



# Mid-April 2023 North American Freight Market Outlook

## Top News

### **Carriers Implement a General Rate Increase**

Carriers have recently announced that they will be introducing a General Rate increase (GRI), which is set to take effect from April 15. This increase will result in an additional cost of approximately \$600-\$800 USD per container, thereby increasing the overall cost for importers.

To avoid any negative impact, importers are advised to stay informed about the implementation of the GRI and adjust their pricing models accordingly. It is crucial for importers to factor in the increase cost while forecasting to minimize any potential business disruptions.

### **Norther America Plans to Lower Importations from Asia**

North American countries which include Canada, the United States, and Mexico, have jointly decided to increase their local production of goods by 25% to reduce their reliance on imports from Asia.

To achieve this goal, each country will work together to create a strategy to boost domestic production in 2023.

This preliminary goal was established after the North American Leaders Summit in Mexico City on January 2023. This initiative is expected to stimulate economic growth and create job opportunities within North America.

As of now, there have been no updates on the progress made towards achieving the goal of increasing local production by 25%.

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## **Canadian Customs Update**

### **New Excise Duty Rates on Alcohol**

The Canadian Border Services Agency (CBSA) has announced changes to the Excise Duty Rates on alcohol following the federal budget announcement on March 28, 2023.

Starting on April 1, 2023, Finance Canada has temporarily capped the Consumer Price Index (CPI) inflation adjustment for excise duties on beer, spirits, and wine at 2% for 1 year. The inflationary adjustment to tobacco excise duty rate will remain unchanged.

The updated Excise Duty Rates can be found on the Canada Revenue Agency's (CRA) website, listing both current and historical rates. However, due to system limitations, changes will be active downstream applications like TRAS, TEPS, and CCEPS at a later date. A new Customs Notice will be published to advise when the amendments will take effect.

If eligible goods were imported on or after April 1, 2023, an application for a refund of duties can be made within a four year time period from the date the goods were accounted for under subsection 32(1), (3), or (5) under paragraph 74(1) (c.11) of the Customs Act. Additional information on applying for a refund can be found in Memorandum D6-2-3, Refund of Duties.

To learn more please visit the [Government of Canada Website](https://www.government.ca).

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# North America Freight Update

## Ocean Freight

### Canada West Coast Ports and Dwell Times

The Vancouver and Prince Rupert ports are experiencing ongoing delays due to terminal congestion in Canada.

- The **Vancouver Port** is currently experiencing an average delay of **8 days**.
- The **Prince Rupert Port** is currently experiencing an average delay of **7 days**.

### United States Port Delays

Currently the United States is experiencing port delays, the delays are as follows:

- **Houston** is experiencing an average delay of **1 day**.
- **Los Angeles/ Long Beach** is experiencing an average delay of **2 days**.
- **Oakland** is experiencing an average delay of **1 day**.
- **New York/ New Jersey** is experiencing an average delay of **2 days**.

North America has seen an overall improvement in port delays in March. We recommend that importers incorporate the Canadian and American port delays into their estimated time of arrival to prevent supply chain shortages. If you need assistance to navigate these delays, please contact DTS Advance Logistics.

### United States Imports Rebound

Despite the decline in shipment from China, the import volume of the United States has started to recover near the end of Q1 2023. In the absence of sufficient exports from China to the United States, other Asian nations such as Thailand, South Korea, and Japan have emerged as a significant players in the market.

Experts predict that this trend will likely continue in the second quarter of 2023, with an anticipated increase in overall volume of imports into the United States.

## Air Freight

### Air Freight Month over Month Volume Report

North American Air Freight saw an increase in volume for both import and exports in the month of March 2023 compared to February 2023.

The average month over month increase for North American export capacity is **7.5%**. Exports from North America to Europe saw the biggest month over month improvement by **14%**.

The average month over month increase for North American Imports is **6%**. Imports from Africa to North America had a month-over-month increase of **19%**.

During the first quarter of 2023, there was a modest rise in both air imports and exports in North America, indicating progress from the fourth quarter of 2022. It is anticipated that this positive trend will continue in the second quarter of 2023.

## **Land Freight**

### **CN Train Reservation Penalties, Item 2500**

The CN provides reservation services to secure space on the train. This will allow shipment prioritization when the reservation service is used. Reserving a spot is free but modifications and cancelations will incur penalty charges. The charges are as follows:

#### **Units in International Services Excluding Reefer**

Cancelations and modifications can be made without a fee until 7:00am local time of the original terminal on the same day as your reserved train service. If cancelations or modifications are made after this time a **\$50** charge will be posted. If a reservation expires a **\$100** charge will be posted to the party that made the reservation.

#### **Reefer Units in International Service**

Cancelations and modifications can be made without a fee until 12:00pm local time of the original terminal on the Monday of the week of your reserved train service. If cancelations or modifications are made after this time a **\$150** charge will be posted. If a reservation expires a **\$200** charge will be posted to the party that made the reservation.

#### **Units in Domestic Service**

Cancelations and modifications can be made without a fee until 10:00am local time of the original terminal on the same day as your reserved train service. If cancelations or modifications are made after this time a **\$50** charge will be posted. If a reservation expires a **\$100** charge will be posted to the party that made the reservation

## **CN and CP Congestion Improves in Q2 2023**

In 2022, Canadian terminals experienced heavy congestion, which prevented trucking companies from returning empty containers to the CN and CP. However, the situation continues to improve going into the second quarter of 2023 as shipment demand has dropped, allowing terminals to catch up on the backlog on containers.

As terminal congestion continues to improve, congestion will not be resolved instantaneously. Fortunately, drivers will no longer have to wait for 4-5 hours to drop off a container. The average wait time for drivers is expected to decrease to 2-3 hours.

The decrease in terminal congestion will also help prevent detention charges, as drivers will be able to return containers before the free time expires.

## **Changes to the CN and CP Storage Time**

The CN and CP implemented changes to their container storage policies. The free storage time has been reduced to 24 hours, meaning that trucking companies must use the prepull service on their chassis to avoid additional demurrage and detention charges.

In addition, the CP has continued to hold the terminal yard storage charge at \$350. To account for these changes, trucking companies have increased their storage fee to \$100 per day and will no longer offer free time as part of the prepull service.