



# Mid-October 2023 North American Freight Market Outlook

## Top News

### **Carriers will be Implementing More Blank Sailings**

Heading into the Winter Months, steamship lines are expected to increase their blank sailings as demand is likely to fall heading into the winter months. By increasing the number of blank sailings, steamship lines will likely use this method to increase their freight rates as available capacity decreases.

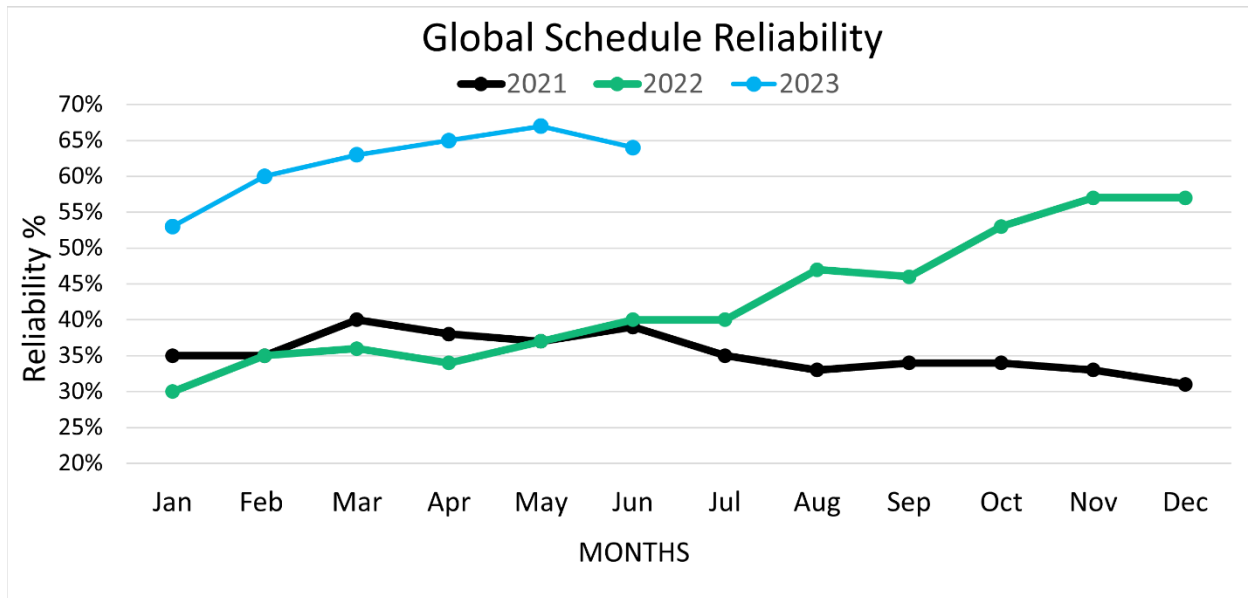
This may create a short term general rate increase (GRI) by the steamship lines but even with the decreased capacity it is unlikely that the GRI will stay prevalent. The more probable outcome is even with decreased capacity, rates will still go lower as demand is not projected to increase until Q2 of 2024.

Please reach out to your account manager if you have any questions or concerns, or please reach out to [info@dtsadvance.com](mailto:info@dtsadvance.com).

### **Global Ocean Freight Schedule Reliability**

The reliability of the Global Ocean Freight Schedule has witnessed significant improvement in 2023, primarily attributed to reduced congestion resulting from lower shipment volumes and the easing of restrictions. From January onwards,

we've observed a consistent month-by-month improvement in reliability, reaching its peak in May. However, it's noteworthy that there was a slight dip in reliability in June this is due to carriers scaling back the number of sailings and adjusting for the reduction in volume.



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## Canadian Customs Update

### Forced Labour in Supply Chains

The issue of Forced Labour remains a growing focal point within supply chains, with particular relevance to Canada's recent introduction of Bill S-211, also recognized as the ***Fighting Against Forced Labour and Child Labour in Supply Chains Act***. As previously discussed in our newsletter, this act will introduce new annual reporting regulations for large businesses. To determine if your company falls within the scope of this reporting requirement, we encourage you to read our previous February newsletter, to access it [click here](#).

Presently, six United States government agencies have jointly issued an updated advisory highlighting the risks associated with engaging in business transactions with entities located in China's Xinjiang Uyghur Autonomous Region (XUAR). The initial guidance had aimed to set a precedent in hope of influencing the Chinese government to intervene in order to eliminate any instances of forced labor within the region. However, regrettably, this intervention has not

materialized, and the Chinese government has not taken any discernible actions to combat forced labour and implement relevant policies.

The U.S. government has thus issued a precautionary recommendation: In the event that the Chinese government fails to take measures to prevent forced labor, shipments originating from the XUAR region of China will be subject to temporary detention by the U.S. Customs and Border Protection.

For importers, it is imperative to remain vigilant of the potential implications of having suppliers in the XUAR region of China. Presently, shipments are not being held at the U.S. border, but importers should be aware that they could potentially be in violation of U.S. law. Such a violation could lead to the initiation of either criminal or civil enforcement actions if their supply chain is suspected of being involved in forced labor practices.

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## North America Freight Update

### Ocean Freight

#### **Canada West Coast Port Delays**

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

- The **Vancouver Port** is currently recovering from a the port strike and the current average delay is **9 days**.
- The **Prince Rupert Port** is currently recovering from a the port strike and the current average delay is **5 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 **3 days**.
- **Los Angeles/ Long Beach** is not experiencing any delays.
- **Oakland** is experiencing an average delay of **3 days**.
- **New York/ New Jersey** is experiencing an average delay of **1 day**.

### **Ocean Freight Rates Continue to Fall Heading into the Second Half of October**

As we venture further into the latter half of October, steamship lines have initiated slight reductions in their ocean freight rates within the transpacific trade lane. This move aligns with the ongoing decline in demand, particularly as the peak season concludes. This shift doesn't offer much optimism for rate increases in the fourth quarter of 2023 or the first quarter of 2024.

Many steamship lines have consistently announced that they are operating at their break-even point concerning ocean freight rates. Consequently, they are set to introduce additional blank sailings as a measure to lower available capacity and stabilize rates. Even with these blank sailings, it will be challenging to increase rates and capacity levels will still remain high.

For insights into any exclusive rates that may be accessible to you, we encourage you to reach out to your dedicated account manager. They will be able to provide you with detailed information and guidance on available options.

## **Air Freight**

### **Canadian Air Freight Fall Slightly After Chinas Golden Week Ends**

With China's Golden Week now concluded and shippers back in their offices, the sense of urgency for rush orders from China to North America has naturally diminished. As the demand for rush orders subsides, a slight reduction in air freight rates has emerged.

If you have any rate inquires for air freight, please reach out to your DTS Advance Logistics account manager or please email [info@dtsadvance.com](mailto:info@dtsadvance.com)

## **Land Freight**

### **Canadian Trucking Companies Increase their FSC Rate Further**

As gasoline prices surge, so do trucking companies Fuel Surcharge (FSC) rates. These FSC rates have been gradually inching upwards in response to the escalating costs at the pump during the summer months. August marked the peak of the surge in gas prices, which extended into September, prompting substantial FSC rate hikes in certain regions of Canada. Notably, the greater Vancouver area has increased their FSC rate to 46% for local delivery.

The repercussions of increasing gas prices reverberate throughout the economy. They create adverse economic effects by driving up the costs associated with

both products and services. This is primarily due to the fact that performing services or delivering goods become more costly.

While gas prices appeared to stabilize as we entered the latter part of September, the volatility in this area leaves us uncertain about what lies ahead in October.

## **Canadian West Coast Rail Dwell Times**

The most utilized ocean ports in Canada are based in the western provinces, more specifically British Columbia as it is on the transpacific trade route which allows trade with many Asian countries.

The two ports in British Columbia are the Vancouver and Prince Rupert Port, due to the high volume they receive. This volume creates rail dwell times that can cause delays of moving cargo onto the rail. These delays do still play a factor but have improved since 2023 and are expected to improve continuously throughout the year.

The current rail dwell times are as follows:

- The **Vancouver Port** is currently experiencing an average dwell time of **6 days**.
- The **Prince Rupert Port** is currently experiencing an average dwell time of **4 days**.

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

The CN is providing 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 cancellations will incur penalty charges. The charges are as follows:

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

Cancellations and modifications can be made without a fee until 7:00am local time of the original terminal on the same day of your reserved train service. If cancellations 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**

Cancellations 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 cancellations 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 of 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 Continues to Improve in Q3 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.