iXRT

Ocean Market News by Xeneta

March 21, 2025

The Xeneta Ocean iXRT provides an overview of long and short term market movements, the key risks and issues to be aware of and insight on how these may develop in the coming weeks and months.

Topics covered in this iXRT Report include:

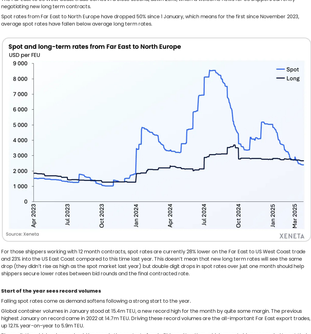
- Falling spot rates could help shippers in contract negotiations
- Start of the year sees record volumes and appetite for front loading
- US port fee proposal is another curveball for industry plus impact assessment
- Congestion could be an unintended consequence of port fees
- Tariffs remain top of mind and impact US inflation
- Strong volume into US West Coast could tail off in H2

MARKET RECAP

Falling spot rates could help shippers in contract negotiations

There has been further relief for shippers moving goods on the spot market. As of 24 March, spot rates on the five biggest trades out of the Far East have fallen significantly compared to a month earlier.

The smallest average spot rate decrease on the Far East export trades is to North Europe, down 11%. The biggest decrease is found on the Far East to South American East Coast trade, down 32%.



The Far East to US West Coast trade comes in a close second, down 26%, which is welcome news for US shippers currently negotiating new long term contracts.

Spot rates from Far East to North Europe have dropped 50% since 1 January, which means for the first since November 2023, average spot rates have fallen below average long term rates.



For those shippers working with 12 month contracts, spot rates are currently 28% lower on the Far East to US West Coast trade and 23% into the US East Coast compared to this time last year. This doesn't mean that new long term rates will see the same drop (they didn't rise as high as the spot market last year), but double digit drops in spot rates over just one month should help shippers secure lower rates between both trade lanes and the final contracted rate.

Start of the year sees record volumes

Falling spot rates come as demand softens following a strong start to the year.

Global container volumes in January stood at 15.4m TEU, a new record high for the month by quite some margin. The previous highest January on record came in 2022 at 14.7m TEU. Driving these record volumes are the all-important Far East export trades, up 12.1% year-on-year to 5.9m TEU.

These all-time-high volumes should be seen in the context of early Chinese New Year, which meant shippers needed to get their containers on the ocean by the closing days of January, rather than in early to mid-February.

Appetite for frontloading

Perhaps more importantly, for many US shippers who made the decision to frontload imports following Trump's election victory, January was the first real point at which those extra goods were made and ready to be shipped.

The developments in recent weeks amid a flurry of tariff announcements, which with all the back and forth feels more like months, will have done nothing to ease shippers' uncertainty and their appetite to frontload, if they can.

The extent to which this is a possibility for a shipper depends on the type of goods, with anecdotal evidence suggesting intermediate/semi-finished goods are leading the charge on frontloading.

MARKET OBSERVATION

US port fee proposal is another curveball for industry

In addition to the rollercoaster on tariffs, the Trump administration has thrown another major curveball at the industry: the US plan to charge levies for port calls by Chinese built ships, Chinese operators, and carriers with orders on order at Chinese yards.

The Chair of the Federal Maritime Commission (FMC) has in the past few days confirmed that these new levies are likely to be approved following a period for comment and public hearing later this month.

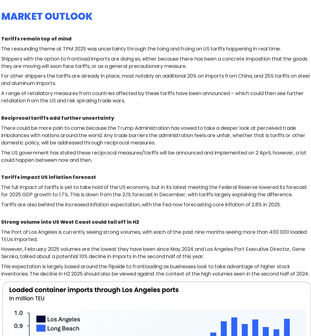
The draft proposal was not entirely clear on many points, with both carriers and shippers needing further clarification before a full understanding of the scope of this regulation and the size of the levies.

However, we can already consider the repercussions of legislation such as this, and carriers were quick to start the conversation on the stages and meeting rooms at TPM26 in Long Beach, California in early March.

Different levels of exposure across carriers

Of course, not all carriers will be equally hit. For every port call COSCO Group makes, it will be charged up to USD 1m for being a Chinese operator, an additional USD 1.5m if it is a Chinese-built ship an-lying and finally a further USD 1m because its entire orderbook of new ships are being built in Chinese yards. In total, this adds up to USD 3.5m per US port call (for more likely when) the proposal becomes a regulation.

At the other end, carriers such as ZIM, Yang Ming and HMM will 'only' have to pay up should they send a Chinese built ship to the US.



Port fee impact assessment

To measure the potential impact of this regulation, assuming carriers make no adjustments (which will be covered later in this report), Xeneta has analysed a range of OCEAN Alliance services into the US over the first 12 weeks of the year.

OCEAN Alliance comprises COSCO, OOCL, CMA CGM and Evergreen.

Note: this analysis makes assumptions on which of the several levies laid out in the draft will come into force. These assumptions are below and the subsequent analysis is based on a scenario whereby the levies had been in force since the start of 2025.

- USD 1m for any port call made by a Chinese carrier
- USD 1.5m for every port call made by a Chinese built ship
- Up to USD 1m per port call based on the share of a carrier's orderbook in Chinese yards.

Analysis shows substantial differences across trades due to the varying number of port calls and exposure of individual carriers to the levies within OCEAN Alliance.

For example, on the Manhattan Bridge service, the average cost per sailing in the first 12 weeks of the year would be USD 9.2m.

This is the highest across all the services covered and is down to COSCO operating all the ships deployed on this trade since January. To compound the impact further, only three of these ships were not built in China, bringing the average cost per port call to USD 3.1m.

These fees must then be multiplied by three as the service calls in New York, Norfolk and Savannah.

The service with the lowest additional total costs is the Pearl River Express. The only US port call on this service is Los Angeles, while the ships deployed are all CMA CGM, therefore avoiding the levy of USD 1m charged to Chinese operators. On top of this, only one of the ships deployed on this service is Chinese built, meaning for all other vessels the fee is 'just' USD 1m.

On the Hangzhou Bay Bridge service, each port call is less expensive due to Evergreen operating all the ships on this service so far this year. Its lower number of ships on order in China means it faces 'just' USD 0.7m per US port call, of which this service has two.

How will fees be shared out?

These differences will lead to interesting conversations both internally for carriers as well as with their alliance partners. For example, do all containers on a particular trade/service pay the same surcharge? Or does it depend on the actual cost faced by the ship the container is loaded on?

It will most likely be the former, as we have seen previously when carriers have introduced surcharges in response to new regulations (for example, EU ETS surcharge is fixed for each trade despite the actual costs varying by ship).

Perhaps even more interesting is the dynamic within alliances. The Gemini partners, Maersk and Hapag-Lloyd, have very similar profiles when it comes to their exposure to Chinese built ships, which is in contrast to the varying situations within the OCEAN Alliance outlined above.

To what extent will Evergreen use its position as a competitive advantage? Or will the fellow OCEAN Alliance partners agree a response that COSCO's fleet (and all other China-built ships) are deployed on non-US trades.

All this will be interesting to watch as the details of the regulation become clearer and (as is most likely) it is implemented.

Congestion could be an unintended consequence

One immediate and obvious way to mitigate the costs would be to look at the number of US ports the ships call at. If each port call is going to trigger a bill of up to USD 3.5m, it makes sense to call at fewer ports.

This is especially the case on trades into the US East Coast, where many services call at up to four ports.

Smaller ports would likely see volumes fall, as carriers prioritize bigger ports. This would in turn lead to congestion at the ports the ships do call at, putting upwards pressure on rates. To be clear, this congestion would not be driven by an increase in the number of ships calling at the port, but rather an increase in the number of containers handled every time they do.

Remember back to early summer of 2024 for an example of this. As carriers adjusted network due to the Red Sea disruption, the increasing number of container movements per ship was a key driver behind rising port congestion.

This was particularly the case in Singapore as carriers relied heavily on transshipment services to offset longer sailing distances on the major East–West trades. This congestion saw freight rates shoot back up with a vengeance and is something that could easily be replicated in 2025. Given the number of port calls on services into the US East Coast, these trades appear to be most vulnerable to this risk.

Carriers could think outside the box

Carriers may also look to more creative measures. This could include splitting their fleets and orderbooks into separate entities, with one adopted specifically for the US without any Chinese built ships linked to it. However, far more details are needed before these kind of possible workarounds can be fully modelled and understood.

Measuring the landed costs of your goods has become much trickier given the complexities around port fees are in addition to the impact of various tariff barriers on costs and operations.

For example, shippers could try to avoid port fees by importing into Mexico or Canada - but this then opens up further questions around tariffs on these nations.

Meanwhile, another proposed bill has been tabled - the Ships of America Act. This aims to boost US shipbuilding capacity and increase the size of the US flagged fleet, which also requires a substantial increase in American seafarers.

MARKET OUTLOOK

Tariffs remain top of mind

The resounding theme of TPM 2025 was uncertainty through the ising and fraing on US tariffs happening in real time.

Shippers with the option to frontload imports are doing so, either because there has been a concrete imposition that the goods they are moving will soon face tariffs, or as a general precautionary measure.

For other shippers the tariffs are already in place, most notably an additional 20% on imports from China, and 25% tariffs on steel and aluminium imports.

A range of retaliatory measures from countries affected by these tariffs have been announced - which could then see further retaliation from the US and risk spiralling trade wars.

Reciprocal tariffs add further uncertainty

There could be more pain to come because the Trump Administration has vowed to take a deeper look at perceived trade imbalances with nations around the world. Any trade barriers the administration feels are unfair, whether that is tariffs or other domestic policy, will be addressed through reciprocal measures.

The US government has stated these reciprocal measures/tariffs will be announced and implemented on 2 April, however, a lot could happen between now and then.

Tariffs impact US inflation forecast

The full impact of tariffs is yet to take hold of the US economy, but in its latest meeting the Federal Reserve lowered its forecast for 2025 GDP growth to 1.7%. This is down from the 2.1% forecast in December, with tariffs largely explaining the difference.

Tariffs are also behind the increased inflation expectation, with the Fed now forecasting core inflation of 2.8% in 2025.

Strong volume into US West Coast could tail off in H2

The Port of Los Angeles is currently seeing strong volumes, with each of the past nine months seeing more than 400 000 loaded TEUs imported.

However, February 2025 volumes are the lowest they have been since May 2024 and Los Angeles Port Executive Director, Gene Seroka, talked about a potential 10% decline in imports in the second half of this year.

This expectation is largely based around the ripple to frontloading as businesses look to take advantage of higher stock inventories. The decline in H2 2025 should also be viewed against the context of the high volumes seen in the second half of 2024.

Balancing short and long term freight strategy

Having to make decisions for the short and medium term is challenging enough, but longer term perspectives cannot be ignored.

Do you count on US trade policy returning to one that backs free trade in four years' time? If so, it may be a case of looking for a temporary solution in the medium term while not making permanent changes to your supply chain.

For example, some shippers may bet on there being a different US trade policy in four years and look to move cargo through a country with lower tariffs as a medium term strategy; rather than investing in a new facility in that country.

However, there can be merits in a different longer-term strategic view. Those businesses who invested in new manufacturing hubs outside China in the aftermath of the tariff war during Trump's first term as US President are now facing a different reality.

Perhaps the flexibility this affords during times of geo-political turbulence is the reward for long term planning. Other shippers are no doubt considering a similar approach to diversifying supply chains if they believe the current global turmoil will become the new norm in the years ahead.

Clearly, this flexibility is still dependent on the nations chosen for the new manufacturing hubs and the extent to which they are impacted by the latest tariff regime. If a business had chosen to diversify supply chains in Mexico following the first Trump presidency, this investment may now look quite attractive now given the latest tariffs.

For the latest Xeneta long and short term rate data tables, see Page 2 of this iXRT report.



Selected Indices

Public Indices Report

Disclaimer

Xeneta is the leading ocean and air freight rate benchmarking, market analytics platform and ocean container rate index, Xeneta Shipping Index (XSI®).

Xeneta's powerful reporting and analytics platform and data density provide liner-shipping stakeholders the insights they need to understand current and historical market behavior – reporting live on market average and low/high movements for both short and long-term contracts.

Xeneta's data is comprised of over +450 million contracted container rates and covers over 160,000 global trade routes. Xeneta is a privately held company with headquarters in Oslo, Norway and regional offices in New York and Hamburg. To learn more, please visit www.xeneta.com

NOTE: The XSI® public indices reports are based on long-term contracts only.

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Xeneta rate indexes – 19 March

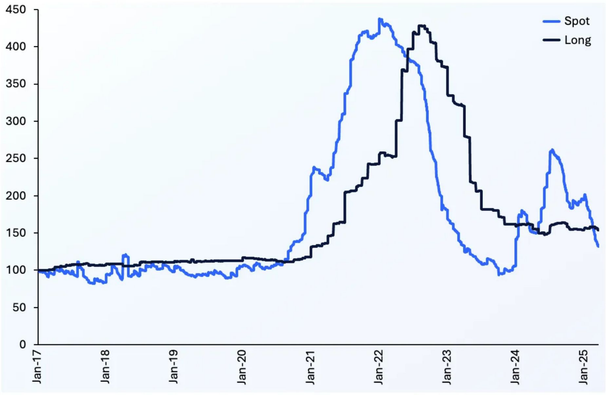
Index base January 2017

Spot rates	Xeneta Index	Change from 1 month ago	Change from 1 year ago
Global	132.2	-14.20%	-13.9
Europe Import	123.2	-7.30%	-9.90%
Europe Export	138.5	-0.30%	-10.30%
Far East Import	123.2	-7.30%	-9.90%
Far East Export	127	-20.80%	-20.80%
North America Import	145.7	-16.60%	-16.60%
North America Export	159.8	-0.90%	-0.90%

Long-term rates	Xeneta Index	Change from 1 month ago	Change from 1 year ago
Global	153.9	-2.7%	-4.6%
Europe Import	179.9	-0.7%	-1.3%
Europe Export	115.4	0.4%	-27.4%
Far East Import	105.9	-0.6%	-17.9%
Far East Export	192.1	-2.2%	11.3%
North America Import	145.1	-7.0%	-9.3%
North America Export	114.0	-2.3%	-2.6%

Global Average Rates

Index 100 = 2017



Source: Xeneta

XENETA

Selected Indices

Ocean – Long-term rates

Monthly market average, 40' container

XENETA

Origin	Destination	THC	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	QoQ Change	YoY change
China	North Europe	None	2 122	2 121	3 301	2 795	2695	-4%	27%
North Europe	China	OTHC	516	447	419	308	156	-50%	-70%
China	US West Coast	DTHC	2 003	1 968	3 042	3 288	3 091	-6%	54%
US West Coast	China	Both	898	953	833	921	969	5%	8%
US East Coast	North Europe	Both	857	756	761	783	801	2%	-7%
North Europe	US East Coast	Both	1 868	1 744	1 807	2 323	1 962	-16%	5%
China	S. America East Coast	None	2 114	2 404	2 902	4 940	4 407	-11%	109%
North Europe	S. America East Coast	OTHC	1 025	775	588	623	693	11%	-32%

Ocean – Spot-term rates

Monthly market average, 40' container

XENETA

Origin	Destination	THC	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	MoM Change	YoY change
China	North Europe	None	3 428	3 163	4 200	6 383	8 230	7 871	5 323	3 340	4 061	5 010	4 064	2 888	2 505	-13%	-27%
North Europe	China	OTHC	720	740	641	513	385	376	347	271	249	243	223	169	156	-8%	-78%
China	US West Coast	DTHC	3 880	3 347	4519	6 531	7 429	6 485	6 021	5 277	4 687	4 226	5 213	4 226	2 889	-32%	-26%
US West Coast	China	Both	715	730	648	622	711	672	649	742	729	728	674	673	628	-7%	-12%
US East Coast	North Europe	Both	677	671	701	700	726	698	708	728	745	756	755	769	759	-1%	12%
North Europe	US East Coast	Both	2 179	2 153	2 139	2 063	1 926	1 939	2 426	2 992	2 951	2 930	2 697	2 350	2 304	-2%	6%
China	S. America East Coast	None	3 069	4 299	6 570	8 483	9 288	8 402	7 881	6 808	6 111	5 870	4 876	3 760	2 976	-21%	-3%
North Europe	S. America East Coast	OTHC	829	811	849	854	873	814	893	906	833	864	860	977	972	0%	17%

Ocean – Long-term rates

Monthly market average, 40' reefer

XENETA

Origin	Destination	THC	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	QoQ Change	YoY change
North Europe	China	OTHC	2 455	2 108	1 990	1 898	1 692	-11%	-31%
North Europe	US East Coast	Both	3 447	3 716	3 470	4 259	3 896	-9%	5%
North Europe	S. America East Coast	OTHC	1 846	1 660	1 652	1 574	1 498	-3%	-19%