

CANADA Daily News and Updates May 27th 2024

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Ocean Updates

Shipper Fury as Spot Rates Soar – And Box Lines Ignore Contracts

The sense of genuine anger amongst North European shippers and freight forwarders was palpable this week as they struggled to digest rapidly escalating spot freight rates.

The ascent steepened over recent weeks, with Drewry’s WCI Shanghai-Rotterdam leg rising 20% week-on-week to finish at \$4,999 per 40ft.

However, sources said that slots are being purchased at much higher levels.

“Rates for spot are in the \$6,000-\$7,500 mark, with carriers saying they will hit \$10,000.”

Tight vessel supply is continuing to combine with high demand in trunk trades and has led to a worsening shortage of containers at key export hubs in Asia, which is now having a significant impact on secondary trades.

And carriers’ preference to carry higher-paying spot cargo over contracted volumes is infuriating many customers.

Read more in an [article from The Loadstar](#).

Container Shipping Industry Bounces Back with \$5.4 Billion Profit in Q1 2024

The container shipping industry has reported profits of \$5.4 billion in the first quarter of 2024, marking an impressive turnaround following six consecutive quarters of decline, according to liner industry expert John McCown.

According to McCown, longer voyages due to Red Sea diversions have led to a reduction in global capacity by 8%. At the same time, there was a 9.2% rise in volumes in the first quarter of 2024, compared with the same period last year.

McCown pointed out that the unexpected increase in volume significantly bolstered rates, but it's the Red Sea situation that is proving to be a pivotal factor behind the recent surge in price strength.

Read more in an [article from gCaptain](#).

DP World Receives LEED Gold Certification at the Port of Vancouver

DP World's container operations facility at the Port of Vancouver recently achieved a significant milestone in environmental sustainability by receiving the LEED v4 Gold certification from the Canada Green Building Council.

LEED, or Leadership in Energy and Environmental Design, is a globally recognized symbol of excellence in sustainable building practices. It signifies not only a commitment to environmental stewardship but also a dedication to creating healthier, more efficient spaces that support the well-being of people and the planet. LEED buildings contribute significantly to addressing climate change.

Read more in a [press release from DP World](#).

U.S. East Coast Port Labour Talks Sparking Shipper Contingency Plans

If looming labour negotiations at U.S. East and Gulf Coast ports break down before the September 30 deadline, shippers may divert some cargo away from the East Coast, Port of Los Angeles Executive Director Gene Seroka said on May 20.

Importers and exporters have told Seroka that they've "shifted fractionally back towards the West Coast" due to a myriad of issues, including security concerns regarding the Red Sea, previous drought restrictions at the Panama Canal and East Coast labour negotiations.

The port director said there hasn't been "a wholesale shift," however, estimating between 2% to 5% of shippers' cargo has been moving from East and Gulf Coast gateways back to the West Coast.

Shippers don't want "to be the last to make sure that they have vessel allocation and empty containers ready for their imports to the U.S. before it's too late down the line into peak season," he said.

Read more in an [article from Supply Chain Dive](#).

Climate Change May Be Fueling a Resurgence of Piracy Across Africa

Piracy poses a threat to global shipping, trade and the safety of seafarers. In 2020 alone, there were 135 maritime kidnappings, with the Gulf of Guinea off the West African coast accounting for over 95% of abductions. Pirates often subject hostages to violence, torture and even execution.

Climate change seems to be making the problem worse. In regions like East Africa, climate change is devastating the coastal fisheries that people have depended on for generations.

Climate change is causing fish stocks to decline as some species migrate out of the reach of local fishermen. And prolonged drought and extreme weather have exacerbated food insecurity and poverty on land. Some former fishermen, in collaboration with militias and unemployed youth, have turned to piracy as a means of survival.

Read more in an [article from The Maritime Executive](#).

Rail and Truck Updates

Extreme Hurricane Season Expected in U.S. Could Trigger ‘Carrier Revenge’

For the past two years, shippers have had enormous leverage in the freight market, as excess capacity has kept rates under significant pressure. Shippers, who suffered under the weight of sizable market stress during COVID have inflicted “shippers revenge” on motor carriers.

Truckload spot rates, when adjusted for inflation, have plummeted to lows not seen since 2009.

In the first quarter of 2023, reassured that the Great Freight Recession was unlikely to end quickly, shippers started to insist on significant rate concessions from carriers. This process accelerated earlier this year. As a result, carrier profitability hit 14-year lows in the first quarter.

Like all commodity markets, rates become massively volatile when an unexpected sudden demand shock occurs. For trucking markets, no event has more short-term impact on demand than a major hurricane hitting a large U.S. city.

NOAA released its May hurricane forecast, where it spells a warning to shippers to prepare for significant disruptions. It is the most aggressive forecast on record. NOAA forecasts that there will be 17 to 25 named storms, with 4 to 7 being Category 3 or greater. On average, a hurricane season usually has 14 named storms and three Category 3 or greater storms.

Read more in an [article from FreightWaves](#).

Rehabilitation Project to Close One of Two Bridges Between Ontario and Michigan at Point Edward

A rehabilitation project at the Second Blue Water Bridge (SBWB) will commence on May 29. The First Blue Water Bridge (FBWB) will operate with bidirectional traffic to maintain essential operations for commerce and commuters.

Initially expected to close during the project, the FAST Toll Lane will remain open. This lane will continue to facilitate expedited crossings for FAST-approved commercial drivers.

Read more in a [press release from the Federal Bridge Corporation Limited](#).