

# Shippers, forwarders add tight ocean space to Asia-Europe market challenges



*Equipment availability in Asia is tight as demand grows on the major east-west trades. Photo credit: Siwakorn1933 / Shutterstock.com.*

**Greg Knowler, Senior Editor Europe | May 3, 2024, 10:28 AM EDT**

Strong demand on the Asia-Europe trade is filling all available ocean capacity out of Asia as space constraints join the list of challenges facing the market that includes longer transit times, rising rate levels and Red Sea surcharges.

“All our named accounts are fully booked right now through May into June, and we hear from our customers that they expect the volumes to stay at high levels,” Marc Meier, managing director for air and sea for Europe, Middle East and Africa at German forwarder Dachser, told a *Journal of Commerce* webinar this week.

“We saw 10% growth in TEUs in the first quarter,” Meier said. “If we have new customers coming in, there is not much capacity left.”

Thorsten Meincke, COO for air and ocean freight at forwarder DB Schenker, also pointed to tightening capacity out of Asia during a webinar organized by Hapag-Lloyd this week.

“I think we are getting a bit into a storm [at the] end of April and beginning of May,” Meincke said. “There will be customers who will not get shipped.”

In addition to cargo rollovers, Jochen Gutschmidt, senior advisor for inland supply chain and logistics at supermarket chain LIDL, told the *Journal of Commerce* webinar that the tightening space was also leading some carriers to cancel contracts, charge guaranteed space premiums and adjust volume allocations.

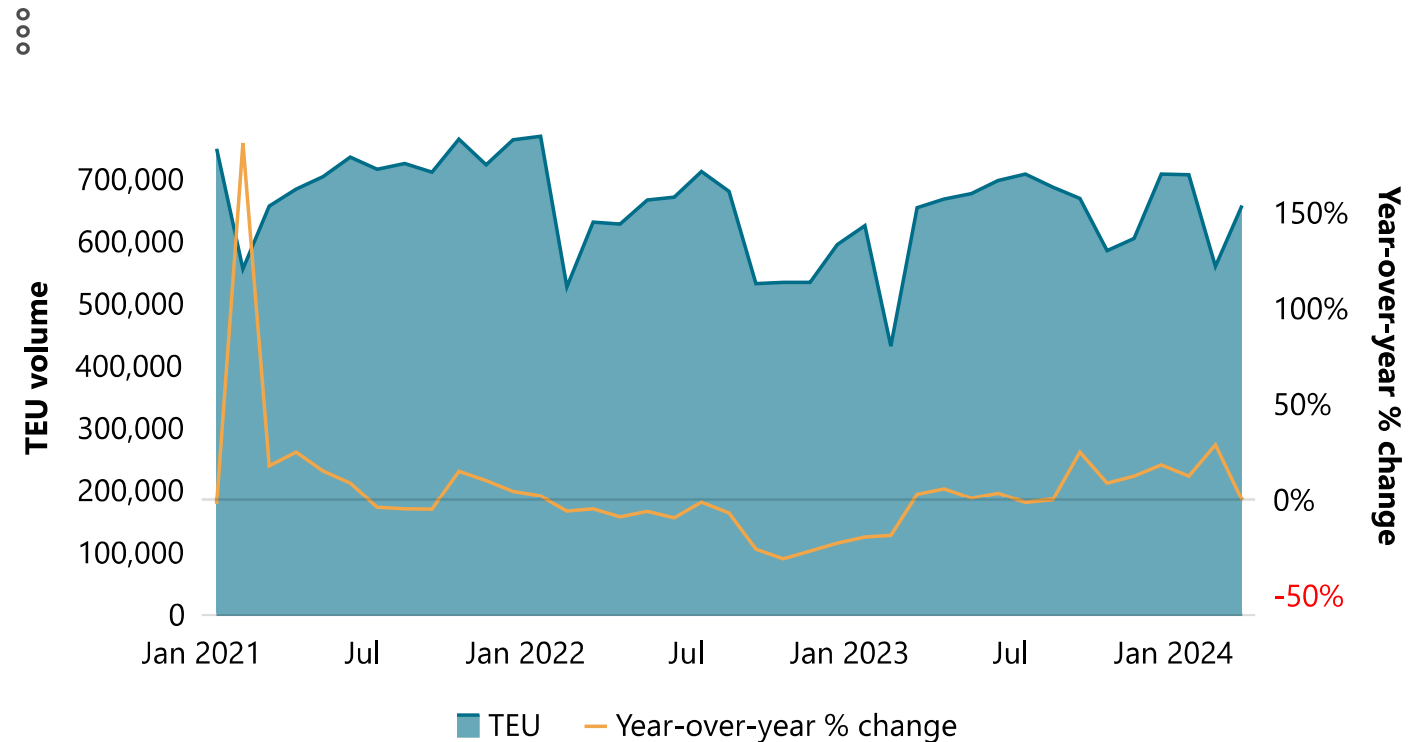
“And let’s not forget about equipment,” Gutschmidt said. “Equipment availability in Asia was relatively tight already in March and whenever you have that, there's also a selection process from the carriers.”

## Market shrugs off gloomy forecast

The strong first-quarter demand on Asia-Europe saw the market shrug off gloomy economic predictions for major European economies. While volume data from Container Trades Statistics (CTS) is only available for the first two months of the year, the overall Asia-Europe volume was up 11% year over year. China-Europe volume in January was up 13% at 709,000 TEUs, with February up 30% at 562,100 TEUs, according to CTS.

## China to North Europe volume up sharply into 2024

Container volume from China to North Europe measured in TEUs with year over year change



Source: Container Trades Statistics

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Maersk CEO Vincent Clerc said first-quarter volume on the carrier's Asia-Europe routes was up 9% year over year.

"We believe there is something of a restocking going on because there was cautiousness last year in Europe that maybe the macro environment would not be so good," Clerc told analysts during the carrier's first-quarter earnings call Thursday. "People have run their stock down and consumption keeps on doing better than what some of our customers have expected, and now you have a little bit of a restocking."

Neils Rassmussen, chief analyst at shipping association BIMCO, told the *Journal of Commerce* webinar that the economy in Europe was set to grow slightly faster in the coming years due to increased growth rates in the European Union, the UK and Turkey, three areas that suffered low growth rates in 2023.

“Data that came out this week shows that the European Union actually saw quarter-on-quarter growth in the first quarter of this year, whereas there was negative quarter-on-quarter growth in the last three months of 2023,” Rassmussen said.

Tight space on the ocean trade is also driving soaring air cargo demand out of the Middle East and South Asia as shippers with urgent cargo take to the air. The latest data from air cargo analyst WorldACD shows Dubai-Europe tonnage up 100% year over year in the past two months and spiking 255% in the past week compared with the same week last year.

“Although there are some suggestions that shippers are adapting to longer container shipping transit times from Asia to Europe, and average container vessel reliability is returning towards pre-crisis levels, there are no signs yet of the current highly elevated Dubai-Europe air cargo traffic levels waning,” WorldACD noted in its latest market update.

Data from the International Air Transport Association (IATA) for March shows air freight demand on Europe-Middle East routes jumped 38.3% compared with March 2023.

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