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APRIL NEWSLETTER

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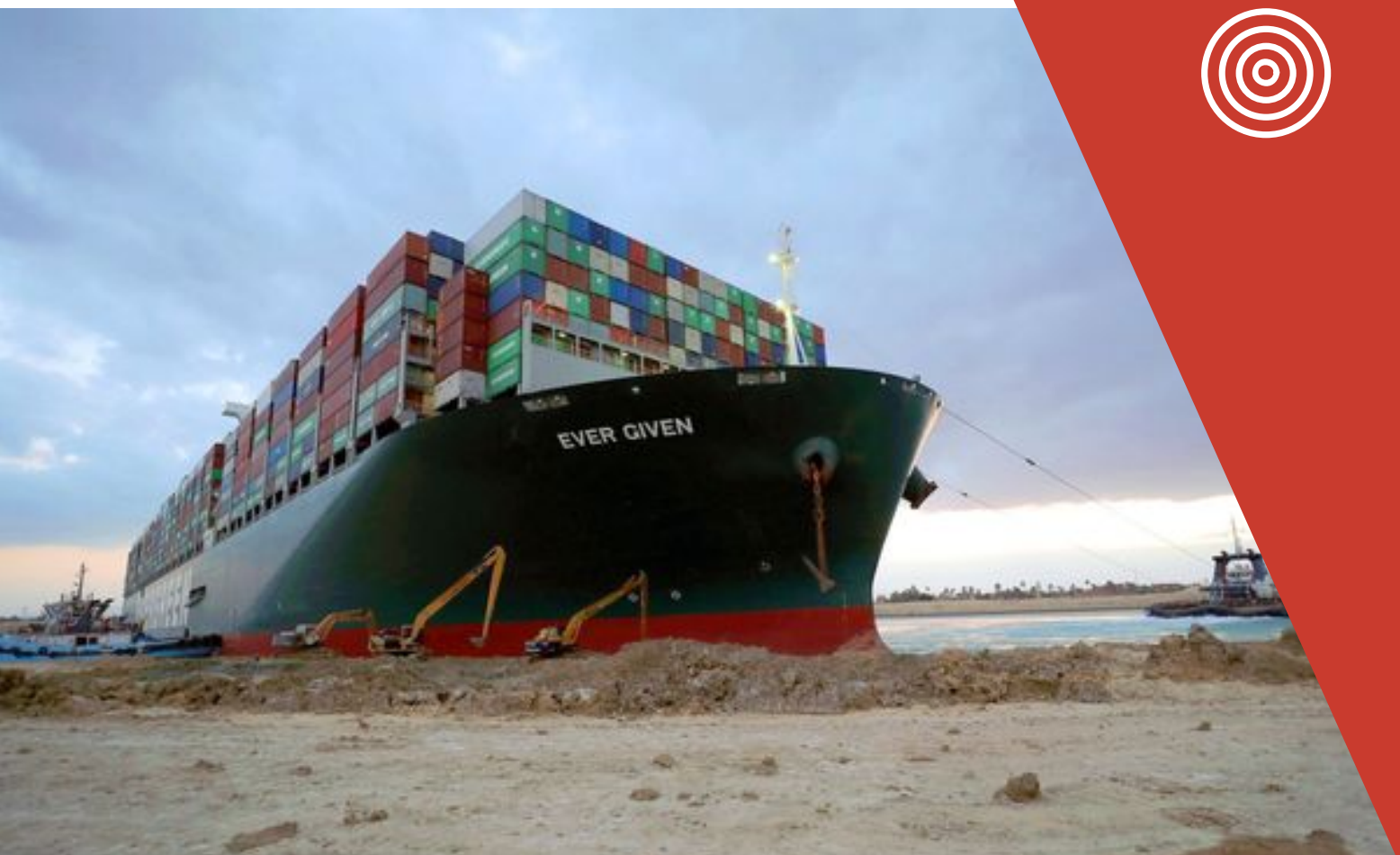
Post-Ever Given: a Sudden Surge for China-Europe Railway Services

Charleston Opens New Container Terminal in Bid to Increase Volume

THE INCREASE COMES AT A PIVOTAL TIME FOR THE SHIPPING INDUSTRY

HawkEye 360 Develop Maritime Security and Vessel Monitoring Capabilities



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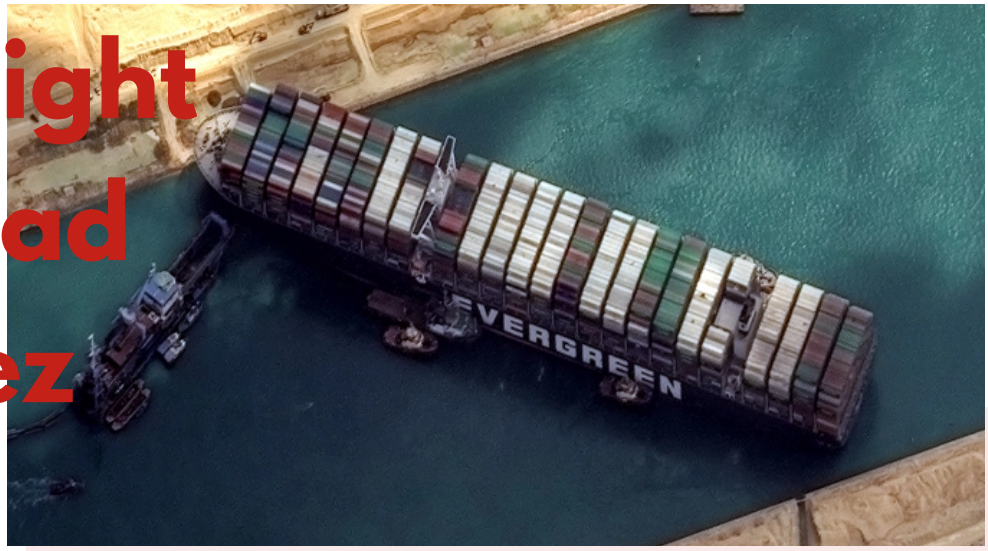

Global freight markets have been plunged into further chaos this week with the continuing blockage of the Suez Canal now accompanied by rumors of fresh freight rate hikes around the world.

The current crisis was likely to lead to an even more challenging freight market environment in the coming months.

Brent Crude oil prices - a key indicator for freight rates - surge 5.7% amid the disruption to markets caused by the blockage. Bloomberg explained that "European and US refiners that rely on the vital waterway for cargoes of Middle Eastern oil may be forced to look for replacement supplies should the blockage persist, potentially boosting prices of alternative grades. At the same time, flows of crude from North Sea fields destined for Asia will be held up."

“This will affect freight prices in the next two months because vessel operators will pass on their losses (from the Suez blockage) to customers once this mess is sorted out,” a second South Asian steel and stainless scrap trader said.

The blockage will impact the entire trading schedule for millions of tons of commodities, market participants told S&P, and they are reworking itineraries for commodities worth billions of dollars, which could involve significant demurrage costs.

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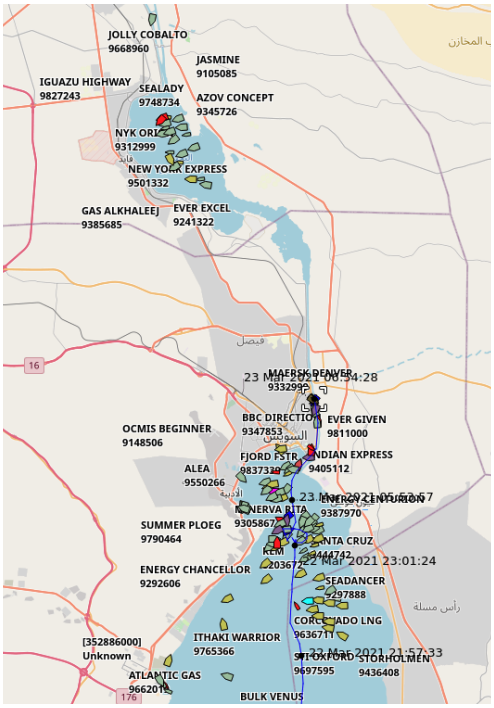
April-sailing freight rates for the Brisbane, Australia-Bangladesh route have risen to $1,800 per container up from previous quotes of $1,500 per container in late February. The Taiwanese trading source said he had heard that freight costs from the US West Coast to Taiwan could rise by as much as $400-600 per container for April.



There Is No Spare Aircraft...

Businesses hunting for air transport need to consider: Take a number and get in line, logistics experts say. Or pay a premium for expedited service - on top of rates that typically are 8 times greater than ocean shipping.

International air cargo capacity remains critically low since the pandemic has forced airlines to ground vast parts of their fleets, which provide more than 50% of the space used to move goods globally. Researchers say available aircraft space is still 15% below normal, despite a 26% influx of freighter capacity, as interest from businesses for cross-border transport continues to reach record levels.

But even bulk buyers, who often work through specialized brokers, say securing charter flights — either pure freighters or passenger aircraft temporarily moonlighting as mini-freighters — is extremely difficult.

"There is zero charter capacity available," Brady Borycki, executive vice president for global business development at Wen-Parker Logistics, told FreightWaves. A cargo charter that was offered between Hong Kong and the U.S. was immediately snapped up this week for $1 million, which roughly translates to $10/kilo for customers with shipments onboard, he added.

No major trade is immune from the lack of aircraft supply, according to purchasers of freight transportation

Trans-Atlantic Shrink

U.S. exports to Europe, Latin America and Asia are strong, with demand outpacing capacity in all markets. It can take seven to 10 days from the time of booking for a shipment to get loaded on a plane. European export demand to the U.S. and Asia is twice what it was in prior months, with similar backlogs before cargo moves out on planes.

Meanwhile, trans-Atlantic capacity is actually decreasing due to the lack of travel demand as Europe deals with another wave of COVID-19 outbreaks and government lockdowns. Traditionally, airlines would now start expanding flight schedules for the summer season. Cargo capacity is down about 26% from pre-pandemic levels, with widebody belly capacity down 65%, compounded by the departure of one-time charters.

Scarce capacity in both air and ocean helped China-Europe rail volumes to huge gains last year, up 56%, to 1.14m teu and 12,400 train journeys. And in January and February, they were up 96% year on year, with volumes of 209,000 teu, according to Chinese media.

According to Shanghai-based Marco Reichel, APAC business development director at Crane Worldwide Logistics, space on trains to Europe was already tight before the week-long Suez blockage.

He told The Loadstar: "We already had limited space in late March, and for the whole of April, and we now expect capacity to stay almost sold out until May." The very tight capacity has pushed many clients to also look for alternatives, such as road freight from China to Europe.

Post-Ever Given: A Sudden Surge for China-Europe Railway Services

Rob Foster, business development manager for central and north China at Norman Global Logistics, said the Suez crisis had "not helped" with regards to rail freight space and creeping congestion issues.

Container shortages are continuing, thanks to port congestion at Los Angeles, he noted and, with the Suez delay and knock-on effects expected to play out for weeks, there's a major lack of empty containers coming back to China to replenish stocks

Forwarders in China are reporting a sudden spike in demand for Silk Road rail freight, post-Ever Given

Mr Foster said there were only minor delays on the railway network currently, with the main bottlenecks being three-to-six-day delayed departures from some origin points in China. For example, he explains, the country's railway terminals are not as advanced as the container ports, in terms of customs checks.

"The rail carriers have to do a lot of commodity code checks because of the cargo crossing different borders, and some cargo is not permitted due to the wording of the codes; it only takes one container to get held at the border to delay a whole blocktrain."

Charleston Opens New Container Terminal in Bid to Increase Volume

Jim Carrington - More Than Shipping

The new terminal, known as the Hugh K. Leatherman Terminal, provides a much-needed capacity increase to one of the country's largest ports and a pivotal East Coast trade and shipping hub. The new terminal will be able to handle as many as 700,000 additional TEUs.

The new terminal covers 286 acres, enough to increase capacity at the Port of Charleston by about 30%. The new port is processing shipments throughout the month of April. The port has been in the works since 2003, when the first permits were applied for with the ground broken years later. It's been a long process, for sure, but as the nation's first new shipping terminal since 2009, the terminal will provide a much-needed boost for U.S. shipping infrastructure.

The Hugh K. Leatherman Terminal Begins Some Key Benefits to the Port of Charleston's Infrastructure.

First, the new terminal is equipped to handle 20,000-TEU shipping vessels – the future of shipping. Additionally, there is now the ability to handle 700,000 TEUs of throughput capacity. Eventually, with the completed construction of a larger infrastructure project, the entire project will see the port's capacity increase by a total of 2.4 million TEUs of throughput capacity, according to the South Carolina Port Authority (SCPA).

The container yard built as part of the project will contain five ship-to-shore cranes, 25 hybrid gantry cranes, capacity for refrigerated cargo, and more. Plus, the project brings much-needed 21st-century technology to the Port of Charleston,

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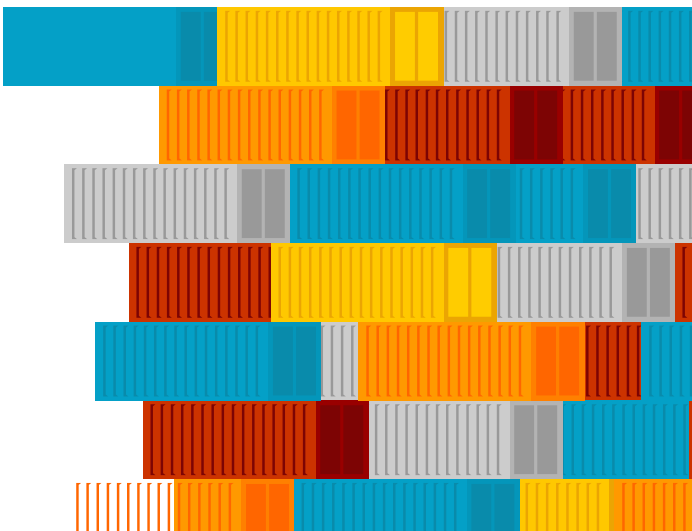
The Increase Comes at a Pivotal Time for the Shipping Industry

With the COVID-19 pandemic still affecting global shipping and trade, and recent slowdowns and severe capacity limitations even before the Ever Given got stuck in the Suez Canal, any increased capacity and infrastructure is a good thing for every shipper.

According to the SCPA, both imports and exports arrived at the terminal already, and service will only ramp up as time goes on. March saw volumes at the Port of Charleston increase by over 30%, so extra capacity is very much needed in today's COVID world. The timing of the Chinese New Year also did not help capacity issues; with the confluence of the Chinese New Year, the Suez Canal crisis, and general demand, any good news is welcome in shipping these days.



HawkEye 360 develop maritime security and vessel monitoring capabilities

Ship Technology

HawkEye 360 has developed new maritime security and vessel monitoring capabilities that combine its radio frequency (RF) geolocation services with Amazon Web Services' (AWS) machine learning (ML) model.

"RF signals can provide valuable insight into commercial vessel activity across the globe, even when bad actors seek to hide their location."

HAWKEYE 360 PRODUCT VICE-PRESIDENT TIM PAVLICK

"With these ML-backed capabilities, we will empower customers to cut through an ocean full of noise to obtain more timely and critical insights from maritime RF data to improve mission outcomes and prevent illegal and illicit activities."

The maritime security and vessel monitoring capabilities will be integrated into the HawkEye 360 portfolio of products.

Using underlying vessel characteristics and behaviours, it becomes possible to predict whether a given vessel is likely to engage in similar activities as sanctioned vessels.

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Amazon SageMaker Autopilot, a fully managed service that helps to quickly build, train and deploy ML models, has been used by HawkEye 360 in the development of the algorithms undergirding the new capabilities.

The purpose-built, proprietary algorithms can help to derive maritime domain insights from RF and vessel information.

HawkEye 360 stated that the RF signals ability and ML analysis support a range of applications such as commercial maritime activity, national security operations, maritime domain awareness and environmental protection.

The algorithms evaluate past data, known interactions and contextual vessel characteristics to produce insights into the complex connections that are involved in illegal maritime vessel activities, such as illegal fishing, human trafficking and more.

Eurazeo Launches New Maritime Fund for Ecological Transition

Finnish investment firm Eurazeo has launched the sustainable maritime infrastructure thematic fund, which will be dedicated to the ecological transition of the international maritime sector.

Ship Technology

"Many investors are in search of an investment program that has a concrete impact in the decarbonisation and the ecological transition. Eurazeo Sustainable Maritime Infrastructure thematic fund distinguishes itself by reinforced protection of the capital."

-Eurazeo executive board member Christophe Bavière

The fund will finance infrastructure and technologies that will support the transition of the maritime sector to a low carbon economy. It will focus on financing three types of infrastructure: innovative harbour equipment, assets that contribute to the development of offshore renewable energy and ships that make use of advanced technologies to reduce negative effects on the environment.

Managed by Idinvest Partners, the fund is expected to support nearly 50 European facilities contributing to the transition of the maritime sector to carbon neutral by 2050. Eurazeo noted that the emission reductions achieved through investments by the fund will be measured through quantitative indicators.

Eurazeo stated that many renowned sovereign and institutional investors have already confirmed their involvement in the new fund. With a target size of $361.4m (€300m), offers a highly desirable solution to investors looking for limited risk.

Idinvest Partners partner Sylvain Makaya said: *"Our new fund is a financing tool that will contribute to the reduction of greenhouse gas and sulphur, reduction measured audited by independent experts, then communicated to our investors. Its implementation, the process of which has been evaluated with full transparency by independent organisations, underlines our aims and ambitions to deploy meaningful funds that provide a response to the environmental and climatic challenges of our time."*

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