MONTHLY CONTAINER SHIPPING BAROMETER

March 2025

CONTAINERS:
AMERICAN ANNOUNCEMENTS ARE ALARMING THE MARKET

The prospect of a "double penalty", namely increased tariffs and taxation of Chinese ships and operators in the United States, plunges the markets for freight rates into an erratic and hesitant state.

While the reopening of the Red Sea appears to be a White House priority, the new global US maritime policy continues to emerge. At the same time, the aggressive US strategy of additional tariffs has been confirmed. All these parameters could weigh heavily on supply and demand.

Let's look back together at this busy month of March that started with a bang with the 2025 TPM in Long Beach, an annual trade show bringing together the elite of the international container sector (4,200 participants from 42 countries). This new US policy has obviously been a major talking point in the discussions.

Highlights of the month

2024 results of shipping companies

Containerised shipping companies generally reported excellent financial results for 2024, significantly above initial forecasts. By causing an increase in freight rates, the crisis in the Red Sea clearly saved the year.

2025 has started under more difficult conditions, as operations via the Cape of Good Hope have now become the norm. Symptom of this new situation: MSC temporarily pulled its mega container ships out of the Asia-Northern Europe trade to support freight rates, hoping to be followed by other maritime alliances. The Italo-Swiss shipping line has shifted this cumbersome fleet to the Mediterranean.

Situation in the Red Sea

At this beginning of the year, shipping companies have been regularly asked about a possible re-establishment of the passage of ships through the Suez Canal, and all are very reserved. After Maersk and MSC, Hapag-Lloyd also announced through its CEO Rolf Habben Jansen that such a return would in any case be made only in a very progressive way.

The subject seems to be returning to the top of the priorities of the new US administration. In March, the US stepped up strikes against Yemen's Houthi rebels.

Threat of US tax on Chinese ships and operators

Following an investigation launched under the Biden administration, which concluded that "the existence of acts, policies and practices by China to dominate the shipping sectors, logistics and shipbuilding", the United States Trade Representative, (USTR) proposed a series of financial taxation measures targeting Chinese ships stopping off at US ports, but also shipping companies operating Chinese ships and Chinese operators. This announcement, which came just days before the start of Long Beach's TPM25, of course largely fuelled conversations. "Surtaxes on stopovers at U.S. ports would have the effect of concentrating activity on larger ports and driving up inflation on retail prices, as these charges would be passed on to the merchandise," warned MSC CEO Soren Toft. Additionally, such a scenario presents a proven risk of port congestion in major Chinese ports, Singapore as well as Los Angeles and Long Beach. Europe should not suffer the same consequences.

FMC Survey on Global Maritime Chokepoints

The U.S. Federal Maritime Commission (FMC) has announced the launch of an investigation into seven critical areas for global shipping, with the aim of identifying "regulations, policies, or practices that create unfavorable shipping conditions." The seven "chokepoints" examined are the Northern Sea Passage, the English Channel, the Malacca Strait, the Singapore Strait, the Strait of Gibraltar, the Panama Canal, and the Suez Canal. If we find on this list the well-known hot spots, the inclusion of the English Channel suggests commercial objectives in addition to security objectives.

CMA CGM investments in the United States

CMA CGM, owner of the American President Line (APL), announced on March 4 a $20 billion investment in the United States over the next four years, which will cover shipping, air cargo services, and logistics. The French group has pledged to significantly increase its fleet under the American flag, which will increase from 10 to 30 vessels. Clearly, CMA CGM accepted the logic of the "deal" so dear to Donald Trump to attract the good graces of the White House. The theatricality of this investment, announced by President Rodolphe Saadé in front of a map showing the Gulf of Mexico renamed the Gulf of America, symbolically illustrates that the strategic partnership with the Chinese state in Ocean Alliance is coming at a high price.

Panama Canal: the sale of the Balboa and Cristobal terminals put on hold

In February, Panamanian President José Raul Mulino officially announced his country's withdrawal from the Silk Roads project, an announcement that China quite expectedly reacted negatively to. This Panama issue, which had been highlighted by President Trump as soon as he was inaugurated, experienced a new chapter in March: The Hong Kong group Hutchison Ports entered into exclusive negotiations with a consortium formed by the US investment fund Black Rock and Terminal Investment Limited (TiL), a subsidiary of the MSC group, for the sale of almost all its ports. Included in the shopping basket are the port terminals of Balboa and Cristobal, at each end of the Panama Canal. President Trump immediately hailed the deal as the beginning of the canal's reconquest.

But the forced sale of Hutchison's strategic assets proved to a pill too bitter to swallow in Beijing. While the signature of the transaction had been announced for early April, it was finally adjourned (see p.9). In the event that it should become reality, this transaction could have a significant direct or indirect impact on MSC's activities in China. Here again, if MSC wanted to pander to the Trump administration in an attempt to negotiate an "immunity card" in the United States, not only is it not certain that this would be enough, but it could also be dangerous for MSC's activities in China. While MSC and CMA CGM seem forced to make pledges, this is apparently not the case with their competitors Gemini, Maersk, and Hapag Lloyd, or Japanese and Korean companies.

A new project for nuclear-powered container ships

The impossibility of breaking free from the combustion engine is fuelling the civilian nuclear propulsion projects. South Korean shipbuilder HD Korea Shipbuilding & Offshore Engineering (HD KSOE) brings a new illustration of this. It presented for the first time in Houston the design of its nuclear-powered container project, driven by a small modular reactor (SMR). The company said it had obtained an agreement in principle from the American Bureau of Shipping for vessels of this type of 15,000 TEUs.

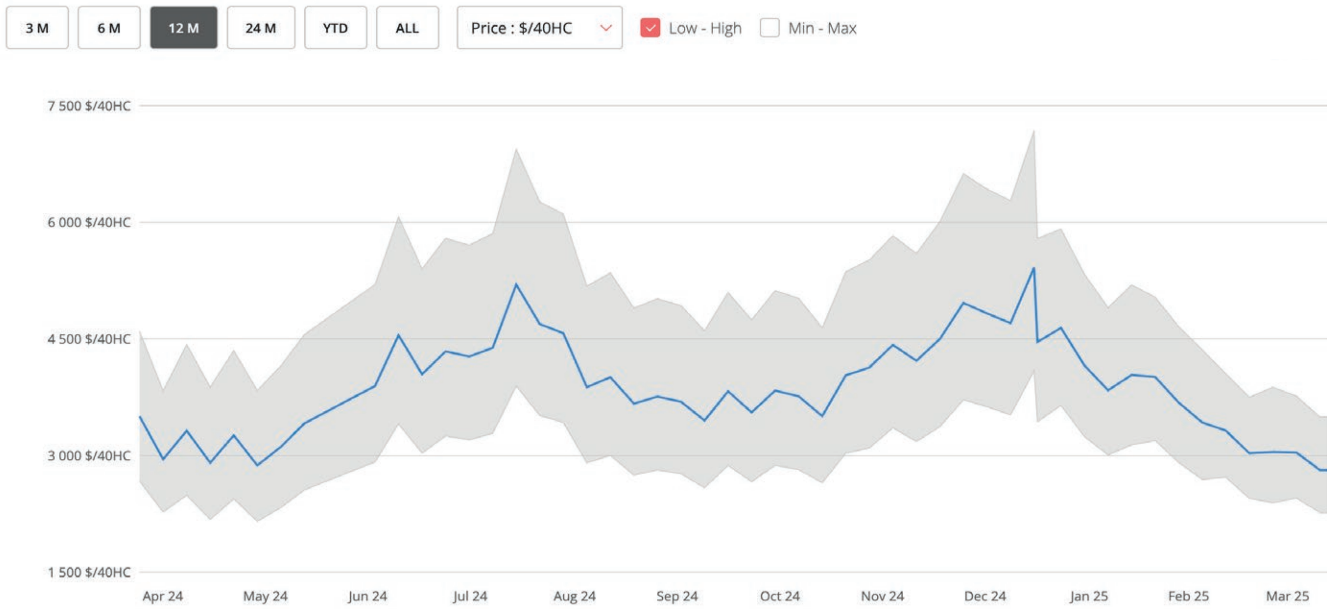
In the meantime, the LNG is a transition fuel, despite the reservations of environmental associations such as Transport & Environment. MSC and Maersk have largely followed CMA CGM's lead on this technology, which is ultimately the only widely available and affordable port bunkering technology.

Prices

In such a context, it is necessary to be bold to sign contracts providing for fixed freight rates for one year, even if it is now accepted that in the event of a massive return via the Red Sea in 2025, contracts without a review clause will not last for very long without being reviewed.

Asia-Europe

Shanghai - Le Havre

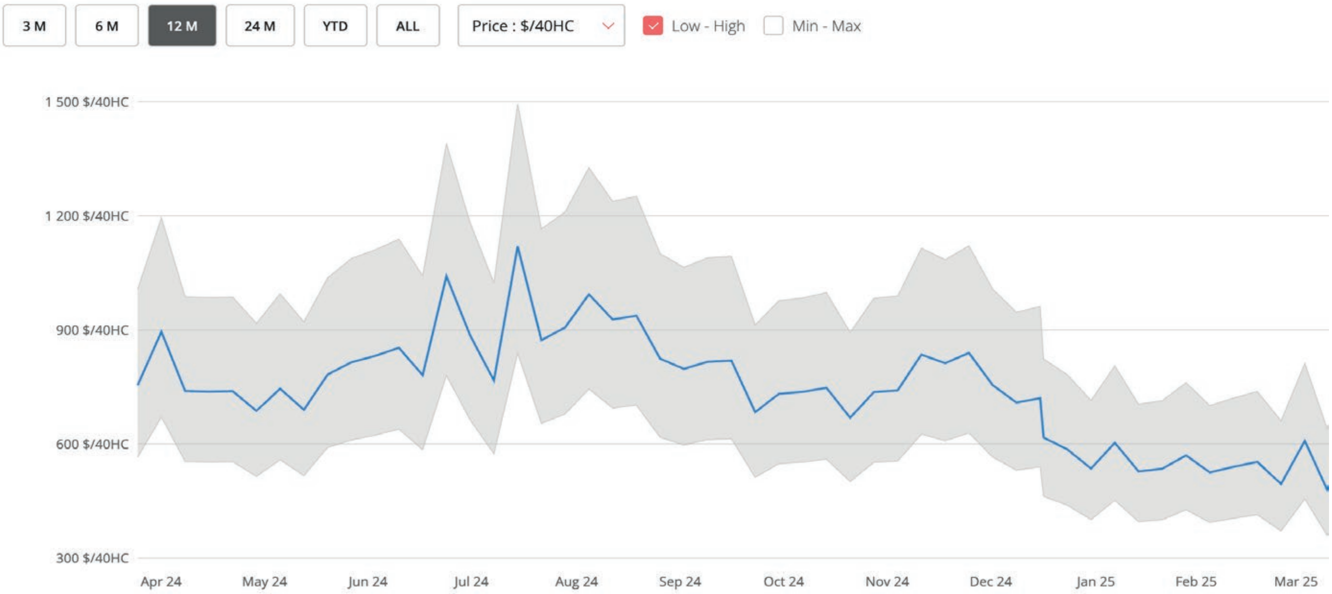


Evolution of invoiced prices (mix of spot and contract) between Shanghai and Le Havre, THC included, on the basis of a 40' HC DRY container, for dry non-dangerous goods in port to port. NB: this graph shows the evolution of the median rate and not the average rate. Source | Upply

On the **Asia-Europe corridor**, we can see that efforts to restore the freight rate market are not really having the desired effect. Tariff erosion has arrived, and median rates are below 3,000 USD / 40' HC DRY, despite a mantra-like communication in favour of continuing operations on the route via the Cape of Good Hope, we have seen cancellations of numerous stopovers and the decision of MSC to remove very large container ships from the North Sea ports. We are far away from the lower-than 1,000 USD/40' HC DRY of November 2023, but the downturn is significant. Especially as since November 2023, operating costs per FEU unit have increased by $1,500 for companies. There is not much room to manoeuvre left, and companies are entering a danger zone in terms of profitability on this corridor.

Europe-Asia

Rotterdam - Shanghai

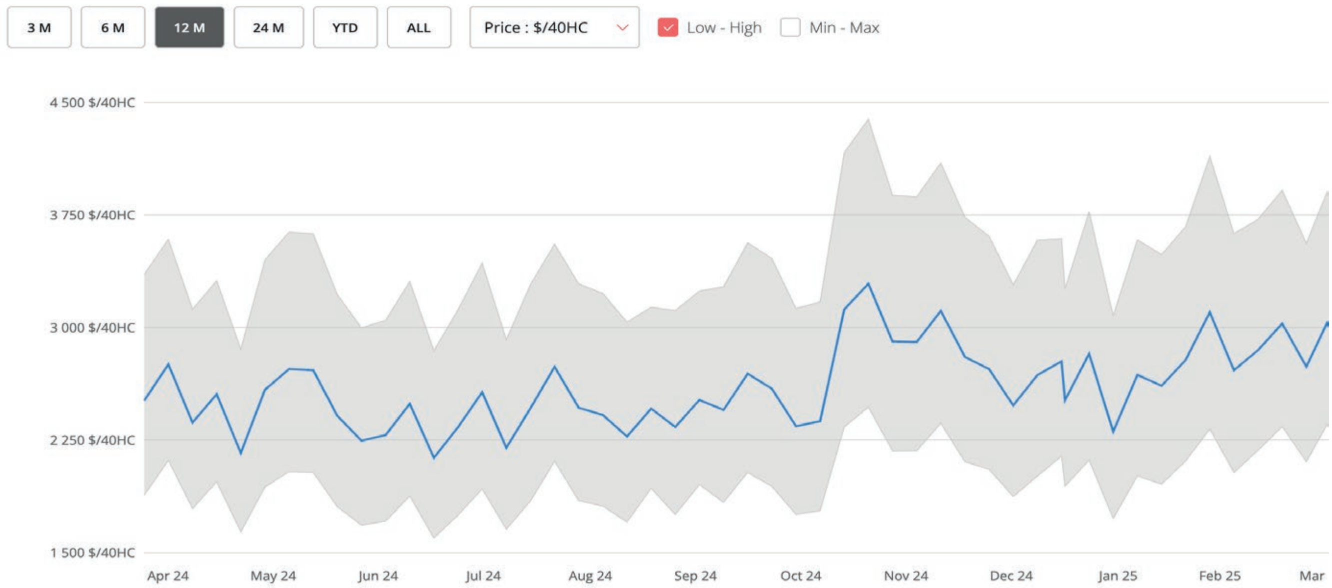


Evolution of invoiced prices (mix of spot and contract) between Shanghai and Le Havre, THC included, on the basis of a 40' HC DRY container, for dry non-dangerous goods in port to port. NB: this graph shows the evolution of the median rate and not the average rate. Source | Upply

On the **Europe-Asia corridor**, the European export market remains rather sluggish. The transport of full containers is clearly competing with that of empty containers. Below a threshold of approximately 400 to 500 USD/40' in the case of Gate In Free Out conditions of sale (including €220 of THC at the port of departure included in the freight rate), it costs less for the shipping company not to sell the space and return empty containers to more rapidly capture a greater profit margin coming back from the dominant leg.

Transatlantic

Antwerp - New York

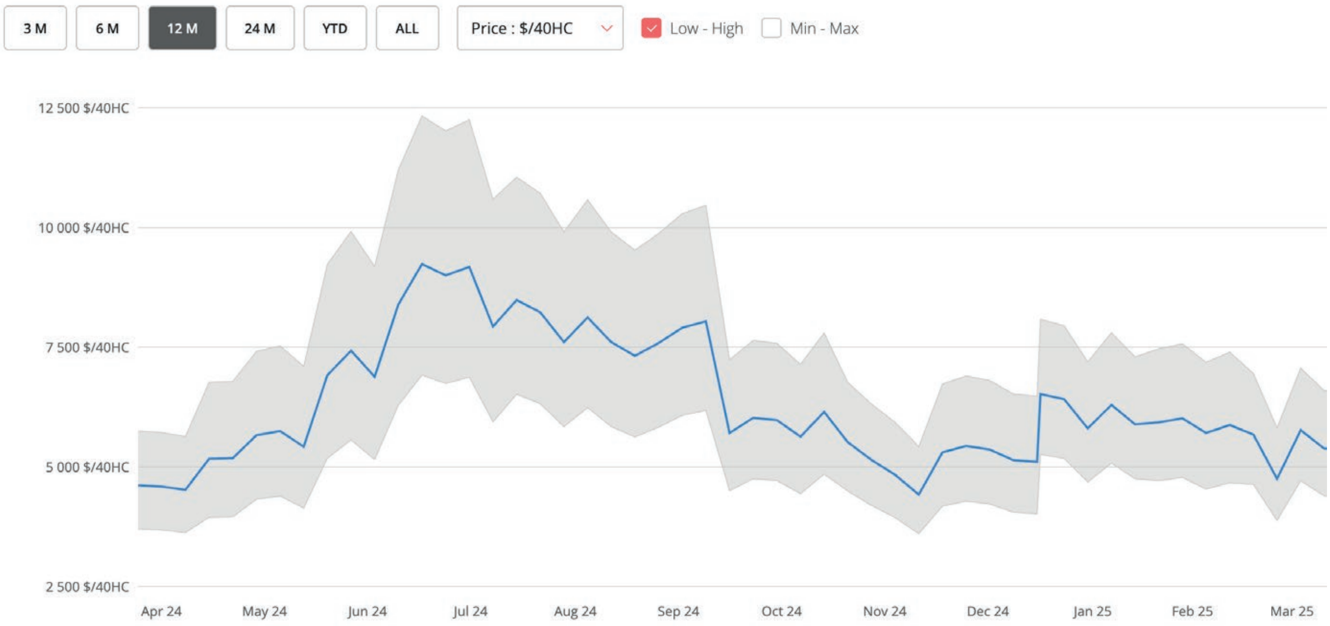


Evolution of invoiced prices (mix of spot and contract) between Antwerp and New York, THC included, on the basis of a 40' HC DRY container, for dry non-dangerous goods in port to port. NB: this graph shows the evolution of the median rate and not the average rate. Source | Upply

On the **Transatlantic corridor**, we are seeing a stagnation in rates. The double announcement of "customs duties + Chinese ship and operator taxation project" had an inflationary effect on the market.

Trans-Pacific

Shanghai - Long Beach



Evolution of invoiced prices (mix of spot and contract) between Shanghai and Long Beach, THC included, on the basis of a 40' HC DRY container, for dry non-dangerous goods in port to port. NB: this graph shows the evolution of the median rate and not the average rate. Source | Upply

On the West Coast **transpacific** route rates are contracting, but the correction still leaves a little more room for manoeuvre for operators than on the Asia-Europe corridor. However, many shipping companies are present on this trade route, perhaps a little too many to hope to contain the competition by measures of "carrier discipline".

Summary Overall, profitability is not as bad as it was in November 2023 for shipping companies, with revenues about twice as high as those observed at that time. However, operational costs have risen significantly since the Red Sea crisis. Combined with the effects of catching up with inflation, the repercussions of these charges, if the situation in the Red Sea becomes the norm, will weigh heavily in the operating accounts of companies in 2025. The effect will be all the more severe if the volumes are not there.

Services

Two somewhat contradictory phenomena have been emerging since the beginning of spring. On the one hand, blank sailings are still present. Drewry announces 10% of cancellations between March 31 and May 4. Of the 713 trips planned, 68 have been cancelled. The links between Asia and the United States are the most affected, with 32 cancellations, followed by rotations on the Transatlantic corridor with 19 cancellations and Europe-Asia routes with 17 cancellations. As a reminder, in April 2024, cancellations only concerned 7% of trips.

On the other hand, there is an improvement in the punctuality of shipping lines. According to the latest Sea Intelligence figures, it rose 3.6 points in February compared to the previous month and 1.8 points year-on-year, reaching 54.9%. This is the highest level since May 2024. Mærsk, MSC and Hapag Lloyd make up the top 3 for punctuality, posting respective rates of 60.2%, 57.4% and 57.3%. These figures are reassuring in the current situation but remain far below those of 2019, when the reliability of services was around 90% for the best performing companies.

Should this improvement be seen as an effect of new alliances? It is still difficult to draw any conclusions. The ships deployed as part of the services offered by the new alliances have carried out their first loading operations but have not yet completed their entire rotation. On the starting line, Gemini's ships were almost faultless from the outset with 94.6% of ships departing on time. MSC follows with 79.6% and Premier Alliance has a departure punctuality at 60.4%. Ocean Alliance shows a more modest result of 54.1%. This alliance did not modify its rotations in February, unlike the other two. It is catching up with delays accumulated over several months. According to Sea Intelligence, the comparison of reliability of alliances can really only be done from July, when their ships have made at least two rotations.

Red Sea

CMA CGM reduced its service on the Red Sea and the Mediterranean. Redex no longer serves the ports of Iskenderun, Beirut and Port Said. It ensures a rotation between Tangier, Algeciras, Malta, Aqaba, Jeddah with a return via Malta.

Europe-Asia

Ocean Alliance has withdrawn the Rotterdam stopover from its FAL 1 service to replace it with a stop in the British port of Southampton. The rotation will therefore be between the ports of Ningbo, Shanghai, Shenzhen, Singapore, Tangier, Dunkirk, Southampton, Gdansk, Le Havre, Southampton and Port Kelang.

OVP Shipping stops in Kaliningrad during its rotation between China and St. Petersburg, says Dynamar. The consultancy firm specifies that the frequency of service to the port of the Russian enclave is not yet determined. At this point, it is also not known whether the stopovers will be on a regular basis or only if requested. OVP rotates between the ports of Qingdao, Shanghai, Ningbo, Guangzhou, Kaliningrad, St. Petersburg, Alexandria and back to Qingdao.

Mediterranean - India

Bengal Tiger Line has expanded its network to the Mediterranean. It now has slots on the ships of Arkas and Turkon on the routes between Turkey and India. The ships rotate between the ports of Istanbul, Izmit, Aliaga, Mersin, Aqaba, Jeddah, Nhava Sheva, Mundra, Jeddah, Aqaba and Alexandria.

Asia - Americas

Emirates Shipping Lines has partnered with six other operators to launch a service between Asia and Mexico, the Mexico Express. The partners are KMTC, RCL, Sinokor, Sinotrans, SeaLead and TS Lines, says Dynamar. Each partner has put forward one ship. The rotation stops in Shanghai, Qingdao, Busan, and Manzanillo. ESL Dubai will make the inaugural trip. It will leave Dubai on April 30.

Asia-India

SeaLead is starting a new rotation between Asia and India with six ships of between 2,500 TEUs and 4,000 TEUs. It stops over in the ports of Shanghai, Ningbo, Guangzhou and Nhava Sheva.

Asia - Middle East

From May, **Ocean Alliance** integrates Evergreen's service between Asia and the Middle East into its offering. The Asia Middle East Loop 4 connects Shanghai, Ningbo, Kaoshiung, Shenzhen, Port Kelang, Jebel Ali, Dammam, Umm Qasr, Jebel Ali and Port Kelang.

Operations

Suspension of strike movements in French ports

The main docker workers' trade union, the FNPD CGT, announced on March 28 that it would suspend its strike notice for April. The union had filed a notice for four hours of work stoppage on certain days and 72 hours of "dead port" actions from April 2 to 4. Since June 2024, French ports have been under the recurrent threat of social movements that take place in certain months and are suspended in other months. The demands concern a modification of the pension reform in France. The government has agreed to study an application of this reform to the port handling professions. The ball is now in the court of the social partners. Several negotiation meetings are scheduled for April between the unions and the employers.

Deferral of the sale of CK Hutchison ports abroad

In early March, Hong Kong group CK Hutchison Ports, which operates in Asia, America and Europe, entered into exclusive negotiations for the sale of almost all of its ports to a consortium formed by the Blackrock investment fund and the MSC subsidiary, Terminal Investment Limited. This sale seemed tailor-made to meet the insistent pressure of US President Donald Trump, who wants Chinese interests to leave ports at either end of the Panama Canal. Indeed, CK Hutchison has concessions in the ports of Balboa and Cristobal.

The negotiation period was set at 145 days, but a date of signature of April 2, 2025 had been announced, before being postponed sine die. According to Chinese sources, this postponement is motivated by an investigation by the Chinese government. Neither the consortium nor the seller has announced a new date. According to the Reuters news agency, citing sources close to the case, it is a postponement and definitely not a cancellation of the sale.

“This sale seemed tailor-made to meet the insistent pressure of US President Donald Trump”

Jérôme De Ricqlès

Ocean Shipping Expert at Upply

The "Services" and "Operations" sections of this barometer are produced in collaboration with Hervé Deiss, who is a journalist specialized in maritime transport and port issues.

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