

# Global Logistics Trends

Curtis D. Spencer  
IMS Worldwide, Inc.  
CEO



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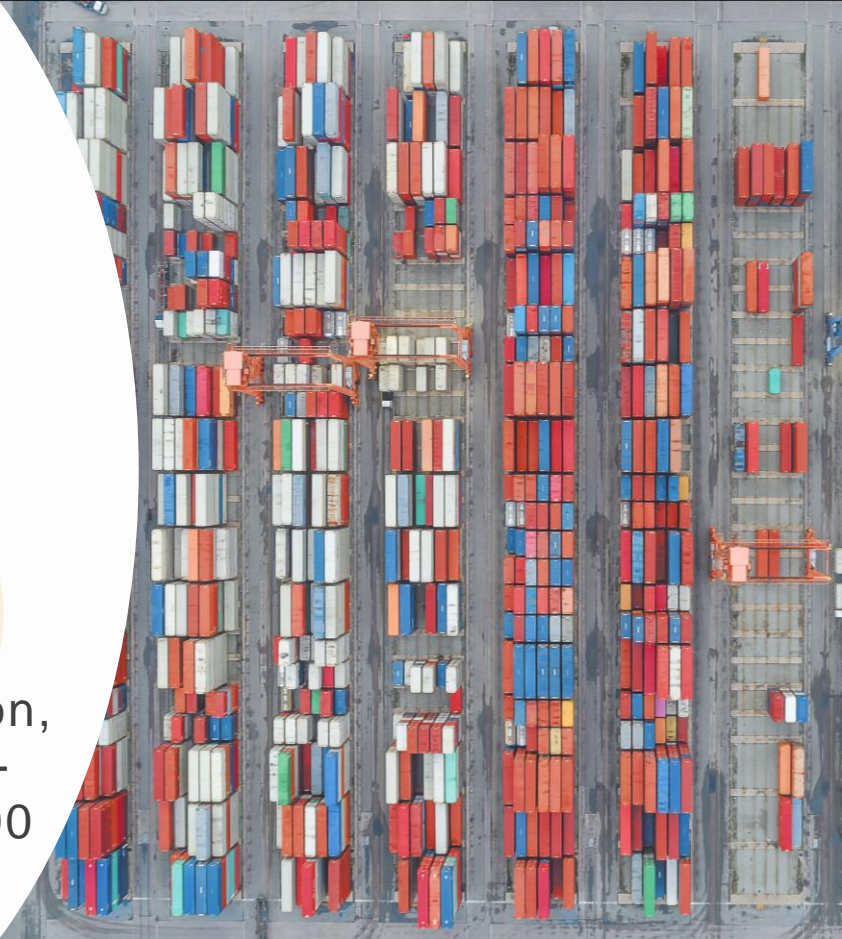
IMS Worldwide, Inc.



## INTRODUCTION

# IMS Worldwide, Inc.

- For over 50 years, IMSW has been working in the global logistics and industrial real estate market providing guidance and expertise to investors, companies, brokers, and tenant representatives related to the impact of global logistics on the site selection process.
- IMSW also specializes in the designation, activation, and management of Foreign-Trade Zones, having completed over 500 projects throughout the US.



# GLOBAL LOGISTICS TRENDS

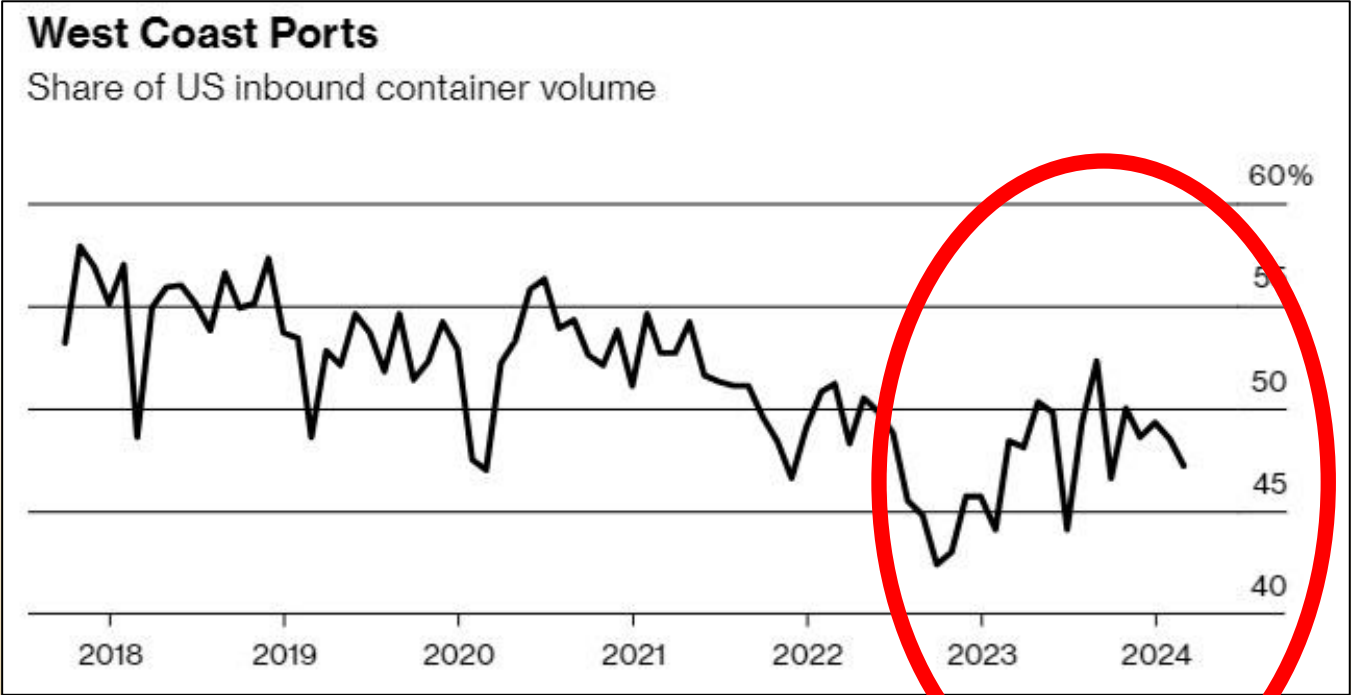


# Location of Top 25 US Ports by TEU



**SOURCE:** U.S. Department of Transportation, Bureau of Transportation Statistics, based upon 2021 data (latest available) provided by U.S. Army Corps of Engineers, Waterborne Commerce Statistics Center. Special tabulation as of November 2023.

# West Coast Ports Percentage vs East and Gulf Coast Ports



Ten Percentage Points Reversal in 12 months

# US Ports TEU Trends 2023

Port of Entry	2023 TEU Volume	2022 TEU Volume	2023 TEU Volume Against 2022
LA/LB	16,653,165	19,044,815	-12.56%
NY/NJ	7,810,005	9,493,664	-17.7%
Savannah	4,927,654	5,892,131	-16.37%
Houston	3,824,600	3,974,901	-0.38%
Norfolk	3,287,546	3,703,230	-11.22%
Seattle/Tacoma	2,974,416	3,384,018	-12.1%
Charleston	2,482,080	2,792,313	-11.11%
Oakland	2,065,709	2,337,125	-11.61%

# US Ports TEU Trends through July 2024

## Selected Ports

Port of Entry	2024 TEU Volume	2024 TEU Volume vs 2023
LA/LB	10,845,093	+18.8%
NY/NJ	5,016,626	+4.5%
Savannah	3,190,252	+13.0%
Houston	2,423,474	+10.0%
Norfolk	2,100,151	+11.8%
Charleston	1,464,983	+0.02%



# Panama Canal



# Panama Canal Overview



- The Panama Canal is responsible for moving **8% of global trade**.
- **40% of all U.S. container traffic travels through the Panama Canal** every year and moves roughly \$270 billion in cargo annually.
- The shipping time for cargo from Shenzhen, China to Miami, FL, utilizing the Panama Canal takes 35 days versus the Suez Canal, which takes 41 days.
- In 2023, the Panama Canal began restrictions due to reduced rainfall, which has led to a drought in the region that feeds the Canal. The Canal Authority cut daily transits from 38 to 24. As rainfall increased in June 2024, the Canal announced it will increase to 37 ships per day starting in August, 2024.

# Reduced and Limited Transits

- Latin American sources said the increasing limitations are expected to exacerbate long wait times for transit to deliver volumes to WCSA markets. Delays could stretch to three weeks, particularly with further slot limits imposed in early 2024.
- Panama Canal has limited transits:

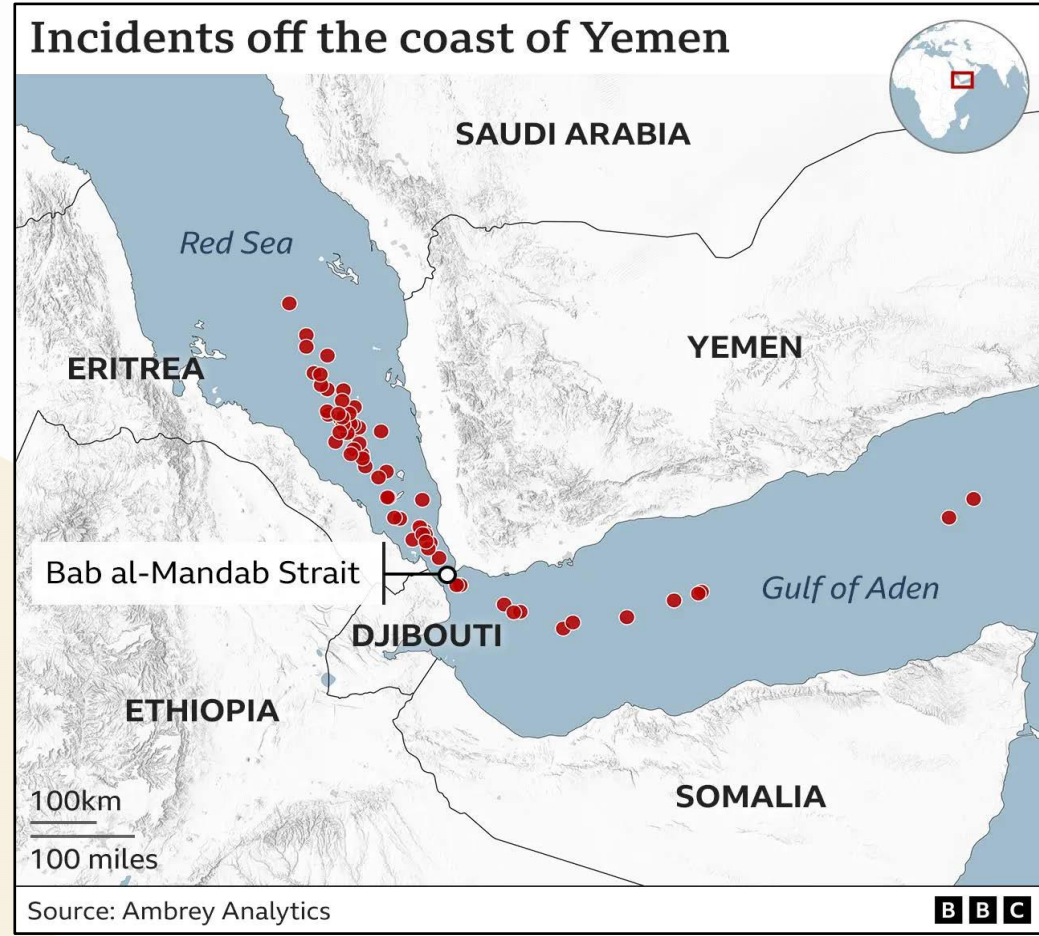
Panama Canal Trends	Daily Transits Allocated
Normal Capacity	38 – 40 Transits
October 2023	32 Transits
November 2023	24 Transits
December 2023	22 Transits
January 2024	24 Transits

# Red Sea/Suez Transits

- Some 15% of global shipping traffic, and 30% of container traffic, pass through the Red Sea and Suez Canal – Freight Waves
- Suez disruptions and insurance cost increases going around Africa.
- On Jan 2nd, Maersk suspended all Red Sea transits indefinitely and re-routed ships around Africa's Cape of Good Hope (an added 10-14 days). **In May, Maersk, CMA, MSC and others say they will continue to route via the Cape of Good Hope for the foreseeable future.**
- Insurance industry sources said that war risk premiums had risen to around 1% of the value of a ship, translating into hundreds of thousands of dollars of additional costs for a seven-day voyage. – Reuters



Red Sea Houthi Attacks from November 19, 2023, and January 10, 2024, on Commercial Shipping. This trend has continued through the first half of 2024.



## North Asia to US West Coast and East Coast container spot rates (Platts)



**EAST AND GULF  
COAST PORT LABOR**



# East & Gulf Coast Labor

- The last major longshore workers strike on the East Coast was in 1977. – wsj
- The current six-year agreement expires on Sept. 30, 2024. “The union will hold firm on its pledge not to extend the contract beyond its expiration date,” said the ILA.
- **“Members should prepare for the possibility of a (east) coastwide strike in October 2024,” the International Longshoremen’s Association (ILA) — the union representing 45,000 East and Gulf Coast dockworkers — warned in a press release on Saturday, July 27, 2024.**





# East & Gulf Coast Labor



- In the case of an ILA strike, cargo from China that would have gone to Charleston or Savannah, could be rerouted to Los Angeles or Long Beach and shipped overland by rail, a well-established logistics option. Rerouting options would be much more extreme for cargo from Europe that was blocked from unloading on the U.S. side of the Atlantic. – Freightwaves.
- **We've seen large Retailers already making the move to the West Coast.**

**CANADIAN LOGISTIC  
UPDATES**



# Port of Vancouver sees Record Cargo Volumes in 2023



- Cargo volumes through the Port of Vancouver increased by six percent in 2023.
- Processed a record 150.4 MMT of trade.
- 3.1 million TEUs in 2023.
- Bulk and containerized exports, auto imports grew.
- But laden inbound containers were down 13 percent.

# Canadian East Coast Ports Compete for Containers

- Canadian ports on the east coast are increasingly competing against each other for container business, while also attempting to keep in step with their peers on the U.S. East Coast with infrastructure investments.
- **Port of Montreal:** over 1.7 million TEUs in 2022, 1,538,464 in 2023
- **Port of Halifax:** 546,163 TEUs in 2023
- **Port of Saint John:** over 153,000 TEUs handled in 2023.

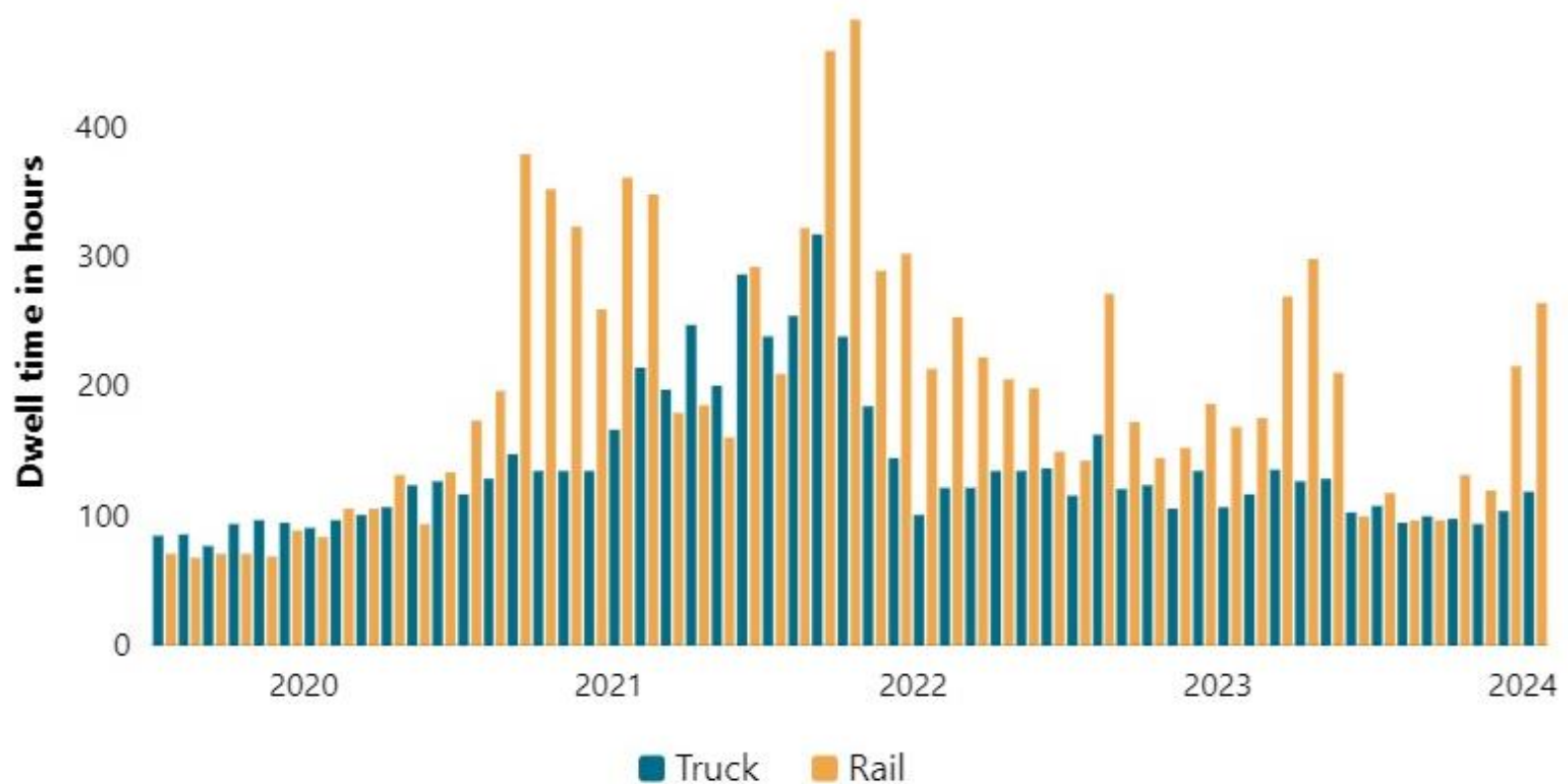


# Work Stoppage Impacts Seattle/Tacoma

- The Ports of Seattle and Tacoma, according to HLS Shipping, are averaging a dwell of 10 days. The increased container load is a result of shippers diverting discretionary imports from Vancouver to Seattle-Tacoma due to the labor lockouts on the rails. Some containers are taking 2 + weeks for rail loading at port.



# Tacoma Container Dwell Times

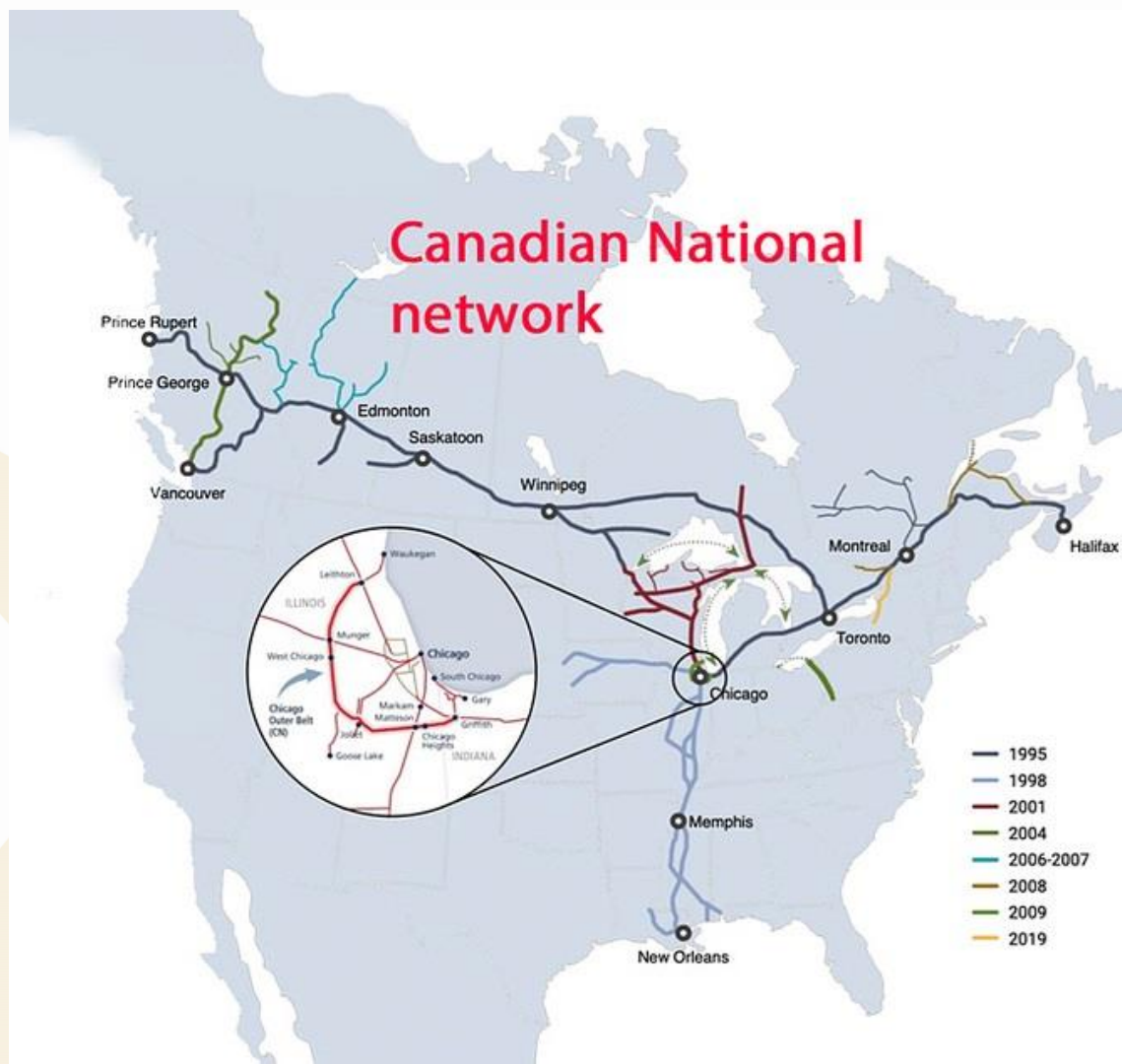


# Canadian Pacific/KCS Rail Network Map



# Canadian National Rail Network Map

Source: Value Investing





# ▶ Canadian Rail Worker Strike Ends



- Engineers and conductors for Canadian National Railway (CN) and Canadian Pacific Kansas City (CPKC) returned to work on August 26 after the Teamsters unsuccessfully challenged Labour Minister Steven MacKinnon's binding arbitration to resolve the contract dispute that caused a lockout.
- The work stoppage will impact freight flows for a few weeks. The CN and CPKC networks will have to move a buildup of cargo from when operations were wound down on August 22.

INTERMODAL UPDATES

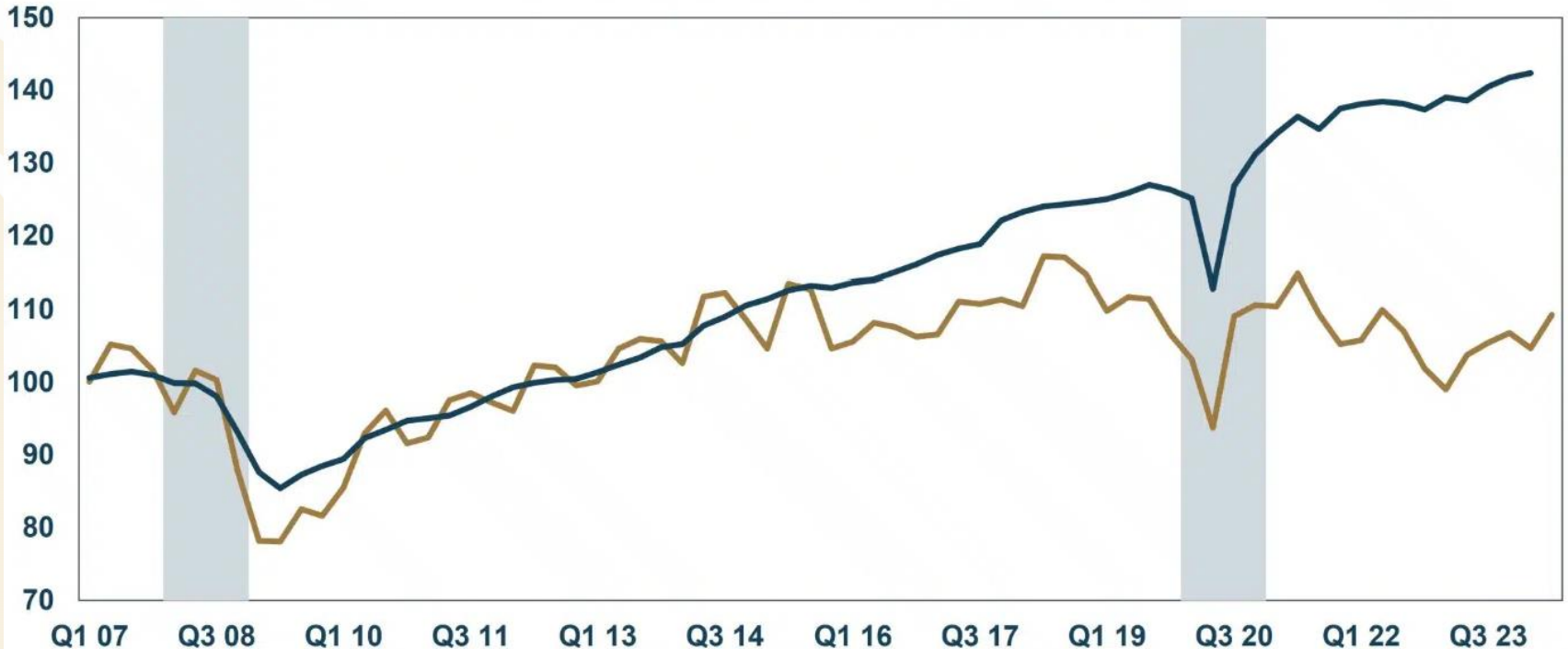


# Goods Related GDP Index vs Freight Rail Index: 2007-2024

Freight Rail Index calculated using intermodal shipments and carloads excluding coal and grain

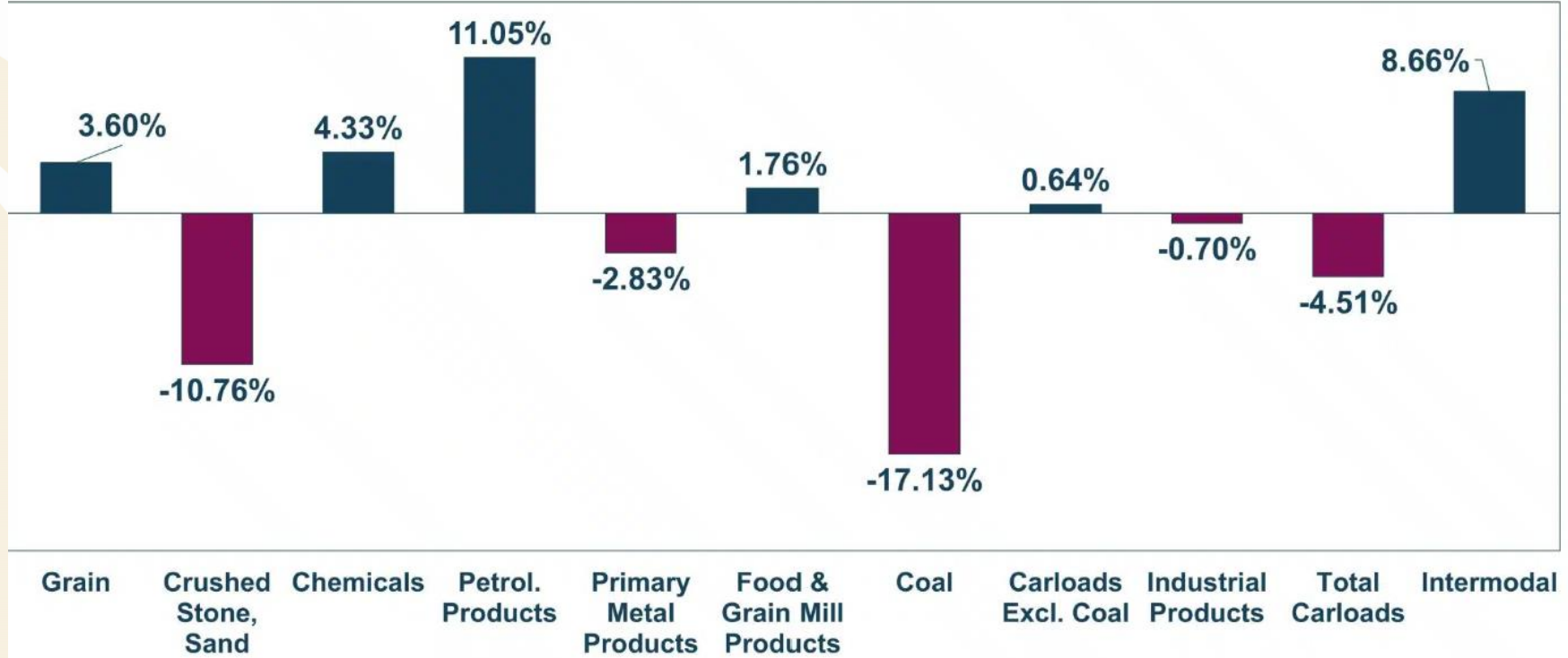


— Freight Rail Index — Goods Related GDP Index



Source: BEA, Association of American Railroads. Shaded bars indicate recession. Indexes are based to year 2012. GDP Index

# Year-To-Date 2024 Carloads by Commodity Group



# Intermodal Statistics

- Intermodal shipments have become a key growth engine for the rail industry. In June, U.S. railroads originated 1.07 million intermodal containers and trailers, marking an 8.7% increase from June 2023 and the tenth consecutive year-over-year gain.
- Year-to-date intermodal units through June reached 6.64 million, up 8.7% from the previous year, nearing the January-to-June average of 6.69 million from 2015 to 2023.
- This rebound indicates a return to normal levels after a subpar 2023 and suggests a strong foundation for future growth, dependent on continued consumer spending on goods.
- Intermodal transport efficiently moves a diverse array of goods, including retail products and industrial items like auto parts.

Source: AAR



**E-COMMERCE DRIVING  
GOODS AND INDUSTRIAL  
DEVELOPMENT**



# E-Commerce Growth



On July 16, 2024, Boeing released its 20-year outlook. Its statements on e-commerce included:

- E-commerce shipping platforms account for more than 11,000 tons of goods moved by air each day, the equivalent capacity of 100 FULL 777 freighters.
- The air cargo market will increase by two-thirds by 2043, which translates to 4.1% compound annual growth in traffic, double the last 20 year YOY growth rate.

# Pitney Bowes Parcel Shipping Index:

- Global Parcel volume exceeded 100 billion pieces in 2020
- Will reach 200 billion pieces by 2025

## Boeing:

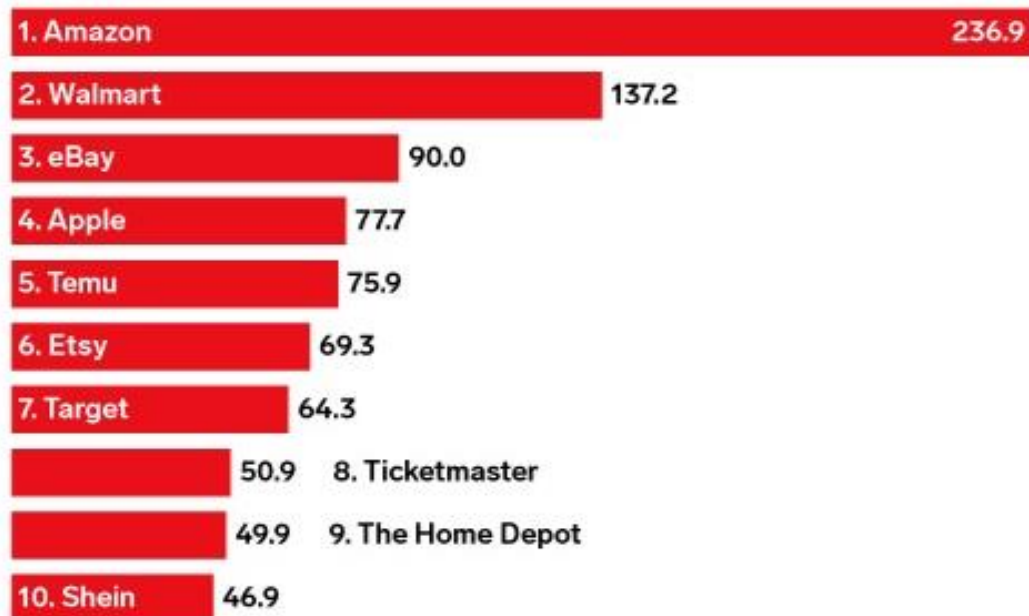
- Global growth in e-commerce trade driven by international online retail activity will drive the demand for 2,800 new freighters.





## Top 10 US Digital Retailers, Ranked by Unique Visitors, June 2024

millions

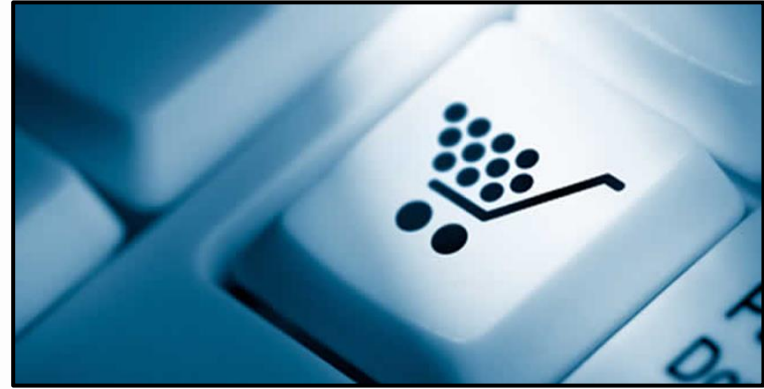


Note: excludes McDonald's and DoorDash; total digital population includes desktop and mobile

Source: Comscore Media Metrix Multi-Platform, "Retail, Total Digital Population, June 2024, U.S.," Aug 9, 2024

# Amazon/Alibaba

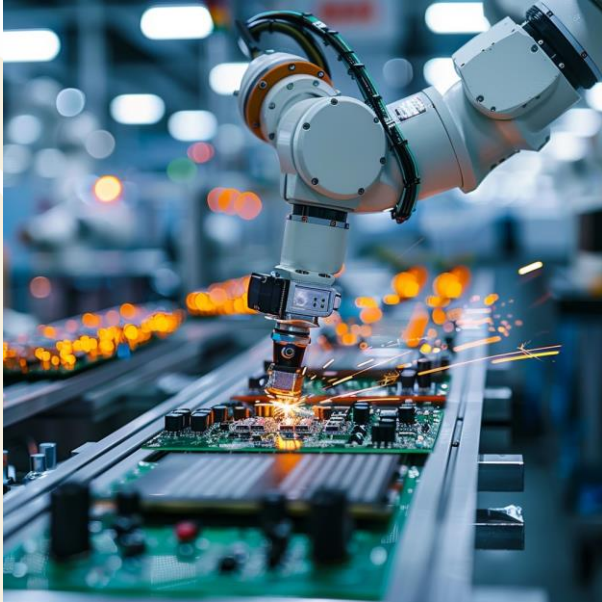
- Bloomberg News: “Alibaba Group Holding is looking beyond borders to turn its annual Singles Day shopping celebration into a global phenomenon”
- Over half a billion people will visit Alibaba’s website, creating 1 billion packages will become a daily event in the future” -Daniel Zhang,CEO
- **Alibaba 2023 Singles Day sales were \$156 billion.**
- **Amazon Prime Day 2024 (a two-day period) sales were \$14.2 billion.**
- **Make no mistake....Global E-Commerce Companies are coming for the US market. (Shein, Temu, JD.com, Alibaba + +)**



# Cainiao and JD.com

- Cainiao, Alibaba's logistics company, has selected key cities for global hubs: Hangzhou, Dubai, Kuala Lumpur, Liege and Moscow.
- Building out a \$1.53 Billion high-tech, high-volume logistics center at Hong Kong International Airport with National Aviation Group and YTO Express, sort operations started in 2022.
- Hubs are designed to support deliveries across China in 24 hours and globally within 72 hours.
- JD Logistics plans to acquire "no fewer than" 100 freighters by 2030, reports London's Loadstar.

# Reshoring



- We anticipate a further surge in companies sourcing materials and goods closer to home markets to mitigate risks associated with international shipping. This approach allows companies to reduce significant risks like long lead times, tariffs, and exposure to geopolitical tensions, providing greater flexibility, visibility, and control in shipping and distribution. This can help drive operational and procurement productivity for businesses. **Prioritizing localized production capacity is crucial for U.S. manufacturers, reducing dependence on distant partners like China and Vietnam.** – Forbes, February 1, 2024

# Reshoring/Nearshoring



- Because of USMCA, “More than 400 North American companies have the intention to carry out a relocation process from Asia to Mexico,” - Mexico Economy Minister Raquel Buenrostro (November 2022).
- 92 percent of executives express positive sentiments toward reshoring. 79 percent of executives who have manufacturing operations in China have either already moved part of their operations to the United States or plan to do so in the next three years, and another 15 percent are evaluating similar moves. (source: Kearney Reshoring Index). Mexico & Central America are the #1 growth areas for Near Shoring.

# Conclusions

- Disruptions involving the Suez Canal, the Panama Canal, and labor agreements at US East Coast Ports are going to impact over the next 12-18 months. Suez problems could go through ??
- Black Swan events MUST be planned for, expected, and an Action Plan for Resilient Supply Chains engaged and ready to go!
- Global e-commerce continues to grow, and more global firms are entering the US Market. (Watch out for the end of de-minimus)
- Companies continue reshoring plans and smart Industrial Development is taking positions on the US side of the border near the largest crossings.



# Thank You!

Curtis D. Spencer

Curtis.spencer@imsw.com

[www.imsw.com](http://www.imsw.com)