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TPM23: Post-COVID China sourcing shift 'definitely on': CMA CGM

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Ocean carrier CMA CGM is renewing its focus on serving US exporters, its new US chief Peter Levesque said. Photo credit: Caught in the Moment Photography.

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Michael Angell, Associate Editor | Feb 28, 2023, 4:40 PM EST



Increasing US sourcing from India, Southeast Asia, and other regions favors growth at ports along the US East and Gulf coasts, CMA CGM's new North America President

Peter Levesque said Tuesday, with the carrier planning to capitalize on those trends through its recent terminal deals and new vessel services.

Levesque, who joined CMA CGM last November, told attendees at the *Journal of Commerce's* TPM23 conference in Long Beach that while the supply chain has mostly healed from

COVID-19, the pandemic revealed the risk of relying too much on China for product sourcing.

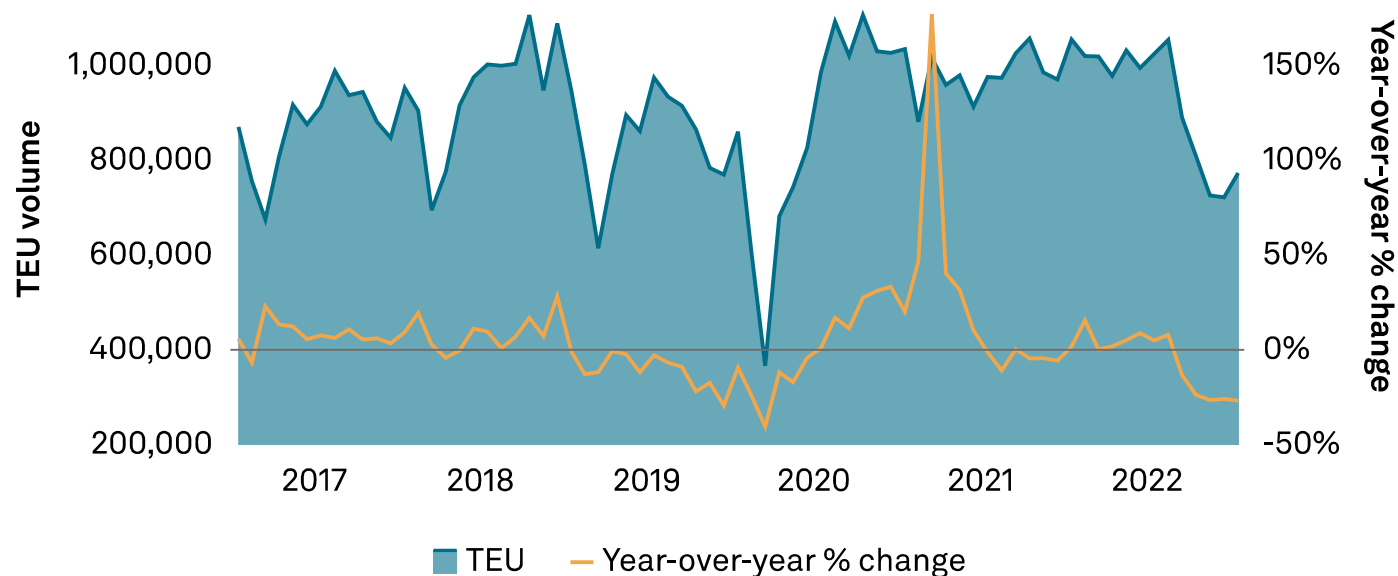


As the former Hong Kong-based chairman for the American Chamber of Commerce, Levesque was at the forefront of US sourcing from China. He said the shift away from China, which started during the 2018-2019 tariff disputes, received new urgency during the pandemic years.

“The shift is definitely on,” Levesque said. “It started with the trade war, and COVID just accelerated the shift. Customers realized that they had their sourcing eggs in one basket.”

US imports from China fell sharply in H2 2022

Containerized imports from China measured in TEU



Source: PIERS, S&P Global

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Vietnam has been the biggest near-term beneficiary of that shift, Levesque said. But India, Africa, South America, and Mexico will also be growing US sourcing hubs, he added, which reduces both sourcing risk and port congestion risk.

“That shift to those areas tends to favor US East Coast and Gulf ports,” Levesque said. “You not only get diversification of sourcing, but you get diversification of gateway. That really helps improve fluidity of the system.”

Renewed focus on US export customers

On the Gulf Coast, CMA CGM introduced additional vessel capacity in the fourth quarter to and from Brazil. The service, which was cut back during much of 2022, is heavily utilized by US resin exporters. Levesque said that CMA CGM, in collaboration with its CEVA Logistics arm, has a renewed focus on export customers with the additional vessel capacity and increasing availability of empty containers.

“It’s a commitment to support US exporters. We’re putting special trains in to get

On the East Coast, CMA CGM made a big splash in December 2022 with the purchase of Global Container Terminals' (GCT) US operations in the Port of New York and New Jersey.

Currently, the two terminals serve carriers in THE Alliance, while CMA CGM and its vessel-sharing partners in the Ocean Alliance call other New York-New Jersey terminals.

CMA CGM has yet to announce any plans for switching its vessel calls to the GCT Terminals as the acquisition still requires the port's approval, which is expected in May. The terminals also have lift agreements with their current calling carriers that may last through 2027, according to sources familiar with the matter.

Nevertheless, Levesque said the GCT acquisition, along with the 2021 purchase of the Fenix Marine terminal in Los Angeles, demonstrate CMA CGM's commitment to North American shippers.

"The ability to have flagship terminals both on the East Coast and the West Coast gives us the ability to determine our own destiny and to better serve the major markets," he said.

No major upgrades are planned for the Fenix terminal, but GCT's Bayonne, New Jersey, terminal is adding the first new vessel berth in New York and New Jersey in 60 years. When completed in late 2024, it will be capable of serving of ultra-large container ships.

GCT's Staten Island terminal, which serves the newest carriers calling on the US East Coast, has no specific plans for capacity expansion. But Levesque told the *Journal of Commerce* on the sidelines of TPM23 that it is looking to invest in the site once the acquisition closes.

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