OUTLOOK 2025

BREAKBULK EVENTS & MEDIA

GLOBAL • MIDDLE EAST • ASIA • EUROPE • AMERICAS

With analysis from the Energy Industries Council (EIC)

Featuring commentary from Al Faris, Bahri Line, BBC Chartering, Chipolbrok, deugro, DHL Industrial Projects, DSV, FOX Brasil, Fracht Group, JGC Corporation, JM Baxi Heavy, Larsen & Toubro, Maersk Project Logistics, Port of Rotterdam Authority, Roll Group, Siemens Energy, Swire Projects

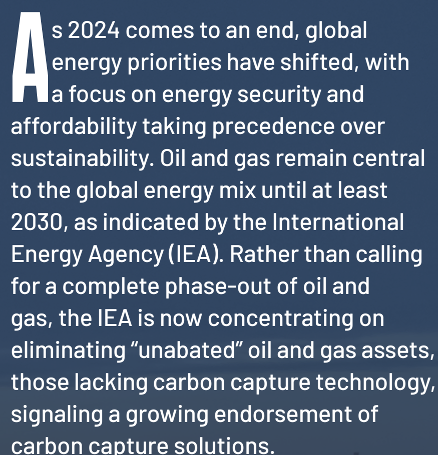
Credit: Kuehne + Nagel

Global Outlook

ENERGY SECURITY TAKES PRIORITY

By the Energy Industries Council (EIC), a *Breakbulk* Strategic Partner

The BBC *Arkhangelsk* transports a full deck of wind blades in Vaasa, Finland.
Credit: BBC Chartering



As 2024 comes to an end, global energy priorities have shifted, with a focus on energy security and affordability taking precedence over sustainability. Oil and gas remain central to the global energy mix until at least 2030, as indicated by the International Energy Agency (IEA). Rather than calling for a complete phase-out of oil and gas, the IEA is now concentrating on eliminating "unabated" oil and gas assets, those lacking carbon capture technology, signaling a growing endorsement of carbon capture solutions.

Despite ongoing geopolitical instability in regions like Ukraine and the Middle East, oil and gas prices have remained relatively stable. The sector's high profit margins have encouraged operators like BP, Shell and Total to continue investing in oil and gas projects. Contractors are similarly retrenching in the sector, seeing greater certainty and profitability compared to renewable energy and clean technology projects.

However, this renewed focus on fossil fuels has raised concerns about the impact on the global energy transition. Shell has already reduced its 2030 carbon emissions target and scrapped its 2035 goal to further reduce its carbon footprint. BP has also scaled back its decarbonization plans, prioritizing investments in fields in the Gulf of Mexico, such as **Kaskida** and **Tiber**, and redeveloping oil assets in Kuwait. Although achieving net zero by 2050 remains a target, meeting shorter-term milestones is proving difficult.

According to data from EICDatastream, oil and gas projects are more likely to reach Final Investment Decision (FID) than those in other energy sectors, with around 25% of these projects gaining approval. Nevertheless, challenges persist. Rising inflation is expected to impact heavily indebted sectors like solar, wind and nuclear energy more severely. Ongoing unrest in the Middle East could also disrupt oil and gas production in the short to medium term.

While hydrogen and carbon capture projects receive political backing through incentives, government funding and tax relief, their progress has been sluggish. Only 12% of carbon capture projects set to start by 2028 have reached FID, with hydrogen projects facing similar delays. High costs, the risks of first-of-a-kind technologies and supply chain issues have all contributed to these delays. Uncertainty over government approval processes further complicates matters. Additionally, the energy sector is facing a future skills shortage, which could hinder the rollout of crucial projects, creating bottlenecks that may jeopardize efforts to meet climate targets.

Sustainable Aviation Fuel (SAF) is also gaining attention as the aviation industry seeks to lower its carbon emissions. However, current production meets just 0.5% of global demand, putting it in a unique position as the only sector where demand currently outstrips supply. While the U.S. and Europe lead SAF production, challenges remain. In 2024, the construction of a major SAF facility in Rotterdam was delayed, and BP scaled back its SAF production plans due to lower margins. This could lead to Europe relying on SAF imports from the U.S. and Asia in the short term.

In summary, energy security has taken priority, with a renewed emphasis on oil and gas. However, the progress of clean technologies remains slow, hindered by high costs, supply chain issues, approval delays and a skills shortage. These factors could slow the pace of decarbonization efforts if they are not addressed urgently.

Breakbulk's Global Outlook continues with regional analysis from EIC and a Q&A with leading companies from each of the four regions: Middle East and Africa, Asia, Europe and the Americas.

OPPORTUNITIES ABOUND IN THE MENA REGION

Following an overview by the Energy Industries Council (EIC), project professionals offer their perspectives on crucial topics such as infrastructure development, key sectors, freight rates and sustainability in the region

Credit: Al Faris

EIC Analysis

Oil and gas opportunities are projected to grow in both regions, particularly in natural gas and deepwater wells, with upstream projects comprising almost 60% of total CAPEX. Global decarbonization trends are accelerating interest in hydrogen for synthetic fuels and low-carbon applications, but geopolitical tensions and shipping disruptions pose risks to this growth.

In the Middle East, the oil and gas sector remains dominant, with US$730 billion in additional CAPEX expected by 2030. This is driven by increased gas production and oil output maintenance for stable profits. As energy demand rises and oil prices stabilize, national companies are heavily investing in both traditional and renewable energy technologies. Upstream investments, which account for over half of the projected CAPEX, are concentrated in the UAE, Iraq and Saudi Arabia. A good example is Saudi Aramco which is advancing gas projects such as Jafurah, Rub Al-Khali and its Master Gas System.

In Africa, the sector is expanding through new discoveries in Zimbabwe, Ivory Coast, and Namibia, alongside increased gas production in Sub-Saharan Africa. Nigeria has secured Final Investment Decision (FID) for eight major projects, while Namibia's Orange Basin is becoming a deepwater hotspot, though commercial output has not begun. Angola leads upstream investments through 2030, while Mozambique advances as a liquified natural gas (LNG) exporter with the Rovuma LNG and Coral Norte floating liquefied natural gas (FLNG) projects, both expecting FID by 2025.

Hydrogen development also shows promise, with Saudi Arabia's US$5 billion Helios Green Fuels plant and Oman's goal to produce one million tons per annum (mtpa) by 2030. Jordan and the UAE are exploring hydrogen initiatives, while Africa's market remains less mature. North Africa could export hydrogen to Europe, and South and East Africa may export ammonia. However, financing gaps, infrastructure issues, and governance risks hinder progress, with only 17% of hydrogen projects beyond feasibility and just 4% having reached FID (Figure1).

Local Leaders Q&A

What is your business outlook for 2025?

Kieve Pinto: We foresee strong growth driven by continued infrastructure development, energy projects and industrial expansion across the Middle East. Abu Dhabi's oil and gas sector, particularly through ADNOC's expansion projects, will play a key role in this growth. The emphasis on renewable energy, alongside traditional oil and gas and petrochemical projects, will drive demand for heavy lifting and transport services. Al Faris is well-positioned to meet these needs, and we are expanding our fleet and technological capabilities to support these large-scale ventures.

Rajith Aykkara: The outlook for 2025 is highly optimistic. We anticipate adding more vessels to our service, which aligns with our growth strategy in key trade lanes across the region and globally. With increasing demand, especially in the Middle East and Asia, we are confident that our expanded fleet will see high utilization rates in our trade lines, driven by both ongoing and emerging project opportunities. This positions us well to continue meeting the evolving needs of our customers and reinforcing our market presence.

Steffen Behrens: The business outlook for capital project logistics in the Middle East remains very positive, with government spending on capital investments expected to increase by more than 6.5% next year. This growth is driven by several factors including economic recovery, infrastructure development and megaprojects. For example, Saudi Arabia's construction output value is expected to reach US$150 billion by 2025. With a 4% growth rate for the MENA region in 2025 we are still well above most other regions, therefore overall indicating a strong economic environment for capital project logistics.

Mohammad Jaber: Abu Dhabi is expected to maintain robust growth in its project logistics sector by 2025, driven by significant investments in

Kieve Pinto, chief operating officer (COO), Al Faris

Steffen Behrens, president, deugro Middle East

Rajith Aykkara, vice president, Bahri Line

Mohammad Jaber, MD, Air and Sea, DSV Abu Dhabi

Credit: Al Faris

infrastructure, energy and construction, such as the Hail and Ghasha project and Borouge 4. Key initiatives such as the Abu Dhabi Economic Vision 2030 and the "Made in UAE" focus will further boost demand for project logistics. The sector will also benefit from ongoing developments in oil and gas and renewable energy across the UAE and the GCC, as well as transportation infrastructure and urban development projects. These developments will open up opportunities for specialized project cargo solutions and enhanced supply chain services. Megaprojects like Hail and Ghasha will significantly increase volumes over the next three years. The growing demand for the fabrication of modules, oil and gas project skids, and pressure vessels in the UAE to supply projects across the region and Europe, driven by the cost competitiveness of the UAE, will continue to play a key role. However, geopolitical conflicts may continue to add cost pressures until these issues are resolved.

What sectors or specific new projects in your region do you think will be significant for breakbulk and project cargo in the coming year?

Kieve Pinto: Key sectors include oil and gas, renewable energy (solar and wind) and infrastructure. In Abu Dhabi, ADNOC's major ongoing projects such as the Hail and Ghasha gas development, Ruwais LNG and the expansion of offshore oil fields will significantly increase the demand for project cargo services. Additionally, large projects like NEOM and the Red Sea Development in Saudi Arabia will require extensive heavy lifting and specialized logistics for breakbulk cargo, which Al Faris is well-equipped to handle.

Rajith Aykkara: The energy sector will remain a major driver, with new developments in both oil and gas and renewables. Megaprojects within Saudi Arabia's Vision 2030, such as NEOM and Red Sea developments, are expected to require extensive logistics and transport solutions, which will boost demand for breakbulk services. Additionally, the expansion in industrial sectors and infrastructure across the Middle East region will further support activity in our sector.

Steffen Behrens: It will mainly remain with the oil and gas sector, although with a healthy mix of renewables and obviously new sectors such as green hydrogen, which deugro is heavily involved in already.

Mohammad Jaber: Several sectors will drive breakbulk and project cargo growth in the Middle East over the next few years. In the energy sector, the expansion of oil and gas facilities – including new refineries and offshore drilling projects – continues, particularly in the UAE and Saudi Arabia, with several packages already awarded. In renewable energy, large-scale solar and wind power projects, especially in the UAE and Saudi Arabia, will drive logistics demand. Elsewhere, megaprojects such as NEOM in Saudi Arabia, the Expo 2020 legacy projects in Dubai, new

airport construction and GCC railway network expansions will significantly increase volumes over the next five years.

Do you think the existing infrastructure (ports, terminals, vessels) in Asia is prepared to handle the demand for breakbulk and project cargo? What improvements or resources are needed, if any?

Kieve Pinto: The region's infrastructure has seen considerable investments, particularly in ports like Jebel Ali in the UAE and Khalifa Port in Abu Dhabi, which are equipped to handle high volumes of breakbulk and project cargo. However, with increasing demand from projects such as ADNOC's oil and gas expansions and other large industrial projects, further capacity expansion and advanced handling technology will be needed. Enhancing automation, streamlining customs procedures and upgrading equipment at ports will ensure the region remains competitive and capable of handling future demands.

Rajith Aykkara: While the Middle East has made strides in enhancing port infrastructure and handling capabilities, there is still room for improvement. Ports and terminals are progressively adapting to the unique demands of breakbulk cargo, but expanding fleet capacity, modernizing equipment and digitalizing processes would further strengthen our ability to meet growing demand. This preparation will be crucial as project cargo often involves high-value, oversized equipment requiring specialized handling.

Steffen Behrens: We do already see new developments coming up such as the port of NEOM in Saudi Arabia, extensions in Abu Dhabi and plans for some of the eastern ports of Oman.

Mohammad Jaber: The region has made substantial investments in modernizing and expanding its port infrastructure. Ports such as Jebel Ali, Khalifa Port and King Abdullah Port are equipped with state-of-the-art facilities to handle breakbulk and project cargo. However, ongoing improvements in technology, automation and capacity expansion are needed to meet rising demand. Additional rail connections to industrial areas and the development of dry ports could optimize freight costs and improve sustainability strategies. Meanwhile, specialized vessels for heavy-lift and project cargo are increasingly available in the region, but further investments in larger and more advanced vessels are required. Planning for increased demand is crucial, particularly due to the longer routes some vessels must take to avoid Red Sea challenges, which remove tonnage from the market. Handling oversized cargo (exceeding 1,000 metric tons) adds further complexity. However, improvements are needed, such as in automation and digitalization of port operations and customs interfaces, training programs to improve workforce skills, infrastructure investments for handling oversized cargo and enhanced intermodal connectivity.

What trends are you seeing in freight rates, and do you anticipate these changing?

Kieve Pinto: Freight rates have been volatile due to global supply chain disruptions, fuel prices and geopolitical factors. In the Middle East, rates are expected to stabilize over 2024-2025 as global shipping conditions improve. However, the sustained demand for project cargo, particularly from the oil and gas sector in Abu Dhabi and other regional megaprojects, may keep upward pressure on rates. Fuel prices, vessel availability and environmental regulations will also influence freight rate trends.

Rajith Aykkara: Freight rates have stabilized compared to recent years, but geopolitical and economic shifts can always impact pricing. We anticipate that rates may remain somewhat volatile, given the ongoing global economic adjustments. However, I expect regional carriers to adapt through flexible solutions tailored to customer needs.

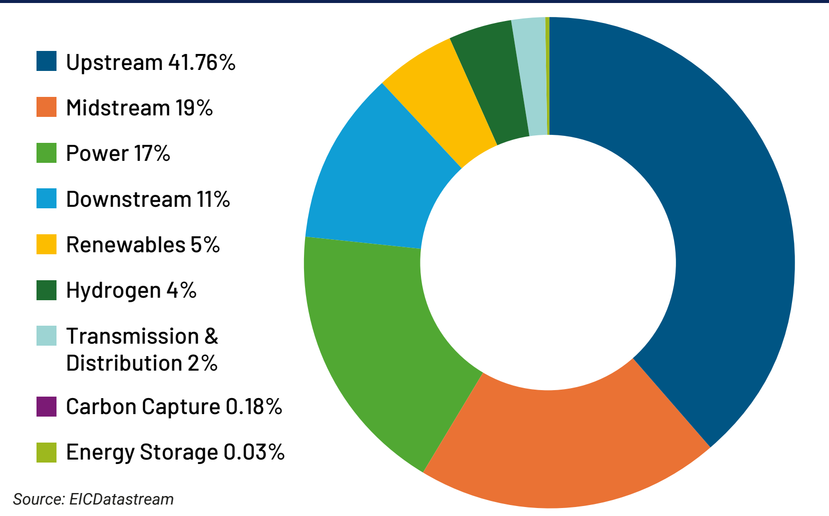
Steffen Behrens: Unfortunately, at the moment, it's all a bit subject to geopolitics and regional stability. We obviously hope that things calm down and we can revert to a more stable rate environment again in order to deliver projects on time and on budget.

Mohammad Jaber: Freight rates have been volatile due to global supply chain disruptions from the pandemic, geopolitical tensions and fluctuating fuel prices. This creates challenges for EPC projects, especially in fixing long-term rates. The cost of insurance, longer transit times (particularly through the Red Sea) and rate fluctuations make it difficult to maintain contracts. DSV has experienced significant delays, rate hikes and even cargo held for months in Iran in arrested vessels, impacting customers SLAs. Freight rates are expected to stabilize in the near future as supply chains adjust, but rates may remain higher than pre-pandemic levels due to inflation, fuel prices and the peak in project activities over the next few years. However, geopolitical tensions could lead to further disruptions.

What are the biggest challenges for your sector in the year ahead, and how is your company preparing to navigate them?

Kieve Pinto: One of the biggest challenges will be meeting the high demand for heavy lifting and transport services driven by large-scale projects in oil and gas, infrastructure and renewable energy sectors. In response, Al Faris is making significant investments in expanding our fleet. We are bringing in more mobile cranes and have already invested in new axle lines, which will be delivered in 2025 to meet increasing demand. We're actively investing in both the UAE and Saudi Arabia, ensuring we have brand-new

Figure 1: Top Sectors by Highest FID Rate in Middle East and Africa



Source: EICDatastream

equipment to support future projects. Additionally, we are continuously upgrading our technological capabilities and workforce skills to ensure we can tackle complex projects efficiently and sustainably.

Rajith Aykkara: Among the primary challenges are managing supply chain resilience and accommodating increased environmental regulations. Bahri is focused on streamlining logistics processes, investing in technology for efficiency and preparing for shifts in regulatory compliance. Moreover, we're looking closely at alternative energy options for shipping and transport to align with sustainability goals.

Steffen Behrens: Regional instability and geopolitics where you have to have contingency plans in place.

Mohammad Jaber: Firstly, unpredictable disruptions, particularly from geopolitical conflicts in the Middle East, affect transit times and costs. Regulatory changes and shifts in trade policies and customs regulations also add operational complexity. We must also consider how rapid advancements in technology require ongoing change and investment. Building resilience, investing in technology, and focusing on training and development are all ways we can prepare for and mitigate these challenges.

Is the balance between global and regional supply chains changing, and, if so, in what ways?

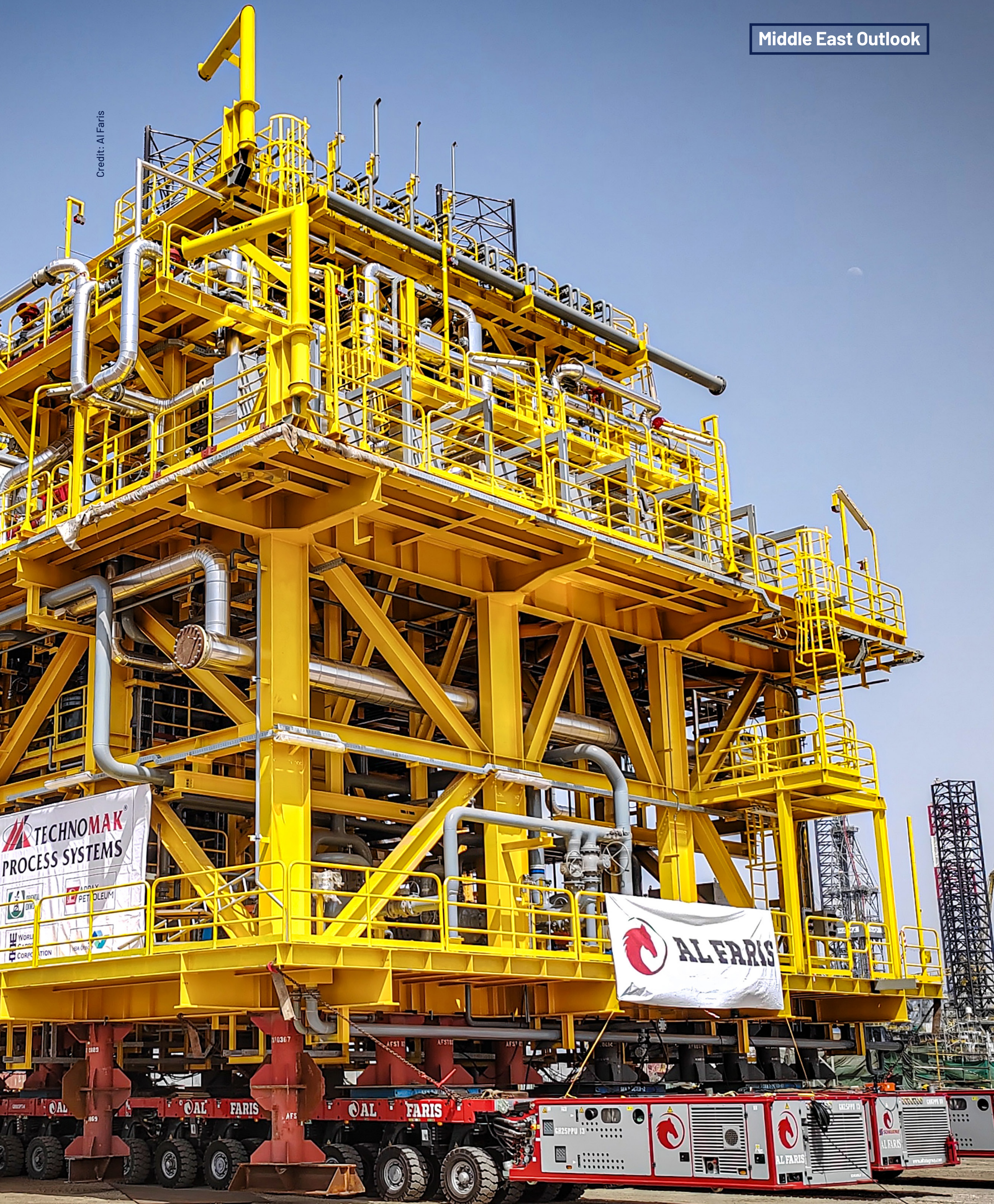
Kieve Pinto: Yes, regional supply chains are becoming more prominent due to initiatives like the UAE's in-country value (ICV) and Saudi Arabia's Vision 2030, which emphasize local sourcing. In Abu Dhabi, for example, ADNOC's ICV program encourages local content and service providers, shifting the balance more toward regional supply chains. Al Faris is adapting to this shift by strengthening partnerships with local suppliers and manufacturers to ensure we can meet the rising demand efficiently and sustainably.

Steffen Behrens: We definitely see a push towards Asia, be it on the contracting side or on the investment side, and we believe this will also continue in the future.

Rajith Aykkara: We are indeed seeing a recalibration between global and regional supply chains. There's a growing emphasis on establishing more resilient, localized supply networks within the Middle East, which reflects both economic strategy and recent shifts in global logistics dynamics. This evolution provides opportunities for regional players to enhance their role within the global market.

> "THERE'S A GROWING EMPHASIS ON ESTABLISHING MORE RESILIENT, LOCALIZED SUPPLY NETWORKS IN THE MIDDLE EAST."
> - RAJITH AYKKARA, BAHRI LINE

Mohammad Jaber: The balance between global and regional supply chains is shifting due to several factors: Firstly, there is an increased focus on regional supply chains to reduce dependence on distant sources, enhance reliability and lower transportation costs. DSV is highly involved in local manufacturing, supporting government initiatives such as in-country value programs. Nearshoring, where production is moving closer to consumption markets to mitigate global disruptions, and the region's modern infrastructure, especially in power supply, supports this shift. We also have trade agreements such as the Abraham Accords that will boost regional trade networks, particularly with railways connecting Asia, the Middle East and Europe. Finally, regional logistics infrastructure and technology are improving, making local supply chains more viable. The GCC railway network will be a game-changer in the next five years. At DSV, our systems provide clients with greater supply chain visibility and advanced options like PO and order management, with over 2000 RPAs in operation. In conclusion, while challenges persist, the Middle East's logistics landscape will see significant growth driven by regional investments and development. Adaptation, infrastructure investment and embracing technological advancements will be critical for companies to thrive.



Credit: Al Faris

Asia Outlook

POWER-HUNGRY ASIA TO SEE RAFT OF NEW PROJECTS

Lagging Infrastructure and Capacity Constraints Temper Otherwise Positive Outlook

Making the right investments in equipment, commensurate with the returns expected, will be a challenge in the years to come, says JM Baxi Heavy.
Credit: JM Baxi Heavy

EIC Analysis

Asia is projected to experience significant growth in energy demand and emissions, driven largely by China, India and Southeast Asia. By 2025, the region will consume half of the world's electricity, with coal remaining the dominant energy source despite an increase in renewables.

There are distinct variations in energy priorities: South Korea and Japan, resource-poor nations, are heavily dependent on imports, while resource-rich Australia leads in LNG, coal and mineral exports (Figure 1). In contrast, China and India, with high energy needs and coal dependency, face unique decarbonization challenges. For emerging economies like Thailand and Vietnam, infrastructure shortages and project funding issues remain obstacles.

Most regional investments are directed toward oil and gas, which continue to receive the majority of capital expenditures achieving FID (Figure 2). However, challenges like declining oil production in India and Indonesia, Australian offshore project delays, and reduced LNG competitiveness persist.

Governments are responding by bolstering support: Indonesia plans to offer 54 new exploration blocks by 2028, India is enacting policy reforms, and Australia's Future Gas Strategy emphasizes natural gas as a transitional energy source.

Decarbonization efforts are growing but face hurdles, including regulatory gaps and financing issues. Markets like Australia, Malaysia and Indonesia show potential for CCS, especially in hard-to-abate sectors. Hydrogen projects in Australia, South Korea and India are gaining traction, though FID rates lag behind the EU and the U.S. (Figure 3).

The Asia-Pacific region is also advancing in offshore wind, with a 331GW project pipeline (Figure 4). Taiwan and South Korea are leaders in proposed capacity and planned auctions, though Taiwan's local content requirements and supply chain limitations are increasing costs and causing delays. Despite these challenges, strategic investments are positioning Asia-Pacific as a critical player in the global energy transition.

Local Leaders Q&A

What is your business outlook for 2025?

Dharmendra Gangrade: The overall business outlook for 2025 looks very positive with many research organizations projecting continued investment in capex, especially in India. The "Make in India, Make for the World" campaign has already generated substantial interest among multinational companies, many of whom have made significant investment in India in the last five years.

Koichi Kaizu: Our business outlook for 2025 is optimistic. We aim to enhance our competitiveness and profitability in large-scale EPC projects, including LNG receiving terminals, solar power, biomass power, pharmaceuticals, hospitals and the chemical sectors.

Namir Khanbabi: The outlook for 2025 is cautiously optimistic. Forecasted demand for breakbulk and project cargo remains strong, driven by ongoing and expected infrastructure projects and the energy sector. That said, we are in a very volatile geopolitical environment, which has the potential to change circumstances unexpectedly, without a clear view of whether this will provide opportunities or create issues.

Dharmendra Gangrade, head of Larsen & Toubro Logistics Management Center

Koichi Kaizu, subject matter expert - logistics / module transportation, JGC Corporation

Namir Khanbabi, general manager, Swire Projects

Sameer Parikh, president/ chief business officer, JM Baxi Heavy

Ge Yanhua ("Stella"), director, Chipolbrok

Janusz Kuzmicki, director, Chipolbrok

Sameer Parikh: We're expecting a series of new projects to occur across India and the surrounding region, especially starting in Q2-Q3 of 2025. We expect logistics activities to really pick up over the next few years.
Ge Yanhua: We are confident for next year. In particular, we see a strong export market from the Far East, versus weak exports from Europe, which is struggling with poor growth, high costs and a lack of competitiveness. The Chinese export industry is booming - whether car production, wind power equipment or numerous industrial components – but the question is to what extent growing protectionism will influence volumes?

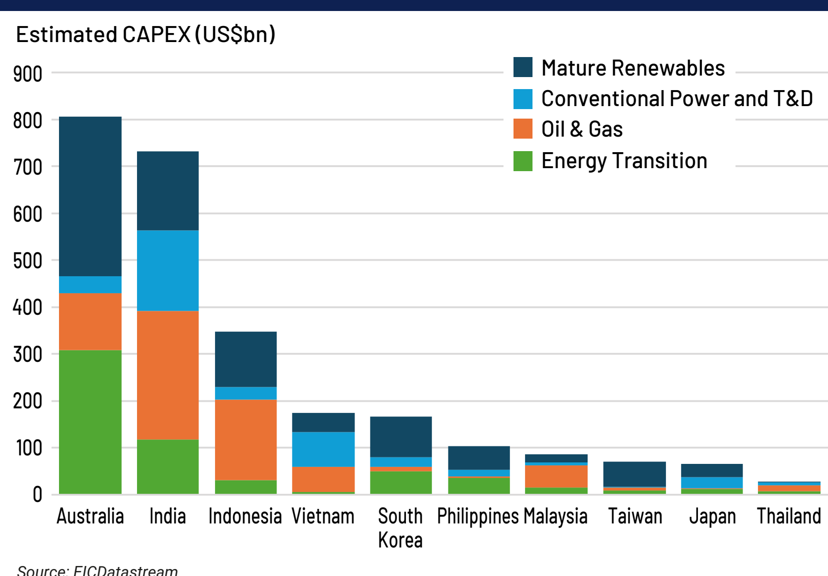
What sectors or specific new projects in your region do you think will be significant for breakbulk and project cargo in the coming year?

Dharmendra Gangrade: The energy sector, including renewable energy-related project cargo, will be the driver for growth in Asia. More and more new projects are being announced in the region, often with very tight project schedules and higher instances of modularization, which will increase demand on specialized carriers and equipment.
Koichi Kaizu: Significant sectors for breakbulk and project cargo in the coming year will be energy transition projects (LNG, CCS), renewable energy projects (offshore wind farms, biomass power plants, hydrogen and ammonia) and infrastructure projects including chemical recycling.
Namir Khanbabi: In our region, significant projects are in the renewable energy, mining, and oil and gas industries, as well as some large-scale infrastructure projects, which drive demand for breakbulk and project cargo services.
Sameer Parikh: We're anticipating growth primarily in offshore oil field projects, as well as in the oil and gas and power sectors. The nuclear sector is on the rise in India, though it seems the timelines are a bit longer, with visible outcomes expected around 2028.
Janusz Kuzmicki: There remains increasing demand for alternative green energy projects, in which China has a remarkable impact as producer and supplier of such equipment. This is our main market for our westbound trades, together with other big projects sourced from the Asia region.

Do you think the existing infrastructure (ports, terminals, vessels) in Asia is prepared to handle the demand for breakbulk and project cargo? What improvements or resources are needed, if any?

Dharmendra Gangrade: Existing infrastructure for handling project cargo in some ports may not be adequate and requires modernization in order to meet the complexity of ever-larger cargo. In particular, ports in India needs to focus on upgrades to keep pace with growing demand and be more efficient.
Koichi Kaizu: Our view is that Asia's infrastructure is generally robust for breakbulk and project cargo. In the meantime, for the purpose of very large modules, enhancements in port capacity, modernization of terminals and investment in specialized vessels are necessary to ensure efficient handling and transportation.
Namir Khanbabi: While Asia's port infrastructure has seen significant improvements, there are still issues around inland logistics to meet the demand. Ports and terminals are enhancing their port capacity and crane lift capability, which may decrease demand for more specialized vessels able to handle oversized and heavy cargo, so this poses a threat as well as an opportunity.
Sameer Parikh: While many ports in India handle containerized cargo, project and heavy cargo often depend on a few key facilities, leading to delays and increased costs. With the expected growth in larger cargo, India needs more ro-ro ports with strong deck capacity and specialized facilities. Current infrastructure is underprepared for rising demand, requiring significant improvements in port equipment, terminal capacity and clearance processes. Addressing these challenges will enhance logistical efficiency and support the country's booming infrastructure projects effectively.
Ge Yanhua: We have clearly observed that certain regions are investing a

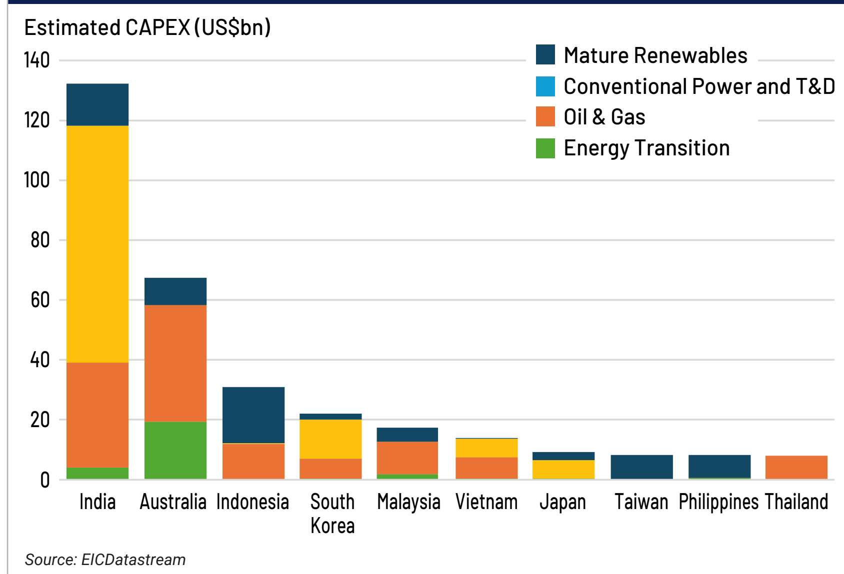
Figure 1: Top Markets by Additional CAPEX (US$bn) Estimated until 2035



Source: EICDatastream

lot into new infrastructure, especially in China, the Far East and Southeast Asia, where we feel well supported. But we must also admit that some ports fail to invest, have low productivity and are cost-intensive, with a lack of focus on breakbulk cargo. If we add to these problems with getting skilled labor, we see it as one of the obstacles to handling project cargoes.

Figure 2: Top Markets by Additional CAPEX (US$bn) with FID Secured



Source: EICDatastream

What trends are you seeing in freight rates, and do you anticipate these changing? What factors influenced your answer?

Dharmendra Gangrade: In my view, freight rates will remain volatile (moving upward for now) in the short- to mid-term due to various factors such as geopolitical developments, capacity constraints, regulatory restrictions by major economies and demand seasonality. Let's accept the hard fact that the global supply chain will remain disrupted for a considerable period and the world will have to get used to this volatility.

Koichi Kaizu: Freight rates have been volatile. While fuel price fluctuations are no longer a major critical factor, the freight rate is being influenced heavily by other factors such as geopolitical tensions, supply chain disruptions, climate change, decarbonization and compliance requirements. Therefore, we anticipate that freight rates will remain high in the near term, due to ongoing global uncertainties.

Namir Khanbabi: There is a robust demand for project cargo, which may push up rates throughout 2024 and into 2025. This demand is largely driven by infrastructure projects and renewable energy developments. The global economic outlook for 2025 is generally positive, which will support the growth of the shipping industry. However, geopolitical tensions could pose additional challenges.

Sameer Parikh: The freight market has been pretty unpredictable since covid. We've experienced challenges like container shortages and geopolitical tensions in areas like the Red Sea, as well as the situation in Ukraine and current issues between Iran and Israel. With fewer players in the heavy cargo sector and growing coastal movement needs in India, we anticipate vessel shortages and rising rates, which complicates planning and budgeting.

Janusz Kuzmicki: The political situation in the Middle East, armed conflicts and transit risks in the Red Sea and Arabian Gulf will continue to impact the shipping industry negatively. Consequently, this impacts prices for consumers. We also keep in mind increased costs relating to emissions, which will rise as of January 1, 2025, so we need to make more allowances in trades to/from the European Union.

What are the biggest challenges for your sector in the year ahead, and how is your company preparing to navigate them?

Dharmendra Gangrade: Volatile freight rates, non-availability of space and the scarcity of resources in terms of equipment and staff are the major challenges we see in the near future. We are addressing these challenges through better and advance planning by using a digital platform which helps us consolidate requirements across the business. There are growing concerns around the availability of skilled personnel on the shipper side too, since logistics is not the first choice of career for many youngsters.

Koichi Kaizu: For us, the biggest challenges will be managing supply chain disruptions, meeting sustainability goals and regulatory changes. JGC is investing in digital transformation, enhancing risk management practices and collaborating with stakeholders to develop sustainable solutions for future growth.

Namir Khanbabi: Our biggest challenges going forward come from geopolitical tensions, tonnage capacity constraints and the costs of meeting increasing environmental regulatory requirements. In terms of how we are going to navigate them, we adopt a risk-based trading approach to minimize exposure to geopolitical risks. We are actively looking at the tonnage market for opportunities within the charter market for additional capacity in the short- to medium-term. Whilst we are looking at the newbuilding market, with the present ship prices we feel that levels need to come off to make the investment attractive. In terms

Credit: Swire Shipping

of the environmental regulations, our sustainability team are actively pursuing strategies to reduce our carbon footprint, look at new fuels, technologies and strategies to meet our longer-term reduction targets. Additionally, we are engaged in ongoing discussions with our customers regarding the financial implications of these regulations, as opinions differ on who should bear the costs.

Sameer Parikh: A major challenge we foresee is the need for larger assets that meet specific project requirements, along with keeping up with customer expectations. To stay competitive, we know we need to be proactive. However, finding the right balance between investments and expected returns can be tricky, so we're focusing on careful planning and management to address these challenges.

Ge Yanhua: Our ship captains are confronted with overwhelming bureaucracy, especially in Europe. On top of increasing regulations to protect the oceans and the climate, which of course are necessary, new ships must follow requirements around designs, propulsion systems and more environmentally-friendly operating fuels. We are prepared to integrate these features into our future ships, however there is still a big question mark around which fuel and which propulsion system will be used, since there are still many issues to be settled in respect of availability and cost of such fuels. So, we treat this as a process that will take time.

Is the balance between global and regional supply chains changing, and, if so, in what ways?

Dharmendra Gangrade: Yes, supply chains don't always cross multiple oceans anymore. Strong regional supply chains have been developed, designed to be less susceptible to global events. After the covid pandemic, many large companies

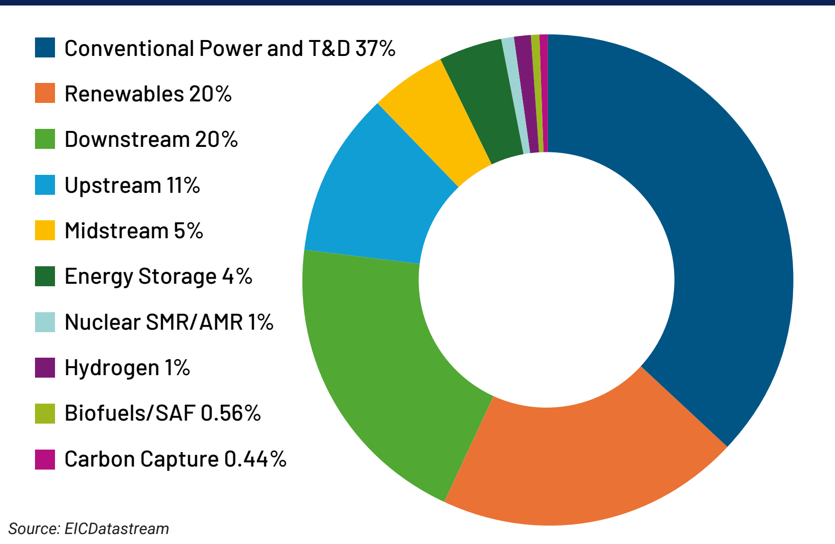
A "cautiously optimistic" Swire Shipping expects to service renewable energy, mining, oil and gas, and large-scale infrastructure projects in the coming years.
Credit: Swire Shipping

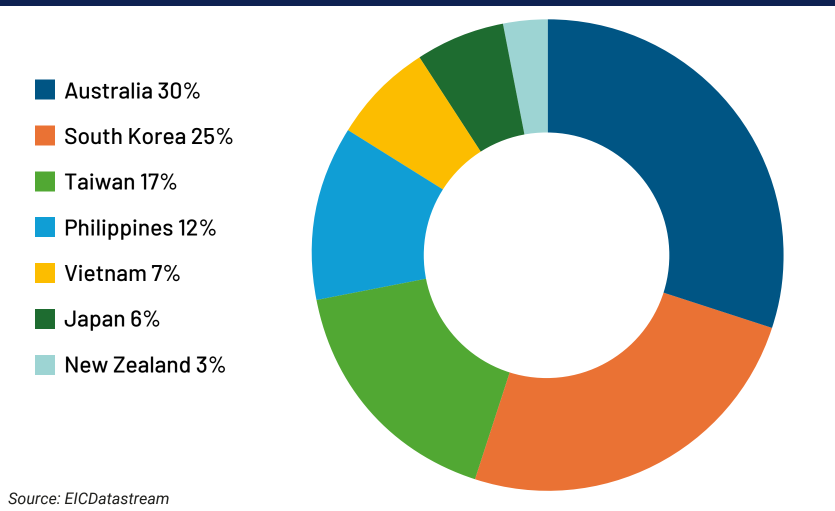
altered their global supply chains, with nearshoring an increasing feature.

Koichi Kaizu: Considering geopolitical risks and the need for greater supply chain resilience, it would be ideal if we can shift to more regional supply chains. However, we don't have a clear view or detailed execution plan at this stage for adopting nearshore or friend-shoring strategies in order to reduce dependency on distant suppliers. This is because our projects require a certain level of engineering quality assurance, based on proven technology.

Namir Khanbabi: Global and regional supply chains are changing in the current economic and geopolitical climate where regionalization, nearshoring and local sourcing are all increasing. We see this in the wind sector in the Atlantic basin, particularly for the North American market. The movement away from a reliance on China is still prevalent in some markets which have shifted to sourcing from Southeast Asia, India or the Middle East.

Janusz Kuzmicki: China is a good example to consider. Inland demand has been boosted whilst simultaneously the country is on its way to becoming a leading global producer of environmentally-friendly electric cars. The same can be said about other industrial sectors. We recognize that there is a shift towards focusing on domestic markets in Asia, this applies particularly to India.





Europe Outlook

ON THE PATH TO A GREENER EUROPE

Clean Energy Projects Expected to Keep Sector Busy, but Logisticians Fear Impact of Continued Global Disruption

BBC *Leer* in Cuxhaven
Credit: BBC Chartering

EIC Analysis

Europe is central to the energy transition, setting ambitious decarbonization goals and rapidly attempting to reduce its dependence on Russian energy.

The RePowerEU plan targets 10Mt of renewable hydrogen production domestically and 10Mt of imports by 2030 to drive energy independence and decarbonize sectors like steel and fertilizer. Germany, Spain and the Netherlands lead green hydrogen initiatives, planning 19GW of capacity by 2030 and representing half of the Final Investment Decisions (FIDs) for projects starting by that year (Figure 1).

Supporting this momentum, the EU Net Zero Industry Act (August 2024) has classified electrolyzers as net-zero technology, accelerating manufacturing and permitting processes. In carbon capture and storage (CCS) and carbon capture, utilization and storage (CCUS), the UK and Norway lead, with 55 North Sea projects targeted by 2030.

Collaboration among the nine North Sea countries aims to make the region "Europe's green power plant," leveraging the existing oil and gas infrastructure and supply chain for the build-out of renewable energy and carbon storage.

Offshore wind is pivotal, with the UK, Germany and the Netherlands expected to reach a combined capacity of 62GW by 2030, benefiting from mature markets and supportive regulations. Half of these projects will be based in the North Sea, which is also promising for green hydrogen production.

Challenges persist, such as high production costs, slow permitting, and complex supply chains. While offshore wind is relatively mature, it needs integrated grids for expansion. Green hydrogen, despite political support, faces efficiency and supply chain issues. CCS and CCUS continue to depend on government backing, with many projects still in feasibility stages (Figure 2).

Local Leaders Q&A

What is your business outlook for 2025?

Ruediger Fromm: The increasing order backlog for 2025 signifies a strong demand across various sectors. This surge highlights the execution of numerous projects, particularly in breakbulk and project cargo, promising growth and opportunities in the coming year.

Danny Levenswaard: It's similar to 2024 – the current market is not great, but it is also not weak. Energy prices are still high compared to the U.S. and China. In terms of volumes, we expect to be handling roughly 6.5 million tonnes annually, the same as 2024. This will be mostly composed of non-ferrous, basic material, followed by steel, forest products and project cargo. With respect to project cargo, we expect a small increase due to the offshore wind projects.

Ruedi Reisdorf: The project business should do better than the overall economy, as there are many much-needed infrastructure, electricity and oil and gas projects that will move ahead "just because they have to" – not because there is real money for it. The money is the real question in the coming years, as most, if not all, countries are running huge deficits. But the consumer is in an even worse situation, as governments and countries can further increase their debt.

Andy Tite: For 2025, we see a continuation of what we have seen in 2024, but with the genuine hope of some increased stability. This year has been a year of laying down the foundations for the future: there has been no lack of business, but there is seemingly a build-up of matured, pre-FEED/FEED completed projects and opportunities that have yet to realize positive FID. It is very much hoped that 2025 will be the year where, with the aforementioned increased stability, positive investments will follow, and we will start to transition into a period of increased project execution.

Ulrich Ulrichs: We look positively into the future and expect a healthy year in 2025. The same applies for the years beyond.

Ruediger Fromm, head of logistics - transmission high voltage grids, Siemens Energy

Danny Levenswaard, director of breakbulk, Port of Rotterdam Authority

Ruedi Reisdorf, owner, Fracht Group

Andy Tite, vice president, global business development & commercial director, DHL Industrial Projects

Ulrich Ulrichs, chief executive officer, BBC Chartering

What sectors or specific new projects in your region do you think will be significant for breakbulk and project cargo in the coming year?

Ruediger Fromm: Projects in power transmission and distribution are expected to dominate the landscape, driven by the urgent need to modernize aging infrastructure and integrate renewable energy sources. These initiatives will play a crucial role in addressing the rising energy demands and ensuring grid reliability.

Danny Levenswaard: We expect offshore wind to generate project cargo such as turbines, monopiles, blades, tower sections and subsea cables. In addition, we expect investments in plants that need to upgrade their facilities as part of energy transition, while barge operators need to invest in their fleet to upgrade to the newest standards. This will result in an increase in cascos (flat-bottomed, square-ended barges from the Philippines) being transported to Rotterdam. Finally, new large-scale facilities need to be developed in the port area, including electrolyzers and hydrogen plants. All of which demands project cargo.

Ruedi Reisdorf: The wind business, mainly offshore, and the oil and gas business will be huge. New energy projects, like hydrogen, will come as countries have to satisfy their energy needs and move away from coal and, to a lesser extent, from gas.

Andy Tite: We have a varied mix of sectors and a robust and diverse client base that provides the ability to pivot between sectors as and when needed. We see the future technologies sector as a clear area of growth and investment and have been quick to build on the decades of experience in this sector within the DHL Group. We will also look to strengthen our focus on the engineering and manufacturing client base, with a new global sector head joining us at the start of 2025, based in Northern Germany.

Ulrich Ulrichs: First and foremost, we see the energy sector remaining strong, both in the renewables and oil and gas sectors. We also expect the mining sector as well as metals to be powerful and robust.

Do you think the existing infrastructure (ports, terminals, vessels) in Europe is prepared to handle the demand for breakbulk and project cargo? What improvements or resources are needed, if any?

Ruediger Fromm: The existing infrastructure in Europe, particularly ports, terminals, and vessels, appears to be well-prepared to handle the increasing demand for breakbulk and project cargo. However, the deteriorating state of roads, bridges and railways presents a significant challenge. These critical elements of the supply chain need urgent upgrades to ensure the seamless execution of projects. Without these improvements, the efficiency and reliability of cargo transport could be severely compromised.

Danny Levenswaard: Rotterdam is known for its large-scale infrastructure in terms of waterways, quaysides and project areas, and we are currently analyzing whether we should invest in an additional area to accommodate the offshore wind market. There is increased demand for more, and larger, ships, and as a port authority we make sure that these vessels can enter the port safely. Furthermore, we invest in our existing breakbulk infrastructure, such as at Waal/Eemhaven, our oldest port area, where quaysides have been renovated. We have completed a multi-year program of re-allocating breakbulk terminal space to existing terminal operators to further increase the breakbulk portfolio.

Ruedi Reisdorf: Globally, the problem will be whether the inland waterways have enough water. This year, the situation is extremely bad in Brazil and we have also seen the Panama Canal and many rivers with low water. The terminals in Europe or elsewhere are not the problem, there is enough storage for wind projects, the only question is whether the storage is in the right place. But the roads, railways and, even more so, the bridges are a huge problem, since maintenance has been very bad over the years. It's getting more and more difficult to get permits in Europe.

Andy Tite: The infrastructure in Europe is mature and, for the most part, well-known and relatively accessible. We do, however, also find infrastructure in need of either maintenance or increased engineering review, prior to its use for heavy and out-of-gauge operations – this is applicable to both public highways and port facilities. We see increasing desire for "the project" to pay for engineering studies or even infrastructure upgrades before such facilities are cleared for use. There appears to be an increased onus on those transporting the goods to prove to those owning the infrastructure (be it private or government-owned) that it is suitable for the intended operations. This is a trend that has increased in the last 5-10 years and it is getting worse, being applied on a case-by-case basis and irrelevant of recent precedents set by other operations. This is a real risk to our operations, with either delays or cost-overruns as a result, often at a late stage in planning or operations and despite the earliest possible engagement from ourselves and our subcontractors. We would encourage our clients to award contracts as soon as possible to help in this process. Infrastructure owners will often not engage in detail unless they are speaking to an awarded party – for road permits this is often a pre-requisite.

Ulrich Ulrichs: A clear "yes," from our point of view. There are many sophisticated ports in most European countries. Some still might require some upgrades in terms of port equipment, but otherwise they can

cope with the demand. Yet, strikes and, increasingly, a shortage of skilled workers remain potential risks.

What trends are you seeing in freight rates, and do you anticipate these changing? What factors influenced your answer?

Ruediger Fromm: I am expecting freight rates to remain stable at a higher level. This stability is primarily due to the anticipated demand slightly outpacing supply, which will sustain the elevated rate environment. The factors contributing to this scenario include the ongoing projects in power transmission and distribution and the necessary infrastructure upgrades.
Danny Levenswaard: This is difficult to predict because freight rates have fluctuated massively in the past few years. This goes hand-in-hand with container prices, which are in turn heavily influenced by external factors such as supply chain disruptions including the Suez Canal, geopolitical tensions and the EU Emissions Trading System (ETS) for shipping.
Ruedi Reisdorf: We see freight rates going down again. They are already going down presently and once the Suez Canal will open again, the fall will be faster. This especially applies to the breakbulk/ heavy-lift vessels that can move immediately through the Suez Canal, since they have "no schedule to follow." Of course, as we have seen in the past years, anything unforeseen can happen and all predictions are wrong!
Andy Tite: It would be too early to see any trends in freight rates. We have yet to see a sustained period of global stability since 2020 and, as such, we cannot predict trends – we just hope for consistency. Until this is achieved, we will all need to remain agile, search for the best possible technical and operational solutions and engage with the supply chain as soon as we are able to. Securing early commitment and therefore a level of predictability in cargo flows, asset utilization and revenue will only aid in the stabilization process.
Ulrich Ulrichs: There is no general statement that would be valid for all regions and trade lanes. In Asia, rates will go up further due to high demand on the export side, while increases in other parts of the world will be more moderate. Rate increases are mainly driven by higher costs, caused by two main developments. Firstly, carriers/owners have contracted urgently-needed newbuildings which will continue to be delivered in the coming months and years. Those vessels are more than 50% more expensive than vessels ordered pre-covid. Secondly, environmental costs and taxes will increase further, mainly affecting trades to, from and within Europe. The steadily-growing administrative burden of those rules and taxes additionally increases the overhead costs of vessel owners and operators, and these additional costs must be recovered from clients.

What are the biggest challenges for your sector in the year ahead, and how is your company preparing to navigate them?

Ruediger Fromm: One of the primary challenges in the upcoming year is handling the risks and uncertainties that come with the global market. This includes varying demand, geopolitical tensions and disruptions in the supply chain. We are taking a proactive approach by implementing strong risk management strategies to improve our adaptability and resilience.
Danny Levenswaard: Probably the biggest challenge for the port is the energy transition, reaching a 55% CO2 reduction in 2030 and 100% CO2 reduction in 2050. Others include accommodating the ever-increasing size and weight of offshore wind cargo and the scarcity of space within the port area. Making the right decisions for future growth is always a challenge!
Ruedi Reisdorf: The biggest challenges are the unknown events for which you cannot prepare. You need to have a structure that allows you to act extremely quickly and remain flexible to find solutions.
Andy Tite: We do not consider anything already known to us as a significant challenge or threat. Saying that, with all of the influences and disruption in our industry over the past few years, those who remain and have faced the challenges head-on are battle hardened and will be resilient for any future disruption. Growth and increased market share will also mean greater investment in our people. We have our Next Gen IP graduate scheme, with the first cohort about to start their second year, and we also have a robust program of general freight forwarding and project-specific certified training packages available for our teams.
Ulrich Ulrichs: The biggest challenges are the increasing number of trade restrictions and rules globally – whether due to wars, piracy, environmental rules, cargo or port restrictions. We are optimistic to be able to deal with those if we are to overcome the next challenge that we face in our sector, namely having highly qualified and motivated staff in the right locations, at all levels and in all departments. BBC Chartering has an extensive trainee program, through which we try to bring new talent into our organization all over the world, especially in the head office in Leer, Germany, but also in our offices in the U.S., Asia and South America.

Is the balance between global and regional supply chains changing, and, if so, in what ways?

Ruediger Fromm: In my opinion, the trend will be a more diversified approach in global and regional supply chains in order to become more resilient. Companies are increasingly recognizing the need

to spread their supply sources and distribution networks across multiple regions to mitigate risks associated with geopolitical tensions, natural disasters and other disruptions. This shift towards a more flexible and adaptive supply chain strategy will likely enhance the ability to respond swiftly to unforeseen challenges and maintain continuity in operations.

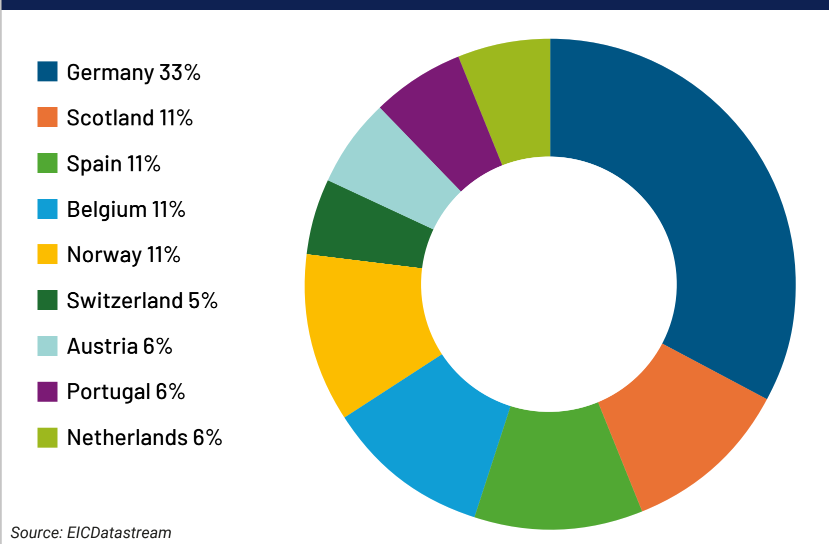
Danny Levenswaard: Yes, due to political tensions, we see that regional supply chains are gaining traction. We have to become less dependent on global supply chains, as we have seen that this could really impact Europe – think about oil and gas supply from Russia, steel/non-ferrous metal supply from Russia, medical supplies from China during covid and so on. One of the changes we see is a switch from Just in Time deliveries to an increase in demand for warehousing/stockpiling, both in the port and our hinterland. In short, the economic chessboard is changing, and regional wellbeing is becoming more important.

Ruedi Reisdorf: There is a huge trend to nearshoring – but that means you first have to build capacity where the need is, where your customers are. This is what is presently happening. Everybody is building up new supply lines along the nearshoring needs, wherever possible. Of course, there are some restrictions. It's not commercially viable to build a chemical plant in Europe with the costs around 30% higher than in the U.S. or China. So that's a problem for nearshoring, but the trend is that the world is moving apart, politically.

Andy Tite: Yes and no. There are still traditional global power houses in terms of exporters and importers, but there is also a clear intent for certain industries or markets to increase their nearshoring capacities and spends. This will shift the dynamic to a more regional basis. In contradiction to this, there are other industries where technological advances in manufacturing are allowing the production of equipment that may have traditionally been considered too complex for lower cost locations. This is no longer the case and is providing demand to move large components from one side of the globe to the other.

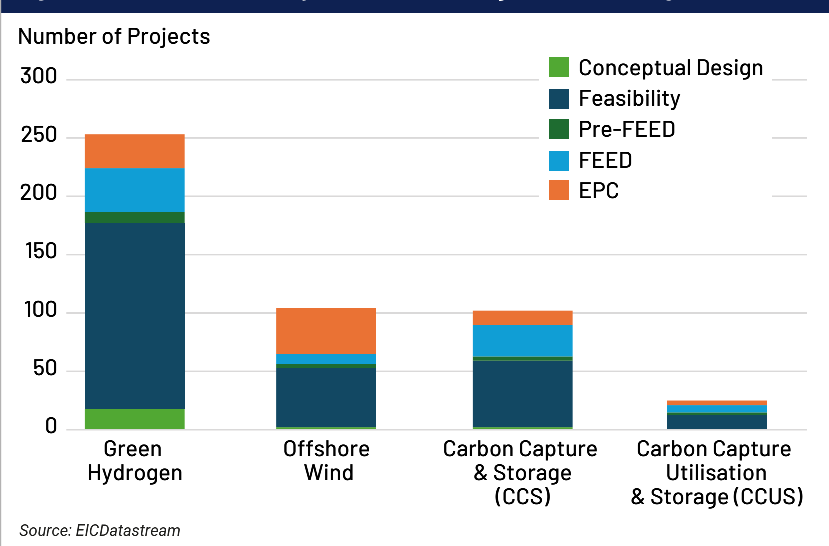
Ulrich Ulrichs: Change in the balance between global and regional supply chains is what we nowadays must regard as normal. There are so many contributory factors, including wars and conflicts, political unrest, cost, quality, protectionism, tax incentives and technological advance. It is hard to predict what's going to change next, when, and how. The constant need for players to adapt to such changes is the "new normal."

Figure 1: Top Hydrogen Markets by FID rate in Europe



Source: EICDatastream

Figure 2: Top Sectors by Number of Projects and Stages in Europe



Source: EICDatastream

CONNECTING PAKISTAN AND BEYOND…
PAKISTAN – UAE – AFGHANISTAN – UZBEKISTAN & CIS

PROJECTS – BREAK BULK – TRANSIT TO AFGHANISTAN / UZBEKISTAN & CIS COUNTRIES – PHARMA / COLD CHAIN LOGISTICS – AID & DEVELOPMENT – GOVERMENT & DEFNECE LOGISTICS

MSL provides specialized services for Multimodal integrated Logistics services and solutions for Projects, Breakbulk OOG/ODC cargoes, Pharma/Cold Chain (GDP certified) Transit shipments via Pakistan & UAE to Afghanistan, Uzbekistan & CIS countries, Government & Defence Logistics, AOG, Global Freight Forwarding & Cross-trades. MSL has in-house customs brokerage / transportation fleet with special equipment to handle the services provided to/from Pakistan to UAE and global origin/destinations.

For enquiries: Email: info@msl-pk.com
Web: www.msl-pk.com
MSL: 3/16 Moailimabad, JCHS, BLOCK-3, JAMALUDDIN ROAD, KARACHI, PAKISTAN
TEL PAKISTAN: + 9221-34168162-4
TEL UAE: +9716- 5326560

Americas Outlook

GREEN SECTOR SPARKS GROWTH IN THE AMERICAS

Significant expansion ahead for oil and gas, wind and hydrogen projects

FOX Brasil transports a heavy industrial component for an automotive project in Brazil.
Credit: FOX Brasil

EIC Analysis

The region's well-established oil and gas sector is undergoing significant growth in the upstream market for floating production storage and offloading (FPSO) units across South America, which offers a more cost-effective, faster, mobile and sustainable solution. This trend is particularly strong in Brazil, Guyana and Suriname, which are projected to lead this market with an accumulated CAPEX of US$143.7 billion by 2030. In the downstream sector, the U.S. and Brazil are highlights regarding sustainable aviation fuel (SAF) initiatives, supported by favorable regulatory frameworks such as the Inflation Reduction Act (IRA) of 2022, which offers tax incentives for clean energy in the U.S., and the Brazilian National Sustainable Aviation Fuel Program (ProBioQAV), a milestone for the energy transition in the country's civil aviation sector.

Rising demand for electrification is expected in the region in the coming years, especially in the transport and industry sectors. This increase will be supported by the region's vast renewables potential, with wind energy playing a key role in markets like the U.S. and Brazil, where 29 wind projects set for start-up by 2030 have already received final investment decision (FID), including four offshore projects. However, in both markets, wind energy faces challenges such as rising costs and supply chain bottlenecks, which could be worsened in the U.S. with the Republican victory likely to shift the focus towards O&G.

Clean hydrogen is also emerging as an important market in the region's push for net-zero targets, led by the U.S. and Chile, which accumulate an estimated CAPEX of US$145 billion by 2030. Chile stands out with great production potential announced, aiming to produce the world's cheapest green hydrogen. In the U.S., nine green hydrogen announced projects with start-ups until 2030 have received FID, representing 18% of the global FIDs for similar projects (Figure 1). Nevertheless, these markets are limited by costs, which hinders a scale-up of the supply chain.

Local Leaders Q&A

What is your business outlook for 2025?

Eddie Talbot: Roll Group continues to grow and expand its capabilities and geographic areas. We have been successful in growing our market footprint in 2024 across several regions including Africa, the Americas (including Mexico), the Middle East and Asia Pacific. And we see this continuing as we focus on projects and logistics solutions moving into 2025 and 2026. Globally, a new mega-gantry supporting our super-heavy-lift construction activities and, more recently, our new Roll Barge 1 have been engineered and deployed seamlessly to our project sites for execution. As well as our large gantry crane, in 2024 we added 400-plus lines of hydraulic trailers to our global fleet. In 2025, we are adding two more deck carriers to our fleet and a second large gantry crane with lifting capacity of 4,000 tons, and we have further plans to add more ships and barges as well as cranes to cater for the increasing demand from our clients. This success provides us with a solid platform heading into 2025. We have several integrated projects to deliver on the U.S. Gulf Coast in 2025 and beyond, and our U.S. business will grow further with the expansion into Mexico and Louisiana, where, for the latter, we are opening a new branch in the St. Gabriel area near Baton Rouge, which will be operational by November 2025.

Murilo Caldana: For 2025, we anticipate moderate growth driven by infrastructure projects and energy initiatives across the Americas. Globally, shifting trade dynamics may foster more strategic partnerships in key regions, although economic uncertainties could influence project timelines and cargo volumes. In Latin America, the business outlook for 2025 is promising, driven by investment in renewable energy, mining and infrastructure upgrades. Countries such as Brazil, Mexico and Chile are set to lead with significant projects that demand heavy-lift and project cargo capabilities, although economic uncertainties still pose challenges. The outcome of the U.S. election may also impact trade policies, with potential effects on

Eddie Talbot, managing director USA, Roll Group

Murilo Caldana, project director, FOX Brasil

Lana Warren, head of Maersk Project Logistics

Maersk prepares to transport a wind blade from the Port of Pecem in Brazil.
Credit: Maersk

tariffs, investment and cooperation across the Americas.

What sectors or specific new projects do you think will be significant for breakbulk and project cargo in the coming year?

Lana Warren: Renewable energy including solar and onshore/offshore wind continue to drive strong solution designs for our global teams. The energy sector as a whole is significant, with the largest CAPEX growth coming across in new oil and gas opportunities.

Eddie Talbot: Petrochemical, steel and oil and gas are all major areas for the region. We see more projects coming online and achieving FID including blue and green energy transition projects at various stages of development. Ports and infrastructure are also developing areas, signaling continuous growth and/or improvement of ports across the U.S. that can service the renewables sector. We are already working on several large factory to foundation, land and sea combination projects that we will execute in 2025. These are significant projects that align with our strategy to take on and perform the turnkey land-sea scope of work by providing clients with a single point of contact.

Murilo Caldana: In the Americas, energy – particularly renewables – and infrastructure modernization will be major drivers for project cargo. There is strong potential for growth in offshore wind installations and transport, as well as in large-scale transport requirements for road, rail and port upgrades. In Latin America, offshore wind projects in Brazil, mining expansions in Chile and Peru and transportation upgrades in Argentina and Colombia are set to drive demand for heavy-lift logistics.

Do you think the region's existing infrastructure such as ports, terminals and vessels is prepared to handle the demand for breakbulk and project cargo? What improvements or resources are needed, if any?

Lana Warren: We can look back at COVID to best understand how eye opening the gaps in our existing infrastructure are. Maersk continues to invest in our APM Terminals to increase our handling capacity to include breakbulk and OOG cargo, as well as extending our footprint to support CFS solutions, warehouse and distribution expansion. This is always with a

continued commitment to greener solutions. Ports such as Houston are making the necessary investments to support the growing demand for project cargo capacity; however, some of our smaller private ports lack the same access to funding and depend on vessel commitments to build resource funding. The added demand may help to fund some of that necessary expansion.

Eddie Talbot: There are only a limited number of assets and resources available. It remains important for large capital projects to engineer solutions and select methodologies early to effectively manage project spend and have assurity of supply at time of execution.

Murilo Caldana: While some key ports and terminals are equipped to handle growing demand, capacity and efficiency gaps remain, particularly in accommodating specialized vessels. Upgrades in port equipment, dedicated heavy-lift berths and digital tracking systems could enhance overall readiness. Latin America's infrastructure faces limitations in handling large-scale project cargo efficiently, particularly at ports and terminals. Currently, we are facing congestion in a few ports in Latin America – Brazil, Mexico and Central America – not to mention the low water issue at the Panama Canal, which is affecting the whole region. Improvements in port handling capacity, specialized equipment and digital tracking are needed to boost efficiency and reduce bottlenecks.

What trends are you seeing in freight rates, and do you anticipate these changing?

Lana Warren: Capacity and world events have the most impact on freight rates. As capacity tightens, owners need to invest in resources to extend capacity outside the operational planned fleet. When rates are increasing it is in direct correlation with market conditions to service and delivery.

"AS CAPACITY TIGHTENS, OWNERS NEED TO INVEST IN RESOURCES TO EXTEND CAPACITY OUTSIDE THE OPERATIONAL PLANNED FLEET. WHEN RATES ARE INCREASING IT IS IN DIRECT CORRELATION WITH MARKET CONDITIONS TO SERVICE AND DELIVERY."
- LANA WARREN, MAERSK

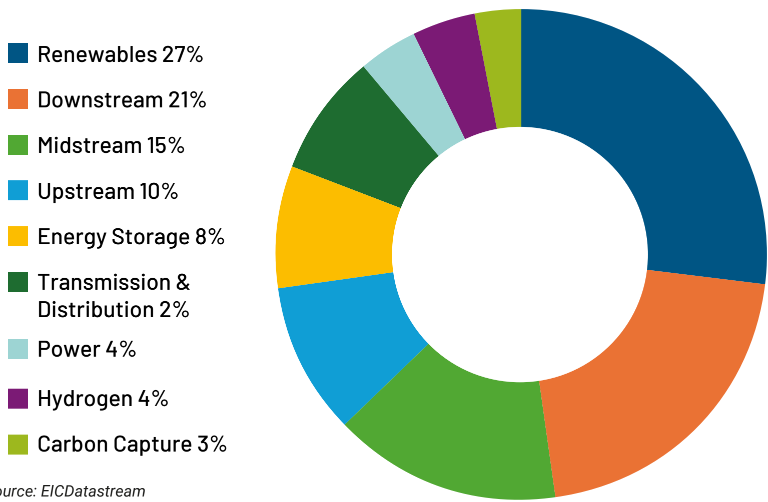
Eddie Talbot: Freight rates from certain regions are on the rise. Market volatility driven by events such as the recent drought conditions in the Panama Canal and the geopolitical situation in the Red Sea, which is resulting in longer journey times and back-up of vessels, are all contributing factors to vessel shortages and increased rates. Our fleet continues to see a very high occupation, and we see a real demand to increase our capacity to meet project needs in the coming years. On a modular and wide-deck capacity front, there is for a variety of reasons still a lack of newbuilds coming into the market, and this is leading to assets being in demand globally. The barge market in the U.S. and on the Gulf Coast continues to be tight due to the demands of various megaprojects. Barges are being booked onto projects for the long term, therefore it remains important to select logistics providers early and engineer the cargo transport method with a clear definition of the mode of transport. As demand increases in both oil and gas and renewables, specifically offshore wind, we see the current volatility and high demand for international vessels continuing through 2025.

What are the biggest challenges for your sector in the year ahead, and how is your company preparing to navigate them?

Lana Warren: Disruption and volatility are the new normal in our industry, which emphasizes the need for supply chain resilience. We're going all the way to help our customers navigate that volatility by offering them truly integrated logistics across the entire supply chain. To expand on our already-strong ocean shipping capabilities, we've built up a fellowship of trucks, planes, ships, trains, warehouses and logistics strategists so we can help our customers grow, mitigate risk and reduce their costs. We will also commence our new operational cooperation with Hapag-Lloyd in February 2025 with an ambition to deliver industry-leading schedule reliability above 90%.

Eddie Talbot: Vessel and barge availability is a challenge – customers and projects to plan and book early where possible. It is important for projects to seek and understand early visibility on the transportation strategy to enable engineering to progress and early planning to take place. In many places, permitting, securing fixed funding and providing assurance of

Credit: Roll Group



Source: EICDatastream

costs and methodology is critical for a successful project; by engineering the logistics strategy early we can select routes, methods and assets where required to mitigate against any external factors and therefore reduce project risks.

Murilo Caldana: In 2025, Latin America's breakbulk sector will face several challenges including regulatory hurdles, infrastructure limitations and fluctuating project timelines. We are preparing by strengthening local partnerships, investing in adaptive logistics solutions and streamlining operations to handle varying demands effectively. Economic fluctuations, infrastructure limitations and regulatory hurdles will challenge Latin American project logistics, so we're enhancing partnerships, leveraging flexible logistics solutions and investing in operational resilience to stay agile. While investment in infrastructure is generally strong, political transitions – especially in Argentina and Peru – could impact project timelines or funding. Companies operating in Latin America are wise to monitor these shifts closely, as government stability and economic policies – such as inflation control and currency stability – play a major role in project continuity.

Is the balance between global and regional supply chains changing, and if so, in what ways?

Lana Warren: The global supply chain we know today has been built over multiple decades. We don't believe we're seeing a revolution of how it works, but we are seeing adjustments in sourcing behavior from some customers, such as sourcing out of different parts of Southeast Asia rather than China or investing in cross-border options out of Mexico.

Eddie Talbot: We see several supply chain trends coming through, but at varying speeds. For example, European Union regulations such as carbon border adjustment mechanisms on imports could have an impact on global supply and how projects are built to meet emissions guidelines. The need for carbon-reducing technology and carbon reporting will affect how supply chains are managed, but again, at different speeds. The criteria and balance between quality, schedule and price is still largely the driving factor when it comes to selection but gradually emissions will play more of a part in this as guidelines become available. Other factors such as cyber security and talent gaps are present and need to be addressed. As a Tier 1 company, we are readying ourselves for these developments and actively working to bridge any gaps to meet the needs of our customers and the sectors we serve.

Murilo Caldana: Yes, the balance is shifting toward more regionalized supply chains to mitigate global disruptions. This trend is likely to increase demand for reliable, regionally based project logistics, especially as more companies focus on securing supplies closer to end markets. Supply chains in Latin America are becoming more regionally focused, partly to reduce reliance on distant suppliers and ensure more resilient operations. This trend benefits breakbulk and project cargo, as companies increasingly prioritize local sourcing for their projects across the region. There shift aligns with nearshoring efforts in Mexico and increased local sourcing across the region, boosting demand for reliable project logistics. Policies supporting renewable energy, infrastructure investment and regional trade integration will likely drive project growth. U.S.-Latin American relations – shaped by trade agreements and economic stability – will continue to impact sectors like energy, mining and transportation across the region.

A YEAR OF NEW BUSINESS OPPORTUNITY

BREAKBULK MIDDLE EAST

MIDDLE EAST
10-11 FEB
2025

middleeast.breakbulk.com

20 YEARS BREAKBULK EUROPE

EUROPE
13-15 MAY
2025

europe.breakbulk.com

BREAKBULK AMERICAS 35 YEARS

AMERICAS
SEPT 30-OCT 02
2025

americas.breakbulk.com