



Global Shipping Market Insights: February 2025

Short summary



A time for new opportunities for growth and change

Key Takeaways

- H1 Outlook. WTO's 3% forecast trade growth and Geopolitical Headwinds.
- Red Sea diversions remain routed via South Africa.
- Ukraine/Russia War.
- New Shipping Alliances.
- Vessel Overcapacity Forecast to rise to 7.8% in 2025.
- Fuel Outlook amid significant market uncertainties.
- Trade Focus by Region.

1. H1 2025 Outlook

Global container traffic in 2024 amounted to 183,158,193 TEU, according to data released by Container Trade Statistics (CTS), representing growth of 6.2% over 2023. The World Trade Organization (WTO) has forecast world trade growth at around 3% this year, with the expectation that global GDP will remain at 2.7% again this year.

This is based on declining inflation enabling central banks in advanced economies to cut interest rates thereby stimulating consumer consumption and increasing investment. The WTO warned that “significant risks remain, including regional conflicts, geopolitical tensions and policy uncertainty”. At the time of writing (10th February), the USA had announced customs trade tariff hikes on 25% on Canada and Mexico and 10% on China, and further threats of increased tariffs on trade from the EU and possibly the UK. The result was a fall in global Stock markets and retaliatory tariff hikes by Canada. The U.S has since imposed a 25% tariff levy on Aluminium and Steel as it seeks protectionist policies to develop manufacturing at home.

Stock markets and supply chains hate uncertainty. When trade tariffs are used as a bargaining tool for political leverage or national protectionism, it is the not knowing over how short- or long-term punitive tariffs could be applied that has a major impact on product planning and sourcing as well as changes to trading patterns affecting container supply, vessel deployment and finally, freight rates. All leading to higher prices, inflation and interest rates particularly in the U.S, followed by a downturn in trade globally.

Panama in response to pressure from the USA, has announced cutting ties with China on infrastructure projects and is reviewing its contract with Hong Kong owned Hutchinson Ports PPC, that operates two of the five ports along the waterway. It has operated the port of Cristobal on the Atlantic side and Balboa on the Pacific since 1997. The contract was automatically renewed in 2021. The Panama Canal accounts for 2.5% of world trade with more than 14,000 vessels transiting a year providing USD2.5 billion revenue to Panama.

2. Red Sea Diversions

CMA announced on January 25th that following the recent ceasefire between Israel and the Hamas, it would continue to “prioritise alternative routes, including a significant reliance on passage via the Cape of Good Hope”. The fragile ceasefire has 3 phases, the first of which being 42 days which began on January 19th, followed by a further 6 weeks in phase 2.

As the two phases will not be completed before mid-April, carriers will look to marine risk insurers to reduce premiums signalling that confidence in safety is restored. The re-routing back to the Red Sea for the major Asia-Mediterranean and Asia-Europe lanes appears unlikely in H1 and into late Q3 at best once secondary trade routes are safely resumed.

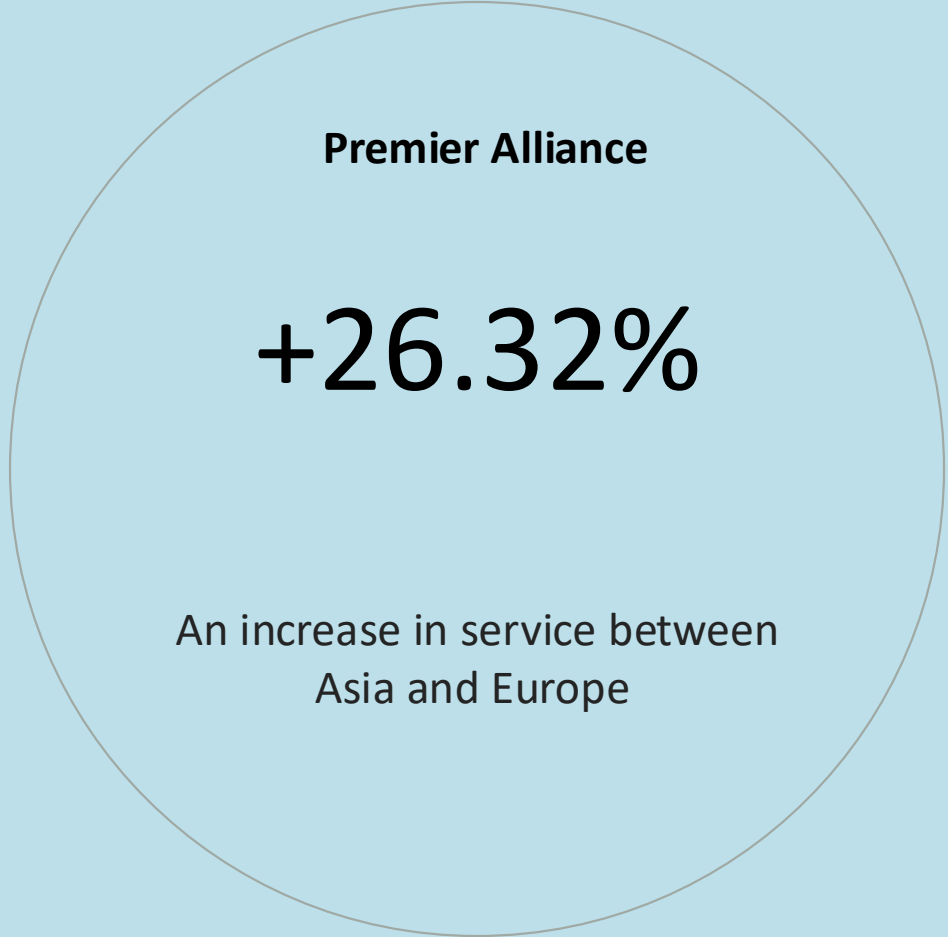
3. Ukraine/Russia War

As the war which began in February 2022 costing over 1 million lives either killed or injured, moves into its fourth year, there are signs that 2025 could bring an end to fighting. Ukraine needs more men and supplies and Russia is facing interest rates at 23% and inflation above 9% as economic sanctions bite and the deadlock over Ukraine's intended NATO membership being a major issue at the negotiating table as Russia seeks to maintain a neutral buffer zone at its western borders.

The U.S seeking to recoup its USD106 billion direct financial support of Ukraine and wants USD500 billion in reparations for the Ukraine's natural resources in uranium, phosphate and lithium worth around USD20 trillion that would also boost trade with the U.S on the Transatlantic route. Ukraine is considered the bread basket of Europe with 41% of its USD68 billion exports being agricultural products including oilseed and wheat. The EU imported around Euros 22.8 billion in 2023 and exports from the EU totalled Euros 39 billion over the same period.

4. New Shipping Alliances and revised port configurations

MSC	Gemini	Ocean Alliance	Premier Alliance
	 MAERSK	 CMA CGM COSCO SHIPPING EVERGREEN LINE	 YANG MING

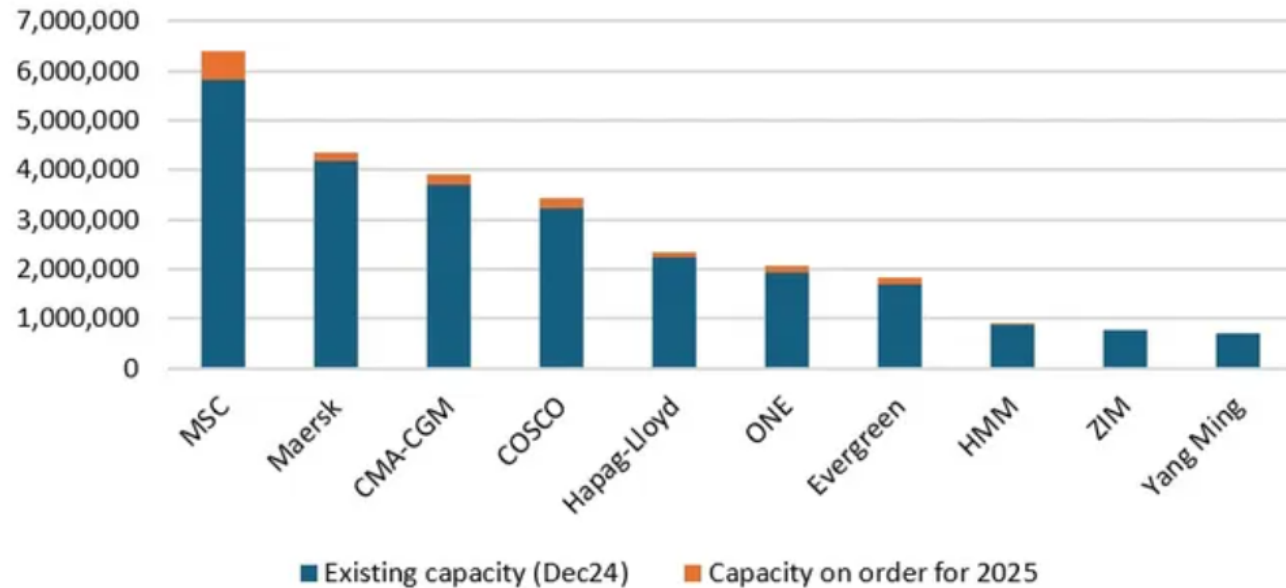


The new line up of carrier alliances takes affect this month which will result in carriers actively pursuing market share. The key changes being MSC’s decision to go it alone on the lanes it previously operated with Maersk in the 2M Alliance. Hapag has left THE Alliance to join Maersk forming the Gemini service. The Alliance has been renamed the Premier Alliance by its remaining members. ZIM has entered into a slot agreement with MSC on the Asia-USA transpacific service. MSC and the Premier Alliance will cooperate on the Asia-Europe routes.

Overall, services will increase from 17 to 24 between Asia and Europe and from 9 to 17 between Asia and the Mediterranean. On the transatlantic trade, The Ocean and Premier alliances have announced that they will jointly operate services.

5. Vessel Overcapacity Forecast to Rise

Existing fleet capacity (TEU) + capacity on order for 2025 by top 10 shipping lines



Graph: MDS Transmodal

The outlook in 2025 is a widening in oversupply from 3-4% in 2024 to 7-8% in 2025 based on vessels continuing to avoid the Red Sea according to shipbroker Braemar. Dynamar estimates that around 220 vessels totalling around 1,9 million TEU would represent a 6% capacity increase.

However, consultancy MDS Transmodal has calculated that over 3 million TEU is over 20 years old and so could be scrapped over the coming year.

By applying counter measures to reduce the supply and demand gap by adding port calls, reducing old tonnage and applying blank sailings, carriers can mitigate to some degree the impact of slower trade growth while the major Asia-Europe and Mediterranean scheduling continues to bypass the Red Sea.

6. Fuel Outlook

The U.S. Energy Information Administration forecasts that benchmark Brent crude will fall from an average of USD81 per barrel in 2024 to USD74 per barrel in 2025 and USD66/b in 2026 “ as strong global growth in production of petroleum and other liquids and slower demand growth put downward pressure on prices and help offset heightened geopolitical risks and voluntary production restraint from OPEC+ members”. This forecast was issued before the US announced additional sanctions targeting Russia’s oil sector on January 10th which has the potential to further reduce Russia’s oil exports to the global market.

IATA has also forecast a drop in jet fuel in 2025: “ Jet fuel prices in 2024 should average USD99 per barrel, implying a 12% drop YOY, which may translate into a 3.5% lower cost base for airlines (assuming a 30% share of fuel in the cost base) in 2025, jet fuel may reach USD87 per barrel, based on a jet fuel crack spread of USD12 per barrel and a crude price of USD75 per barrel.

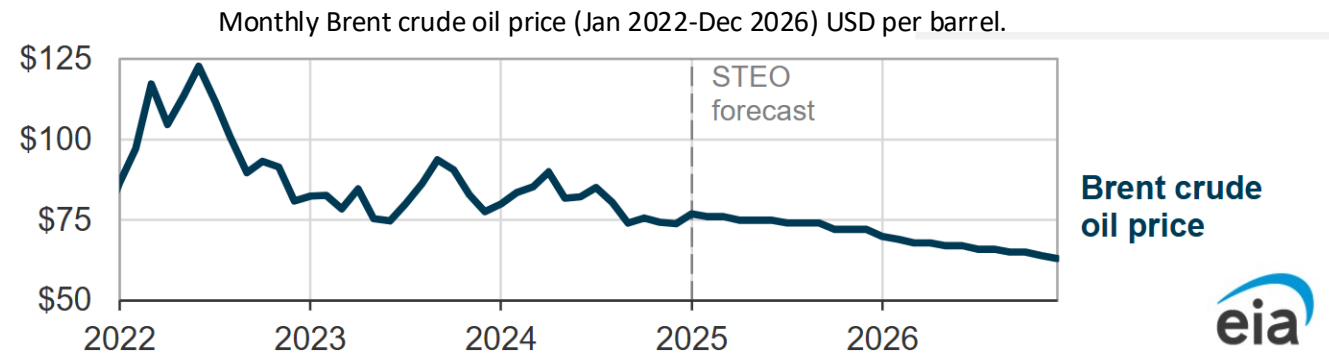
Monthly Brent crude oil price (Ja

Brent crude will fall

Between

8% to 18%

Between 2025 and 2026



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook (STEO) January 2025


7. Trade Focus By Region


Regional Market Development – Major Trades


R Demand > Capacity
 A Demand, Capacity balanced
 G Demand < Capacity

Market Development on Key Regional Tradelanes		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Asia	→ Intra	A	R	A	R	R	R	R	R	R	A	A	A
	→ N. America	R	R	A	A	A	R	R	R	R	A	A	A
	→ Europe	R	R	R	A	R	R	R	R	R	A	A	A
	→ Middle East	R	R	R	R	R	R	R	R	R	A	A	A
	→ S. America	G	G	G	G	R	R	R	R	R	A	G	G
	→ Africa	R	R	R	A	R	R	R	R	R	A	G	G
	→ Oceania	R	R	R	A	R	R	R	R	R	A	A	A
	→ East MED	R	R	R	A	R	R	R	R	R	A	A	A
East MED	→ Europe	R	R	R	R	R	R	R	G	R	A	A	A
Europe	→ N. America	G	G	G	G	G	G	G	A	R	R	A	A
	→ Asia	A	G	G	G	G	A	A	A	A	G	G	G
N. America	→ Asia	A	A	G	G	G	G	G	G	G	G	G	G
S. America	→ N. America	G	G	G	G	G	G	G	A	R	A	A	A

Forecast

 Upcoming alliance reshuffle expected to further exacerbate short-term demand for tonnage until new network setups settle.

 Transatlantic carriers reduce capacity and downsize vessels.

 Demand vs. capacity imbalance outbound Asia.

Looking at the supply versus demand forecast for 2025. All trades appear to be balanced throughout the 1st quarter of the year.

The notable aspects being the alliance reshuffle which is expected to affect short term demand for capacity and equipment during the lull period for demand immediately post Chinese New Year.

It is interesting to note that on the Transatlantic trade, carriers appear to be deploying reduced capacity with smaller vessels

Source: DHL

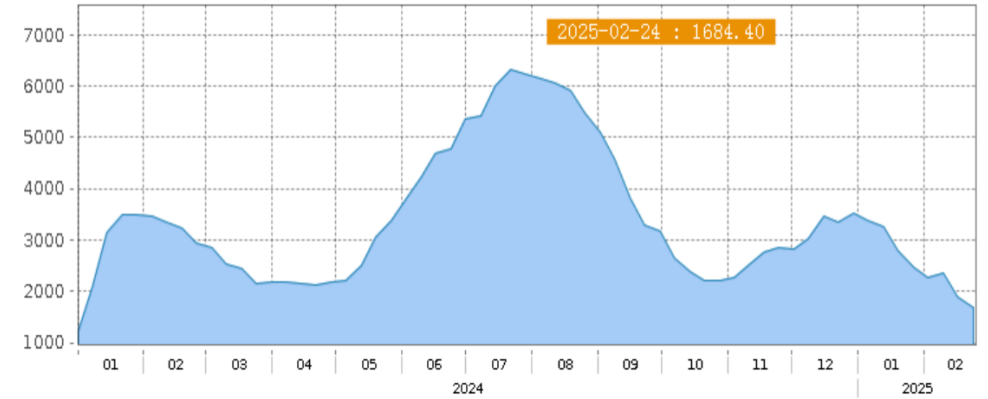
7. Trade Focus By Region- Asia

Geopolitical tensions between China and the US – its 3rd largest trading partner totalling USD0.5 trillion, on tariff barriers and counter measures taken by both sides, means that trade volumes and the potential impact on vessel capacity and freight rates on the transpacific – appear to be on a downward trajectory. The impact would also be felt on the Asia-Europe and Mediterranean markets as China due to its reliance on exports, would seek to reroute its U.S surplus to other key export markets. China’s goods effected include aluminium, steel, electronics, toys, home appliances and footwear. The US are to be hit with specifically targeted tariffs on coal, LNG and agricultural machinery so far.

The Rhodium Group has produced a report on the potential scenarios that could be played out as a result of tariff barriers to trade. Due to the impact on the U.S economy of rising costs and inflation on consumers, Should Rhodium’s scenario that “faced with domestic instability on the economic and political fronts, the U.S administration decides to roll back most of its trade policies” in return for concessions from China. “A US-China deal diminishes security tensions in the short run, including concerns of China withholding critical inputs into the US”.

This scenario places the management of global surplus capacity at around 6% back into the hands of the carriers, that are balancing declining volumes in February with blank sailings, along with the prospect of scrapping older tonnage to counter pressure on falling freight rates anticipated this year. Carriers will also be carefully monitoring and protecting market share in a new era of competition with the latest carrier configurations. Subject to impending geopolitical headwinds affecting investment and growth, shippers could yet realise the lower freight rates originally forecast at the beginning of 2024.

Shanghai (Export) Containerized Freight Index based on Settled Rates (EUR service)



Shanghai (Export) Containerized Freight Index based on Settled Rates (USWC service)



7. Trade Focus By Region- North America

Following the recent threat of trade wars between the U.S and its 3 largest trading partners Canada and Mexico and China, further news was announced the weekend of the Superbowl 25% tariffs on all steel and aluminium imports. This week China's retaliatory tariffs come into effect, with controls on imports of US coal, oil, gas, agricultural machinery, large-engine cars, and metals needed for electric and military equipment. As trade tariffs are being used for a combination of protectionism and political leverage, it remains to be seen what concessions the US is seeking from China in terms of its import/export trade and/or its political influence with Russia where trade between the two countries has increased to its highest record of USD237 billion in 2024. This 2.9% increase YoY is on top of the 32.7% gain in 2023.

Following a U.S investigation into what it concluded was unfair Chinese state support of maritime supply chains, Loadstar has reported that "US trade representative (USTR) Jamieson Greer has proposed fees for China-built ships calling at US ports" which could amount to USD1.5m per ship. Loadstar estimates that a USD1.5m call fee levied on a fully laden 14,000 teu transpacific Asia-US west coast service, would equate to \$107 per teu. Analysts Linerlytica quoted that "Chinese-built ships account for 225 of the 1,045 ships currently deployed in the US (excluding Jones Act trades) compared with just 10 ships that were built in the US." The USTR's Section 301 committee will host a hearing on 24 March in Washington to discuss the proposals. The U.S is also reviewing its port infrastructure holdings which could impact Cosco which operates on the U.S west coast.

The Loadstar stated that The World Container Index (WCI) reported rates from China to the US west and east coasts had both fallen 5% week on week and that the Shanghai-Los Angeles and Shanghai-New York legs further declined 1% week on week, to \$4,717 and \$6,212 per 40ft. Although trade will inevitably pick up over Spring, volumes are not expected to outpace the capacity being deployed with the new services announced by the carriers.

The WCI composite global rate has continued to show a week-on-week decline of 10%, to \$2,795 per 40ft, dragging overall rates down to a level last seen in April last year. Lars Jensen, CEO Vespucci Maritime commented on at the latest Shanghai Freight Containerised Index (SCFI) on the 20th February that " At an overall index level it (is) now down -36% compared to the pre-CNY peak in the first week of January 2025. It is still above the pre-Red Sea crisis level but lower than at any point during 2024.

For context it should also be noted that the current level is still higher than at any point in the 10 years before the pandemic, except for a few brief weeks in October 2009." Jensen provided the following insights: " Asia-Europe and Transpacific rates continued downwards, with Asia-Europe down -2% and Asia-Med down 7% compared to last week. The drop was much sharper on the Pacific where SCFI spot rates into both USWC and USEC were down -18%. "

7. Trade Focus By Region- South America

Trade agreements are also central to its regional strategy. Reducing barriers and enhancing competitiveness will strengthen South America's export position. The successful EU-Mercosur trade negotiations, which concluded in December 2024, were a major development.

Several other countries, including Chile and Peru, have free-trade agreements (FTAs) with China and the U.S. By expanding and strengthening these agreements on market access, rules of origin and digital trade "would provide stability as major powers turn inward".

7. Trade Focus By Region- Europe

The Shanghai Container Freight Index's China-North Europe and China-Mediterranean indicated a drop of 16% and 5% on the previous weeks, The Loadstar also reported that "Drewry's World Container Index (WCI) Shanghai-Rotterdam leg dropped 5%, to finish the week on \$3,125 per 40ft, a rate that is now some 29% down year on year, while its Shanghai-Genoa leg was down 4%, at \$4,236 per 40ft, 19% down year on year."

As reported under 'North America', rates have continued to decline as February is traditionally a period of lower rates, volumes and blank sailings following Chinese New Year factory closures. It remains to be seen how the E.U as a trading block and UK counters increased tariffs by the U.S on goods that can be supplied more cheaply by China seeking increased trade with Europe. The EU has not met its targets on EV's that could be sourced from China, seeking to make up for losing sales in the U.S.

7. Trade Focus By Region- Africa

Maersk warned customers that congestion at Mombasa Kenya due to “higher-than-expected yard density” and “equipment challenges” and Dar Es Salaam Tanzania, means that they will have to reschedule these ports with “cut and run” vessel operations. According to the eeSea database, Mombasa had 11 vessels in port and seven waiting to berth.

The nearby port of Dar Es Salaam advised of nine vessels in port and 20 waiting reported in the Loadstar. It stated that Maersk is experiencing arrival delays from Far East Asia due to lengthy vessel waiting times at Shanghai, Ningbo and Singapore. With Shanghai having 59 vessels in port and 19 waiting to berth, according to eeSea, while Ningbo and Singapore both have 49 in port and 29 and 12 waiting to berth, respectively. Meanwhile Hapag Lloyd announced scheduling enhancements on its routes to and from West Africa reported in eeSea.

The Mombasa port congestion appears to be easing. For the latest update, please refer to: [Port Congestion Status Data Worldwide - GoComet](#)

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Thank you!