



CONTAINERS

OUR TIPS FOR CONTRACT NEGOTIATIONS 2026-2027

OCTOBER 2026

upply

Containers: Our analysis framework for the 2026/2027 tenders

How can shippers best approach containerized ocean freight tenders for the 2026–2027 season, and when should they commit? Our expert Jérôme de Ricqlès has reviewed the parameters to take into account, in a period when expecting the unexpected has become shippers' daily lot.

The time has come for our annual advisory exercise ahead of the launch of the 2026–2027 tender season in containerized ocean freight. Our approach is to highlight the key criteria of the SWOT matrix, with some weighting. As last year, we can add new columns to the good old tender Excel spreadsheet (which, for some shippers, is now nearly 40 years old). Incidentally, it is interesting to see how powerful this basic tool remains in a world now surrounded by AI.

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SUPPLY AND DEMAND

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Demand

Observers were expecting a sharp drop in demand in 2026, because of the introduction of additional tariffs in the United States, the weakness of the European economy and the impact of inflation.

In the end, **volumes showed greater-than-expected resilience on long-haul East-West routes in 2026**. The major US ports, in particular, are posting record volumes. For carriers, this is also a pleasant surprise, which is pushing them to take a more serious look at the Suez Canal route. Had East-West volumes fallen by 15% since the start of the year, as most carriers had budgeted at the end of 2025, the story would have been different.

Western demand should remain firm after the usual Golden Week slowdown (1–7 October 2026).

KEY TAKEAWAYS

Even as geopolitical tensions grow, decoupling does not really work for large volumes, and heightened geopolitical risks encourage stockbuilding, which keeps demand solid.

Supply

According to the September 2026 forecasts from [BIMCO \(Baltic and International Maritime Council\)](#), the global container ship fleet is expected to grow by 4.6% in 2026 and 9% in 2027. **The container ship orderbook now exceeds 14 million TEU, equivalent to 42% of the existing fleet.**

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This ordering frenzy by shipping lines, evidently backed by their banks, leaves many economists perplexed. Fleet growth is indeed far above demand growth in the global market. Moreover, scrapping is at very low levels, owing to the high residual value of old container ships, including some units with more than 30 years of service, an age considered critical for a vessel's integrity.

Geopolitical and climate factors are coming to carriers' rescue in an unexpected way, by neutralizing part of the capacity. The diversion via the Cape of Good Hope, restrictions on transits through the Panama Canal and the particularly violent typhoon season in Asia are generating additional waiting times in ports, congestion, disruption in empty container pick-ups, last-minute blank sailings and much longer ton-mile distances.

KEY TAKEAWAYS

At the end of September, we estimate that the capacity neutralized, voluntarily or not, stands at nearly 20% of global available capacity, owing to the accumulation of sources of disruption. Fuel costs and geopolitical and climate stress factors should partly offset the supply increase brought by a partial and gradual return via the Suez Canal.

Freight rate trends

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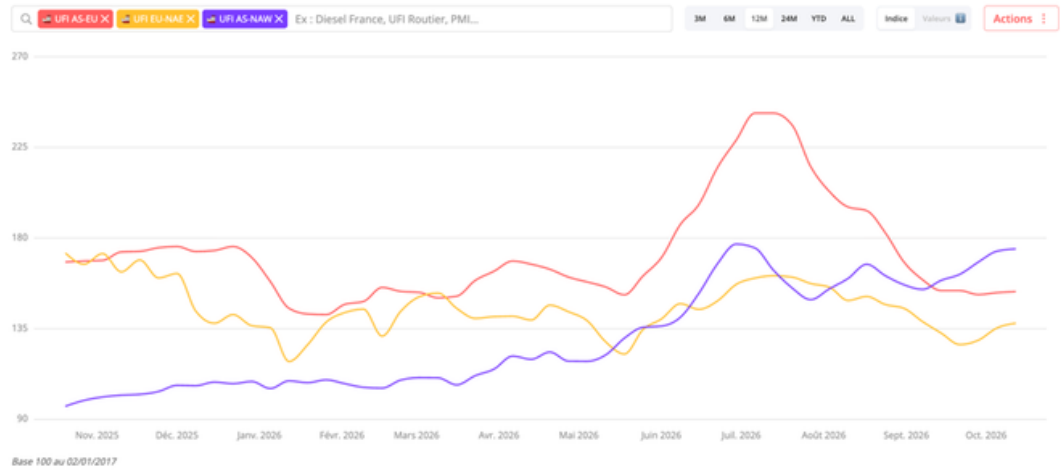
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Freight rate indices on the main global trades



Source: Uply Freight Index (UFI), data extracted from the [Uply Data Hub](#) on 12 Octobre 2026, base 100 : January 2017.

While the gap between freight rates on the two main global trades, Asia–Europe and the Transpacific, was fairly correlated over the past two years, 2026 shows a divergent trajectory. **Asia–Europe freight rates have fallen back from their July peak, while those between Asia and the North American West Coast have returned to their June record level.** The gap has reached historic levels. This shift matters for contract negotiations, which always start from the existing situation. The transatlantic market, for its part, appears relatively stable over time and slightly overcapacitated.

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OPERATING COSTS

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Fuel

Even though there is much talk of alternative fuels in liner shipping, the current container fleet is 99.9% made up of diesel engines, dual-fuel or not. **The product tanker fleet (diesel, gasoline, jet fuel) is heavily used today because it is scarce, as the market limited orders in recent years in anticipation of declining demand.** The current wave of product tanker orders is, incidentally, a turning point for the industry.

So even if spot prices ease, transport costs could remain very high, simply because there are not enough vessels, not enough diesel refining capacity, and because the ton-mile distance is too long.

Overall, absent geopolitical tensions, the market should settle at around 60 to 70 dollars a barrel, taking into account raw global production figures and a scenario of declining fossil fuel consumption in some Western economies, driven by growing electrification across all sectors. However, the global oil market is not in oversupply. *“Long-term projections show a contrasting picture between continued strong non-OECD oil demand growth and declining OECD demand. [...] India, Other Asia, the Middle East and Africa are set to be the primary sources of incremental demand growth,”* states the World Oil Outlook 2050 (2025 edition) of the Organization of the Petroleum Exporting Countries (OPEC).

Diesel is, in fact, the refined product whose demand is expected to grow the most in the long term: OPEC anticipates an increase of 4.4 million barrels per day between 2024 and 2050, ahead of jet/kerosene (+4.1), LPG/ethane (+3.6), gasoline (+3.1) and naphtha (+2.7).

Diesel and its derivatives will remain scarce and expensive whatever happens. It will take a minimum of two to three years to ramp up production closer to consumption areas. A cold winter in the Northern Hemisphere, which has become more frequent with climate change, could also aggravate the diesel crisis for Western countries.

KEY TAKEAWAYS

- VLSFO prices of around 650 to 850 dollars a ton are a good benchmark to build into the matrix for the 2026–2027 tender season. If you can cap prices in your contract within a 10% band, upward and downward, with no reopening clause, this seems consistent with the current market environment.
- We recommend giving more weight to fuel costs in the make-up of your all-in rates.

Choice of shipping routes

With significantly higher operating costs, mainly because of fuel but not only, **carriers have to perform more voyages per ship, as the annual rotation ratio is too low**. A ship indeed performs around 3.2 rotations a year on the Asia–North Europe route via the Cape of Good Hope, versus an average of 4.5 via Suez.

This is the main reason for the gradual return via the Suez Canal that we are currently observing. It is not driven by shippers' demand. It is a carrier initiative, mostly because demand is above expectations.

Are Western supply chains ready for this new switch via Suez? Probably not, but they will have to adapt. At this stage, carriers have not opted for a dual commercial offering, with a "fast" service via the Suez Canal on one side and a long-haul service via the Cape of Good Hope on the other.

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Retail, the leading sector in terms of profitable flows for carriers, has never paid so little in demurrage and detention charges and has, on the whole, been quite comfortable with “free” storage on board ships taking longer routes. This is obviously not the case for other industrial sectors such as automotive or pharmaceuticals, which by nature are far more sensitive to transit times. This gradual return via Suez means messy cargo arrivals in Europe, with bottlenecks, waiting times, possible terminal congestion aggravated by labor unrest, and potentially enormous inflation in warehousing costs near ports.

Transits through the Bab el-Mandeb Strait also remain a fragile option, vulnerable to possible attacks (short- or long-range). Some of the largest ships will keep using the Cape of Good Hope route for a long time yet.

KEY TAKEAWAYS

Shipping lines are facing rising fuel costs that weigh on their operating costs. They have started returning services to the Suez Canal, not at shippers’ request but to meet profitability imperatives. The switch causes some congestion and therefore a deterioration in service quality.

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Most small and mid-sized shippers are very often surprised to receive lower quotes from NVOCCs than on the direct market with carriers. This is not new, and we believe the trend should last and even gain ground.

A higher entry ticket

In 2023, when freight rates began to collapse before rebounding because of the Houthi attacks in the Bab el-Mandeb Strait, small shippers were tendering directly with carriers for around 10,000 TEU a year. **To obtain a substantial gain by negotiating directly with shipping lines, the entry ticket is now more like 80,000 to 100,000 TEU a year.**

Why? Simply because everyone “cheats” a little. Shippers announce larger volumes than those they actually have, and carriers, for their part, do not hesitate to reopen contracts mid-term, citing “unforeseen” external factors, whatever they may be.

In reality, the more opportunistic NVOCC market has been heavily supported by the largest carriers, MSC foremost. Those who predicted ten years ago the end of the freight forwarder’s role in liner shipping were wrong: NVOCCs today contractually control far larger volumes than before, [in particular the top five players](#) (Kuehne+Nagel, DSV, DHL, Sinotrans, CEVA).

Greater flexibility

Dynamic pricing and yield management are now common practice in all sectors of activity, reinforced by modern IT and now-powerful AI tools.

The consequences are far from negligible. **The classic tender scenario, with its monolithic “one year, one price” approach, is proving increasingly obsolete for all commercial partners.** The usual one-year term is now considered too static, including from the shipper’s point of view. This explains why shippers are opening a larger share of their volumes each year to the monthly or quarterly forwarder market. It is a heavy trend: for some large shippers, the share of volumes entrusted to the forwarder market has risen from 10% to 30% of their annually contracted volumes.

When a major disruption hits the market, as is now very frequent, shippers look for more agility in their ability to switch their cargo.

KEY TAKEAWAYS

- From the shipper’s point of view, NVOCCs should disappoint less than carriers over the contract term, in terms of service provided for the price paid, except for very large shippers.
- With service quality very low everywhere, it is quite natural to focus on price.
- NVOCCs are less fragmented than carriers in offering end-to-end solutions and warehousing capacity, particularly in the event of a massive return via the Suez Canal and the associated bottlenecks, which generate additional demurrage and detention charges on the carrier side.

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For shippers importing mainly from Chinese ports, staying on FOB or switching to CIF is perhaps the most strategic choice of the season. Under FOB, the buyer arranges and pays for ocean transport: risk passes to the buyer as soon as the goods are loaded on board the vessel the buyer has nominated, at the agreed port of shipment. Under CIF, it is the seller who chooses the carrier and pays the freight to the port of destination, even though risk passes to the buyer from loading.

Chinese carriers have developed a far more integrated land-side approach to their activities in destination areas in Europe, by securing control of terminals and warehousing capacity. **As a European shipper and importer, the time has come to genuinely balance the value between the two markets.**

The advantages of switching from FOB to CIF

- Simplify the work of procurement and logistics flow teams.
- Obtain more competitive prices on the Chinese market for an integrated service.
- Include in the negotiation long free time for demurrage and detention at the port of destination, on terminals controlled by Chinese companies.
- Reduce the risk of having cargo rolled by the carrier in peak season.
- Benefit from the Ocean Alliance service, an alliance comprising Cosco Shipping, CMA CGM, OOCL and Evergreen.
- Limit the risk of a lack of space in the long term, as Cosco currently has the largest orderbook relative to its existing fleet (52.2%).
- Hold a potentially better position to protect one's interests in the event of a dispute or claim with Chinese parties, following the entry into force of the new Chinese maritime code on 1 May 2026 (which covers all cargo transiting through Chinese ports).
- Open the door to Indo-Pacific opportunities to grow one's business, through a contract with a Chinese carrier.
- Obtain priority status with one's suppliers thanks to the change of Incoterm.

The drawbacks of switching from FOB to CIF

- Losing sovereignty by delegating routing to the Chinese shipper.
- Putting all one's eggs in one basket.
- Finding oneself forced to use terminals controlled by Chinese interests in Europe, even if they do not meet inland haulage requirements at destination.
- Exposure to the vagaries of EU/China trade tensions should they worsen during the contract term: risk of retaliation or of cargo being held "hostage" under the terms of Chinese bills of lading.
- Exposure to strategic data capture demanded by the carrier.

In today's liner market, does it still make sense, as a customer, to stick to "shipper" status, that is, to control the commercial contract and the transport contract?

- Less than before, owing to the commoditization of the liner product.
- Less than before, owing to market volatility with limited financial risk coverage.
- Less than before, owing to the weight of China in the global economy.
- Less than before, owing to the considerable IT investments to be made.
- Less than before, owing to the numerous attacks on freedom of navigation, which increase the risk for a shipper of being dragged into the chaos because of instability.

KEY TAKEAWAYS

- Easy savings.
- Relative protection against attacks targeting Western interests in certain war zones (but with no absolute guarantee).
- A loss of control and of negotiating power.

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Should shippers rush to close their annual negotiations or bide their time? Given the currently high level of freight rates and the considerable capacity expected in the coming years, both from the arrival of new ships and from a more substantial return via the Suez Canal, the logical answer would be to wait. These are logical and solid arguments in favor of a “late bird” approach this year.

However, this logic deserves to be qualified to take into account exogenous factors likely to creep into the equation.

MSC's dominance

The market leader has the power to set the tempo again this year, through its large base of preferred NVOCC customers. The question is therefore essentially whether MSC will tilt its strategy towards winning market share or towards profitability in 2027.

Historically, MSC has favored a conquering approach. But the group is at a pivotal moment, as its founder handed the reins of the company to his children in April 2026. Will they stay the course? One thing is certain: there is no shortage of means, as the group, already wealthy, has just entered the lucrative tanker market via Sinokor.

MSC's ability to squeeze its operating costs to the limit is well known, thanks to a relatively low-tech fleet of average age and to the productivity gains allowed by terminal integration. In addition, the group holds a joker: a massive fleet of scrubber-equipped ships, which now enjoys a 150-dollar-a-ton advantage over the now-standard VLSFO. MSC therefore clearly still plays with the lowest break-even levels in the market, a formidable weapon against often less agile competitors.

Likely erosion of freight rates

If a scenario of gradual return via the Suez Canal is confirmed, will climate impacts, congestion and conflict-related disruption be powerful enough factors to avoid a collapse in freight rates over the next 12 months? Hapag-Lloyd's CEO recently said he did not foresee overcapacity and expected a relatively tight supply-demand balance in the coming months, thanks to a well-oriented and fairly balanced market. For some, this comment is too optimistic. For others, it is a sort of prayer, or a signal to other carriers to protect their margins collectively by every means, hence fairly defensive behaviour.

At Upplly, we believe an erosion of freight rates is likely: customers are starting to get used to multiple crises, and there is far less of a shock effect to expect. This is a key factor, fully at work in current negotiations, particularly in a context of high inventories.

Some will speak of customer resilience, a concept that has become rather overused. We prefer to speak of pragmatism. Large shippers have for some years now been focused on securing their volumes within a manageable geographical perimeter. A customer who is less worried about the future, whatever happens, is an asset during tender negotiation cycles.

Towards shorter contract terms

The post-Covid era, during which some carriers wanted to push shippers into three-year contracts, is largely over. Today, the trend is towards more opportunism and dynamic pricing, and therefore towards shorter commitments.

Thanks to more autonomous procurement tools, the weight and burden of tender management have been significantly lightened. A shorter term may also mathematically mean fewer opportunities for contract breach (in theory!).

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We could see more renewable six-month contracts (6+6 instead of one year) concluded, to gain flexibility and narrow the gap with, or even bridge to, the quarterly “NAC” market of the large NVOCCs. We have recently seen an increased number of “mini-tenders” launched in the middle of annual contracts, and this is a market trend to be taken seriously.

KEY TAKEAWAYS

- At this stage, more factors argue in favor of a late bird approach.
- MSC has the power to steer the market trend on its own.
- Extreme weather events, conflicts and congestion could temper the freight rate erosion generated by overcapacity, amplified by the return via Suez.

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Competition in the liner shipping market is here to stay, even if supply is more concentrated than ever.

On the one hand, we can hope for a little stability, thanks to an apparently more peaceful approach between China and the United States. On the other hand, how Europe will manage its relations with China and Russia alone in the coming months is a big question mark. A provocation or an accident caused by Russia in Europe is today a major risk. With China, the highly sensitive topic of electric vehicles needs a great deal of attention to be resolved urgently, as it carries cascading negative effects.

In the event of escalation into an open conventional conflict with Russia and/or more direct military involvement in the Middle East, freshly signed annual contracts could be terminated on the spot by carriers. That does not mean service will cease to exist, but a contract signed during a hybrid war will not withstand a real open war: the situation would impose new rules.

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Jerome puts all his knowledge of the industry to contribution for Upply. Ship captain at heart, he has written the English-French Lexicon of Containerized Shipping (Paris: CELSE, 2001).

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