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OCEAN FREIGHT MARKET UPDATE

MAY 2025 – PUBLICATION DATE MAY 1ST, 2025

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DHL Global Forwarding

Content

Ocean Freight Market Outlook May 2025

Demand Outlook

- Global GDP growth forecasts are now 2.2% for 2025 and 2.4% for 2026.
- S&P PMI indicates weak performance, with declining business expectations, rising manufacturing prices, especially in the US. Rising risk of recession in US.
- Increase in cargo booking cancellations on TP. Stable demand in other trades including Transatlantic.
- Drewry & Linerlytica have cut container growth projections to -1% in 2025.

Capacity Outlook

- TP blank sailings rising rapidly as US tariff concessions insufficient to restore demand. Higher than usual cancellation rate currently.
- Carriers warn of delays as congestion increases at European ports, particularly in Antwerp, Hamburg, Bremerhaven, Algeciras, and Valencia, limiting available capacity.
- Carriers starting to shift capacity from the TP to other trade lanes, including Asia-Europe.

Freight Rates

- Rates stabilizing at current levels and further volatility expected as trade agreements and tariff discussions continue.
- A lot of short-term spot rate volatility.
- If/When CN-US tariff dispute is solved, we expect significant equipment and capacity constraints that could lead to increasing rates.

Regulations/News

- USTR has significantly revised the port fee plan on China-connected vessels.
- Effective May 1st , 2025, the Mediterranean Sea will be designated as an Emission Control Area (ECA) for sulphur oxides, requiring vessels to use LSFO with 0.1% sulphur instead of 0.5%. Consequently, DHL has updated its BAF to reflect the increased fuel costs.
- Status of US tariffs involves ongoing changes and uncertainty.

Source: DHL, Accenture Cargo, S&P Market Intelligence, Drewry, Linerlytica

Revised US Trade Representative Regulation on US Port Fee Targeting China's Maritime, Logistics, and Shipbuilding Sectors (1/2)

In a significant shift, the U.S. Trade Representative (USTR) has revised its plans regarding port fee regulations targeting Chinese carriers and shipyards, with enforcement starting on October 14th , 2025.

Key Changes in Fee Structure:

- **Chinese operated vessels**: Starting at USD 50 per net ton, increasing to USD 140 by 2028.
- **Chinese built vessels**: USD 18 per net ton, rising to USD 33 by 2028, or USD 120 per container, increasing to USD 250 in 2028 - whichever amount is higher.
- **Non-U.S. built vessels carrying cars**: USD 150 per vehicle.
- **Fee application**: Charges apply only **on the first US port call** and can occur up to five times per year.

Exemptions:

- Ships operating exclusively between US ports, within the Great Lakes, or to/from Caribbean ports.
- Vessels smaller than 4,000 TEU or on voyages shorter than 2,000 nautical miles.

Consequences for Container Shipping:

Only 7% of containerships calling at US ports in 2024 would have been subject to these fees. Notably, Chinese companies like COSCO and its sister company OOCL significantly impacted, while operators which runs smaller vessels, will avoid these charges.

Timeline

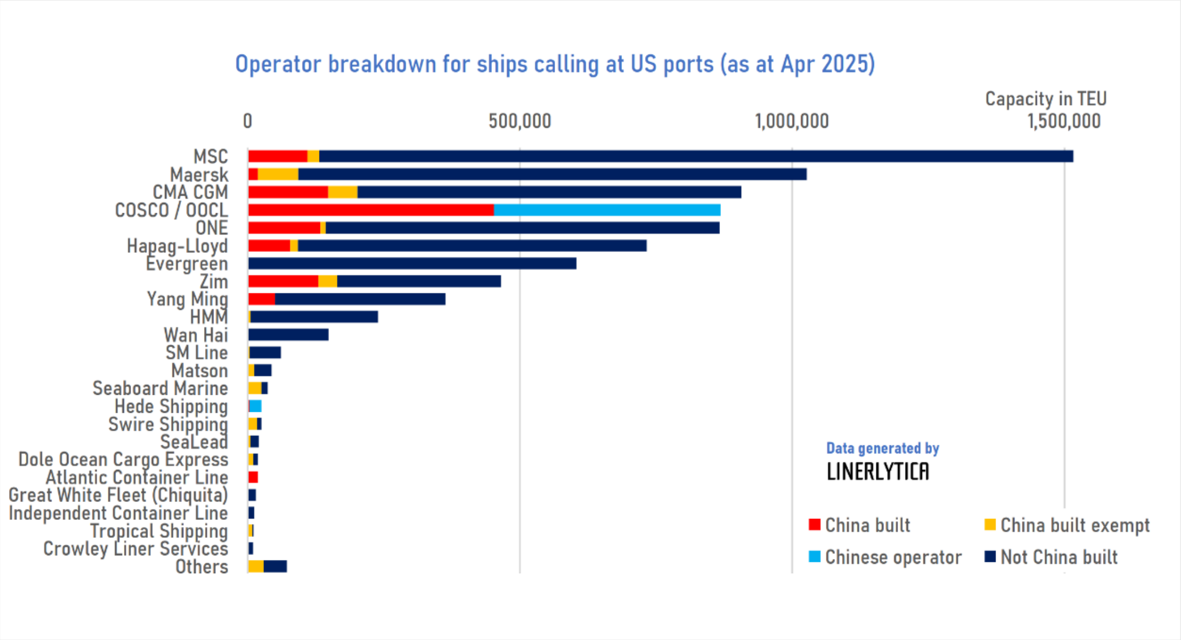
April 17, 2025: revised port fee regulations officially went into effect

October 14, 2025: enforcement begins

2028: final phased fee increases will be implemented.

Source: DHL, Dynaliers, Alphaliner; Chinese operated =any vessel with a Chinese operator or owned by an entity of China

Revised US Trade Representative Regulation on US Port Fee Targeting China's Maritime, Logistics, and Shipbuilding Sectors (2/2)



Linerlytica reports that major carriers have enough exempt ships to switch without major disruptions. Currently, only 20% of the fleet of containerships calling at US ports is affected.

Carriers can replace affected Chinese-built vessels with fee-exempt ships over the next 180 days. COSCO and other Chinese carriers can avoid fees by using slots on exempt vessels from their alliance partners, such as the Ocean Alliance for COSCO, or deploy vessels under 4,000 TEU.

Although the penalties have been softened from the initial proposals, they will still disrupt the container shipping market.

Source: Lynerlytica, Alphaliner

Tariff disruptions | DHL Global Forwarding mitigation measures

As continuous changes to US customs regime created prolonged volatility, it is important to keep engaging DHL Global Forwarding for solutions.

Context

- **Changing US tariffs announcements** continue, and trading partners have been responding in different ways
- **Customers** are assessing **orderbooks and sourcing patterns** to reduce cost of imports
- **Shippers** are increasingly looking for **interim solutions at origin** to store ordered and produced merchandise that is on hold for shipping
- Looking ahead, **current disruption** may lead to **congestion and lack of capacity** for vessels and containers alike once demand resumes

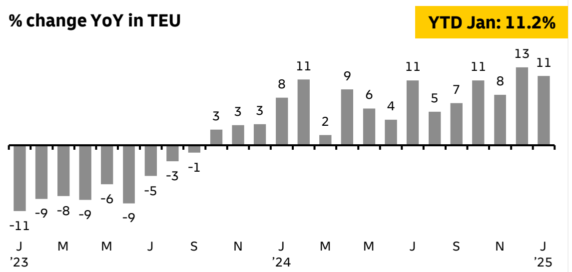
Mitigation measures

DHL Global Forwarding is offering a **wide array of services** to support changes to your supply chain:

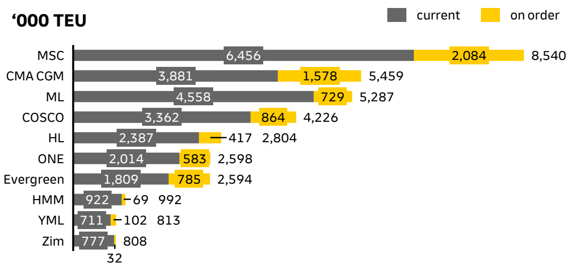
Operational support	**Customs Declarations** File customs declarations in line with the latest tariffs and changes	
Compliance and cost reduction	**Foreign Trade Zones** Defer duties through new or existing FTZs	**US-specific: Section 321 clearance** Clear low-value shipments
	Customs Bonds Set up and increase value of security bonds	
Storage	**Shipper's Own Containers** Use own containers to temporarily store cargo ready to be shipped	
	Integrated Warehousing Services Consolidate and store cargo near origin	
Consulting	**Customs Consulting** Assess and design customs impact in your supply chain	

Market Developments

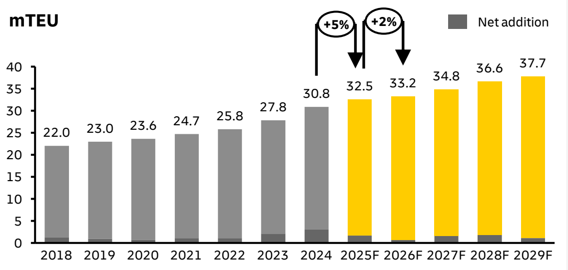
Demand Development[1)]



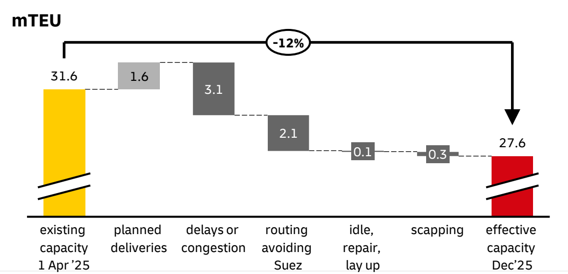
Orderbook by Carrier[3)]



Nominal Capacity Development[2)]



Effective Capacity Development[4)]



Global container trade experienced an increase of 11.2% in January. However, Linerlytica and Drewry have revised their forecasts, now predicting a decline of 1.1% in global container throughput for this year.

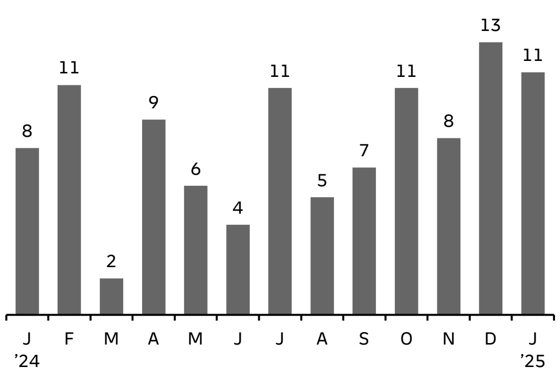
MSC first carrier to reach a fleet of 900 vessels, with another 132 vessels on order. Their total fleet now stands at 6.47 mTEU.

16% of global capacity currently tied up in routing around Cape of Good Hope or port congestions/delays.

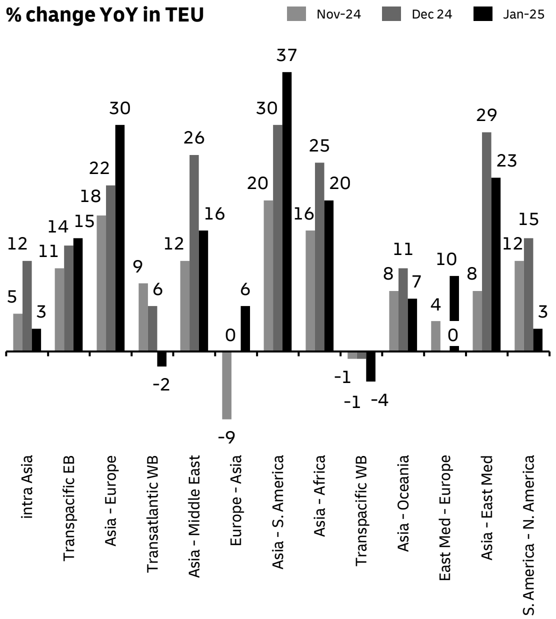
Source: 1) Accenture Cargo; 2) Drewry, net addition = delivery minus scrapping; 3) Alphaliner; 4) Alphaliner, Linerlytica

Demand

Global Demand Development



Volume Development by Trade



Global container trade grew +11.2% in January. Meanwhile, Linerlytica has cut container growth projections to -1.1% in 2025.

Shippers are pausing shipments to evaluate tariff impacts, potentially reducing volumes in April and May. They must decide whether to replenish inventory and pay tariffs before the 90-day pause ends, which could lead to a surge in shipments to the US in late June/July.

Demand is expected to remain robust except on Transpacific due to tariff war, which could spill over to other trades if it continues for longer period.

Source: Accenture Cargo, DHL

Regional Market Development – Major Trades

R Demand > Capacity   A Demand, Capacity balanced   G Demand < Capacity

Market Development on Key Regional Tradelanes

		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Forecast	May	Jun	Jul
Asia	→ Intra	R	R	R	R	R	R	A	A	A		R	R	A
	→ N. America	A	A	R	R	R	R	A	A	A		A	A	R
	→ Europe	A	R	R	R	R	R	A	A	A		A	A	A
	→ Middle East	R	R	R	R	R	R	A	A	A		G	G	A
	→ S. America	G	R	R	R	R	G	A	G	G		G	G	G
	→ Africa	A	R	R	R	R	R	A	G	G		G	G	A
	→ Oceania	A	R	R	R	R	R	A	A	A		A	A	A
	→ East Med	A	R	R	R	R	R	A	A	A		A	A	R
East MED	→ Europe	R	R	R	R	G	R	A	A	A		A	A	A
Europe	→ N. America	G	G	G	G	A	R	R	A	A		A	A	A
	→ Asia	G	G	A	A	A	A	G	G	G		G	G	G
N. America	→ Asia	G	G	G	G	G	G	G	G	G		G	G	G
S. America	→ N. America	G	G	G	G	A	R	A	A	A		A	A	A

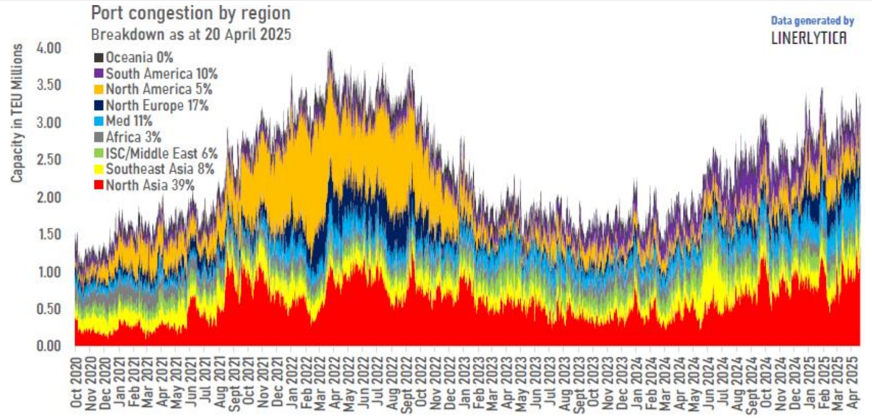
The market is stabilizing, though volatility is to be expected at any point in time as trade tensions and political uncertainties dampen business outlook.

Demand fluctuations affecting vessel capacity, equipment availability, and freight rates.

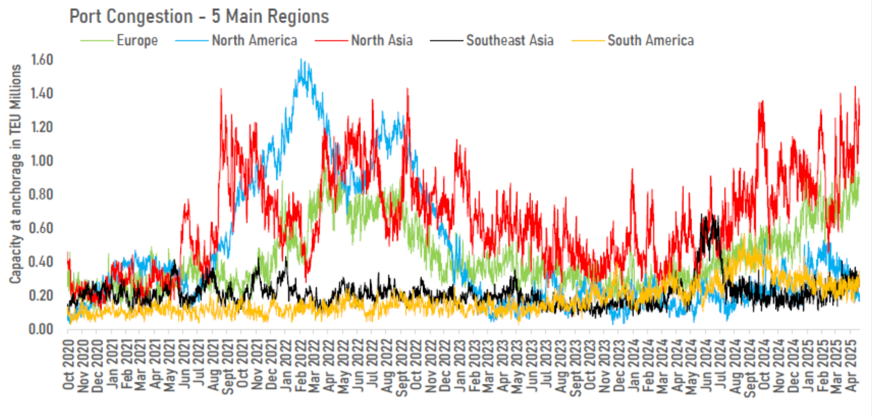
Source: DHL

Port Congestion

Global Port Congestion



Port Congestion in 5 Main Regions

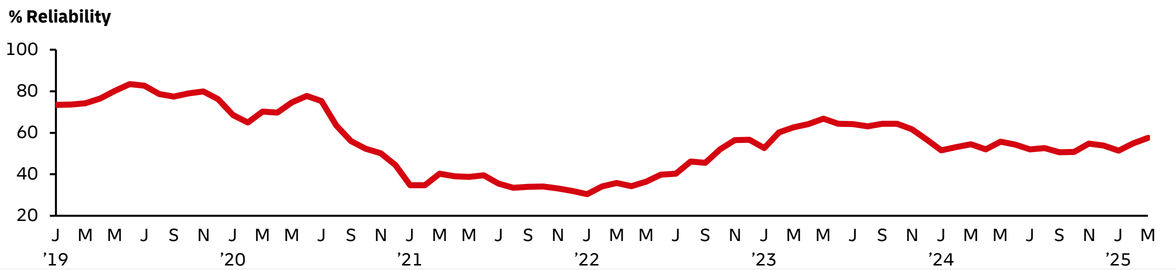


Congestion at major North American ports improving but still exceeds pre-pandemic levels. In Asia, congestion has seen a slight decline, with Kaohsiung showing improvement, while Shanghai, Ningbo, Colombo, Chittagong, Laem Chabang, Surabaya, and Tanjung Priok remain congested. In Europe, significant congestion at major ports, particularly Rotterdam and Antwerp, largely due to changes in global carrier alliances. In addition, new US and CN tariffs have resulted in shipments being rerouted or abandoned. This surge in cargo and necessary terminal adjustments have strained capacity of European ports, leading to operational delays. Key terminals like Antwerp, Rotterdam, and Hamburg operating at over 85% capacity, imposing restrictions on early container drop-offs. Therefore, carriers are diverting to alternative ports such as Wilhelmshaven and Bremerhaven, which are now also experiencing delays.

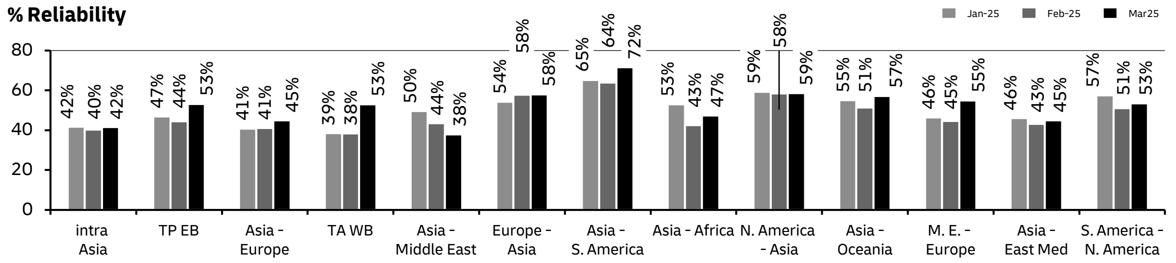
Source: Linerlytica, Drewry, DHL; congestion measured in vessels at anchorage and vessels at port

Schedule Reliability

Global Schedule Reliability



Schedule Reliability by Trade



Source: Sea-Intelligence, Linerlytica; intra Asia = Asia – IBPC, TP EB = Asia-NAWC, Asia-Europe = Asia-N. Europe, Asia-S.America = Asia-WCSA, N. America-Asia = Transpacific WB, Asia-East Med = Asia-Med; on-time = arrival on scheduled day

In March, schedule reliability improved by 3.0 ptp MoM to 57.5%, the highest since November 2023. Significant regional improvements were noted in several trades.

The reliability of the new alliances has started strongly. Gemini's new shuttle network has achieved an impressive 94% reliability rate in February. While MSC achieved 79.6% and the Premier Alliance 60.4%.

Reliability expected to be impacted by disruptions, blankings etc.

GDP Growth & Bunker Prices

GDP Growth by Region[1)]

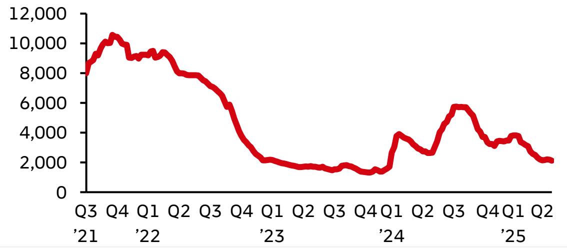
	2025F	2026F	2027F	2028F	2029F	CAGR (2026–29)
AMER	2.2%	2.1%	1.8%	2.0%	1.8%	1.9%
ASPA	3.8%	3.8%	4.0%	4.0%	3.9%	3.9%
EURO	1.3%	1.6%	1.7%	1.7%	1.7%	1.7%
MEA	3.4%	3.6%	3.8%	3.7%	3.4%	3.6%
DGF World	**2.6%**	**2.7%**	**2.7%**	**2.7%**	**2.6%**	**2.7%**

Bunker Prices[2)]

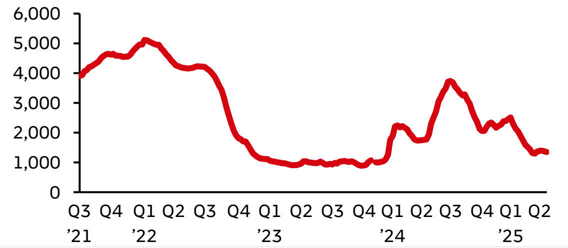
1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q1 2025 Update 5 Mar '25. All rights reserved; 2) Source: Bunkerindex, in US$, status 25 Apr '25

Rates

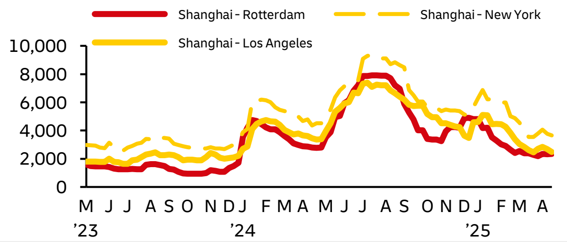
World Container Index (WCI)



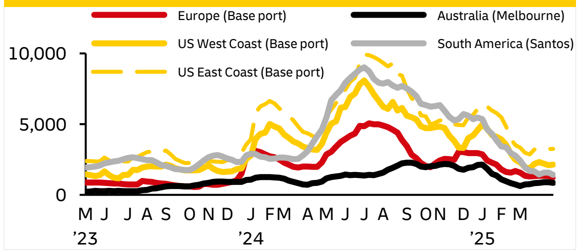
Shanghai Containerized Freight Index (SCFI)



WCI Deep Dive Key Trades



SCFI Deep Dive Key Trades



Container freight rates are stabilizing. Except on Transpacific where forward bookings in China continued to decline.

Considerable fluctuation in spot rates, reflecting the uncertainty in the trade environment. Long-term rates more stable.

Worsening port congestion, potential tariff changes and geopolitical tensions can impact rate dynamics at any time.

Note: Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI; Source: Drewry, in USD/40ft container, including BAF & THC both ends, 8 individual routes, excluding intra-Asia routes; Shanghai Shipping Exchange, in USD/20ft ctnr & USD/40ft ctnr for US routes, including BAF, EBAF, CAF, PSS, WRS, PCS & SCS/SCF/PTF/PCC, excl. THC, 13 routes from Shanghai

BACKUP

Regional Market Development – Additional Trades

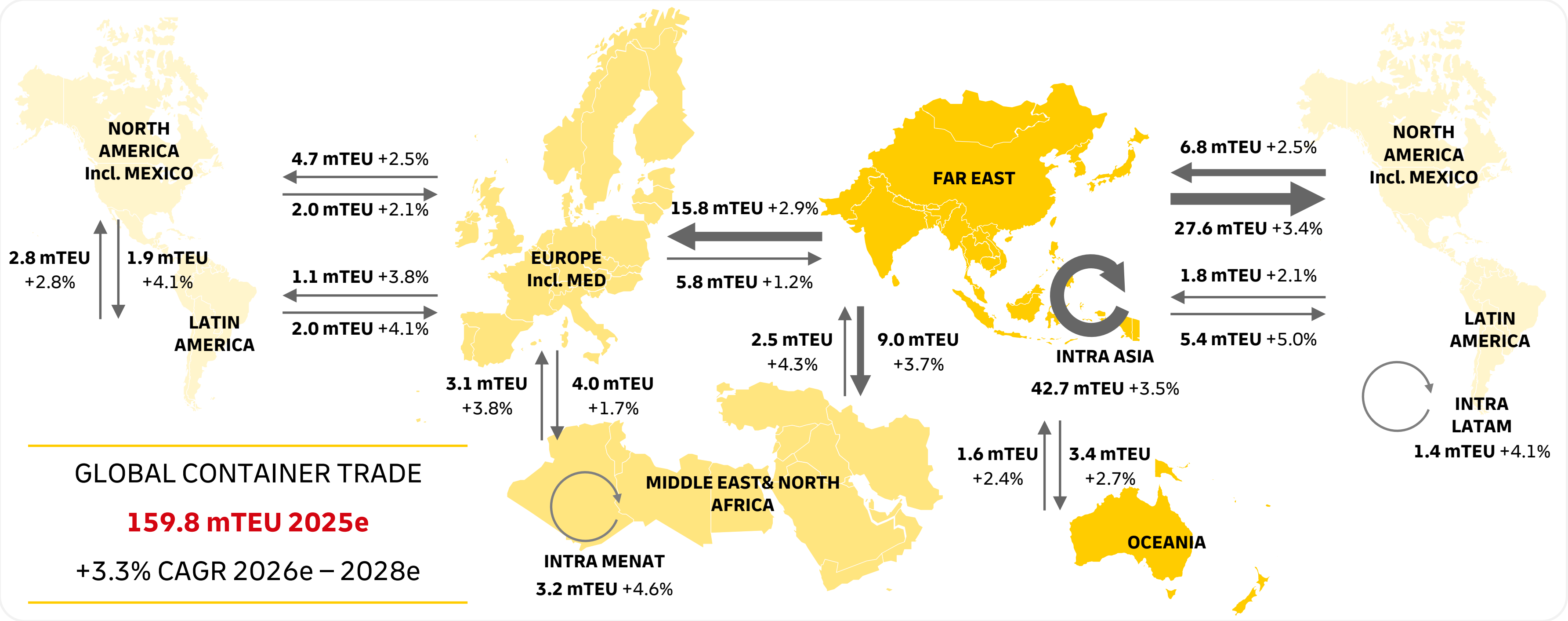
R Demand > Capacity A Demand, Capacity balanced G Demand < Capacity

Market Development on Additional Regional Tradelanes

		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Forecast	May	Jun	Jul
Europe	→ East Med	A	A	G	G	G	G	G	G	G		A	A	A
	→ Africa	A	A	A	A	A	R	R	R	R		R	R	R
	→ S. America	A	A	A	A	A	R	R	R	R		A	A	A
	→ Middle East	G	R	R	R	R	G	G	G	G		G	G	G
	→ Europe	A	A	A	A	A	G	G	G	G		G	G	G
Middle East	→ Asia	G	G	A	A	G	A	G	G	G		G	G	G
	→ Middle East	G	G	A	A	G	G	G	G	G		G	G	G
N. America	→ S. America	G	G	G	G	A	R	A	A	A		A	A	A
	→ Europe	G	G	G	G	R	G	R	G	G		G	G	G
	→ N. America	G	G	G	G	A	A	A	A	A		A	A	A
Oceania	→ Asia	G	G	G	A	A	A	G	G	G		G	G	G
S. America	→ Europe	G	G	G	A	A	A	G	G	A		A	A	A
	→ Asia	G	A	A	A	R	A	A	A	A		A	A	A

Source: DHL

Demand Development 2025 – 2028



Source: Accenture Cargo Dec24 update

Carrier Alliances

Alliances until end of January 2025

2M: MAERSK, MSC

OCEAN ALLIANCE: COSCO Shipping, OOCL (COSCO Group), CMA CGM, Evergreen

THE ALLIANCE: Hapag-Lloyd, ONE, Yang Ming, HMM

Alliances/Cooperations from February 2025

GEMINI COOPERATION: MAERSK, Hapag-Lloyd

MSC: MSC, ZIM (VSA partner on TP)

OCEAN ALLIANCE: COSCO Shipping, OOCL (COSCO Group), CMA CGM, Evergreen

PREMIER ALLIANCE: ONE, Yang Ming, HMM, MSC (VSA partner on Asia-Europe)

Acronyms and Explanations – Ocean Freight glossary

AMLA – Latin America
AMNO – North America
ASPA – AsiaPacific
BAF - Bunker Adjustment Factor
CAF - Currency Adjustment Factor
CAGR – Compound Annual Growth Rate
East MED - Eastern Mediterranean
EB – Eastbound
EBAF - Emergency Bunker Adjustment Factor
ETS - European Union Emission Trading System
EURO – Europe
GDP - Gross Domestic Product
GRI – General Rate Increase
HL – Hapag-Lloyd
HMM – Hyundai
IBPC - Indian Sub-continent
IFO - intermediate fuel oil
M.E. - Middle East
MEA - Middle East and Africa = MENAT + SSA
MENAT – Middle East and North Africa
ML – Maersk Line
mn – Millions
LSFO – Low-Sulphur Fuel Oil

MoM – Month-on-Month
MX - Mexico
OOCL – Orient Overseas Container Line
PCC - Panama Canal Surcharge
PCS - Port Congestion Surcharge
PMI - Purchase Manager Index compiled by S&P Global
Ppt – Percentage points
PSS - Peak Season Surcharge
PTF - Panama Transit Surcharge
QoQ – Quarter on quarter
SCF - Suez Canal Fee
SCS - Suez Canal Surcharge
SPAC - South Pacific Australia
SSA – Sub-Saharan Africa
T – Thousands
TEU – Twenty-foot equivalent unit (20‘ container)
THC - Terminal Handling Charge
VLSFO – Very Low-Sulphur Fuel Oil
TP - Transpacific
WB – Westbound
WRS – War Risk Surcharge
YoY – Year-on-Year
YTD – Year-to-Date