

# TPM<sup>24</sup>

by S&P Global

## Importance of intra-Asia for East-West supply chains

What BCOs need to know about the APAC region

TPM24

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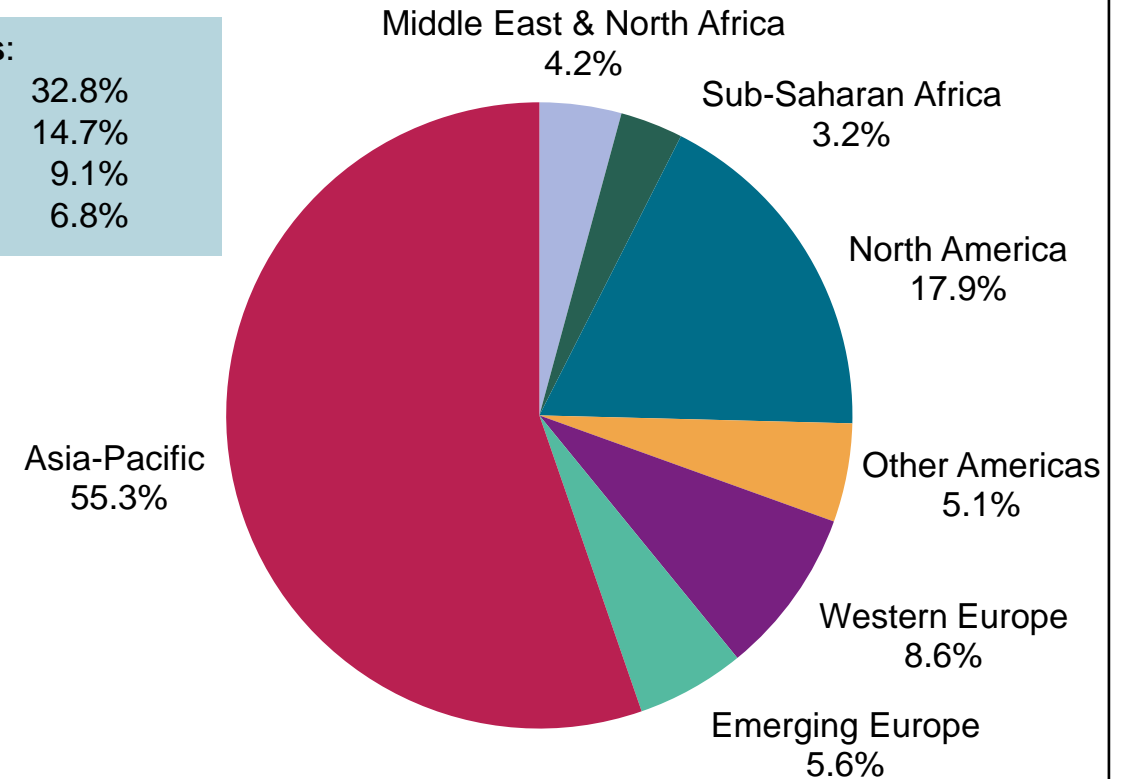
## Asia-Pacific region will lead global growth over the next decade

- The Asia-Pacific near-term economic outlook calls for improving growth momentum in 2023 and 2024,
- This is driven by a moderate recovery in mainland China. Real GDP growth for Asia-Pacific should increase from 3.3% in 2022 to 4.5% in 2023 and continue to grow at a similar pace of 4.1% in 2024.
- S&P Global Market Intelligence analysts forecast Asia-Pacific will be the fastest-growing region in 2023,
- 2024 growth will be boosted by economic expansions in mainland China, India and the ASEAN region.

**Percent of world real GDP growth, 2022–32**

**Notable contributions:**

Mainland China	32.8%
United States	14.7%
India	9.1%
ASEAN	6.8%



## Intra-Asia market highlights

- Intra-Asia accounts for 15.4% of all container movements in 2022 (Drewry), wider Intra-Asia market accounts for 35.3% of global demand
- Larger market overall than the trans-Pacific or Asia Europe in volume
- Fastest growing, Jan- Sept 2023 global container demand measured in TEUs grew 1.3% versus 2019. The wider intra Asia market, including the Far East, Indian Subcontinent and the Middle East, grew 6.7% over the same period.
- The market “is on a path to be the growth engine of container volumes,” analyst Lars Jensen wrote in the JOC in November
- Traditionally highly fragmented market of dozens of small carriers; Often family run small fleets, often integrated with warehousing, trucking and customs, serving niche trade lanes.
- 96 operators on intra-Asia routes (recent estimate from a senior shipping executive), 10-20,000 total port pairs, depending on how wide the lens is.
- Ease of market entry/exit for carriers
- Lack of profitability, one senior carrier exec said there will be 30% fewer intra-Asia carriers in five years
- Global carriers participate in intra-Asia (Maersk/MCC, CMA-CGM/CNC)
- Port groups entering the market (AD Ports: Meratus, Global Feeder Shipping, Transmar; DP World active also)
- Maersk continues to run its legacy MCC/SeaLand business, active either thru long term deals with large BCOs or through online spot pricing.
- CMA CGM Group operating with CNC/ANL; ZIM/ Gold Star; COSCO Group (New Golden Sea and Panasia)