MONTHLY CONTAINER SHIPPING BAROMETER

January 2025

upply

JANUARY FREIGHT RATES
START TO STALL

Ocean freight rates started to fall on most major routes in January, as the Chinese New Year approached. The new shipping alliances will come into operation in a difficult environment.

From November to mid-January, the shipping companies made use of a strategy which worked well for their financial situations. Thanks to numerous port call cancellations, the end-of-year demand peak was met, as expected, with limited capacity. This scenario, which was written in advance and announced by MSC, brought unexpected respite to the FAK rates market in the autumn and was adopted in the main by MSC's fellow operators. This technique enabled them to perform over expectation during the final months of the 2024 calendar year, thanks to a sort of finance sector-style end-of-year rally.

The trend began to reverse, however, in January. Demand, which had been stimulated in the preceding months by the end-of-year festivities and the increase in consumption associated with them, as well as by the prospect of additional customs duties on exports to the United States, began to weaken. At the same time, the Chinese New Year celebrations got under way relatively early this year, on 29 January, which meant that Chinese factories began closing in mid-January. Production will only return to normal in mid-February and will coincide with the start of the new services operated by the reconfigurated shipping alliances, which are due to start operations on 25 February.

> **"The end-of-year demand peak was met, as expected, with limited capacity"**

The main developments

Spot market rates tumble

With demand for space ex- Asia falling more than expected since mid-January, spot market rates took a clear downward path and FAK rates for February sailings could already be found at below USD3,000/40' on Asia-North Europe routes via the Cape of Good Hope. This is a low, not to say a very low rate at a time when the curtain is about to go up on the new shipping alliances.

Annual negotiations go into extra time

It is proving difficult to get annual contracts signed. In the white paper we wrote in October on the 2024-2025 negotiating round, we recommended that shippers opt for a "late bird" strategy. We can only say that this is exactly what they are doing. It is very difficult for a shipper to conclude an agreement without knowing if the Red Sea is going to be reopened to shipping and how the services of the new alliances are going to perform. And, since, at the same time, spot market rates have become more acceptable from a budgetary point of view, it is not a good time to sign annual contracts.

Red Sea reopening unlikely

After more than 15 months of conflict, Israel and Hamas agreed on a ceasefire which came into effect on 19 January. On the following day, the Houthis let it be known that, if the ceasefire was respected, they would limit their attacks in the Red Sea and the Gulf of Aden solely to ships directly linked to Israel. In another indication that the situation was easing, they released the crew of the Galaxy Leader, who they had been holding captive since 19 November 2023.

The talk turned immediately to the possibility of a de-escalation in the Red Sea, with container carriers returning en masse to the Suez Canal. But the shipping companies prefer to take a cautious approach. In a rare but widely publicised announcement to the market, MSC told its customers and, by the same token, its competitors, that it would be continuing to go round the Cape of Good Hope. The other big shipping companies have generally taken the same approach, although CMA CGM indicated that "adjustments may be made on a case-by-case basis depending on security and global operational conditions".

Behind the shipping companies' prudence is their concern to avoid a market crash. Their aim is to prepare people to accept the idea that a return to the Suez Canal will take time. Services will need to be gradually rescheduled and efforts made to prevent European ports plunging into a catastrophic congestion crisis. The truth is that the shipping companies have too much to lose to consider returning to the Suez Canal at the moment. Insurers will play a decisive role in this respect, moreover. Once the Red Sea is no longer considered a war zone by the international authorities, the war risk insurance premiums currently in force for ships transiting the zone will return to normal, making it difficult for the shipping companies to maintain their reluctance to return to the Red Sea and the Suez Canal. Insurance premiums have already started to diminish.

Strike threat lifted at US east coast ports

On 15 December, the then president-elect Donald Trump gave his full support to dockers at ports on the US east coast and Gulf of Mexico in the dispute between their union, the International Longshoremen's Association (ILA), and the cargo-handling companies represented by USMX (the United States Maritime Alliance). His powerful support allowed the two sides to reach agreement on 8 January, thus avoiding the strike set to start on 15 January. The strategy is clear. The foreign shipping companies will pay for the deal and do as they are told. The terminal authorisation debate has not been abandoned but it is now the dockers who will take the lead on the question, explaining to terminal owners what can be automated and how and when. President Trump's new maritime doctrine is now known. Whenever Chinese interests have a negative effect on the United States, even when this is outside the United States, they are to be contained and even rebuffed, while foreign shipping companies, which operate virtually all ships serving the United States, are to be reminded that it is an immense privilege to be given access to the US market.

US adopts new merchant shipping policy

In the new Trump administration, the job of transportation secretary has gone to Sean Duffy, a former Republican congressman. The Federal Maritime Commission (FMC), which has the task of guaranteeing the US has "a competitive and reliable international ocean transportation supply system that supports the U.S. economy and protects the public from unfair and deceptive practices", has also changed bosses. Lou Sola, who was appointed an FMC commissioner during Trump's first term of office, has replaced Daniel Maffei as its chairman. Maffei nevertheless remains a commissioner.

In an interview with CNBC regarding the Panama Canal affair, Sola set out the main principles of a new merchant shipping policy which would take a clearly offensive approach against the "hostile" progression of Chinese interests in and around the United States. Its tone is very sovereigntist, and we see that there is a certain continuity between it and that of the preceding administration, which had started to limit China's ambitions in the United States by intensifying surveillance of Chinese controlled companies involved in bilateral trade. On maritime matters, therefore, there is a bipartisan vision which supports taking a fairly hard line with China. The new administration has opted for continuity for the time being, contenting itself with warnings of tougher measures to come.

A new trade war gets under way

Donald Trump, who officially became the 47th president of the United States on 20 January, did not take long to carry out his threat to start a new trade war. On 1 February, he signed a decree providing for a 25% increase in customs duties on goods coming from Canada (excluding hydrocarbons, for which he decreed a 10% increase) and Mexico. He also announced a 10% increase in duties on goods from China. One thing is clear. Customs duties are being used as a weapon of dissuasion to push the countries concerned to negotiate. Mexico and Canada have obtained a one-month stay of execution regarding the increases, which were supposed to come into force on 4 February. In return, they have promised to negotiate agreements on security and trade.

Chinese riposte

Initially, China stayed relatively silent or, at least, took a moderate line on Donald Trump's declarations. Once he had carried out his threat, however, the riposte came quickly. The Chinese finance ministry announced on 4 February that it was applying a 15% increase on duties on coal and natural gas imports from the United States and a 10% increase on crude oil, agricultural machinery, large-engine cars and vans. These measures were due to come into effect on 10 February. The Chinese trade ministry announced, moreover, that it had entered a complaint with the dispute resolution mechanism of the World Trade Organisation following the increase in duties on Chinese goods entering the US market.

China also announced that it was taking a certain number of measures against US companies. It opened an anti-trust investigation against Google and the US companies, PVH Group and Illumina Inc., were added to its list of "unreliable entities", exposing them to the risk of restrictive measures and sanctions. PVH is a clothing company which owns brands like Tommy Hilfiger and Calvin Klein. Illumina is a biotechnology company specialising in genomic sequencing, which recently formed an alliance with NVIDIA in the artificial intelligence health sector. According to The Guardian, the Chinese trade ministry did not specify what they were accused of.

> **"China also announced that it was taking a certain number of measures against US companies"**

Prices

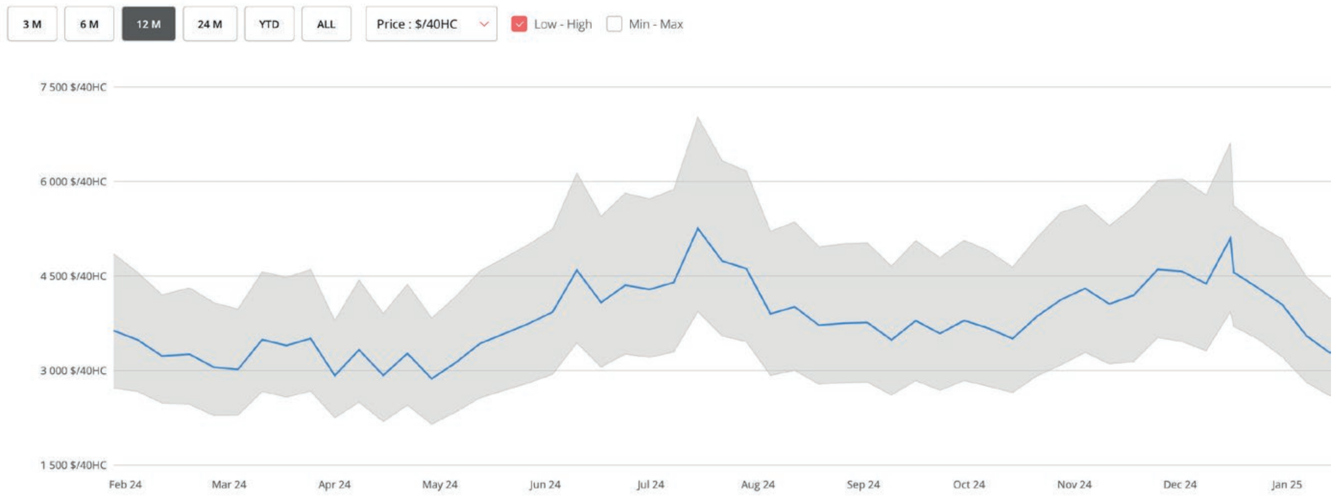
There has been a general fall in freight rates for sailings from China whether they be destined for Europe or the United States. The fall was greater, however, on routes between China and Europe.

In the transatlantic market, the increase in freight rates which comes with the period before the end-of-year festivities was not very strong this year and was follow by a fresh, fairly clear-cut reduction.

Outside the major trade routes, rates remained relatively stable or fell in lower proportions. Market sources indicated, moreover, that there were some increase in rates for services in and out Australia and New Zealand.

Asia-Europe

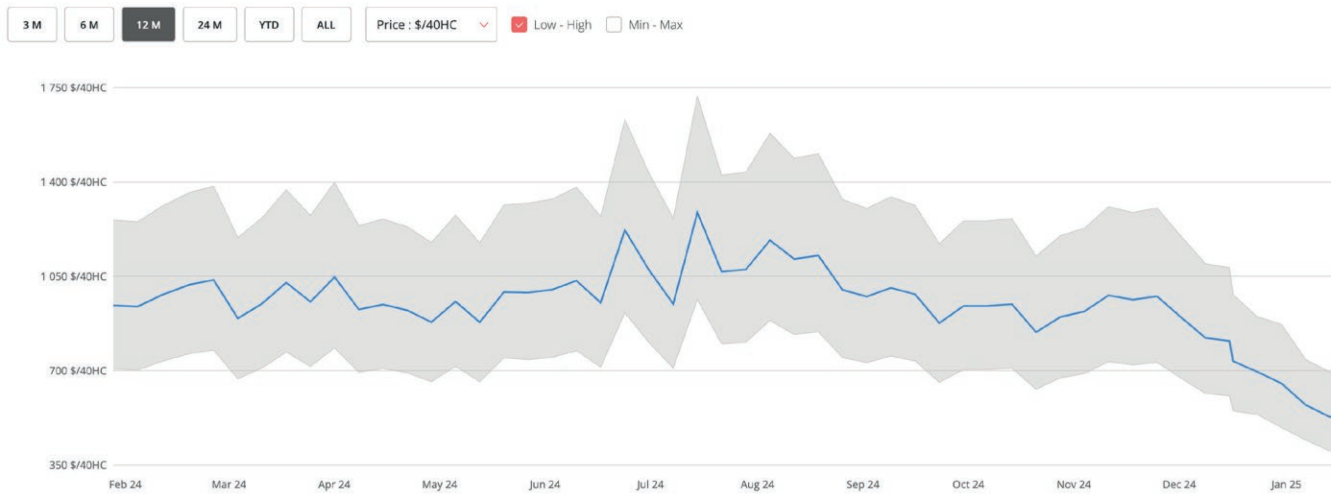
Shanghai - Le Havre



Port-to-port rates (spot and contract combined) billed for direct sailings from Shanghai to Le Havre, THC included, for a 40' HC DRY container carrying dry, non-dangerous goods. NB: diagram shows median not average rates. Source | Upply

Europe-Asia

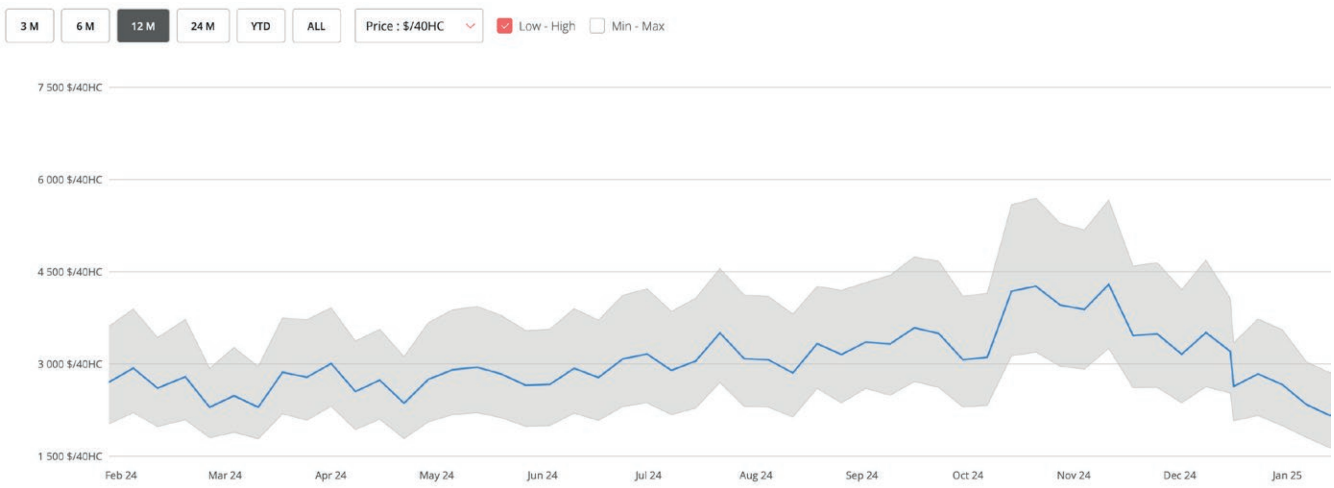
Rotterdam - Shanghai



Port-to-port rates (spot and contract combined) billed for direct sailings from Rotterdam to Shanghai, THC included, for a 40' HC DRY container carrying dry, non-dangerous goods. NB: diagram shows median not average rates. Source | Upply

Transatlantic

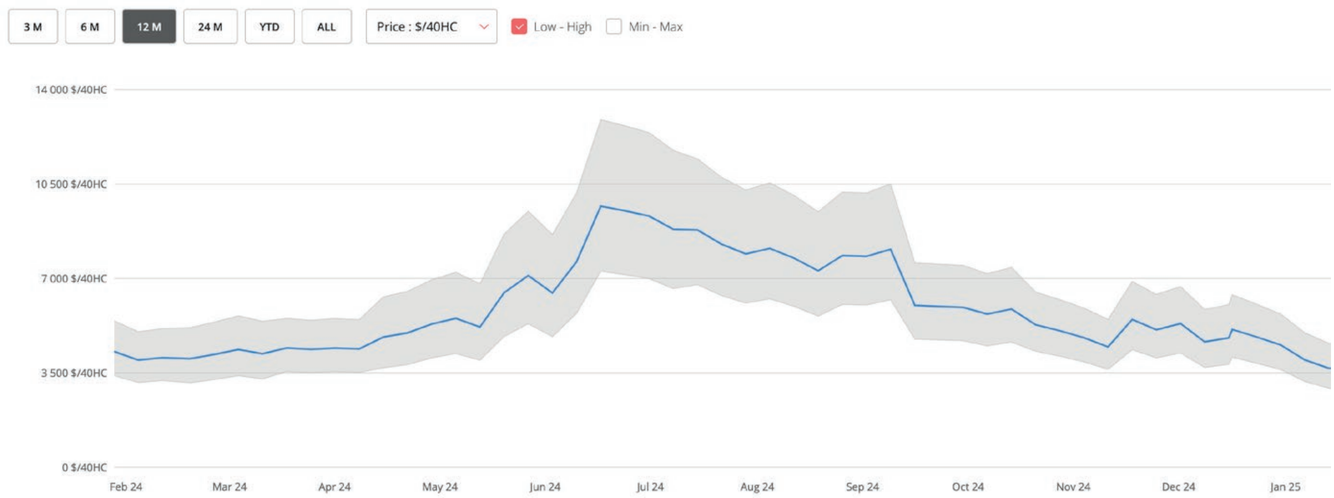
Antwerp - New York



Port-to-port rates (spot and contract combined) billed for direct sailings from Antwerp to New York, THC included, for a 40' HC DRY container carrying dry, non-dangerous goods. NB: diagram shows median not average rates. Source | Upply

Transpacific

Shanghai - Long Beach



Port-to-port rates (spot and contract combined) billed for direct sailings from Shanghai to Long Beach, THC included, for a 40' HC DRY container carrying dry, non-dangerous goods. NB: diagram shows median not average rates. Source | Upply

Services

Service reliability deteriorated in December. Sea Intelligence's monthly report indicated that reliability fell by 0.9 points month on month and by three points year on year to 53.8%. Over 2024 as a whole, service reliability was less than satisfactory, varying from 50% to 55%. From a punctuality point of view, the result was more satisfactory. Average ship delay was 5.28 days in December 2024, which was the lowest level since July 2024.

A company-by-company analysis of performance confirmed that services were less regular. Only Maersk achieved a reliability level exceeding 60% in December 2024. Five companies, MSC, ZIM, CMA CGM, Evergreen and HMM, achieved levels of 50-55%. Wan Hai came last with a score of 47.4%.

This listing should be treated with caution, however. Since the start of January, the shipping companies have been repositioning their ships for the launch of the new alliances. This could explain the modest score achieved by Hapag Lloyd, which only managed a 48% rating. With its Gemini partner, Maersk, Hapag Lloyd aim to achieve a reliability level of 90% on east-west services, excluding feeders.

> **"Since the start of January, the shipping companies have been repositioning their ships for the launch of the new alliances"**

Alliances

Ocean Alliance (CMA CGM, CoscoSL/OOCL and Yang Ming) announced that it was deploying its Day 9 Product. This covers services operating on east-west routes. It provides for seven Asia-Europe services, four Asia-Mediterranean services and 22 transpacific services, (of which 14 to the west coast of the United State and eight to the east coast), three transatlantic services (in cooperation with ONE) and three Asia-Middle East services. In addition, there will be two services between Asia and the Red Sea. Given current conditions in the Bab al-Mandeb Strait, however, these services have been suspended. CMA CGM indicates that the alliance will offer 37 services, while its partners say there will be 41. The reason is that CMA CGM is not involved in all Day 9 Product services.

Asia-Europe

According to Dutch consultants, Dynamar, **Kawa Shipping** and **Zhejiang Seaport Logistics Group** are to open a service between Ningbo and Wilhelmshaven in June. It will be marketed under the name CEX (China Europe Express) and will transit through the Suez Canal. A first test loop was carried out using a 2,500 TEU vessel.

Transatlantic

Following the example of HMM, CoscoSL and OOCL, **Yang Ming** is to take slots on ships on the AL5 service operated by CMA CGM et ONE. The service calls at the ports of Southampton, Le Havre, Rotterdam, Hamburg, Antwerp, Miami, Cartagena, Balboa, Los Angeles, Oakland, Balboa and Caucedo.

India-Mediterranean

Arkas and **Turkon** are opening a service between India and the Mediterranean under the name India Med Service. It will use four 2,500-2,800 TEU vessels and will serve the ports of Istanbul, Izmit, Aliaga, Mersin, Aqaba, Jeddah, Nhava Sheva, Mundra, before returning to Istanbul via Jeddah, Aqaba and Alexandria.

India-Europe

The Epic service operated jointly by **CMA CGM** and **CoscoSL** is changing its German port of call from Bremerhaven to Hamburg. The service will now call at the ports of Khalifa, Jebel Ali, Karachi, Nhava Sheva, Mundra, Tangiers, Southampton, Rotterdam, Hamburg, Antwerp, Dunkirk, Le Havre and Algeciras.

Europe-North Africa

COSCO subsidiary **Diamond Line** is opening a service between Valencia and Algeria. Marketed as the NAS (North Africa Spain) service, it will use just one 1,300 TEU vessel, which will call in Algiers, Skikda and/or Oran, according to demand. and Algeciras.

Transpacific

Premier Alliance has at last been approved by the FMC, which has authorised HMM, ONE and Yang Ming to operate ships jointly between the United States and Asia, the Middle East and Europe.

Yang Ming will have space on ships on the AP1 service operated by the Premier Alliance partners and Wan Hai. The services call in Hai Phong, Ho Chi Minh, Shenzhen, Xiamen, Taipei, Ningbo, Shanghai, Los Angeles, Oakland and Shenzhen.

> “Premier Alliance has at last been approved by the FMC”

With the **Gemini** alliance now in service, Maersk has ended its TPX service between Asia and US west coast ports. The TPX ports will be served in future by Gemini services. The call in the Alaskan port of Dutch Harbour will be made by the Tacoma-Yokohama service, which also calls in Qingdao, Shanghai and Busan.

The reorganisation of the alliances changes the situation for shipping companies with slot agreements. SM Line, which had space on The Alliance’s PSX service, is now taking slots on Premier Alliance’s PS6 service, which calls in Qingdao, Shanghai, Ningbo, Kwangyang, Busan, Los Angeles, Oakland, Busan, Kwangyang and Incheon.

Operations

Strike action in France and Antwerp

The industrial action in French ports is escalating. Port workers are calling for changes to pensions reform legislation. In January, the main dockers' union, the FNDP CGT called for four-hour stoppages of work between 10 am and 4 pm. This action was staged on the 7, 9, 13, 15, 17, 21, 23, 27, 29 and 31 January. On 30 and 31 January, the union called for 24-hour action.

Four-day stoppages were also planned to take place on 4, 6, 10, 12, 14, 18, 20, 24 and 28 February, with full-day stoppages on 26 and 27 January.

Several professional transporters' bodies, notably the FNTR for road hauliers, the AUTF for shippers and the TLF for forwarders, have expressed concern over these repeated stoppages. They fear that traffic will be diverted to North European ports.

There were also stoppages at the port of Antwerp. On 13 January, several unions called for strike action, which again concerned retirement pensions. Pilots and tug crews joined the dockers in taking strike action. A number of ship calls were cancelled and switched to the port of Rotterdam, which itself is understood to be suffering from congestion caused by the strikes in Antwerp and Le Havre.

> **“The industrial action in French ports is escalating”**

Vietnam

The company running the port of Hai Phong in Vietnam has set up a joint venture company with MSC group cargo-handling subsidiary TIL. The new company is to run operations at quays 3 and 4 in Hai Phong, each 750 m long, and will be equipped with six gantries and four RTGs.

Mexico

MSC has taken over the concession of the IPM terminal in the Mexican port of Altamira. Currently operated by Infraestructura Portuaria Mexicana, a subsidiary of the Pinfra infrastructure management group, the Altamira terminal has a 905 m-long quay.

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.

THE TECHNOLOGICAL SOLUTIONS PLATFORM THAT BOOSTS SUPPLY CHAIN ACTORS' EFFICIENCY

Upply, the Tech Platform serving freight transport professionals, **designs and develops digital solutions** to assist supply chain professionals in leveraging the full potential of digitalization for their business.