

Emerging markets power 2024 container trade

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APL Qingdao / Source: VesselFinder

Trade from the Far East to a bloc of developing economies, especially South America, Africa and the Middle East/Indian Subcontinent, has risen dramatically and has emerged as a key driver of global container trade, according to a new report from Clarksons.

The world's largest shipbroker said that trade between the Far East and these developing economies was up 16% year-on-year in the first four months of the year, and showed a 30% growth compared to 2019, the year before the Covid-19 pandemic hit.

After a stagnant 2023, in which container trade grew by just 0.6% from 2022, container shipments came up to 58 million TEU between January and April, an 8% increase from the year-ago period. This also marked the strongest start to container shipping in any year.

Clarksons analyst Thomas Grant noted that several factors have supported trade between the Far East and this emerging bloc.

Grant wrote, "Far East-Latin America trade has been aided by a notable increase in the exports of industrial goods, as well as strong vehicle/vehicle parts imports (partly ahead of planned tariff hikes in Brazil), while trade growth on the Far East-Middle East/Indian Subcontinent has been driven by firm economic growth in the region as well as increased investment in manufacturing facilities in India as US companies look to relocate manufacturing processes amid a focus on 'friendshoring'."

Far East-Africa volumes have been boosted by Africa becoming a new market for China's finished goods exports, while the continent is growing as a source of raw materials.

Grant wrote, "So, container trade appears to be on track for a stronger year after a challenging 2022-2023, with economic headwinds easing in key regions. Red Sea rerouting is having a profound impact in TEU-mile terms, but for underlying trade volumes, a number of rapidly emerging trade lanes are clearly coming to the fore."

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