MONTHLY CONTAINER SHIPPING BAROMETER

February 2025 |

upply

OCEAN FREIGHT RATES MAINTAINED BY PRECAUTIONARY DEMAND

After suffering a fall in January, ocean freight rates stabilised in February, as demand was maintained by fears of additional customs tariffs in the United States.

Suez Canal the key issue in 2025

After Maersk's publication of sparkling 2024 financial results, chief executive Vincent Clerc was cautious about the prospects for an early, large-scale return of traffic to the Suez Canal. He did not rule it out for the second half but stressed that it would be a major operation, which would be costly and complex to carry out.

"Stop and go" risk

Apart from the regularly highlighted risk of congestion in European ports if traffic was to return suddenly to the canal, the shipping companies now justify their reservations about going back to the waterway by the uncertainties they face. No shipping company wants to risk finding itself in a "stop and go" situation because it went back to the canal and then found it had to backtrack because of security or insurance problems. This would be too complicated to manage from an organisational point of view.

Despite repeated appeals from the Suez Canal Authority for traffic to return, the situation is still too unstable for a re-normalisation of the canal route. Currently, only a few transits are being made on a case-by-case basis and that under military protection.

Colossal financial implications

Maersk's position echoes that of MSC, which informed its clients on 21 January that it would continue to use the Cape of Good Hope route until further notice. On 25 January, CMA CGM also issued a communiqué in which it said it would "continue to prioritize alternative routes, including a significant reliance on passage via the Cape of Good Hope".

There can be no doubt that the competition authorities are going to follow developments and the shipping companies' communications on the subject closely. For the latter, the stakes are colossal. With freight rates for Asia-Europe voyages round the Cape of Good Hope already falling, with prices currently around $3,000 per 40' dry container, a return to the Suez Canal could drag prices down further. There is absolutely no need for the shipping companies to provoke a rates war when one is already simmering.

The Gemini alliance's commitment to provide a high quality service on the basis of a new "hub and spoke" approach is being closely watched. The system might work in a stable environment but would struggle in a "stop and go" situation. In the event that there is instability on the route, shippers are more reassured (or, at least, less worried) if their containers are on board a ship which does not need to transship, even if it means delays. They are, in any case, used to this nowadays on direct services.

Other major developments

Demand still dynamic

It is still too early to have the February figures but, in January, the port of Shanghai set a new record by handling more than 5 million TEU. This can be explained partly by continuing growth in the intra-Asian trades. Above all, however, traffic was boosted by strong growth in demand from the United States. Importers there hastened to place orders before the introduction of the fresh customs tariffs promised by new president Donald Trump. The port of Los Angeles beat a 117-year-old record by handling 924,245 TEU, up 8.1% year on year. Growth was even more impressive at the port of Long Beach, where traffic rose 41.4% year on year to 952,733 TEU. "The Port of Long Beach started the new year with its strongest January on record and its second-busiest month ever, largely driven by retailers moving cargo ahead of the anticipated tariffs on goods from China, Mexico and Canada," the port authority said in a statement.

> **"The port of Los Angeles beat a 117-year-old record"**

Calm in the Red Sea

No new attacks have been announced since the start of the ceasefire in the Gaza Strip, even if the Houthi rebels have said that they will continue to target ships linked with Israeli interests and have threatened to resume hostilities if the ceasefire between Israel and Hamas breaks down. There has been, therefore, a palpable de-escalation in the Red Sea since the crew of the Galaxy Leader was set free. The Aspides military operation, which was launched to protect ships from Houthi attacks, has nevertheless been extended for another year by the European Union, which means it will last until 28 February 2026. It has been assigned new missions, moreover. It now needs to "be able to collect information, in addition to data necessary to protect vessels, on arms trafficking and on shadow fleets with a view to sharing this information with member states, the European Commission, the United Nations Office on Drugs and Crime (UNODC), the International Criminal Police Organisation (INTERPOL), the European Union Agency for Law Enforcement Cooperation (EUROPOL) and the International Maritime Organisation (IMO)".

Premier Alliance gets green light from Federal Maritime Commission

The American Federal Maritime Commission approved the launch of the first Premier Alliance services to and from the United States, with just a few days to go before it was due to start operations. Fortunately, HMM, ONE and Yang Ming had already drawn up plans for their joint services. Nevertheless, the delay in processing their applications was not a very friendly way of treating companies from Asian countries which have been traditional allies of the US.

Chinese ships threatened with taxation in the US

Following an investigation launched under the Biden administration, which concluded that Chinese acts, policies and practices were intended to enable China to dominate the shipping, logistics and shipbuilding sector, the Office of the United States Trade Representative (USTR) caused shockwaves in the shipping industry with its proposal that taxes should be imposed on Chinese vessels calling in US ports. The proposal recommends slapping charges of up to $1.5m for each call in a US port made by a Chinese-built ship and $500,000 for companies operating even one Chinese-built ship or having ordered one for use in for their fleets. A tax of $1m per port call would also be imposed on all operators of ships based in China, including COSCO. The USTR plans to hold a public hearing on 24 March to discuss the proposed measures, which also include incentives to use American ships to transport US goods.

Was this just a warning shot or a real threat? What is sure is that such measures would distort competition between the shipping companies and increase transport costs. They will probably lead to a flood of demands for exemption. Even US shipping company Matson has Chinese-built container ships in its fleet.

More orders for South Korean shipyards

With China clearly designated as the US's principal adversary, the USTS's proposals look very much like a form of indirect support for South Korean and Japanese shipyards, as the United States looks to rebuild its merchant and naval shipping fleets.

It would seem, however, that the market has anticipated the proposals and that operators are already engaged in a diversification strategy with the aim of ensuring that they are not dependent on a single supplier for their ships. In January, an increase in orders from South Korean shipyards was registered, even before the USTR's proposals had been announced. Even CMA CGM has followed this line, revealing in January that it had ordered 12 18,000 TEU container ships from HD Hyundai Heavy Industries, while remaining faithful to the Chinese yards for its other orders. According to shipping consultancy Clarksons, the success of the South Korean yards is a reward for their position as builders of high-value, technically advanced ships, particularly in the LNG sector. However, the Chinese yards are also active in this field and are also planning to target the low-carbon propulsion market in the years to come. The shipyards need to continue innovating by producing ships using breakthrough technology. For now, however, Japanese yards like IHI are not benefiting from the diversification trend.

Prices

A series of general rate increases (GRIs) have been announced for the month of March, but they will only be enforceable in the market if there is a new reduction in shipping capacity. The fact is that numerous new services are currently being launched with bigger ships, as the new shipping alliances take up position in the market.

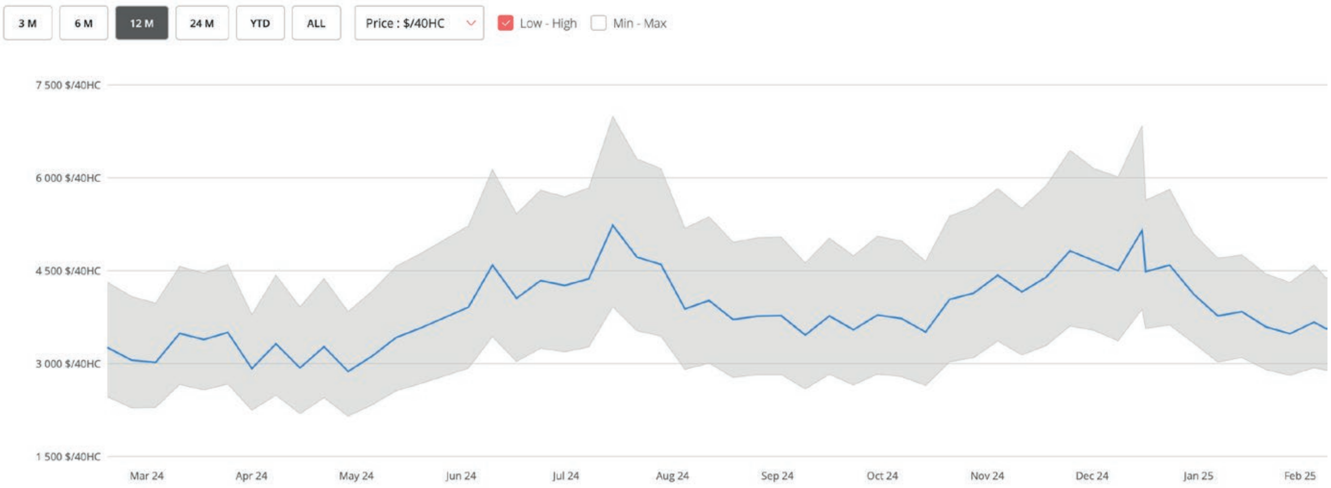
On the Cape of Good Hope route between Asia and Europe, supply and demand are currently matching each other in fairly fluid fashion. Cargo volumes are slightly up, even if they are growing less quickly than capacity. In Europe, there are some signs of a timid revival in retail orders, which represents a pleasant surprise for the shipping companies, even if the phenomenon is very modest in scale.

The GRI announcements have also been made with the aim of encouraging the big shippers to conclude their annual contract negotiations, which are tending to drag out this year. The shippers need to pay attention, however. It is very much in their interest to include an obligatory review clause in their contracts in case there is a large-scale return to the Suez Canal. Uncertainty about use of the canal is clearly the main factor in the delay in concluding contracts at the moment.

Like air and rail passenger transport, container shipping is now a proponent of dynamic pricing. Monthly FAK rate schedules still exist and continue to serve as a guide but, today, shippers need to consult the shipping companies' digital booking systems to find the best rate at any given time.

Asia-Europe

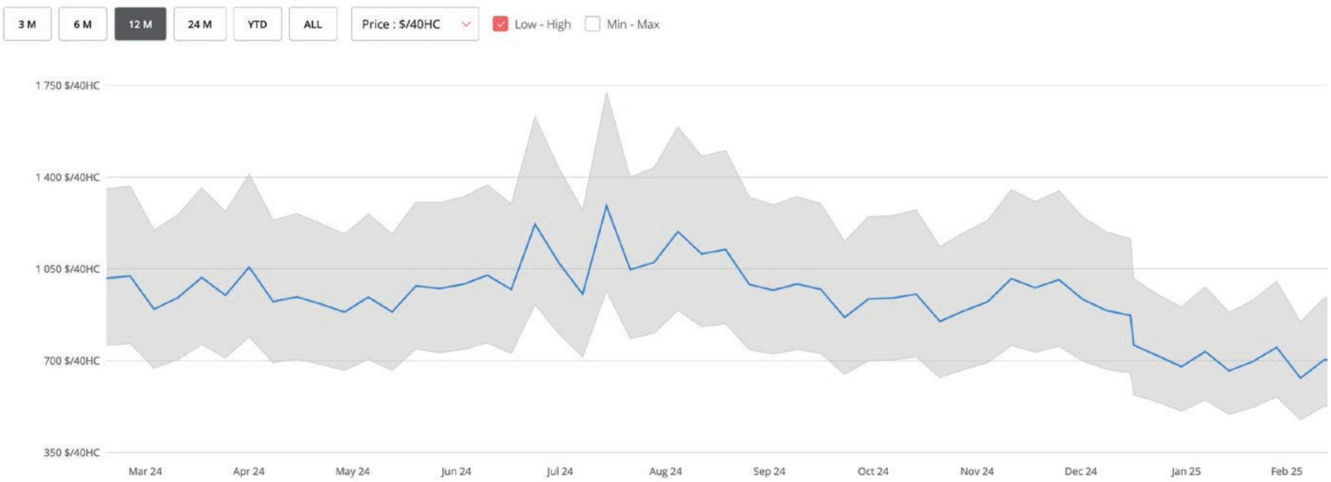
Shanghai - Le Havre



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

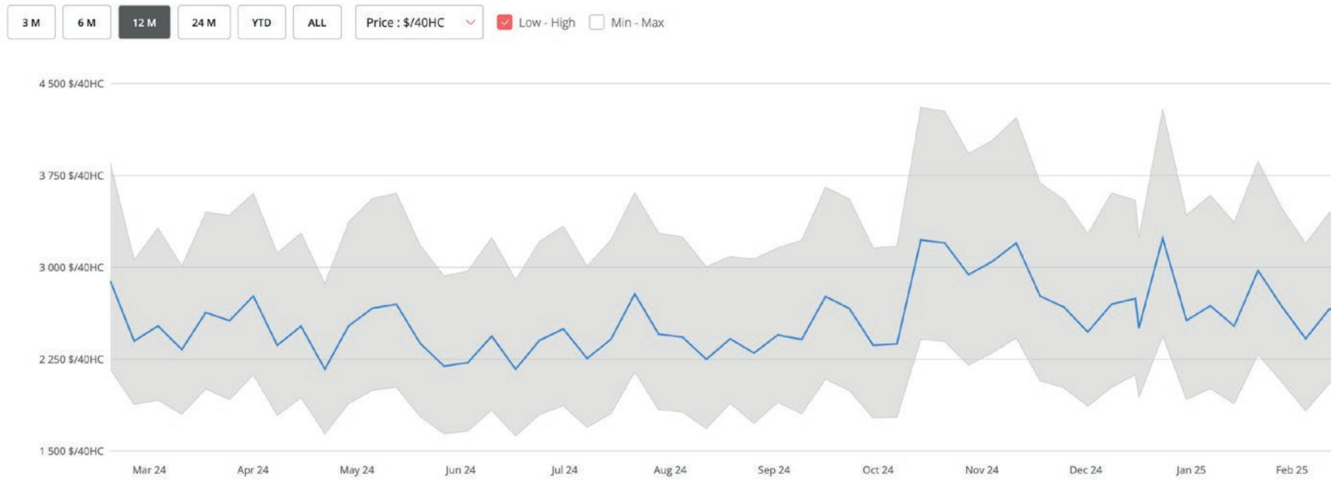
Rotterdam - Shanghai



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

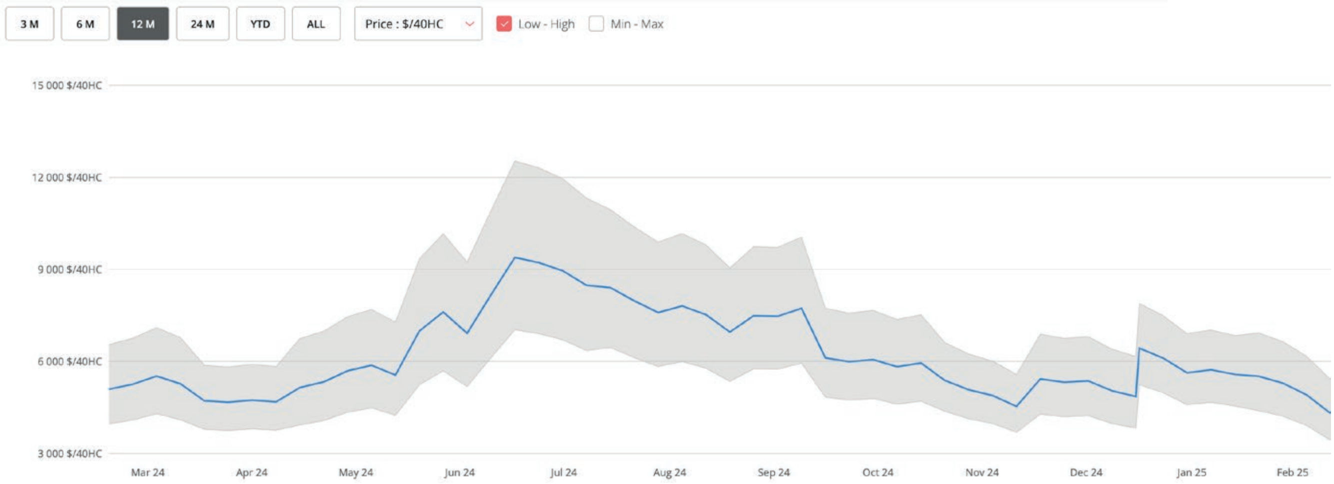
Antwerp - New York



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

After service reliability rates of 50-55% in 2024, January stayed in the same range with a rate of 51.5%. "Incidentally, the January 2025 score of 51.5% is the same as in January 2024," noted Alan Murphy, CEO of Sea Intelligence, in the study published by the company on 26 February. Reliability was nevertheless down 2.1% on December 2024.

Average ship delay was down very slightly by 0.01 days to 5.32 days - "which is the lowest that the delay figure has been since July 2024", according to Murphy. It would seem that service regularity has begun to return, even before the new alliances, with their promises of greater respect for sailing schedules, are up and running.

The improvement in reliability only applies to some operators, however. Out of the 13 companies covered by Sea Intelligence's study, seven registered an improvement but six saw their reliability decline. Those which showed progress were Mærsk, PIL, Hapag Lloyd, HMM, MSC, ZIM and Yang Ming. Lower performances were recorded, however, by Evergreen, Wan Hai, CMA CGM, Cosco, ONE and OOCL. Mærsk was in first place with a reliability level of 55% on its east-west services, compared to 46% in January 2024.

Seven companies in the Sea Intelligence study scored between 50% and 55%. They were Maersk, PIL, Evergreen, Wan Hai (which showed particularly marked progress), Hapag Lloyd, HMM and MSC. Bottom of the list were Yang Ming and OOCL with 46.6% each.

Mediterranean-United States

Singapore-based **SeaLead** is due to start a new service between the Mediterranean and the United States on 29 March. The MEDUS service will link Morocco and Turkey to the east coast of the United States, calling at Mersin, Istanbul, Gebze, Aliaga, Casablanca, New York and Norfolk.

MSC is reorganising its east coast US services following the end of its alliance with Maersk. The MEDUSEC service will now call at Malaga, Valencia, Gioia Tauro, Naples, Livorno, Genoa, New York, Boston, Norfolk, Baltimore, Savannah and Charleston. It will no longer call at Barcelona and Sines, which are now linked to the east coast of the United States by the EMUSA service, which calls at Tekirdag, Izmit, Aliaga, Piraeus, Haifa, Marseilles, Barcelona, Valencia, Sines, New York, Boston, Philadelphia, Norfolk, Savannah and Charleston.

Mediterranean

Medkon Line is reorganising its Mediterranean services. The new EMX (East Med Express) service is linking Turkish and Israeli ports, calling at Mersin, Iskenderun, Ashdod and Haifa. The MIA service, on the other hand, is concentrating on Egypt, calling at Iskenderun, Mersin, Beirut, Damietta and Alexandria before returning to Mersin.

CMA CGM is reconfiguring its Algerian services. The Marseilles group has taken Djen Djen and Annaba out of its TMX2 service and replaced them with Italian ports. The service's new itinerary will now take in Aliaga, Gemlik, Izmit, Istanbul, Malta, Salerno, Naples, Livorno, La Spezia, Marseilles, Malta and Augusta. To maintain its presence in Algeria, CMA CGM is calling in Djen Djen with its EURONAF service, which will call in future in Malta, Barcelona and Djen Djen. As for Annaba, it will be served from Egypt by the EGAL service, calling in Alexandria, Piraeus, Thessaloniki, Malta and Annaba.

Black Sea

The Gemini agreement between Maersk and Hapag Lloyd has ended the German group's cooperation arrangement with Arkas via the WBS (West Med Black Sea) service. **Hapag Lloyd** is opening a Mediterranean service called the Cros Med Express, which will call in Istanbul, Izmit, Gemlik, Tangiers, Casablanca and Barcelona. To maintain a service to Constanta on the Black Sea, the German group has taken slots on vessels on Maersk's BSX (Black Sea Express) service, serving Port Said, Istanbul and Constanta. The two services will connect in the port of Istanbul. According to our information, **Arkas** will keep its own service between Piraeus and the Black Sea ports.

Red Sea-India

SeaLead is opening a service between Indian ports and the Red Sea. The RESIN service will link Nhava Sheva, Jeddah and Sokhna with three 2,000 TEU vessels.

Europe-India

Gemini has dropped calls in Bremerhaven from its service between India and Europe. The service will now call in Hamburg. From now on, the itinerary of the IEX service takes in Rotterdam, London, Hamburg, Tangiers, Colombo, Chennai, Colombo and Algeciras.

India-United States

According to Dutch consultancy Dynamar, CMA CGM's American flag operator **APL** and Maersk US subsidiary **Mærsk Line Limited** have concluded an agreement, under which Maersk will take space on APL's transpacific service. Dynamar said that the Danish group was taking 80 TEU eastbound and 130 TEU westbound. APL, meanwhile, has 80 TEU eastbound and 20 TEU westbound on Maersk's MECL service between India and the United States. This latter service, which uses some ships under US flag, has changed its itinerary, dropping its call in Algeciras and adding a call in Mundra. It now calls in Jebel Ali, Mundra, Pipavav, Nhava Sheva, Salaalah, New York, Charleston, Savannah, Houston, Norfolk, New York, Tangiers and Salaalah.

Operations

Industrial action in French ports

The social climate in French ports deteriorated in March. The main dockers' union, the FNPD CGT, announced several forms of industrial action. It called on dockers to cease work for four hours between 10 am and 4 pm on the 4, 6, 10, 12, 14, 24, 26 and 28 March, as well as for 72 hours from 18 to 20 March. On 18 March, a complete stoppage of activity at all French ports is planned. The union is pressing the government to respond to its claims regarding the reform of dockers' retirement terms. The CNTPA union, which is affiliated to the CFDT confederation, has threatened to join the movement. It says it also wants responses to its concerns regarding the presence of asbestos in the ports. The CNTPA has a strong presence in the northern French port of Dunkirk, as well as strong representation in ports in French overseas territories.

TiL set to take over Hutchison's ports

The operation is a massive one. In a press release published on 4 March Hutchison Ports announced that it was going into negotiation on an exclusive basis for 145 days with a consortium formed by US investment group Black Rock and MSC subsidiary Terminal Investment Limited (TiL) for the sale of virtually all its ports terminals. Black Rock only went into infrastructure management last October when it acquired Global Infrastructure Partner (GIP), which has a 20% stake in TiL.

The sale falls into two parts:

- Acquisition of the 90% stake held by Hutchison Ports in the Panama Ports Company, which holds the concession for the Balboa and Cristobal terminals at either end of the Panama Canal. The remaining 10% belongs to Singapore's PSA (Port of Singapore Authority) group.
- Acquisition of CK Hutchison's holding in a number of subsidiaries and associated companies. According to the communique published by the Hong Kong group, this covers 199 berths in 43 ports in 23 countries.

The sales do not, however, include the holdings of Hutchison subsidiary HPH Trust in Chinese ports. HPH Trust has concessions at the Kwai Tsing terminal in Hong Kong, at Yantian, Huizhou, Jiangmen, Nanhai, the Beilun terminal in Ningbo, the Mingdong and Pudong terminals in Shanghai and the Xiamen terminal.

Negotiations on the $22.8bn operation have been in progress for several weeks but the pressure applied by Donald Trump looks to have played a determining role. The US president has on several occasions condemned the control exercised by Chinese operators over the Panamanian ports of Cristobal and Balboa, even saying that he wanted to retake control over the Panama Canal.

Assuming that the transaction is concluded, TiL will become the world's leading port cargo-handling group. After having taken over the Bolloré group's assets in Africa, TiL, a subsidiary of leading world shipping group MSC, has confirmed its ambition to become the leading group in all the links of the port logistics chain. It is worth recalling, too, that MSC has already taken a 49% stake in Spain's Boluda Towage group, which is established in Europe, Africa, America and Asia.

“The operation is a massive one”

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

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