



American Shipping Company

"News Flash"

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Rates Rise and Space Tightens as the First Half of May Displays

Strength on Transpacific Trade

Ocean Carriers have surprisingly announced increases of over \$1000 per 40' container effective May 1st on the Transpacific Trade, as the new contract season starts. This is being driven by tight space and what appears to be a spike in demand as container volumes increase going into the Labor Day holiday out of China between May 1st and May 5th. It is being noted that vessels for the first two weeks in May are predominantly full. Southeast Asia origins are also citing increased volumes that are filling up vessel space quickly. There are also widespread reports of container rolling and especially around continued carrier void sailings and port omissions. Some analyst believe that this might be a sign of an early peak season after recent weeks of continued activity and volume growth.

Evidence of the increased activity continued in April and now into May, which is now contributing to congestion and longer rail time transits at key U.S. and Canadian west coast ports. Vancouver has been impacted by rising delays in recent weeks due to increased volumes on the Pacific Northwest (PNW) vessel strings destined for U.S. interior rail ramps, particularly the Midwest region. The delay has been cited as approximately ten (10) days, and in some cases, even longer. However, we expect a shift soon and likely reductions via Vancouver and Prince Rupert as volumes are now being routed through U.S. West Coast ports in anticipation of the potential work stoppage on or after May 22nd along the Canadian railroads. The result is a five to seven (5-7) day delay for cargo moving inland by rail

via the U.S. West Coast. The ports of Los Angeles and Long Beach are also coping with increased volumes, normally handled by direct sailings into U.S. East and Gulf Coast ports, as some importers continue to avoid all water services due to the continued Red Sea conflicts.

In a series we have been reporting on with regards to the negotiations between the Teamsters Canada Rail Conference (TCRC) with both the Canadian Pacific Kansas City (CPKC) and the Canadian National Railway (CN), the May 22nd date of a potential strike or lockout is closely approaching. There is still no word as to how this will play out while members continue to tally their vote to strike, which started on April 8th and is said to be concluded on May 1st. The latest news was a proposal made by the CN to the TCRC on Friday, April 12th, that was focused on the key matters involving wages and work schedules. Canadian ports are critical to ocean container traffic that moves to inland points in the U.S., such as the Midwest region and transported by these two railroads. A work stoppage would put more pressure on U.S. West Coast ports and the U.S. rail system should a strike be prolonged. As we reported above, there is already evidence of more volume being shifted away from Canadian ports and routed into the U.S. West Coast ports in anticipation of a work stoppage.

As a follow up to our other series on the International Longshoreman's Association (ILA) contract negotiations with the United States Maritime Alliance (USMX), the ILA chapters remain in control of working on local port matters with a deadline of mid-May to negotiate a positive outcome. So far, there is not much mention as to whether these local negotiations are going well and what is to come of the contract expiration on September 30th. Should progress not be made it is believed a strike is imminent and would impact all East and Gulf Coast ports.

The first container vessel since the collapse of the Francis Scott Key bridge arrived in Baltimore yesterday which came through one of the four temporary channels created to alleviate passage in and out of the port complex. While vessel sizes will remain smaller in nature, and priority will be given to those vessels that have been stuck waiting to depart. It is anticipated that the continued efforts of the U.S. Army Corps of Engineers to reopen the main shipping channel could take place by the end of May, helping vessel activity return back to normal.

With container volumes currently trending upward on the Transpacific Eastbound services, we remind our community to plan and book in advance, anticipate delays, and be prepared for volatility. Should you have any further questions or concerns, please contact your account manager or local handling office for assistance.



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