

An aerial photograph of a large port facility. Several container ships are docked at the pier, their decks covered in stacks of colorful shipping containers. On the land side, there are massive stacks of containers organized in neat rows. Several blue gantry cranes are positioned along the pier, used for loading and unloading the ships. The water is a deep teal color.

CONTAINERS

OUR TIPS FOR CONTRACT NEGOTIATIONS 2025-2026

OCTOBER 2025

upply

Our analysis grid for the 2025 container contract tendering round

The new round of container shipping tender calls is getting under way. Should shippers sign up quickly or bide their time? Here are some of the responses we can currently offer.

Our annual counselling exercise on the container shipping tendering round is turning out to be increasingly perilous. It is nevertheless necessary in the ocean of uncertainty we are currently traversing.

We will present you here with the major factors to fit into your decision-making template so as to obtain a general framework. Operators will need to weight these factors to take account of the specific risks they face, however, and can add factors specific to their activity in line with the geographical nature of their activities and the kinds of goods involved.

1. THE FUNDAMENTALS OF THE 2025-2026 NEGOTIATING ROUND

Firstly, we will list the factors which seem to us unlikely to vary a great deal and which can therefore serve as a basis for reflection on the strategy to adopt in this year's negotiating round.

- **Cargo volumes**

The slowdown in growth in east-west cargo volumes is becoming structural. This is fuelled by the nearshoring/friendshoring strategy which began 10 or so years ago and which can only be reinforced by the announcements made by the new Trump administration. We can estimate that it is reducing cargo volumes from Asia to the United States and Europe by 3-5%.

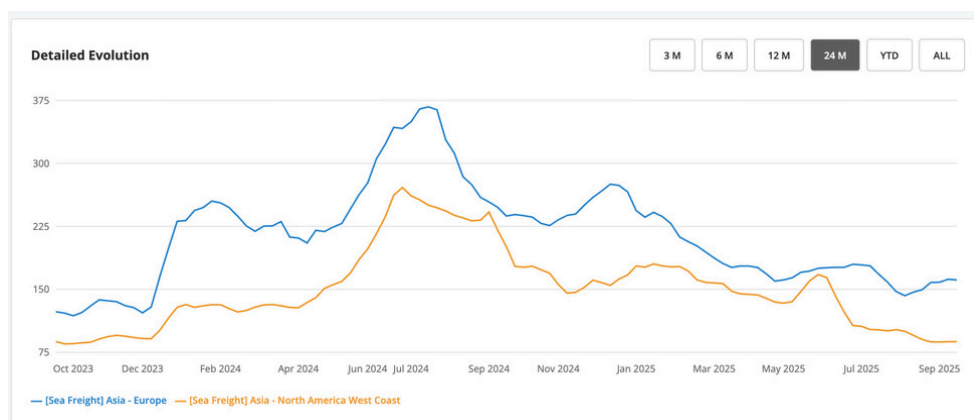
- **Available shipping capacity**

Endemic overcapacity is set to continue in 2026 and beyond, given the huge orders for new vessels placed by the shipping companies. Demolition levels are low and the charter market is continuing to thrive.

- **Freight rates**

We are currently seeing a pause in the collapse in freight rates which occurred this summer in the transpacific and Asia-Europe trades. During the summer, the gap between contract and spot rate levels closed and spot rates sometimes even dropped below contract rates.

Freight rates on the Transpacific and Asia-Europe routes



Data source: Upfly Freight Index - extracted on 29 September 2025

This situation left the shipping companies with operating margins of less than 10% and some of them even with margins below operating costs. The overcapacity is such that most operators now think that a “technical” rate adjustment is now possible. The idea that the shipping companies should not be working at below cost is now much more accepted by the market than it was before the pandemic.

- **Quality of service**

Service cancellations (blank sailings) are still the only efficient weapon the shipping companies have to try to halt the fall in freight rates. There will be a new factor, however, in the 2025-2026 negotiating round. With the Gemini alliance now at full operating capacity, shippers will have a real quality option at their disposition on condition that they agree to pay higher rates. This runs counter to the lower price option with the risk of lower quality of service. The Gemini partners, Maersk and Hapag Lloyd make use of blank sailings but have chosen to distinguish themselves on the market by promising a markedly higher reliability level – more than 90% - than the market average. It is the first time for decades that container shipping company clients have had such a choice.

- **Bunker costs**

Ship LNG consumption is increasing at all the major shipping companies, now that this fuel has become generally accepted as a transitional means of decarbonising. It is more expensive than traditional fuel, however, and there is a significant risk, therefore, of bunker costs increasing.

- **Shipping companies' financial positions**

The surplus cash amassed by the shipping companies between 2020 and 2025, thanks to highly favourable external factors like the Covid 19 pandemic and then the Houthi attacks in the Red Sea, has nearly disappeared. These profits have been swallowed up by new ship orders, other investments and diversification.

- **External factors**

Geopolitical risk is unquestionably growing, whether it is related to China and Taiwan or relations between Europe and Russia. Climate risk is also on the increase, as sudden, extreme and difficult-to-foresee events become more frequent

The depreciation of the dollar in relation to the euro is bad news for European exporters to the United States, moreover. If we take it with the increase in customs duties, it amounts to a double penalty and exchange rate risk is again rearing its head.

2. LESS CERTAIN FACTORS

We are now going to discuss the factors which could affect the market but which, so far, have remained unconfirmed. They should nevertheless be taken into account in the overall decision-making process.

- **The situation in the Red Sea**

The possibility of a wide-ranging return of container shipping to the Red Sea is a hypothesis which needs to be taken into account. Although the detour round the Cape of Good Hope is today part of the normal order, it remains counter-intuitive. If freedom of navigation is re-established in the Red Sea, it will automatically result in a fall in freight rates.

- **A shift in the centre of economic gravity**

The Western economies remain strong poles of attraction but higher growth rates in some Indo-Pacific countries are gradually displacing the global centre of economic gravity. The shipping companies are following the market and giving priority to investing in areas offering growth prospects. Singapore is today a central point in strategic decision-making in container shipping and this in all trades. The risk that the Western decision-making powers find themselves pushed into a corner and marginalised is a risk which also needs to be taken into account.

- **Conflict escalation**

In the event of open conflict between states, merchant fleets can be requisitioned. International trade will then be controlled by the state, which will replace the private sector market. The shipping companies will then claim “force majeure” and contracts with shippers will automatically become null and void. The deployment of ships for sovereignty reasons could also have an impact on the industry’s endemic overcapacity.

TOO KEEP IN MIND

- Transport contracts are still a budgetary control aid but cannot serve as solid guarantees in today's climate of multifactorial uncertainty.
- Contracts with low rates will always drop down the loading priority order in the event of market downturn.
- Strategic stock levels have an impact on decision-making in all companies. Since the Covid pandemic, purchasing strategy does not govern stock levels. It is rather stock levels which governs purchasing strategy.
- Spot market rates never stay below contract rates in the long term. There can be happy surprises but these are short-lived.
- A budget strategy based on the placement of 20% of cargo volumes on the spot market is always a good instrument in terms of transport need coverage and risk management.

Given the current state of the market, an “early bird” approach to the market looks to be fairly intuitive. World freight rate levels are today quite close to where they were in 2019, which is to say close to their lowest historic levels.

We hope that these observations will help you to build your decision-making SWOT (Strengths, Weaknesses, Opportunities and Threats) templates for your container shipping projects. This year again, we consider that, for medium-sized shippers, the big NVOCCs (Non-Vessel-Operating Common Carriers) will be able to offer more attractive terms than the shipping companies directly. Finally, the principle of having a contract, even if it is imperfect, rather than no contract at all, is still sound.

AUTHOR



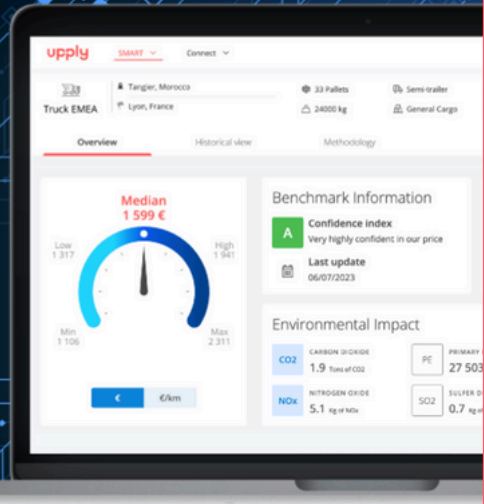
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SMART by upply

Benchmark your freight rates

& follow their evolution
by road, sea & air freight
worldwide

Benchmark my prices



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