



ASIA PACIFIC FREIGHT REPORT

December 2023 to January 2024

Review & Forecast

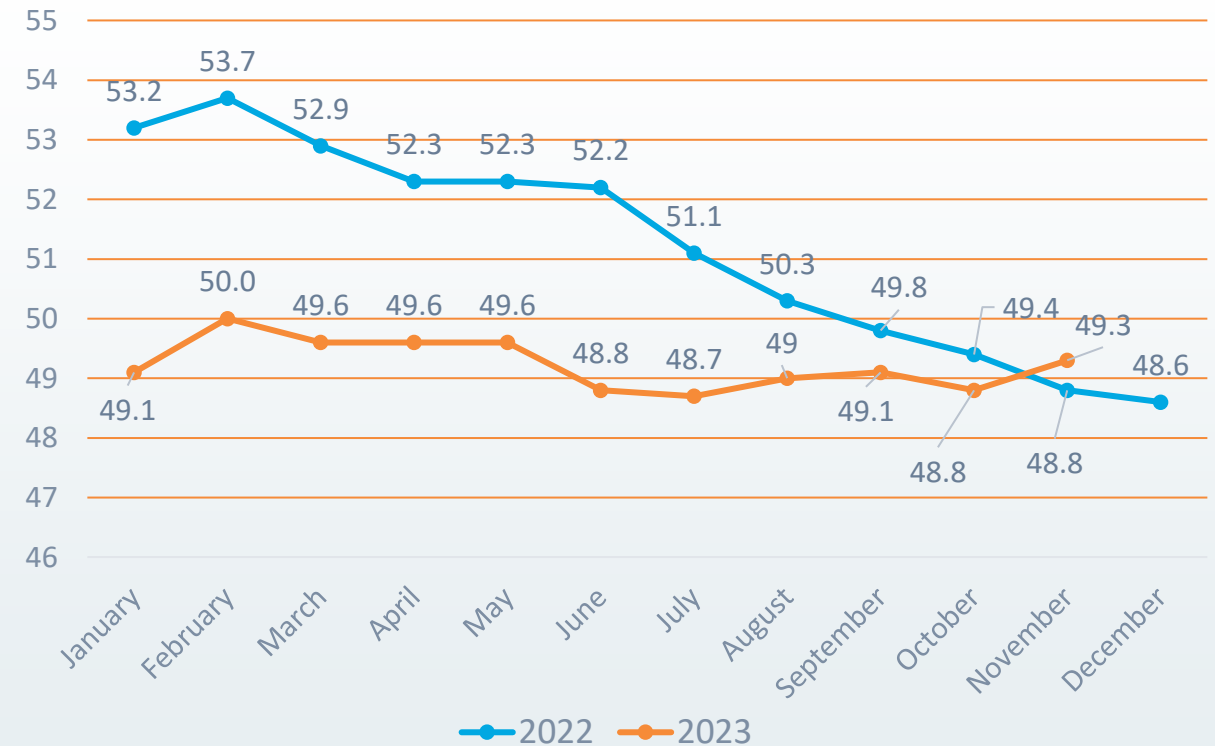


ECONOMIC INDICATORS

DECEMBER TO JANUARY

The Global Manufacturing PMI increased from 48.8 in October to 49.3 in November.

Global Manufacturing PMI 2022 VS 2023



Source: S&P Global PMI

GLOBAL OUTLOOK

DECEMBER TO JANUARY

Service Sector Resilient Amid Manufacturing Contraction:

Although the Global PMI Composite Output Index showed a slight improvement from 50 in October to 50.4 in November, the growth was primarily confined to the service sector. Meanwhile, the manufacturing sector continued to experience contraction.

Navigating Economic Crossroads:

The recent drop in the Consumer Price Index (CPI) to 3.1 in November in the US is a positive development, but concerns arise as S&P has noted near stagnation employment growth. This slowdown in employment could potentially dampen demand for goods and services, offsetting the positive impact of the lower CPI. Additionally, various geopolitical events, including the ongoing conflict between Russia and Ukraine, territorial disputes in the South China Sea, and the Israel-Hamas war, are likely influencing global dynamics, potentially steering the trajectory of global economic conditions in 2024.



ECONOMIC INDICATORS

ASIA PACIFIC MANUFACTURING PMI

Manufacturing PMI													
	2022		2023										
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Global	48.8	48.6	49.1	50.0	49.6	49.6	49.6	48.8	48.7	49	49.1	48.8	49.3
USA	47.7	46.2	46.9	47.3	49.2	50.2	48.4	46.3	49	47.9	49.8	50.0	49.4
China	49.4	49	49.2	51.6	50.0	49.5	50.9	50.5	49.2	51.0	50.6	49.5	50.7
Taiwan	41.6	44.6	44.3	49	48.6	47.1	44.3	44.8	44.1	44.3	46.4	47.6	48.3
Hong Kong	48.7	49.6	51.2	53.9	53.5	52.4	50.6	50.3	49.4	49.8	49.6	48.9	50.1
Japan	49	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7	48.3
S. Korea	49	48.2	48.5	48.5	47.6	48.1	48.4	47.8	49.4	48.9	49.9	49.8	50.0
Singapore	49.8	49.7	49.8	50.0	49.9	49.7	49.5	49.7	49.8	49.9	50.1	50.2	50.3
Vietnam	47.4	46.4	47.4	51.2	47.7	46.7	45.3	46.2	48.7	50.5	49.7	49.6	47.3
Malaysia	47.9	47.8	46.5	48.4	48.8	48.8	47.8	47.7	47.8	47.8	46.8	46.8	47.9
Philippines	52.7	53.1	53.5	52.7	52.5	51.4	52.2	50.9	51.9	49.7	50.6	52.4	52.7
Indonesia	50.3	50.9	51.3	51.2	51.9	52.7	50.3	52.5	53.3	53.9	52.3	51.5	51.7
Thailand	51.1	52.5	54.5	54.8	53.1	60.4	58.2	53.2	50.7	48.9	47.8	47.5	47.6
India	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0
Australia	51.3	50.2	50.0	50.5	49.1	48.0	48.4	48.2	49.6	49.6	48.7	48.2	47.7

The manufacturing Purchasing Managers' Index™ (PMI™) is a survey-based economic indicator designed to provide a timely insight into changing business conditions in the goods-producing sector.

A PMI reading over 50 indicates growth or expansion of the manufacturing sector of the country as compared to the previous month, while a reading under 50 suggests contraction. A reading at 50 indicates that the number of manufacturers reporting better business is equal to those stating business is worse.

Source: S&P Global PMI

AIR FREIGHT MARKET

DECEMBER TO JANUARY

E-commerce Air Freight Slowdown: The demand for air freight from e-commerce has slowed since mid-December, particularly for shipments destined for the United States and Europe.

Ocean Freight Disruptions and Potential Air Shift: A recent terrorist attack in the Red Sea has compelled all vessels to reroute via the Cape of Good Hope instead of the Suez Canal. This shift will lead to extended transit times and higher rates for ocean freight in the upcoming weeks. Although it's not currently in a peak season, drawing from the experience during the pandemic, a decline in ocean carrier schedule reliability tends to trigger an increase in both air freight rates and demand. Consequently, there is a possibility of some ocean shipments shifting to air freight in the weeks preceding the Chinese New Year, especially for destinations in the European Union and the US East Coast.

Volcanic Eruption Impact on Air Freight to Europe: On Monday, December 18, a volcano in southwestern Iceland began erupting. Carriers operating flights from Asia to Europe are likely to reduce payload or potentially cancel some flights due to safety concerns related to the volcanic ash in that region. This reduction in capacity into Europe comes on top of the Red Sea disruptions. Shippers are advised to proactively prepare for tight capacity and anticipate higher rates for shipments to Europe in the coming weeks.



AIR FREIGHT

MARKET FORECAST (DECEMBER 21 – JANUARY 30)

Air Freight Market Forecast

Asia -> Intra Asia

Origin (Country/District)	Air Hub	Space	Rate	
Greater China	Hong Kong	HKG	Upturn	Stable
	South China	CAN/SZX	Upturn	Stable
	Southeast China	XMN/FOC	Soft	Stable
	Central & East China	PVG	Upturn	Rising
	North China	BJS/CGO/TAO	Upturn	Stable
Northeast Asia	Korea	ICN	Tight	Rising
	Taiwan	TPE	Soft	Stable
Southeast Asia	India	MAA/BLR	Upturn	Stable
	Indonesia	CGK	Soft	Stable
	Malaysia	KUL	Upturn	Stable
	Malaysia	PEN	Soft	Stable
	Philippines	MNL	Soft	Stable
	Singapore	SIN	Soft	Stable
	Thailand	BKK	Soft	Stable
	Vietnam	HAN	Upturn	Stable
	Vietnam	SGN	Upturn	Stable

Air Freight Market Forecast

Asia -> US/CA

Origin (Country/District)	Air Hub	Space	Rate	
Greater China	Hong Kong	HKG	Soft	Stable
	South China	CAN/SZX	Upturn	Stable
	Southeast China	XMN/FOC	Upturn	Stable
	Central & East China	PVG	Upturn	Rising
	North China	BJS/CGO/TAO	Tight	Falling
Northeast Asia	Korea	ICN	Backlog	Rising
	Taiwan	TPE	Backlog	Rising
Southeast Asia	India	MAA/BLR	Upturn	Stable
	Indonesia	CGK	Upturn	Rising
	Malaysia	KUL	Tight	Rising
	Malaysia	PEN	Backlog	Rising
	Philippines	MNL	Upturn	Rising
	Singapore	SIN	Backlog	Rising
	Thailand	BKK	Tight	Rising
Vietnam	HAN	Backlog	Rising	
Vietnam	SGN	Backlog	Rising	

Key for available space

SOFT
Supply is more than demand

UPTURN
Market is picking up, but demand of space can still be met by current supply.

TIGHT
Space Gets tight. Pre-arrangement of space is needed.

BACKLOG
Backlog of 1-2 days is found in the market.

SERIOUS
Space demand critical, turnaround of booking found. Alternative routing may be needed.

AIR FREIGHT

MARKET FORECAST (DECEMBER 21 – JANUARY 30)

Air Freight Market Forecast

Asia -> Europe

Origin (Country/District)	Air Hub	Space	Rate	
Greater China	Hong Kong	HKG	Upturn	Stable
	South China	CAN/SZX	Upturn	Stable
	Southeast China	XMN/FOC	Upturn	Stable
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	Malaysia	PEN	Upturn	Stable
	Philippines	MNL	Upturn	Rising
	Singapore	SIN	Upturn	Stable
	Thailand	BKK	Tight	Rising
	Vietnam	HAN	Tight	Rising
	Vietnam	SGN	Tight	Rising

Air Freight Market Forecast

US/CA -> Asia

Origin (Country/District)	Air Hub	Space	Rate	
North America	US	US West Coast	Soft	Stable
	Canada	YVR	Soft	Stable

US/CA -> Europe

North America	US	US East Coast	Soft	Stable
	Canada	YYZ/YUL	Soft	Stable

Europe -> Asia

Europe	Netherlands	AMS	Upturn	Stable
	UK	LHR	Soft	Stable
	Germany	FRA / MUC	Soft	Stable

Europe -> US/CA

Europe	Netherlands	AMS	Soft	Stable
	UK	LHR	Soft	Stable
	Germany	FRA / MUC	Soft	Stable

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OCEAN FREIGHT MARKET

DECEMBER TO JANUARY

Carriers Employ Blank Sailing Strategies, Fueling Positive GRIs in December

The blank sailing strategies employed by carriers in December remained largely consistent with those in November. The overall capacity withdrawal for TPEB and NCWB in December hovered within a similar range of 10% to 20% per week. Despite this, a notable surge in booking demand in December provided a solid rationale for the relatively successful and positive General Rate Increases (GRIs) on December 1 and 15. This trend is mirrored in the TPEB route as well. It is expected that carriers will persist in implementing GRIs leading up to the Chinese New Year.

However, the space constraints on All Water (AW) routes to the US East Coast (USEC) are anticipated to be even more stringent than those for the US West Coast (USWC) due to the ongoing low-water level issue in the Panama Canal. On a related note, it's worth monitoring whether carriers will augment the previously announced quantum of the next round of GRIs for Northern Europe and the Mediterranean, effective January 1. The decision may closely correlate with the evolving intensity of terrorist attack events in the Red Sea.



OCEAN FREIGHT MARKET

DECEMBER TO JANUARY

DP World Terminals Face Prolonged Industrial Action, Creating Challenges Across Australian Ports: The ongoing Protected Industrial Action at DP World Terminals in Brisbane, Sydney, Melbourne, and Fremantle, initiated by the labor union in October, persists without resolution and has been extended until December 23rd. The work stoppage programs implemented by the labor union differ from port to port in Australia. Given these circumstances, challenges related to schedule integrity, space constraints, and elevated rates are likely to endure for a more extended period than initially anticipated.

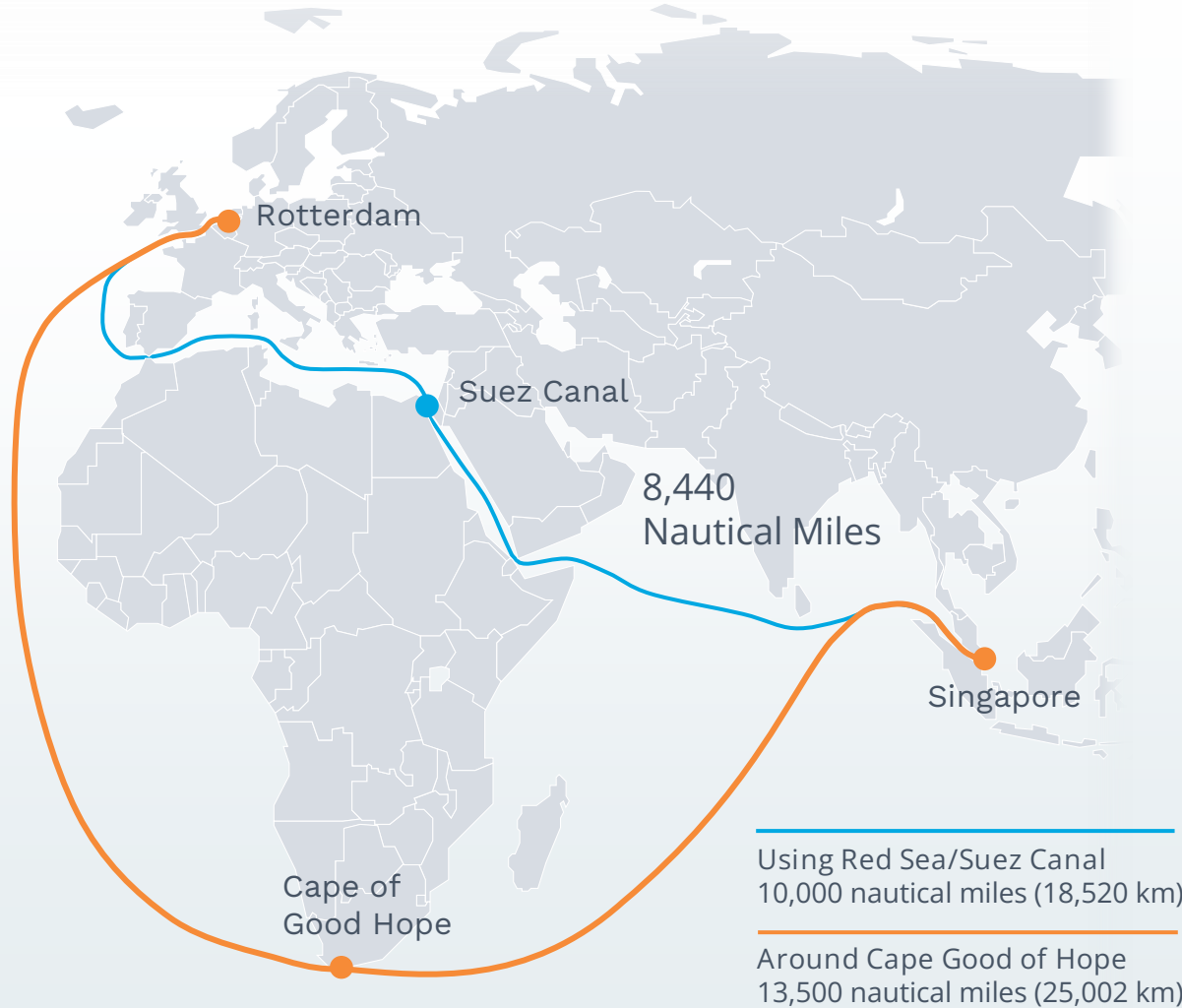
Major Shipping Alliances Temporarily Halt Voyages After Missile Attack

Shipping alliances, including Hapag Lloyd, Maersk, MSC, and CMA CGM, temporarily suspended voyages through the Bab al-Mandab Strait following a missile attack on Hapag Lloyd's MD2 vessel. The three major shipping alliances, THE, 2M, and Ocean Alliance, to which these carriers belong, are affected. The expectation is that other carriers in these alliances will follow suit. Regardless of potential rerouting (e.g., via the Cape of Good Hope), carriers within these alliances remain available for bookings on Asian and European routes. This development raises awareness among cargo owners about potential consequences of a Suez Canal blockage, given its crucial role in connecting Asia, the Mediterranean, Europe, and the USEC. Any disruption in the Suez Canal could significantly impact ocean transportation across these regions and worsen the impact of low-water levels in the Panama Canal.



MIDDLE EAST MARKET SITUATION

HOUTHIS ATTACKS DISRUPT GLOBAL FREIGHT IN THE RED SEA



Since December 9, 2023, the Red Sea has become a hotspot for terrorist attacks on commercial vessels orchestrated by Houthi rebels in retaliation against Israel's military campaign in Gaza. These escalating assaults raise concerns about safety, disrupted shipping routes, potential economic turmoil, and more.

Major shipping lines like CMA CGM Group, Evergreen, Hapag-Lloyd, and Maersk are rerouting vessels around the Cape of Good Hope, bypassing the Red Sea. However, this alternative route introduces a challenge: a significant increase in shipping time. Preliminary estimates suggest a 7-10 day addition for the Asia-Europe, US East Coast westbound route, and a 12-15 day increase for the Asia-Mediterranean westbound route. The extended journey is expected to raise shipping costs by 15 to 20%, factoring in current Suez Canal toll fees, set to increase by 15% in January 2024. This heightened cost is likely to impact businesses and shippers.

HOUTHJI ATTACKS DISRUPT GLOBAL FREIGHT IN THE RED SEA



Alternative Solution

- **Cross-Border Train Freight:** Delivers in 10-15 days, connecting China or other Asian districts to Europe or the Middle East by rail.
- **Cross-Border Road Freight:** Takes 10-15 days, linking China to Europe or the Middle East through Central Asia by truck.

Comparison between Ocean and Rail

Origin	Destination	Ocean		Rail (Xi'an)	
		Transit Time	Weekly Frequency	Transit Time	Weekly Frequency
Tianjin	Hamburg	40	1	18	3
Qingdao		35	1	18	3
Shanghai		33	2	18	3
Ningbo		32	3	18	3

- Rail and Ocean are relatively the same in price with the current market situation
- Rail is 70% Cheaper than Air Freight

OCEAN FREIGHT

MARKET FORECAST (DECEMBER 21 – JANUARY 30)

Ocean Freight Market Forecast

Asia -> Asia (Intra Asia)

Trade Lane	Space	Rate
Northeast Asia -> Southeast Asia	Soft	Stable
Northeast Asia -> Indian Subcontinent	Soft	Stable
Southeast Asia -> Northeast Asia	Soft	Stable
Indian Subcontinent -> Northeast Asia	Soft	Stable

Asia -> North America (Trans-Pacific Eastbound - TPEB)

Asia -> US West Coast	Upturn	Rising
Asia -> US East Coast	Upturn	Rising
Asia -> US Gulf	Upturn	Rising
Asia -> Canada	Upturn	Rising

Asia -> Europe (Far East Westbound - FEWB)

Asia -> European Base Ports	Upturn	Rising
Asia -> Mediterranean	Upturn	Rising

North America -> Asia (Trans-Pacific Westbound - TPWB)

US -> Asia	Soft	Stable
Canada -> Asia	Soft	Stable

Europe -> Asia

Europe -> Asia	Soft	Stable
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TAIWAN



Air Freight

- For shipments from Taiwan to destinations in China, Southeast Asia, and Europe, the rates remain stable, and there is ample capacity. However, the situation contrasts when shipping to the United States, where persistent transshipment cargo has resulted in backlogs, intensifying competition for cargo space for exports from Taipei. Transshipment covers 30% to 40% of total exports for the Taiwan – US lane.
- As air cargo capacity for US routes is fully booked until the end of December, shippers with urgent cargo needs are advised to consider expedited services to ensure timely delivery.
- Effective from December 16, 2023, airlines have announced adjustments to the fuel surcharge rates as follows: TC I and TC II - TWD 45/kg | TC III - TWD 16/kg
- Air cargo tonnage in October grew by 6.1% for air exports and fell by 3.7% for air imports compared to the previous month.

TAIWAN



Ocean Freight

- The freight rates from Taiwan to Southeast Asia and China are stable, while to US/CA and Europe are rising. Freight capacity is also stable for Southeast Asia and China, while to US/CA and Europe it is getting tight.
- Alongside the Panama Canal draft challenges, security incidents in the Red Sea region are prompting carriers to steer clear of the Suez Canal and Red Sea. Consequently, ships are being rerouted around the Cape of Good Hope, resulting in extended transit times to the US East Coast (USEC) and Europe/Mediterranean (EUR/MED). This redirection is tightening space availability to TPEB and EUR/MED, prompting the application of a General Rate Increase (GRI) in mid-December 2023. As a result, ocean freight costs are expected to see a significant increase starting January 1, 2024.

US West Coast: There are no blank sailings for Pacific Southwest Bound. For Pacific Northwest bound, there is 1 sailing every two weeks.

US East Coast: There are no blank sailings.

Europe: There are no blank sailings. However, the rates for Transpacific (TP) and Europe (EUR) trade routes are on the rise, and space is fully booked until the second week of 2024.

CHINA MARKET SITUATION

EAST CHINA



Air Freight

US and EUR Trade Lane: As the demand for e-commerce products has experienced a slight decrease, rates to the US/EU have also seen a modest reduction.

Southeast Asia Trade Lane: While the rates remain stable, it's important to note that space availability is limited. Additionally, some flights to Singapore have been canceled due to technical checks on fuel tanks by the airlines.

Ocean Freight

US Trade Lane: Rates increased in the 2nd half of Dec. Due to the ongoing drought situation in the Panama Canal, starting from Jan 1st 2024 carriers will charge a Panama Canal Emergency Surcharge of around \$300/40'

EUR Trade Lane:

- Due to upcoming service contract renewals in Jan 2024, carriers continue to control the capacity. Rates increased since mid Dec.
- The transit time will be increased by 15 days or more due to the Red Sea/Suez Canal situation. Rates will be doubled, tripled or even more depending on the destination port.

Southeast Asia Trade Lane: Rates remains at high levels.

CHINA MARKET SITUATION

NORTH CHINA



Air Freight

- **Beijing to Southeast Asia:** Rates and space continue to remain stable.
- **Tianjin to Southeast Asia:** While space is tight, rates remain steady.
- **US Trade Lane:** Compared to November, rates have experienced a slight decrease. The challenge lies in tight space due to an accumulation of e-commerce goods. To secure space, it is advisable to make advanced bookings approximately 2-3 days in advance.
- **EUR Trade Lane:** For exports from Tianjin, the rates have decreased. However, it's important to note that connecting flights cannot be guaranteed.

Ocean Freight

- For the upcoming Chinese New Year, orders will ship intensively in January, resulting in tight space and will drive up rates for all lanes.

SOUTH CHINA & HONG KONG



Air Freight

South China:

US and EUR Trade Lane: Following the conclusion of various e-commerce promotional activities, rates to the US/EU have experienced a substantial decrease since mid-December.

Southeast Asia Trade Lane: Rates and space remain stable.

Air China Opens New Routes: Commencing December 5th, Air China (CA) has introduced e-commerce charter flights from SZX to MEX twice a week. However, it's worth noting that the available space is not yet accessible to the market.

Hong Kong:

US Trade Lane: As the demand for e-commerce products has decreased, rates have slightly dropped.

Southeast Asia Trade Lane: Tightening space conditions are observed for Singapore and Manila due to the cancellation of a significant number of flights by airlines.

SOUTH CHINA & HONG KONG



Ocean Freight

US Trade Lane: The persistent drought situation in the Panama Canal has led to tight space and an increase in rates. Starting from January 1, 2024, carriers will implement a Panama Canal Emergency Surcharge of approximately \$300 per 40'.

EUR Trade Lane: The situation in the Red Sea has escalated, prompting some carriers to suspend all container traffic through the Red Sea. These carriers will opt for an alternative route, circumventing the Suez Canal and taking a detour around the Cape of Good Hope. This change is expected to extend transit times by 15 days or more, with rates potentially doubling or even tripling, depending on the destination port.

South China - Southeast Asia Trade: Currently facing tight space conditions, resulting in an increased rate. Rates to Indonesia have reached elevated levels.

Hong Kong - Southeast Asia Trade: Both rates and space availability are currently stable.

CHINA TO EUROPE CROSS BORDER RAIL

CHINA – EUROPE FREIGHT TRAINS ARE OPERATING SMOOTHLY

The China-Europe freight trains are operating smoothly, and shipments are efficiently managed at all ports.

Europe-bound Service:

- Following the heightened conflict between Israel and Palestine, some carriers have temporarily suspended sailing through the Red Sea. This has prompted customers to explore cross-border rail services, leading to tightening space conditions. However, the rate remains stable for this month.

Russia-bound Service:

- The supply of space for shipments to Russia remains relatively ample, and booking space is readily available throughout December.

Central Asia-bound Service:

- There is an ample supply of space for shipments to Central Asia, and booking space is readily available throughout December.



CROSS BORDER TRUCKING SITUATION: SOUTHEAST ASIA - CHINA

BORDER SITUATION REMAINS NORMAL

Origin	Destination	Transit Time
Singapore	Malaysia	1 day
	Thailand	5 days
	Vietnam	6 days
	South China	7 days
	East China	9 days
Vietnam	Singapore	6 days
	Malaysia	5 days
	Thailand	3 days
	South China	2 days
	East China	4 days

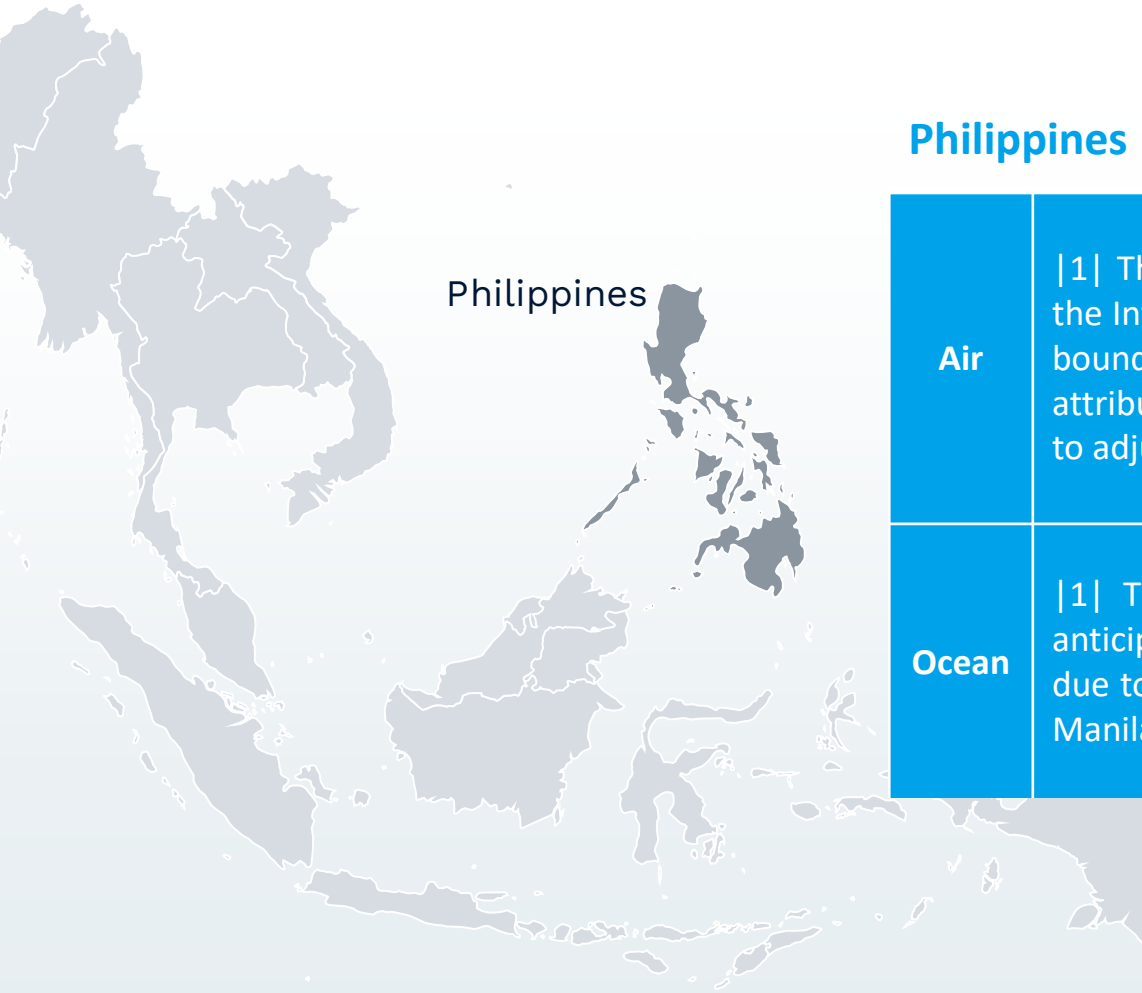
Transit time is inclusive of waiting time at the Vietnam/China border:

- Vietnam (Hanoi) to China – 1 to 2 days waiting time
- China to Vietnam (Hanoi) – 3 days waiting time



Cross-border trucking between Southeast Asia and China is available at Pingxiang and Dongxing borders. Pingxiang is recommended due to its wider range of commodity operations, but special commodities such as DG cargo or lithium-ion batteries should be checked with Customs in advance.

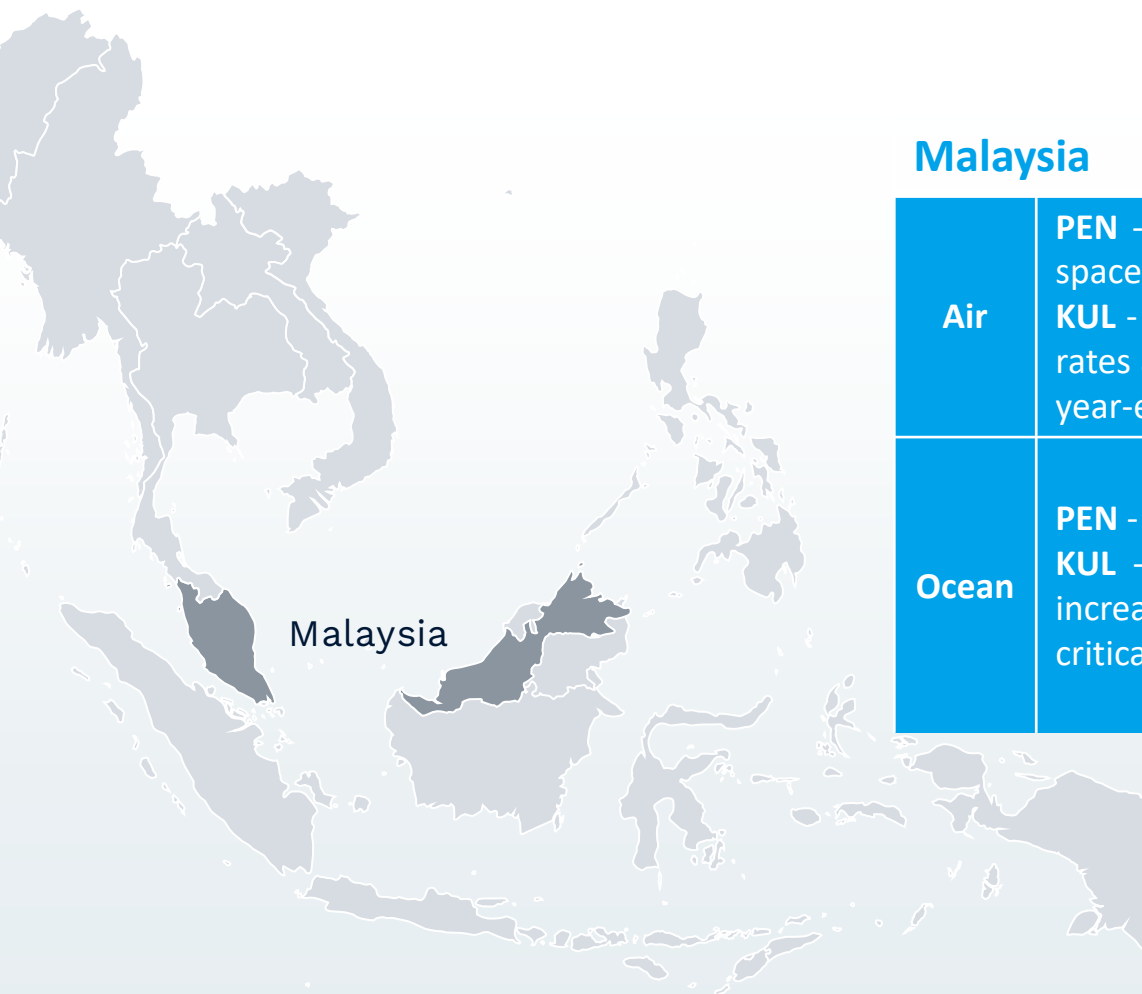
SOUTHEAST ASIA, INDIA & AUSTRALIA (1/6)



Philippines

Air	1 The air freight space is currently soft across all destinations, with stable rates observed in the Intra-Asia sector. Nevertheless, a notable rise in air freight rates is noticeable for shipments bound for the USA and Europe, even in the presence of available cargo space. This uptick can be attributed to the anticipated surge in Christmas and year-end cargo demand, prompting airlines to adjust pricing accordingly.
Ocean	1 The ocean freight rates and space to intra-Asia and US/CA are stable. However, it is anticipated that the space to Europe will become critical with rising rates towards the new year due to the situation in the Suez Canal. 2 There have been some delays on vessel berthing in Manila ports. This may be due to the high volume of shipments in the peak season months .

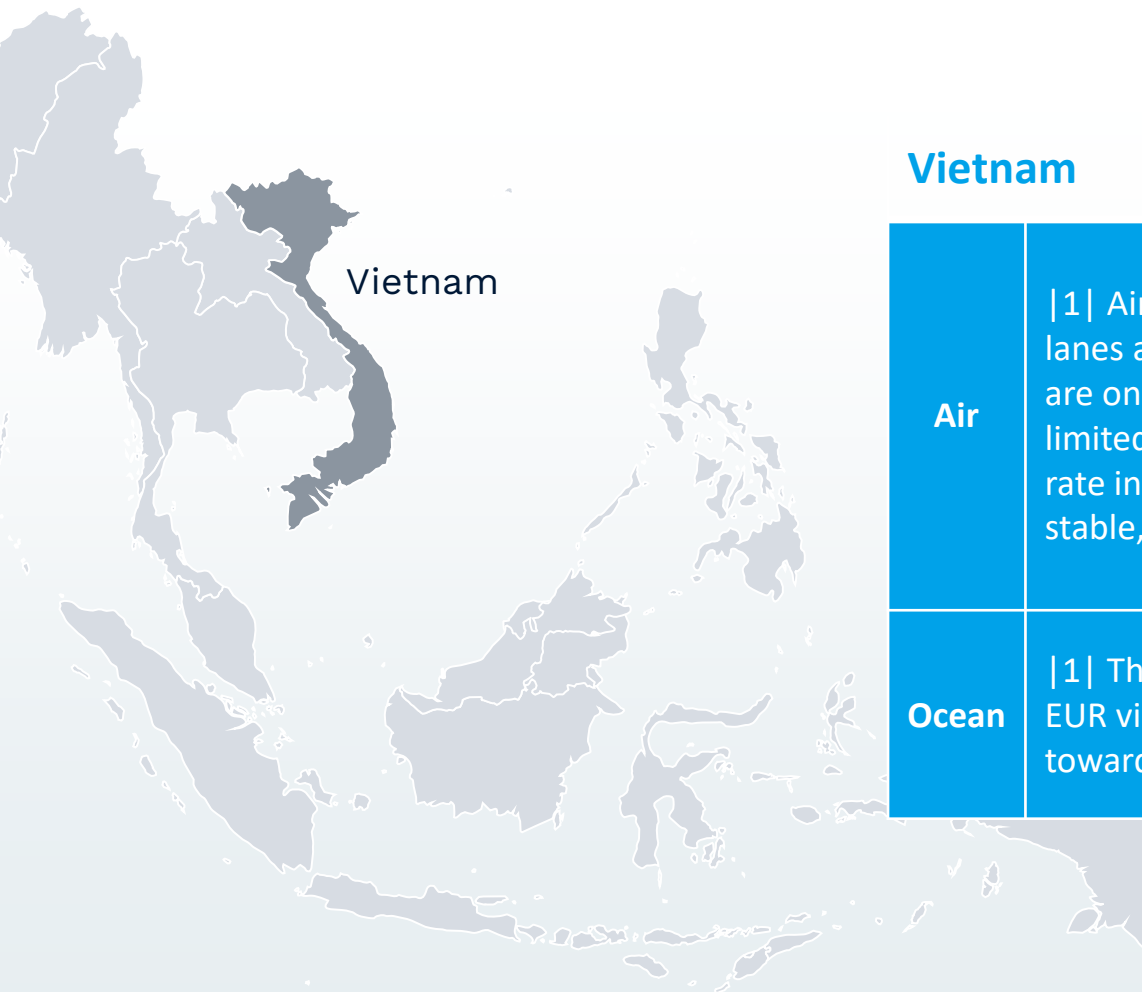
SOUTHEAST ASIA, INDIA & AUSTRALIA (2/6)



Malaysia

Air	PEN - 1 The air freight rates and space to intra-Asia and Europe are good. However, the space to US/CA is experiencing a backlog with rising rates. KUL - 1 The air freight space to Intra-Asia and Europe are experiencing an upturn while the rates are stable. However, the space to US/CA is tight with rising rates. This may be due to the year-end cargo rush.
Ocean	PEN - 1 The ocean freight rates and space to intra-Asia, Europe, and US/CA are stable. KUL - 1 Ocean freight space is tight for Intra-Asia and US/CA. Ocean freight rates are increasing across all destinations. It is anticipated that the space for Europe will become critical with rising rates towards the new year due to the situation in the Suez Canal.

SOUTHEAST ASIA, INDIA & AUSTRALIA (3/6)



Vietnam

Air	1 Air freight space to Intra-Asia remains stable, while to Europe space is tighter, and US/CA lanes are facing backlogs. Freight rates to Intra-Asia are stable, but those to Europe and US/CA are on the rise. 2 Congestion at transit hubs (such as Taiwan, Singapore and Incheon) has limited the space on Vietnam-US and Vietnam-Europe routes, leading to continuous freight rate increases and extended transit times of approximately 6-8 days. Rates to Intra-Asia remain stable, with airlines willing to negotiate for large volumes.
Ocean	1 The ocean freight rates and space to intra-Asia and USA are stable. However, the rate to EUR via the Red sea is rising and it is anticipated that the space for Europe will become critical towards the new year due to the situation in the Suez Canal.

SOUTHEAST ASIA, INDIA & AUSTRALIA (4/6)



Thailand

Air	1 Air freight space to intra-Asia remains stable, but availability to Europe and US/CA is currently constrained. 2 Projections indicate that air freight space will gradually ease after the new year, leading to an anticipated 5-10% drop in rates to Europe and US/CA. Conversely, space within intra-Asia routes is expected to tighten when the Chinese New Year approaches. 3 Congestion at Bangkok Terminal is being reported due to extended holidays, resulting in anticipated delays in cargo loading and unloading processes.
Ocean	1 The ocean freight space to all destinations is constrained. The space to Europe is expected to become more constrained due to the Suez Canal situation. The ocean freight rates to all destinations are all rising as well. 3 The limited export space is also attributed to congestion at major ports and adverse weather conditions in Thailand. Carriers are proactively adjusting sailing schedules, altering the sequence of port entries to mitigate these challenges. 4 As the new year holiday approaches, demand from Thailand continues to rebound across various routes, with customers actively making reservations in anticipation of the upcoming holidays.

SOUTHEAST ASIA, INDIA & AUSTRALIA (5/6)



Indonesia

Air	1 Intra-Asia air freight space and rates are currently stable, contrasting with an upturn in space availability to Europe and US/CA, and an ongoing rise in rates expected beyond this month. 2 Projections indicate a decline in freight rates at the beginning of January, followed by a gradual increase towards the end of the month due to the upcoming Chinese New Year.
Ocean	1 Ocean freight space remains stable for Intra-Asia and US/CA, but is tight for shipments to Europe. 2 Ocean freight rates depict a dynamic scenario, falling for Intra-Asia, rising for Europe, and stable for US/CA. 3 The Europe trade lane is witnessing a surge in demand, attributed to Christmas and year-end celebrations. Shippers and consignees are actively striving to meet their shipment targets before the extended holidays. This will contribute to more space constraints considering the Suez Canal situation.

Singapore

Air	1 Air freight space from Singapore to intra-Asia remains stable, with an upturn for Europe and a backlog to US/CA. Notably, space to the USA remains critical this month due to holiday seasons. 2 Air freight rates to intra-Asia and Europe are stable, but rising for US/CA. Limited inbound space to the USA has prompted several carriers to propose express rates to facilitate bookings.
Ocean	1 The ocean freight rates and space to intra-Asia and US/CA are stable. It is anticipated that the space to Europe will become critical with rising rates towards the new year due to the Suez Canal situation.

SOUTHEAST ASIA, INDIA & AUSTRALIA (6/6)



India

Air	1 The air freight rates and space to intra-Asia, Europe, and US/CA are stable.
Ocean	1 Ocean freight rates and space to intra-Asia and US/CA remain stable. However, It is anticipated that the space for Europe will become critical with rising rates towards the new year and more constraints due to the Suez Canal situation. 2 Cyclone Michuang has notably affected southern and eastern ports, leading to congestion and delays in container movements. Nevertheless, the situation is gradually improving, and a return to normalcy is expected in time for Christmas.



Australia

Air	1 The air freight rates and space to intra-Asia, Europe, and US/CA are stable.
Ocean	1 There's an upturn in ocean freight space within intra-Asia, while stability persists for US/CA. Ocean freight rates remain steady across all destinations. However, It is anticipated that the space for Europe will become critical with rising rates towards the new year more constraints due to the Suez Canal situation. 3 Ongoing delays persist due to increased industrial action by DP World.

SOUTH KOREA



Air Freight

- Air export volume to Southeast Asia and China remains tight, with cargo volume increasing through the end of the year.
- US/EU air export space is extremely limited due to a surge in e-commerce and e-cigarette cargo demand from Korea, driving up air freight rates.
- Pre-booking 1-2 weeks in advance for US/EU air exports is crucial with most national carriers like KE/OZ having limited space at year-end.
- During December, IATA Traffic Conference area fuel surcharges decrease slightly: 16.7% for TC1 and 16.4% for TC2/TC3 at Incheon International Airport. This reflects lower fuel prices.

Ocean Freight

Drought in the Panama Canal and the ongoing war near the Suez Canal are disrupting global shipping, potentially leading to:

- Delays in deliveries through both canals, with transit times at the Panama Canal exceeding 12 days.
- Higher ocean freight rates, particularly for shipments to Southeast Asia and US/EU, with rates expected to rise in January 2024 due to carrier capacity control.
- There is a potential shortage of certain goods due to shipping delays.

NORTH AMERICA MARKET SITUATION

USA MARKET SITUATION



Air Freight

After the Thanksgiving holiday in the US, global air cargo tonnages have experienced a rapid rebound, surpassing the pace seen in 2022. Notably, there has been a substantial increase in both tonnages and global average rates. Particularly robust is the upward trend in rates originating from the Asia Pacific region, especially on trade lanes to North America and Europe. On a year-on-year basis, global cargo volumes have witnessed a significant uptick, largely propelled by a noteworthy surge in volumes originating from the Asia Pacific region. At the same time, available capacity has seen a substantial increase across various regions, marking a positive shift from the conditions observed in 2022.

SPACE IS TIGHT FROM SOME GATEWAYS



Dallas (DFW):	
AE	<ul style="list-style-type: none"> Rate and capacity to APAC is at a moderate level. Not yet back to pre-pandemic level Backlog at terminals.
AI	<ul style="list-style-type: none"> Terminal waiting time is 1-2 hours. Now is the peak season for imports. Space is more critical from China to the US (ORD).

Toronto (YYZ):	
AE	<ul style="list-style-type: none"> Flights to smaller ports in China (Ningbo and Dalian) remain suspended. There are limited direct options to Europe with more service to hub cities (FRA, CDG, MXP and MAD). Rate to Asia-Pac and Europe are normal. Fuel Surcharge is slightly increased.

New York (NYC):	
AE	<ul style="list-style-type: none"> Space is tight from JFK to Asia Pacific. Rate and space to Europe is back to normal. No more spot rate for Cathay Pacific and Air China (direct flight from JFK to HKG and SHA) Fuel Surcharge: China Airlines \$1.15/KG Eva Air \$0.85/KG, Cathay Pacific \$0.79/KG Air China 0.70/KG
AI	<ul style="list-style-type: none"> JFK allows only 24 hours of free time after cargo arrival. Avoid flights arriving in JFK on Fridays and Saturdays. The current truck fuel surcharge is at 35%–45% .

NORTH AMERICA AIR GATEWAY SITUATION

SOME GATEWAYS ARE CONGESTED DUE TO SPACE DEMAND.

Vancouver (YVR):

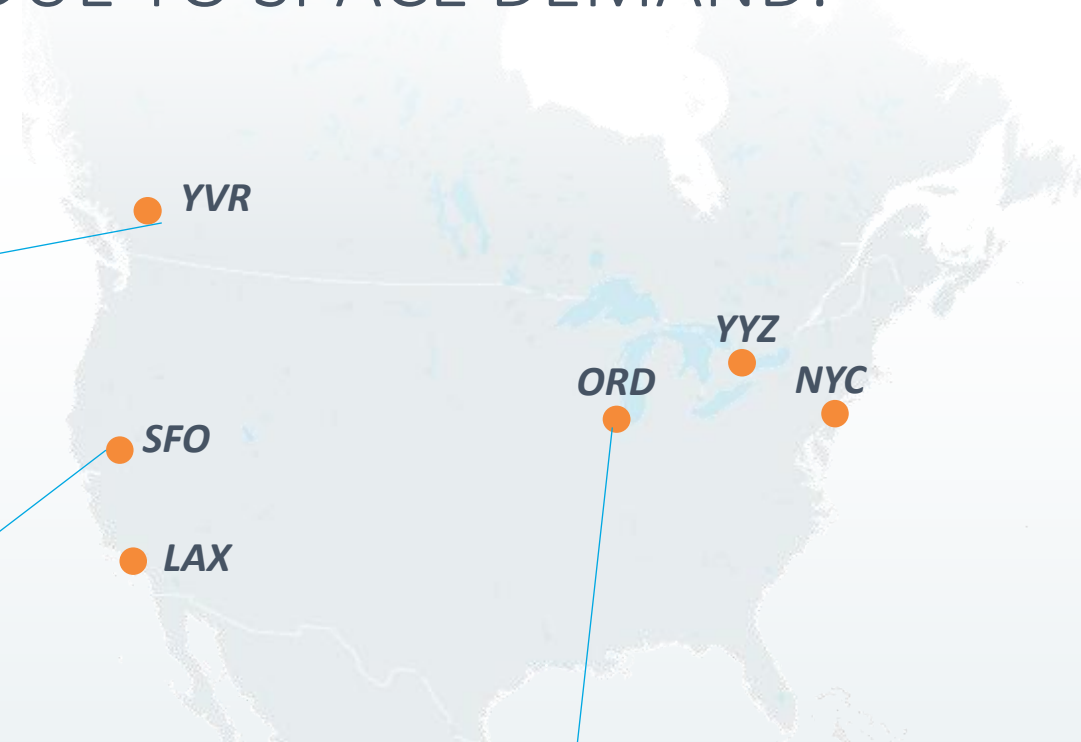
AE	<ul style="list-style-type: none"> Eva Air, China Airlines, and Cathay Pacific have daily flight from Vancouver. Air China provides one flight every Sat in December. Air Canada provides daily service to HKG and Day Tues, Thurs, Fri, and Sun to PVG.
AI	<ul style="list-style-type: none"> Rate increased from China to Vancouver due to space demand.

San Francisco (SFO):

AE	<ul style="list-style-type: none"> Air market's rate and capacity remain normal. Facing space and terminal congestion via United Airlines due to flight cancellations and mechanical issues.
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Chicago (ORD):

AE	Rate and capacity is stable to Asia Pacific and Europe.
AI	All terminals are congested.



NORTH AMERICA OCEAN PORT SITUATION

SEATTLE/TACOMA FACES CONGESTION; OTHER PORTS OPERATE SMOOTHLY

Vancouver	
OE/OI	<ul style="list-style-type: none">• Dwell time 3-5 days in the port of Vancouver.• Fuel surcharge reduced to 36% in December

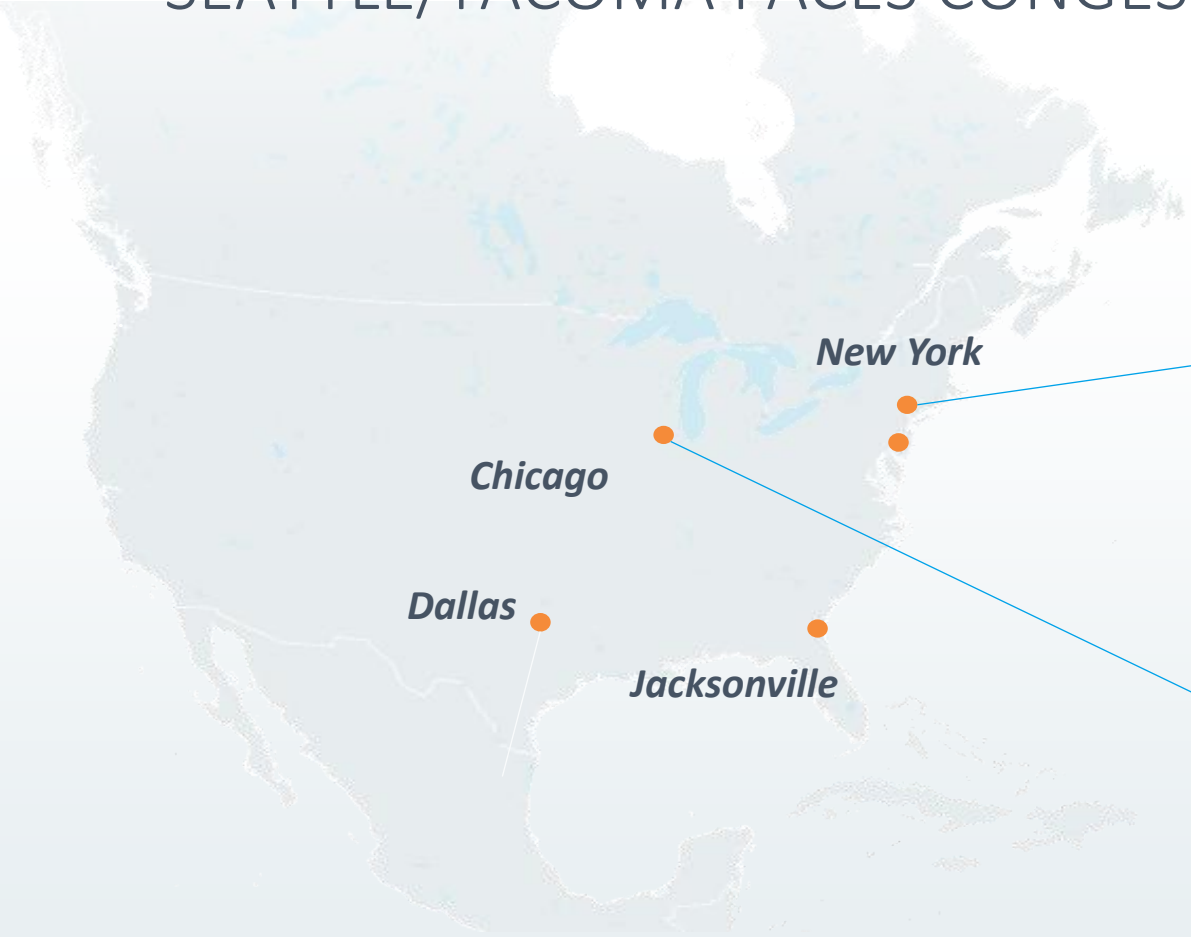
Oakland / Seattle / Tacoma	
OE/OI	Port congestion at the Seattle and Tacoma ports due to a shortage of rail cars for IPI shipments. The trucker will have to wait 2-3 hours to pick up and return the container.

Dallas	
OE/OI	<ul style="list-style-type: none">• Equipment shortage in El Paso.• Fuel price is rising.• Railroad congestion in Santa Teresa, El Paso, and Dallas has worsened due to a severe shortage of equipment and workers.



NORTH AMERICA OCEAN PORT SITUATION

SEATTLE/TACOMA FACES CONGESTION; OTHER PORTS OPERATE SMOOTHLY



New York, New Jersey & Norfolk:

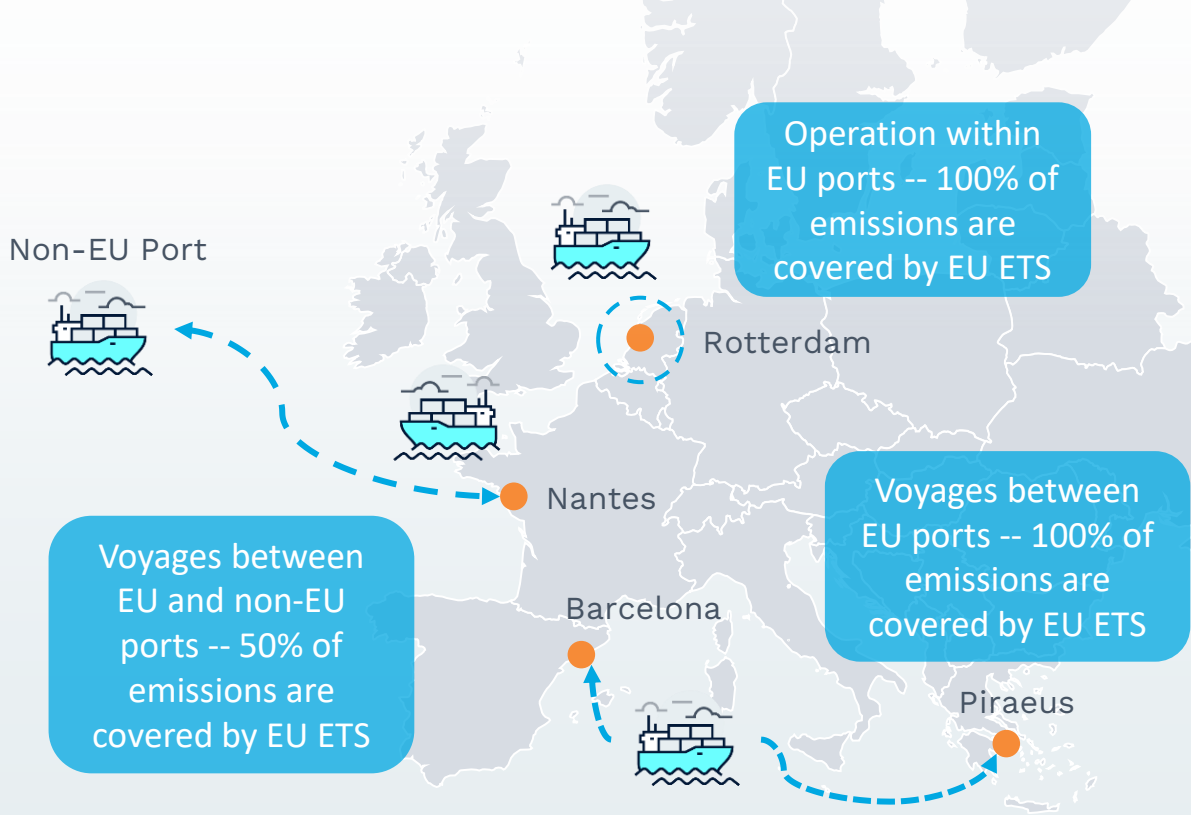
- The slow market has led to no port congestion at New York, and both Global Container Terminal (GCT) and New York Container Terminal (NYCT) are offering a toll-free surcharge. The ocean export rate is also stable. Space is open.
- For LCL, all New York CFSs can only provide 3 days of free time instead of 4 days after cargo devanning.
- FCL shipments will be discharged within 1-2 days, and the Last Free Day (LFD) remains the same at 4 free days after discharge.
- The fuel/trucking rate is between 35%-45%.

Chicago

OE	<ul style="list-style-type: none">• Rate and capacity are stable for both Asia Pacific and Europe.• Carriers have more blank sailings. Suggest to book at least 2-3 weeks ahead.
OI	<ul style="list-style-type: none">• No port congestion.

EU EMISSIONS TRADING SYSTEM (ETS)

The EU Emissions Trading System (EU ETS) was launched in 2005 to reduce greenhouse gas emissions (GHG) in the EU. It set a goal of reducing GHG emissions by at least 55% by 2030 compared to the 1990 levels and a target of net zero emissions by 2050.



As of January 1, 2024, shipping companies will be required to purchase and surrender EU ETS allowances for a portion of the emissions from their ships. The specific requirements are as follows:

- 100% emissions accounting for intra-EU ship travel.
- 100% of the emissions at berth in EU ports.
- 50% of the emissions for ships traveling between an EU port and a port outside the EU.

Update on the Regulation:

The EU's Emissions Trading System (ETS) costs will be integrated into the base freight rate, eliminating separate carbon surcharges. This means your base rate will adjust quarterly based on the prevailing price of carbon credits (EU Allowances)

WHAT TO WATCH

VICT's Completes Expansion Phase 3A

Victoria International Container Terminal (VICT) at the Port of Melbourne, is set to achieve a significant milestone with the completion of Phase 3A by the end of December. The project will boost the terminal's capacity by 30%, reaching 1.25 million TEUs. This expansion includes a 71-meter extension of the quay, enhancing quayside operations and enabling simultaneous berthing of two 366-meter vessels, reinforcing Melbourne's strategic position in global shipping.

Philippines and UAE Open Doors to FTA Talks

The Philippines and the UAE have set an ambitious two-year timeline to conclude negotiations for a comprehensive free trade agreement, aptly named the Comprehensive Economic Partnership Agreement (CEPA). The formal talks, slated to commence in 2024, represent a concerted effort to elevate the economic ties between the two nations. The overarching goal of this pact is to significantly enhance bilateral trade and encourage cross-border investments.

Panama Cana to Expand Ship Slots to 24

The Panama Canal is set to increase shipping slots to 24, compared to the previous 18, allowing for a greater volume of maritime traffic. This adjustment aims to address the challenges posed by the drought, ensuring continued navigation and accommodating the needs of shipping traffic through the canal. The expansion in shipping slots is a proactive measure to alleviate potential delays and support the efficient flow of goods.

Malaysia Bars Israeli Shipping from Berthing at Ports

The Malaysian government has announced a permanent ban on vessels from the Israel-based shipping company ZIM, prohibiting them from docking at Malaysian ports. The decision is a response to what Anwar described as Israel's disregard for humanitarian principles and violation of international law in its actions against Palestinian citizens. The ban extends to ships displaying Israel's flag, and vessels destined for Israel are also barred from loading cargo.



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