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OCEAN FREIGHT MARKET UPDATE

APRIL 2025 – PUBLICATION DATE MARCH 28TH, 2025

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Looking to gain deeper insights into the Ocean Freight Market?

We invite you to watch the recording of our recently held **Ocean Freight Market Webinar** featuring Lars Jensen from Vespucci Maritime and Jacob Moe, Global Head of FCL & Trade Management.

Content:

- Current market situation
- Potential implications of a Red Sea re-opening
- Emerging alliances
- Insights on America First initiatives
- Geopolitical challenges
- Decarbonization and environmental considerations
- Anticipated maritime disruptors in 2025




You can access the recording [here](#)

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Ocean Freight Market Outlook April 2025




Demand Outlook

- Global real GDP growth projection for 2025 reduced to 2.5%, the weakest since 2009 (excluding COVID-19). Largest growth forecast reductions for 2025 are in the Americas (US, CA, MX).
- German Parliament passed a fiscal reform package that alters the debt brake and creates a €500 billion infrastructure fund.
- Spread of tariffs and uncertainties increases risk of a global hard landing.
- Business surveys, including S&P Global's PMIs, indicate loss of global growth momentum.




Capacity Outlook

- Return to Suez canal in 2025 unlikely given current situation likely leading to capacity constraints in Q2 as peak-season expected to kick-in early again.
- Blanked sailings on main routes rose in week 10 due to port congestion (currently 9.2% of fleet, 2.9 mTEU).
- New alliances are settling, and blank sailings will increase in Q2 as carriers manage yield and new setup. E.g. MSC announcing 6 TPEB sailing to be blanked in coming weeks.



Freight Rates

- Rates expected to increase in May and June mainly due to early peak-season to Europe expected due to ongoing routing around South Africa.
- SCFI has fallen > 55% since Dec. Now stabilizing on lower level on most trades.
- Rate decline mainly from lack of proactive capacity management by carriers as new alliances settle and lower bunker.



Regulations/News

- USTR public hearing on 24 Mar
- ICS2 Release 3, EU's electronic security screening system, to go live for ocean, road, & rail on 1 April '25.
- Status of US tariffs involves ongoing changes. Effective March 4, the US has imposed 20% tariff on CN goods, 25% tariff on MX-origin goods, and 10% tariff on CA-origin energy goods (25% on all other CA goods), all in addition to existing tariffs. Extra 25% tariff on all countries importing oil from Venezuela proposed on Apr'25 , e.g. CN, IN

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

US Trade Representative Proposals on Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (1/2)

The U.S. Trade Representative (USTR) has proposed significant port fees on vessels linked to China to counter its shipbuilding dominance.

Proposed Fees:

- **Chinese-built vessels:** Up to \$1.5 million per port call.
- **Operators with Chinese-built vessels:** Up to \$1 million per port call, based on the proportion of Chinese-built vessels.
- **Orders in Chinese shipyards:** Additional fees based on the percentage of vessels ordered from Chinese shipyards.

The aim is to strengthen the declining U.S. shipbuilding industry by discouraging the use of Chinese-built vessels and reducing China's maritime influence.

Consequences for Container Shipping:

- **Shipping costs** could rise significantly, leading to higher prices for U.S. consumers and less competitive exports.
- Companies may limit **U.S. port calls** to avoid fees, shifting traffic to Canada and Mexico
- The fees could impact global trade by over \$100 billion annually, shifting **shipbuilding orders** from China to countries like South Korea and Japan.

Timeline

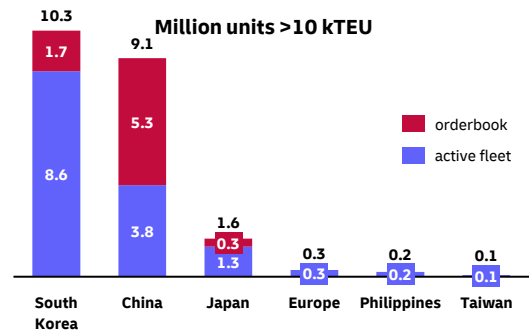
Apr24: A Section 301 investigation was initiated by the USTR following a petition by five unions

Jan25: The USTR issued findings & proposed action

Mar25, 25th – 26th: two days of public hearing. Stakeholders have seven calendar afterwards to submit rebuttal comments

US Trade Representative Proposals on Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (2/2)

Container vessel fleet by building zone



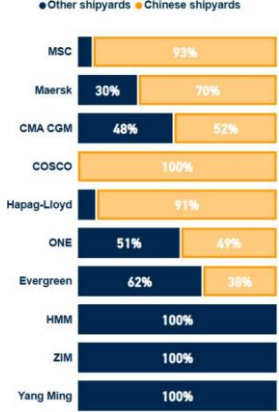
Vessels built in Korea South and China dominate the containerized fleet capacity over 10 kTEU. South Korea has the highest total capacity, primarily from the active fleet, while China also has significant TEU capacity, with the orderbook contributing 58%.

Top 10 Operators current fleet



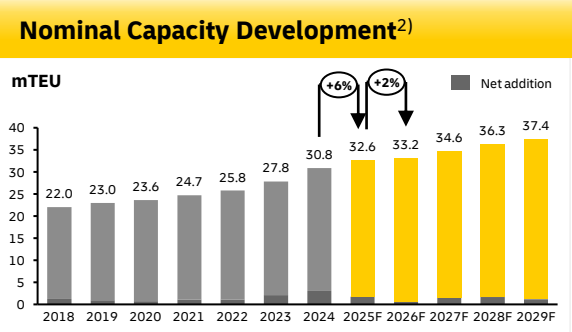
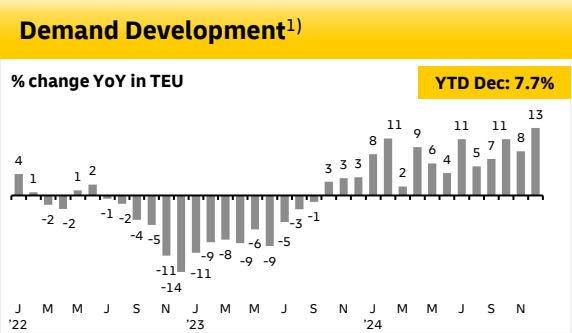
Currently, 32% of the global container fleet comprises Chinese-built vessels. COSCO Group (including OOCL) would be most affected by potential US measures, with 60% of its fleet and entire order book from China. ZIM and CMA CGM follow with 43% and 41% of their fleets, respectively, built in China.

Top 10 Operators current order book

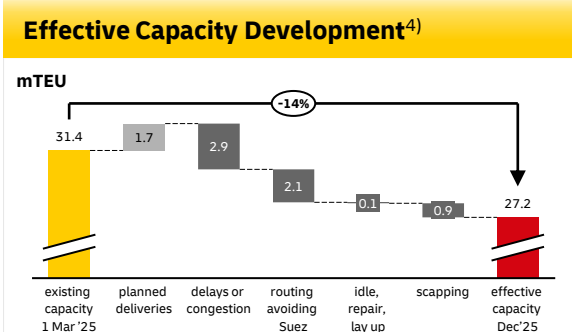
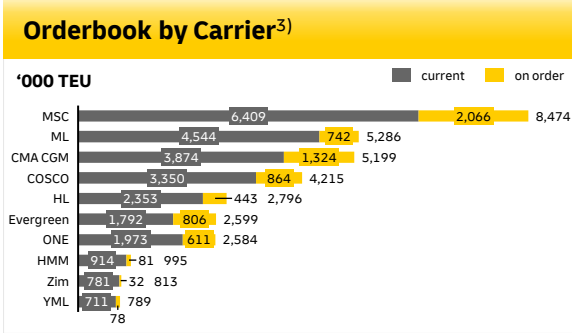



Among the top 10 carriers, seven have at least one-third of their orders with Chinese shipyards. HMM, Yang Ming, and ZIM (which has only four ships on order) currently have no vessels ordered from Chinese builders.

Market Developments




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






Global container trade grew +7.7% in 2024 with Asia Pacific exports, specifically China, driving the growth. Q4 2024 reached a new record in global container trade volumes.

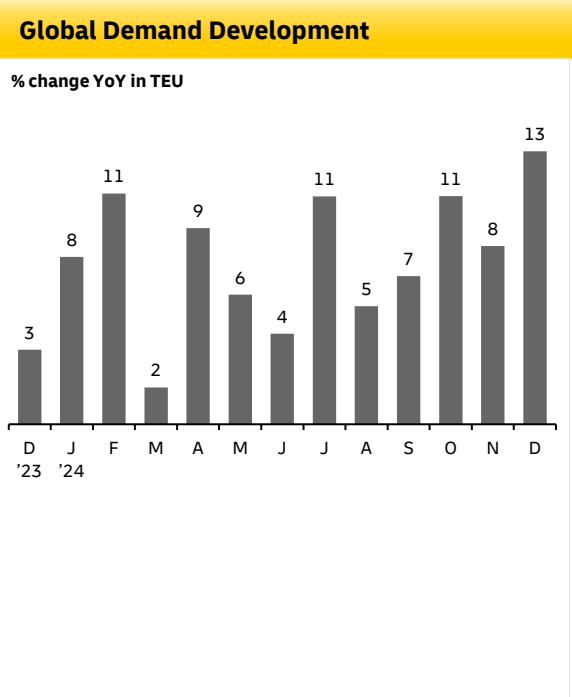


The global vessel order book has surpassed 9 mTEU for the first time ever, with only two-thirds of this expected to be delivered before 2028.

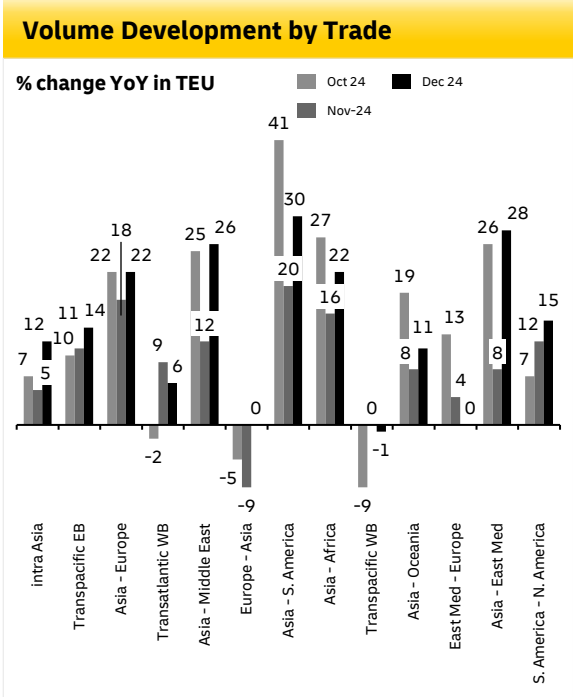


U.S. has conducted aerial attacks on Houthi locations, while the ceasefire between Israel and Gaza no longer in effect. Houthis have announced their intention to resume attacks on vessels. This further delays the return of containerships to the Suez route

Demand



Source: Accenture Cargo, DHL



Global container trade is expected to grow by +4.3% in 2025 with Asia Pacific export lanes outgrowing the global average



The volume development by trade shows varying performance across different regions, with Asia-South America showing the highest growth at 30% in December 2024. Some trades, like Europe-Asia and Transpacific Westbound show a decline over the last three months.




Demand is expected to remain robust as sailing around the Cape of Good Hope continues.

Regional Market Development – Major Trades


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

Market Development on Key Regional Tradelanes													
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Forecast		
Asia	→ Intra	A	R	R	R	R	R	R	A	A	A	A	A
	→ N. America	A	A	A	R	R	R	R	A	A	A	A	A
	→ Europe	R	A	R	R	R	R	R	A	A	A	A	A
	→ Middle East	R	R	R	R	R	R	R	A	A	A	G	G
	→ S. America	G	G	R	R	R	R	G	A	G	G	A	G
	→ Africa	R	A	R	R	R	R	R	A	G	G	G	G
	→ Oceania	R	A	R	R	R	R	R	A	A	A	A	A
	→ East Med	R	A	R	R	R	R	R	A	A	A	A	A
East MED	→ Europe	R	R	R	R	R	G	R	A	A	A	A	A
Europe	→ N. America	G	G	G	G	G	A	R	R	A	A	G	G
	→ Asia	G	G	G	A	A	A	A	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	G	A	R	A	A	A	A	A

Source: DHL



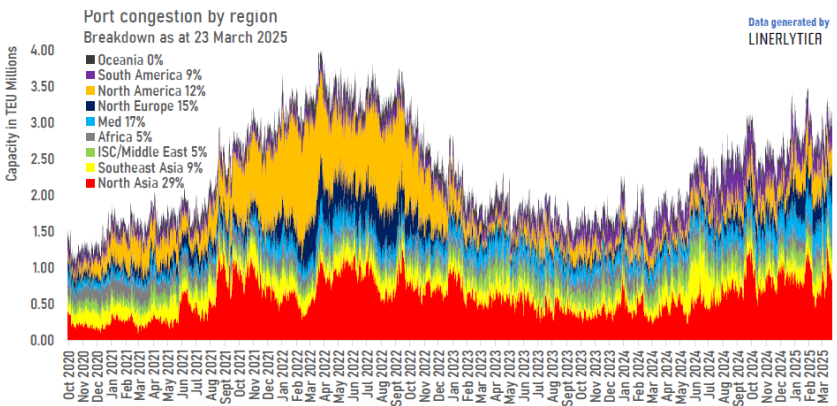
The market is anticipated to reach a balanced situation, though volatility is expected at any time.



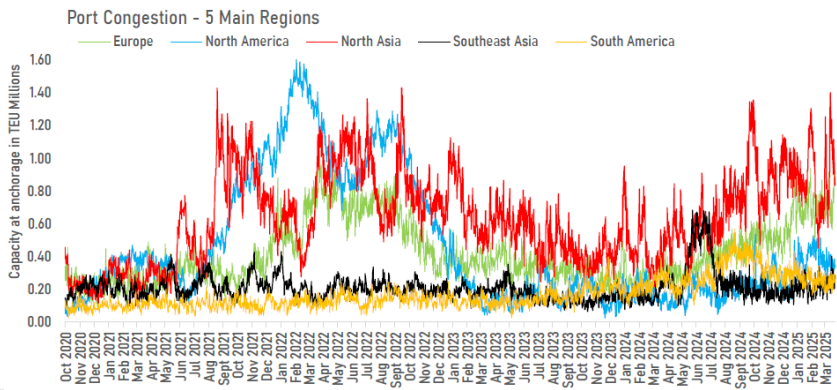
Volatility may arise from potential blank sailings due to port congestion and an early peak season resulting from longer transit times when avoiding the Suez Canal. Additionally, carriers are expected to prioritize yield management once their new networks stabilize.

Port Congestion

Global Port Congestion



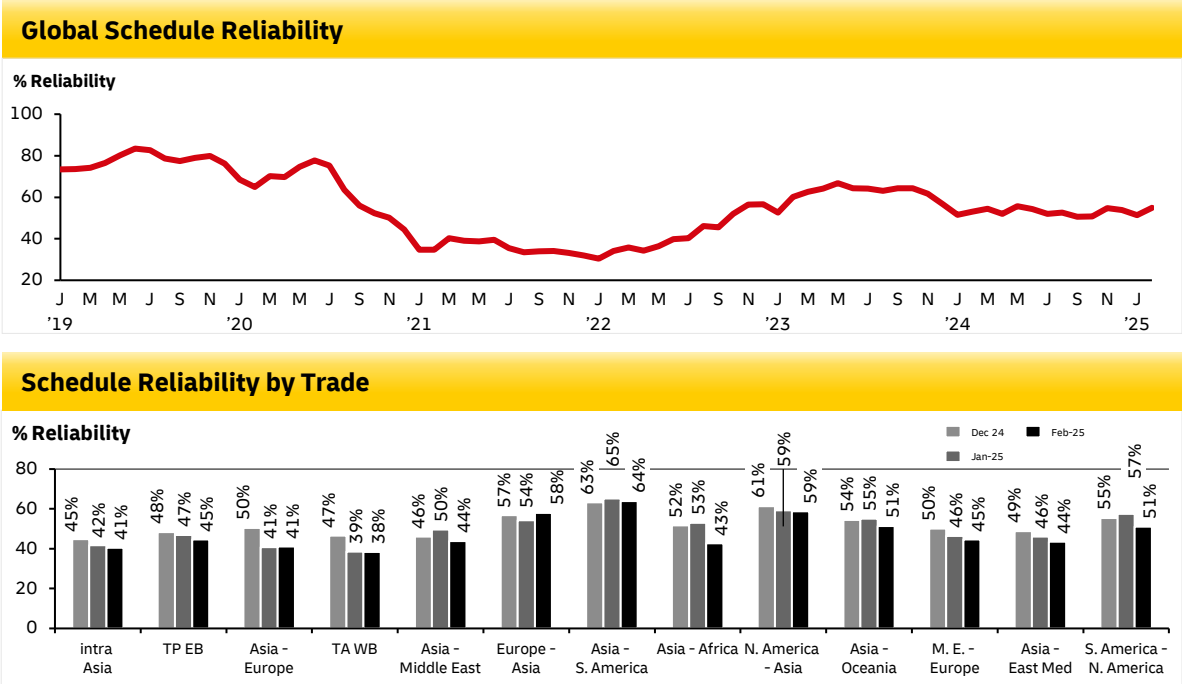
Port Congestion in 5 Main Regions




Shift to new carrier alliances has led to longer vessel turnaround times, reduced cargo flow, and heightened backlogs in already pressured port operations. Port congestion in Europe has worsened, with over 935,000 TEU waiting at North European and Mediterranean anchorages, accounting for 32% of the global total. Poor weather affected ports in Iberia, and Piraeus faced increased delays. In Northern Europe, Hamburg and Rotterdam remain severely congested, with Antwerp, Le Havre, and Southampton also experiencing longer berthing delays. Gemini Cooperation services, which had maintained a 90% schedule reliability, saw over 25% of its ships delayed at European ports last week, particularly affecting Transatlantic services. Congestion in China and Southeast Asia are disrupting schedules further due to ongoing adverse weather.

Source: Linerlytica, DHL


Schedule Reliability




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



In February, global schedule reliability increased by 3.6 percentage points MoM, reaching 54.9%, the highest level since May 2024. YoY, the February figure was up by 1.8 percentage points.



In February 2025, the month it began operations, Gemini Cooperation achieved a schedule reliability of 94.0% in origin ports, followed by MSC with 79.6% and Premier Alliance at 60.4%.



Reliability expected to increase again once new alliance networks fully up and running.

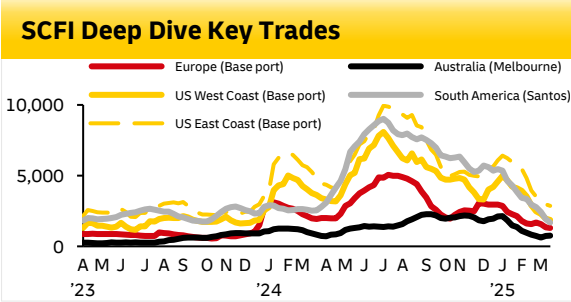
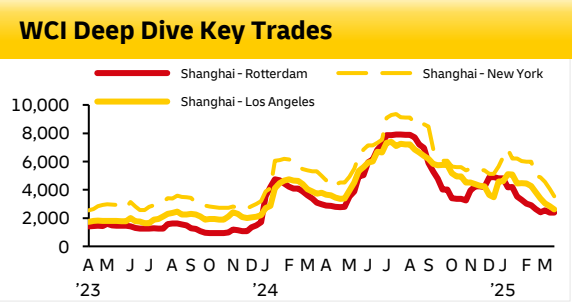
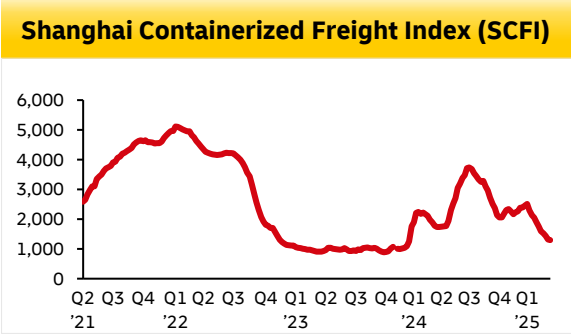
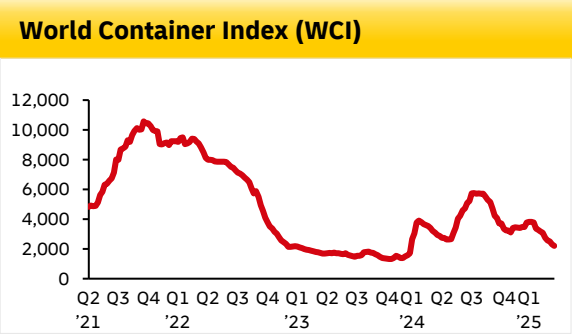
GDP Growth & Bunker Prices




GDP Growth by Region ¹⁾						
	2024F	2025F	2026F	2027F	2028F	CAGR (2025–28)
AMER	2.3%	1.8%	1.9%	2.0%	2.1%	2.0%
ASPA	4.2%	4.1%	4.0%	4.0%	4.0%	4.0%
EURO	1.3%	1.8%	1.8%	1.8%	1.7%	1.8%
MEA	2.4%	3.4%	3.9%	3.8%	3.7%	3.8%
DGF World	2.7%	2.7%	2.7%	2.8%	2.8%	2.7%



1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q4 2024 Update 5 Dec '24. All rights reserved; 2) Source: Bunkerindex, in US\$

Rates



-  Container freight rates have been declining since January. Rates are now 75% below their 2021 peak but remain above pre-pandemic levels.
-  Rates expected to increase in May and June as early peak season kicks in with continued avoidance of Suez canal.
-  In addition to worsening port congestion, potential tariff changes and geopolitical tensions will impact future rate dynamics.

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

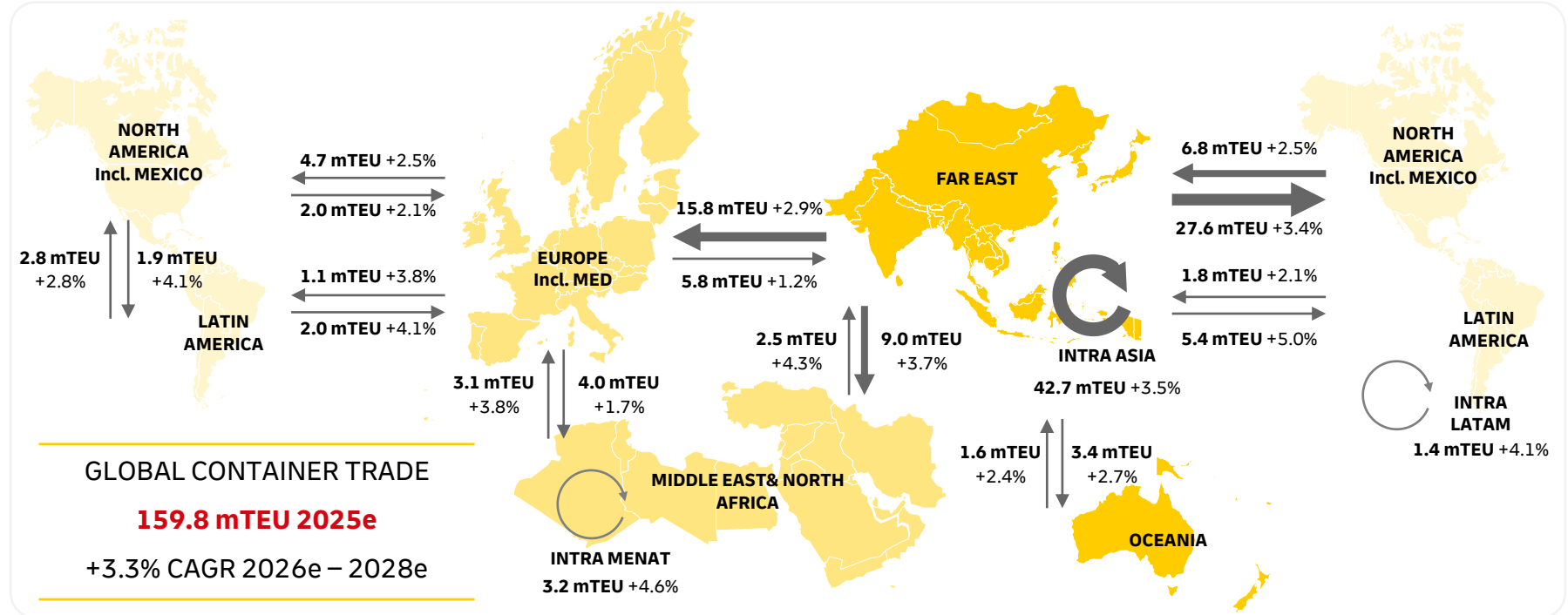
Regional Market Development – Additional Trades

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

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

Source: DHL

Demand Development 2025 – 2028

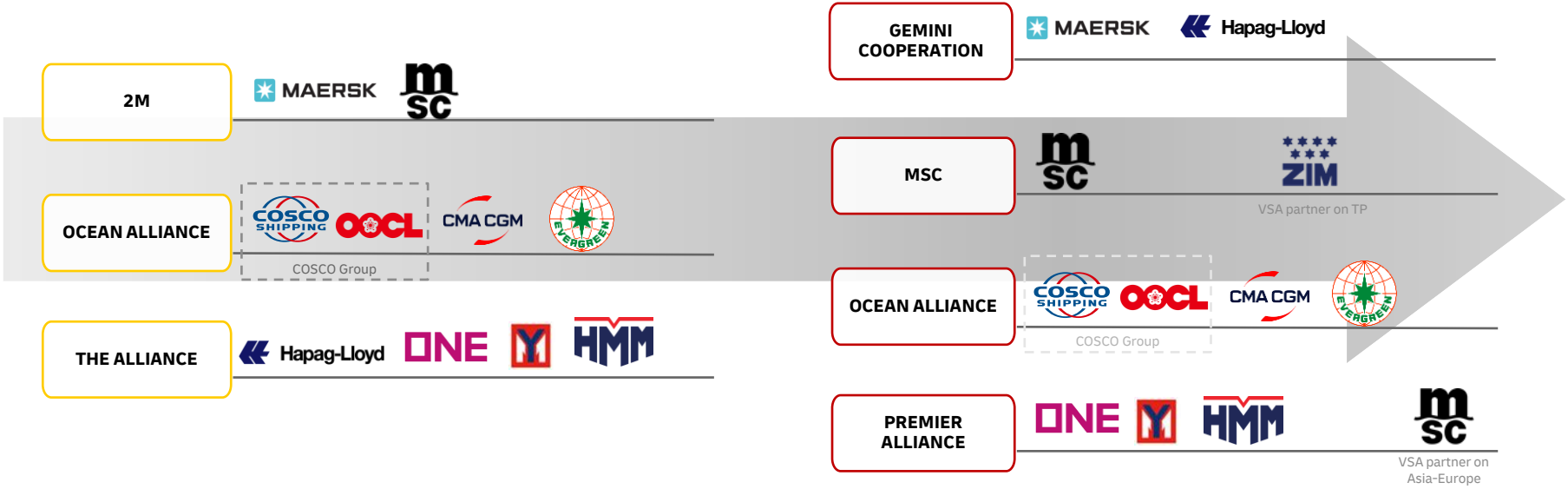


Source: Accenture Cargo Dec24 update

Carrier Alliances

Alliances until end of January 2025

Alliances/Cooperations from February 2025



Acronyms and Explanations – Ocean Freight glossary

AMLA	-	Latin America	MX	-	Mexico
AMNO	-	North America	OOCL	-	Orient Overseas Container Line
ASPA	-	AsiaPacific	PCC	-	Panama Canal Surcharge
BAF	-	Bunker Adjustment Factor	PCS	-	Port Congestion Surcharge
CAF	-	Currency Adjustment Factor	PMI	-	Purchase Manager Index compiled by S&P Global
CAGR	-	Compound Annual Growth Rate	Ppt	-	Percentage points
East MED	-	Eastern Mediterranean	PSS	-	Peak Season Surcharge
EB	-	Eastbound	PTF	-	Panama Transit Surcharge
EBAF	-	Emergency Bunker Adjustment Factor	QoQ	-	Quarter on quarter
ETS	-	European Union Emission Trading System	SCF	-	Suez Canal Fee
EURO	-	Europe	SCS	-	Suez Canal Surcharge
GDP	-	Gross Domestic Product	SPAC	-	South Pacific Australia
GRI	-	General Rate Increase	SSA	-	Sub-Saharan Africa
HL	-	Hapag-Lloyd	T	-	Thousands
HMM	-	Hyundai	TEU	-	Twenty-foot equivalent unit (20' container)
IBPC	-	Indian Sub-continent	THC	-	Terminal Handling Charge
IFO	-	intermediate fuel oil	VLSFO	-	Very Low-Sulphur Fuel Oil
M.E.	-	Middle East	TP	-	Transpacific
MEA	-	Middle East and Africa = MENAT + SSA	WB	-	Westbound
MENAT	-	Middle East and North Africa	WRS	-	War Risk Surcharge
ML	-	Maersk Line	YoY	-	Year-on-Year
mn	-	Millions	YTD	-	Year-to-Date
MoM	-	Month-on-Month			