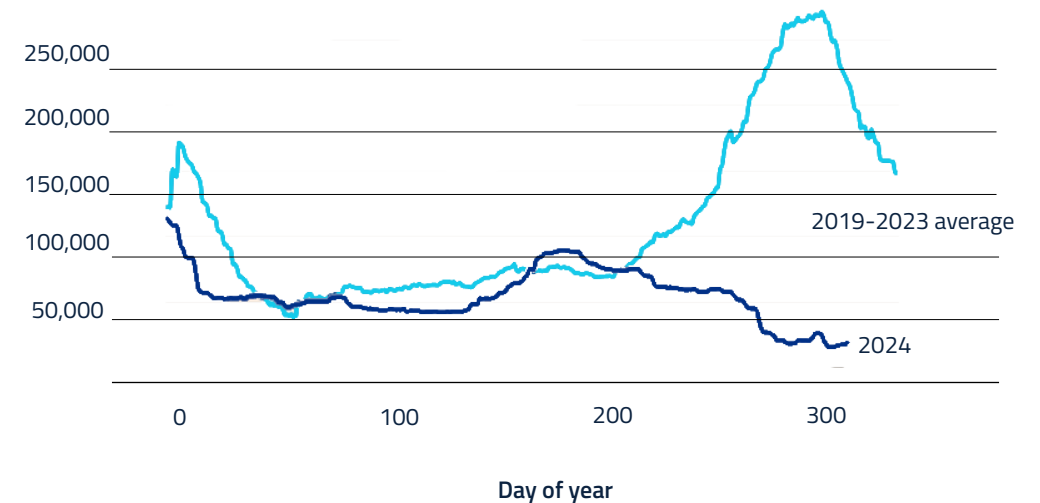


Source: Clarkson Research Services Ltd, via Bloomberg.

## LNG CHARTER RATES SINK TO RECORD LOWS

Charter rates for ships carrying liquefied natural gas (LNG) have hit record lows as the sector grapples with huge overproduction. Lower rates have been **driven** by a large number of vessels entering the market at a time when the actual commodity they deliver is not available as expected. The graphic shows \$ per day for vessels in the Atlantic basin.

- Narrowbody jets, the backbone of the global fleet, are hardest hit by these shortages. Roughly 3,700 single-aisle planes that were expected to arrive between 2019-2028 won't be built on time.



Source: Spark Commodities via Financial Times.



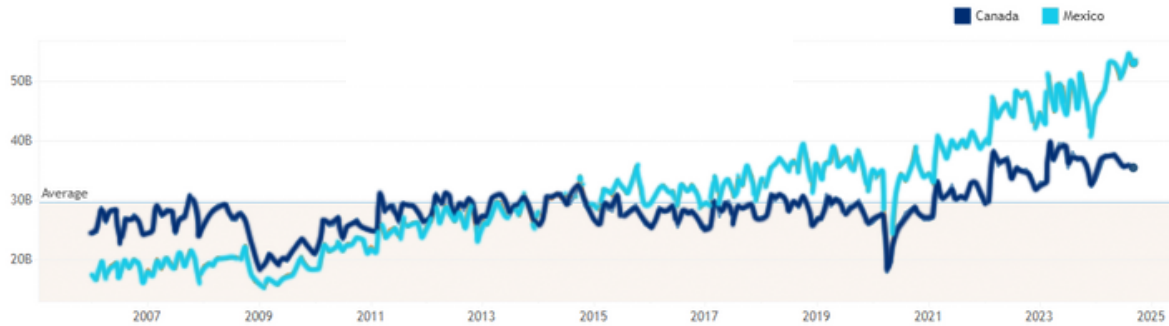
# Road Freight Market Trends



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## TRUCKING FLOWS BETWEEN USA/MEXICO/CANADA

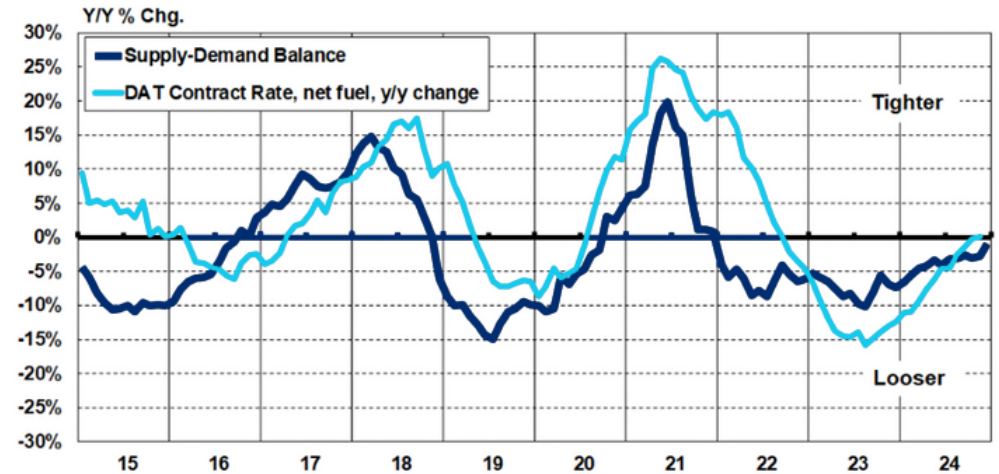
Notably, traffic congestion added \$108.8B in costs to the U.S. road freight industry in 2022, a record high, according to the American Transportation Research Institute's (ATRI) [Cost of Congestion study](#).



Source: U.S. DOT Bureau of Transportation Statistics, via Trucking Info.

## TRUCKLOAD RATE GUAGE

The freight trucking market finally rebalanced enough for rates to move above the median. The graphic below shows January 2015 - November 2024.



Source: ACT Research via Trucking Info.  
Note: supply combines tractor and driver capacity. Demand shows shipments from the Cass Freight Index.





# Air Freight Market Trends



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The global air cargo market **experienced** a 15<sup>th</sup> consecutive month of double-digit growth, **rising** 10% year-over-year (YoY) in November '24.



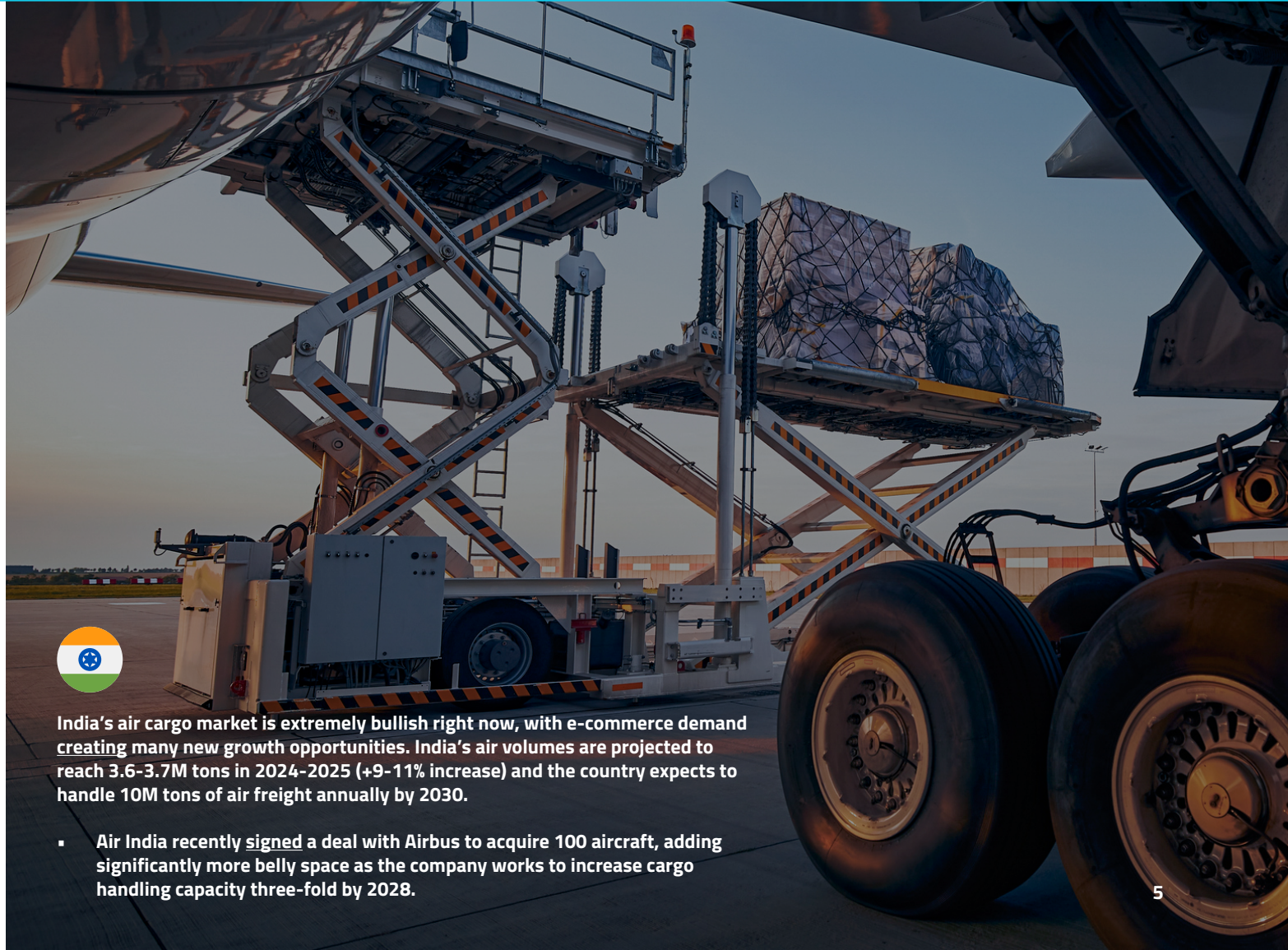
Following its September '23 merger with Hawaiian Airlines, **Alaska Airlines will start to redeploy Hawaiians' widebody passenger jets for nonstop cargo routes, marking Alaska Airline's first meaningful participation in the global air cargo market**, and an international expansion of its freight business.



Lufthansa will **buy** five more Airbus A350-1000 long-range aircraft in a €2B (USD \$2.1B) deal as it retires older planes and awaits delivery of Boeing's delayed models.



Taiwan's China Airlines Ltd. will **order** 10 each of Airbus' and Boeing's largest twin-aisle passenger jets, the A350-1000 and B777-9, to convert them for air cargo operations. The company will also receive four of Boeing's 777-8 freighters.

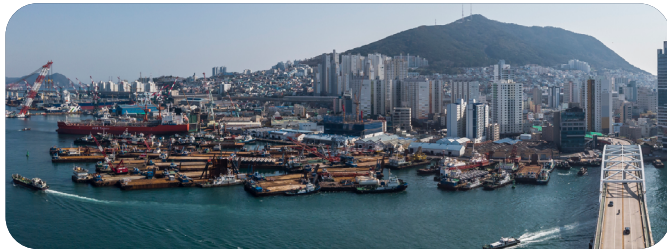


India's air cargo market is extremely bullish right now, with e-commerce demand creating many new growth opportunities. India's air volumes are projected to reach 3.6-3.7M tons in 2024-2025 (+9-11% increase) and the country expects to handle 10M tons of air freight annually by 2030.

- Air India recently **signed** a deal with Airbus to acquire 100 aircraft, adding significantly more belly space as the company works to increase cargo handling capacity three-fold by 2028.



South Korea's Ministry of Oceans & Fisheries **unveiled** a KRW \$14T (USD \$9.78B) investment plan to upgrade the Port of Busan by 2045, with the intent of giving Busan the world's largest container handling capacity.



Canadian Pacific Kansas City (CPKC) **completed** the second part of the international rail bridge connecting Laredo, Texas, USA, with Nuevo Laredo, Mexico, **creating** additional capacity for cross-border rail services.



The African Development Bank (AfDB) **released** its first tranche of a Rand \$18.85B (\$USD 1B) 25-year loan to Transnet, the troubled South African freight operator and infrastructure manager. It is the first of four disbursements fully guaranteed by South Africa's government.



Malaysia Rail Link (MRL) signed a joint venture agreement with China Communications Construction ECRL to **build** a 665km East Coast Rail Link (ECRL) that connects Port Klang and Kuala Lumpur on the west coast of the Malayan peninsula with Kuantan, Jua Terengganu and Kota Bharu on the east coast.



Over \$1B of financing has been **secured** for railway projects in Zambia's Lobito Corridor, including construction of the 830km railway connecting Lucano, Angola with Chingola, Zambia. Construction will start in early 2026.



The World Bank **approved** \$660M in financing for the Eastern Turkey Middle Corridor Railway Development Project, which will **upgrade** the 660km Divriği - Kars line in Sivas province to Kars, **close to the border with Georgia**. This rail line is a key part of the Middle Corridor route between Europe and China, also known as the Trans-Caspian International Transport Route.



The European Investment Bank (EIB) **signed** an €80M (USD \$83.9M) loan to finance the Port of Bilbao's expansion and electrification projects.



DP World **began** marine operations at the \$1.2B Port of Ndayane in Senegal. The project's first phase consists of an 840-meter wharf and a 5km waterway capable of hosting the world's largest containerships. Phase 1 **will result** in a 1.2M TEU capacity per year while Phase 2 will add another 410m dock.



APM Terminals (APMT) recently **completed** its three year, 2 million TEU **expansion project** in MedPort Tangier, which now boasts a 5.2M TEU annual capacity and a 2km dock. Once completed, the project is set to boost the terminal's annual capacity from 5M to >6M TEUs.







## PUERTO CHANCAY: CHINA'S GATEWAY INTO PERU & BEYOND

After a long dispute with the country's ports authorities, the Peruvian government rewrote its rules of foreign ownership to allow China's state-owned COSCO to obtain exclusive use of its new Chancay deep-water mega port for up to 60 years.

Designed for the future, Chancay can handle more than a million containers, 6M tons of bulk cargo and 160,000+ vehicles, [expanding](#) China's influence deep into Peru and beyond. Several aspects are still in development:

- A 1.8km tunnel leading straight to the Pan-American Highway.
- A regional distribution hub containing Chinese-made goods destined for South America.

China is now the biggest trading partner for South America and a [major investor](#) in critical minerals, transportation and energy projects. Initially, Peru's Chancay will be capable of handling between 1-1.5m TEUs a year, as well as 6m tons of loose cargo, before increasing that to 3.5m TEUs a year. **Chancay will cut transpacific transit times significantly, shaving at least 10 days off what was previously a 35-day voyage to China from Peru.** Most vessels will no longer require a stopover at Mexico's Manzanilla Port or California's Long Beach.

*"We [will have](#) direct routes to Asia, particularly to ports in China, which will be cut by 10, 15, or 20 days depending on the route. Our aim is to become the Singapore of Latin America."*

- Raul Perez Reyes, Peruvian Minister of Transport and Communications





## HOUSTON, TEXAS

- Houston's container handling capacity will grow after the mid-2025 completion of Project 11's first part, a widening of the port's shipping channel that will allow 1,400 more vessels (all types) to call at the port each year.
- This work also coincides with the installation of three new cranes at Houston's Bayport terminal, with another eight cranes on order for a new berth.

## NEW ORLEANS, LOUISIANA

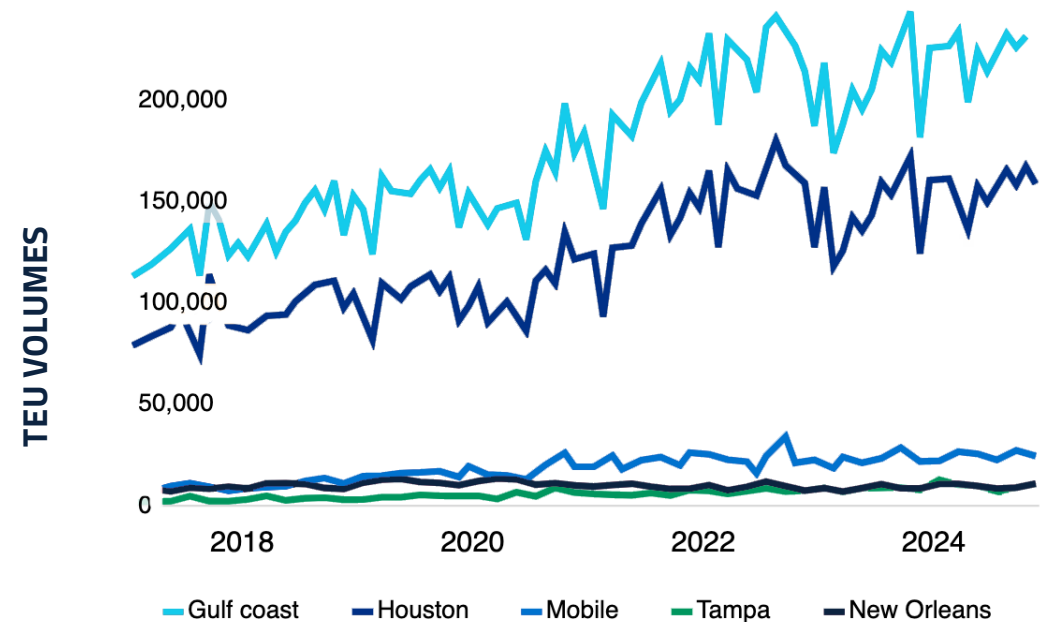
- After receiving \$300M in federal grants, work has begun on the new 2 million TEU Louisiana International Terminal, which should receive its first ships in 2028.

## MOBILE, ALABAMA

- Mobile added two new cranes at its container terminal last year, allowing it to handle increased volumes in 2025.
- The port is working to improve intermodal access, with plans to develop an inland port in North Alabama.
- Mobile recently announced a fourth expansion project, which will eventually bring the port's capacity to >1M TEUs per year.
- Mobile's harbor modernization project will deepen the port to 50 feet, allowing for easier passage of large vessels.
- Mobile plans to open another inland port in Montgomery, Alabama, too.

## POPULATION GROWTH FUELING DEMAND ON U.S. GULF COAST

Total monthly imports in TEUs among the top four Gulf Coast ports, with year-over-year (YoY) changes.



Source: S&P Global, Journal of Commerce.



**DNV issued a new standard, DNV-ST-J301, to support safe and scalable hydrogen production.** These industry requirements use a risk-based approach that covers the entire lifecycle of an electrolyzer system, including safe design, construction, and operation.

The €2.5B **H2med project** is a transnational effort to connect different hydrogen production, storage and consumption networks into a single market. The goal is to better **connect** hydrogen networks in the Iberian Peninsula with those of France, Germany and Northwest Europe.

**DP World unveiled the world's first carbon inset program, which will award importers with 50kg CO<sub>2</sub>e of carbon credits for every filled import container they transport through DP World's U.K. ports, beginning with a six-month trial on 1 January 2025.**

Unlike carbon offsetting, which compensates for emissions through external programs such as tree planting, inset credits show a meaningful decrease in emissions that occurred directly within a company's supply chain.

The U.S. Environmental Protection Agency (EPA) **issued** a waiver to the California Air Resources Board so the state could implement and enforce its **Omnibus low-NOx emission regulations** for heavy-duty vehicles and engines. The new regulations require engine NOx emissions to be cut by approximately 75% below 2024 standards and 90% below current standards by 2027.







TransAtlantic carriers have fresh surcharges **in the cue** for Q1 '25 to account for the heightened risk of labor strikes along the U.S. East and Gulf coasts and ongoing liner alliance restructurings.



Carriers are **implementing new surcharges for Panama Canal transits to recoup higher operating costs caused by the Panama Canal Authority's new booking reservation system, the Long-Term Slots Allocation (LoTSA).**



As fuel intensity levels continue to escalate, ocean carriers are actively **considering** how to pass costs from the European Union's fuel regulations onto their customers via surcharges.



**WORLD BRACES  
FOR POTENTIAL  
TRUMP TARIFFS**

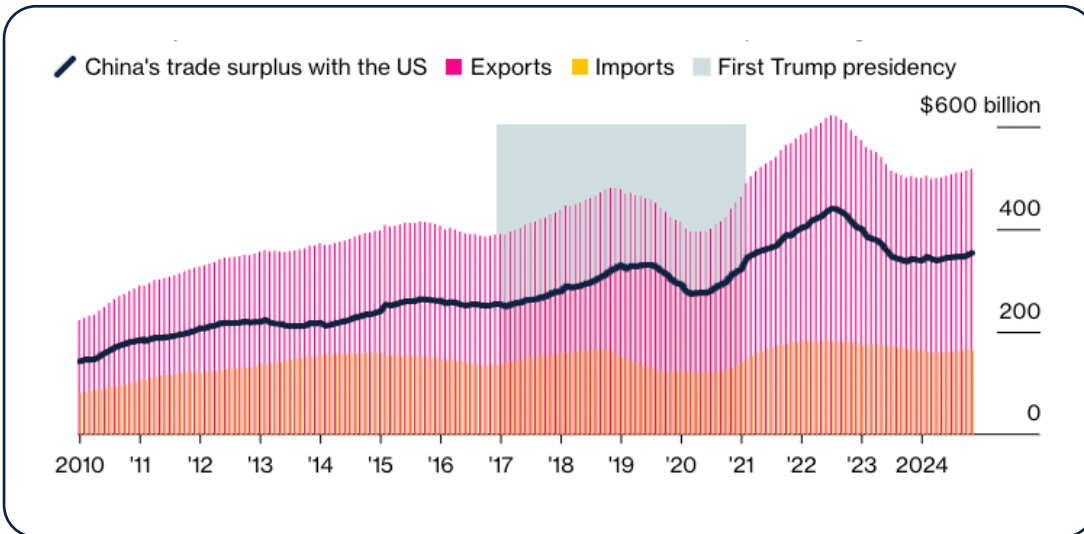
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*Image source: Reuters, Damir Sagolj*



## WORLD BRACES FOR POTENTIAL TRUMP TARIFFS

During his latest presidential campaign, Donald Trump spent weeks **threatening** China, Mexico, Canada, and the E.U. with higher duties unless their leaders **took** specific action, such as fighting illegal migration or buying more American energy exports. **Many companies are now rushing to ship as many goods as possible across the Pacific Ocean and into the United States before Trump's inauguration on January 20<sup>th</sup>.**



Chinese authorities have **threatened to leverage a new range of economic tools if the country's economy is targeted with tariffs again**; for example, just days after the United States' latest restrictions, Chinese President Xi Jinping opened a probe into Nvidia Corp., a dominant U.S.-based computer manufacturing company, banned the export of several rare materials with military applications, and limited sales of key components used to build drones.

In the first round of the trade war ('18-'19), China reacted with a tit-for-tat strategy, implementing its own taxes on imports from the U.S. to match the United States' tactics. Chinese exports to the U.S. fell during this time, but the COVID-19 pandemic reversed that trend and China's trade surplus is higher now. The retaliation is not limited to just China; for example, Canada is **considering** export taxes on major commodities shipped to the U.S., including uranium, oil and potash.

Chinese business leaders are considering different strategies: **shifting** production to other countries, pivoting to European and domestic customers, or identifying operational efficiencies to cut cross-border shipping costs. Some firms are frontloading orders, some are seeking new suppliers, renegotiating terms with existing ones, or even taking chances on untested partners.

*"From a shipping perspective, fears of new tariffs are also likely to trigger significant front-loading at U.S. ports once again, with reports of retailers and manufacturers already actively front-loading imports in anticipation. This could lead to congestion at key ports, causing delays in unloading, and the surge in shipments may also increase shipping costs, making it more expensive for U.K. firms to deliver their goods to the U.S."*

- Umar Butt, Aramex Chief Executive, UK & Europe

Higher costs often come in the form of bigger inventories or costlier, expedited shipping. Ultimately, many of these costs will be passed onto consumers.





According to the National Motor Freight Traffic Association (NMFTA), **new changes to the United States' less-than-truckload (LTL) freight classification system will take effect on 19 July 2025, rather than in May '25.** Incorrectly classified freight creates higher costs, and NMFTA's main priority is to **prepare** industry professionals for these expected changes so they can avoid additional fees.



Mexico **ended** a program that allowed U.S. apparel and textile importers to avoid paying duties while using Mexican warehouses as fulfillment hubs for low-cost products sourced outside Mexico that are being sent directly to U.S. consumers. This change will likely result in many U.S. e-commerce brands shifting their fulfillment back to the U.S. or switching to fulfillment providers in Asia.



South Africa **will retain** its preferential access to the U.S. market in 2025 despite strained relations between the two countries.



On December 16<sup>th</sup> the U.S. Department of Transportation (USDOT) **awarded** \$139M in Strengthening Mobility & Revolutionizing Transportation Program grants to 42 states for high-tech projects that will improve safety and efficiency.



## FMC HALTS 'PREMIER ALIANCE' FOR FURTHER REVIEW

The U.S. Federal Maritime Commission (FMC) **issued** a request for more information from ONE, HMM and Yang Ming on their proposed Premier Alliance, temporarily **halting** the new partnership over antitrust concerns:

*"The commission has **determined** that the Premier Alliance agreement as submitted lacks sufficient detail to allow for a complete analysis of potential competitive impacts and whether the agreement fully **complies** with all statutory requirements."*



## SHIPS FOR AMERICA ACT

U.S. government officials recently **introduced** the **SHIPS for America Act**, legislation that would elevate maritime security to the White House and establish a Maritime Security Advisor to lead a team responsible for creating a national maritime strategy. The legislation would do several things:

- Require 10% of cargo imported from China to move on U.S.-built, flagged and crewed vessels.
- Expand the fleet of U.S.-flagged commercial ships by 250 ships within 10 years.
- Allow U.S.-flagged ships to 'skip the line' if there's a queue outside a port.
- Incentivize domestic shipbuilding amongst the U.S. shipyard industrialists.
- Subsidize agricultural exporters who may face higher shipping costs.

*"We've always been a maritime nation, but the truth is we've lost ground to China, who now **dominates** international shipping and can build merchant and military ships much more quickly than we can."*

- Senator Mark Kelly, the first U.S. Merchant Marine Academy graduate to serve in U.S. Congress.



Effective December 11<sup>th</sup>, the Federal Motor Carrier Safety Administration (FMCSA) **removed** four electronic logging devices (ELDs) from its list of registered devices:

- COLUMBUS ELD
- MasterELD, model number MELD02
- MasterELD, model number MELD03
- MasterELD, model number MELD04





## RUSSIAN SHIPPING FACES 15<sup>TH</sup> SANCTIONS PACKAGE

The European Union (EU) [unveiled](#) its 15<sup>th</sup> package of restrictive measures, [introducing](#) port access bans and service restrictions on 52 additional vessels, [bringing](#) the total number of sanctioned vessels to 79. [Notably, tankers carrying Russian oil must now prove they have adequate insurance coverage when passing through European waters. Ships found to be sailing with insufficient insurance coverage will be added to future sanctions lists, as well as ships that refuse to answer the relevant questions.](#)

- [TankerTrackers.com](#) is using a sophisticated blend of satellite imagery, ship signals, and ground photos to expose the intricate web that [allows](#) Russia to continue shipping oil.
- Nearly 2/3 of tankers currently [sanctioned](#) for their involvement in the Russian oil trade remain idle, with many gathering close to Russian ports.
- [2024 transit figures in Northern Sea Route \(NSR\) show records for both cargo volumes and number of trips. China's increased activity is a primary driver for the growth of Arctic shipping.](#)
- Western sanctions will likely [remain](#) in place for decades, even if there is a peaceful settlement in Ukraine. Dmitry Birichevsky, head of the economic cooperation department at the foreign ministry, [noted](#) that Moscow is already sharing strategies with other sanctioned countries (Iran, Venezuela, North Korea, etc.) to create an international "anti-sanction" coalition that can continue to resist Western pressures.







## MERGERS / ACQUISITIONS

FedEx will **segment its freight division into a separate publicly traded company within the next 18 months as it responds to investors' pleas to simplify its sprawling network.** During FedEx's latest fiscal year, the freight division **accounted** for \$9.4/88.1B in revenue, about 1/3 of its \$5.6B operating profit. The company hopes to **grow** its position in the less-than-truckload (LTL) market, with the new distinct company likely **handling** larger cargo.

DAT Freight & Analytics, operator of the largest North American-based truckload freight marketplace, **acquired** Trucker Tools, a provider of trip planning, shipment visibility and freight matching solutions.

- Brokers will still **have** load visibility and capacity tools for every load they manage, but now with an enhanced suite of digital tools.
- In contrast, carriers will get the same lifestyle features as before (i.e., weigh scales and fuel optimizers) but will gain access to one of the largest load networks, **making** it easier for them to find the loads they want.

WiseTech Global agreed to **acquire** BSM Global, a global provider of trade management systems and solutions.

## DISRUPTION



**Ongoing political turmoil in Mozambique is threatening recent port investments.** Post-election violence began in October '24 and has also become a major barrier for regional trade throughout Southern Africa, with frequent border closures and disruption at the Port of Maputo, a critical export gateway amidst the ongoing Red Sea Crisis.



The U.S. military **conducted** precision airstrikes on a key command-and-control facility operated by Iran-backed Houthi militants in Sana'a, Yemen's capital city, according to U.S. Central Command (CENTCOM).



The Canadian government asked an independent labor board to order 55,000 Canada Post Corp. workers back to the job, ending a strike that disrupted mail service for nearly a month. Canada Post is **accepting** commercial volumes of letters and parcels as it works to get back to normal operations following the disruption; however, **the postal service has warned that Canadians should expect delays well into 2025 as it deals with the backlog.**



### ILA / USMX LABOR NEGOTIATIONS

**Labor negotiations between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) remain unresolved, with the current contract expiring on January 15<sup>th</sup>, 2025.** Key ports on the U.S. East and Gulf Coast could be impacted, including major logistics hubs like New York, New Jersey, Savannah, Charleston, Houston, and Miami. Please contact your OIA Global representative if you have questions or need guidance.

## TRANSPORT TECHNOLOGY

Ocean Network Express (ONE) **developed** a portable container that allows ships to reduce emissions while idling in port by plugging into land-based electricity instead of using the ships' internal combustion engines. ONE already deploys similar devices on the U.S. West Coast, but this trial is the first time a vessel at a Chinese port used shore power through lift-on/lift-off operations with an AMP container.



Package carriers are starting to tag individual parcels with tracking device labels that emit signals during transit, similar to how a smartphone's GPS functions. These small, robust labels **make** parcel tracking more precise due to the real-time location updates.





Since 1988, OIA Global has grown to become a world leader in supply chain management by delivering creative end-to-end logistics solutions with an industry-leading customer experience. Unlike many other companies, OIA goes beyond transportation management to offer customized contract logistics services, such as warehousing distribution and inventory management, as well as 4PL supply chain orchestration, innovative packaging design, raw materials management, and several advanced technology solutions.



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