FFN Freight Forwarder Network

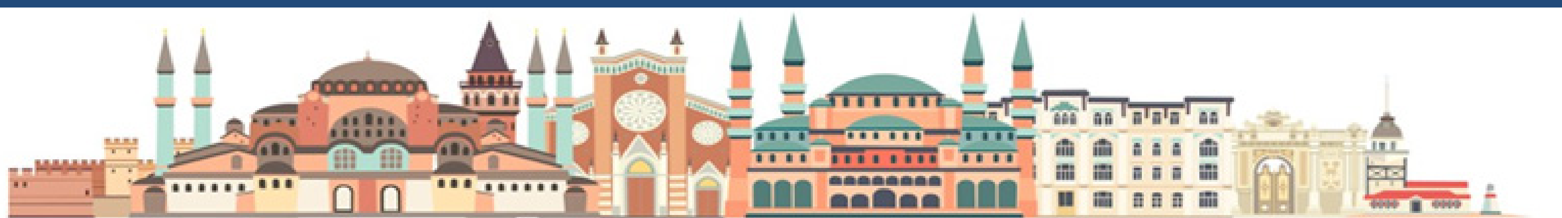
NEWSLETTER
MARCH 2024

Annual General Meeting 2024
Istanbul-Turkey
17th – 19th April 2024
Hotel Conrad Istanbul Bosphorus

From awe-inspiring landmarks like Hagia Sophia and the Blue Mosque to the bustling energy of the Grand Bazaar and the serene beauty of the Bosphorus, Istanbul offers a unique and unforgettable experience.

Come join us at our Annual General Meeting in this scenic city

ISTANBUL is waiting for you!



Cargo Ship Attacks Continue In The Red Sea

by Diana Silaghi (Alltrans - Italy)

Despite attempts by the US & UK governments to neutralise cargo ship attacks in the Red Sea, the situation remains unchanged and missile strikes have continued.

The recent Houthi attack on a fuel tanker in the Red Sea has triggered a discernible impact on oil prices, bringing attention to the vulnerabilities within the global oil supply chain. This incident serves as a catalyst for a comprehensive examination of geopolitical risks and underscores the need for proactive measures to enhance the resilience of energy infrastructure.

More than 20 naval vessels are understood to be patrolling the Red Sea, but this has still not been a deterrent to Houthi rebels. The US and UK air strikes don't appear to have dampened the rebels resolve either.

Italy is working with France and Germany and proposed for a European mission to protect Red Sea shipping from attacks by Iran-backed Houthi rebels in Yemen. As for the Italian ships in the Red Sea Brussels has given its political asssenso to "Aspides", the European naval mission.

With the volatility of the Red Sea situation continuing, it is unlikely that carriers will be changing their voyages from the current Cape Of Good Hope route, which means Asia-Europe ocean freight could be subjected to delays, low capacity, and equipment shortages for some time.

Carriers are understood to be in the process of adding much needed capacity to the longer journeys, but it could be a few weeks before vessels are positioned and are able to make any difference. Therefore, we expect the capacity and equipment shortages to continue beyond Chinese New Year.

The Red Sea route accounts for 12% of global trade, including 30% of the container traffic passing through the Suez Canal. Any disruption in this route affects not only oil and gas prices but also the availability and cost of a broad range of goods; we also have to face a direct increase in ship insurance costs.

Shipping lines and shippers are adapting to the situation and mitigating the Risks and Costs. Shippers explore rail and airfreight options, while the Middle East becomes a key hub for the Sea-Air and Land-Sea route alternative options from Asia.

Worldlink Shipping Colombo, was a part of handling the Landmark project - The safe return of elephant Sak Surin (Muthu Raja) to Thailand. The largest elephant transported by an aircraft.

We are proud to celebrate the 100th anniversary of the Republic of Turkiye with CBI Logistics.

This milestone marks a century of progress and resilience for our nation. Happy 100th anniversary, Turkiye!

Mexico, China, and the Challenge of Foreign Trade

As of August 2023, the trade balance with China indicates that this country is in second place after the United States, our main partner and neighbor.

Questions about Trade with China

A possible explanation for our trade with China not decreasing might be that investments are not moving to Mexico as expected. In addition, China could be using Mexico as a bridge to the United States, benefiting from tariff jumps, messaging rules, simulation of operations, and evasion of rules of origin.

Post-Pandemic Trade Dynamics

After the pandemic and the trade war between the United States and China, trade with Mexico has become more dynamic. It is important to recognize that China attracts more investments than the United States and Europe, becoming an attractive market for business. Although its economic growth has changed, it remains an important consumer market. Much manufacturing comes out of China but stays in Asia to evade U.S. tariffs without losing the Chinese market.

More than Half a Century of Trade Relations

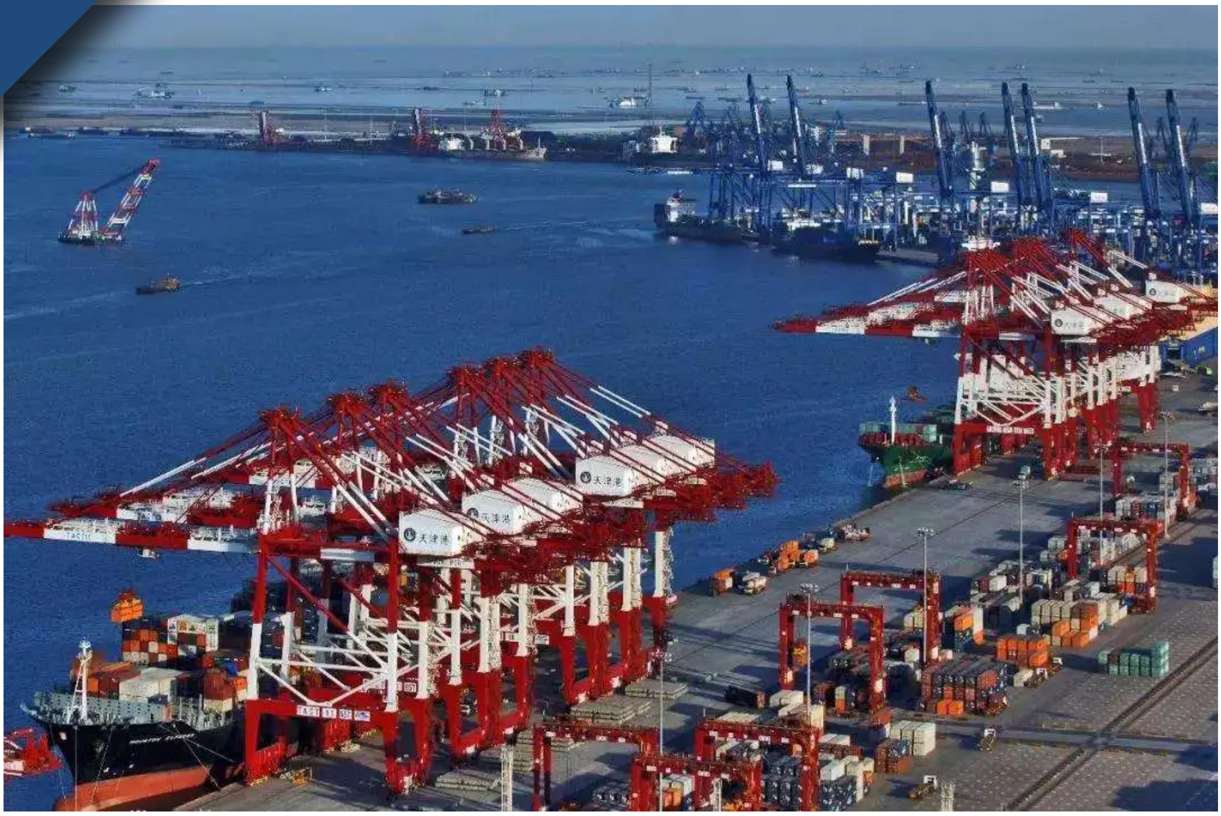
The trade relationship between China and Mexico, with more than half a century of history and constant growth, demonstrates that no region of the world is completely self-sufficient. Trade between both countries, including operations through third parties, reached approximately 116 billion dollars last year.

Strategies to Consider

The government must promote technology, innovation, and investment in infrastructure, while the private sector should focus on logistics. It is crucial to offer credits to SMEs to integrate them into export value chains and take the relocation of new investments seriously.

China and Its Focus on Investments

China invests mainly in developing countries. Although it has not signed any trade agreement with Mexico, it is vital for our country to focus on attracting investments, developing innovative companies, and taking advantage of strategic nearshoring.



Economic Outlook for 2023

In the first eight months of 2023, Mexico recorded a trade deficit of 8,602 million dollars, a significant improvement compared to the same period last year. ECLAC highlights the contraction of world trade and suggests diversifying exports and strengthening regional integration. Despite a decrease in mining and oil exports, manufacturing has grown, replacing China as the main trading partner of the United States.

The Challenge of Nearshoring for Mexico

Secretary of Foreign Relations Martha Bárcena, during the 29th Foreign Trade Congress, expressed concern about whether Mexico really understands the importance of nearshoring, an opportunity window in which other countries such as Vietnam, India, Taiwan, and Canada have progressed more than Mexico.

Conclusions and Future Expectations

With the next administration on the horizon, questions remain about Mexico's ability to adapt and take advantage of the opportunities of nearshoring and Foreign Trade.

At Supply Chain de México, Target Consulting and Grupo Ei we have the knolage, tools and experience to relocate in a single solution your company to Mexico.

X: Manuel Díaz