

# OCEAN MARKET UPDATE



## 2024 INDUSTRY RECAP

In 2024, shipping containers continued to be the driving force behind the global economy, facilitating efficient and cost-effective transportation of goods across the world. The container industry reached impressive scale, with a global fleet surpassing 27 million TEUs (twenty-foot equivalent units), reflecting a growing demand for international trade. Key developments include the following:

**Industry Scale:** The container industry operated at an unprecedented scale, with growth across global fleets, ports, and ultra-large vessels. Notable developments included record port activity, the rise of emerging markets, and the dominance of larger container ships.

**Economic Contributions:** Shipping containers played a significant role in the global economy, contributing \$1.7 trillion to global GDP, creating millions of jobs in new sectors such as digital logistics and sustainability management, as well as supporting the booming e-commerce industry that has seen retail giants like Amazon and Alibaba rely heavily on container shipping.

**Environmental:** While the shipping industry faces growing scrutiny regarding its environmental impact (accounting for 3% of global CO<sub>2</sub> emissions), it made strides toward sustainability by using vessels powered by alternative fuels, creating/using emission-reducing technologies, and expanding on recycling initiatives.

**Technological Advancements:** 2024 saw transformative technological innovations in the global shipping markets, including using AI for real-time tracking, incorporating blockchain to secure digital assets, and advancing port automation projects to enhance operational efficiency.

## MARKET FORECAST

The Ocean Alliance has unveiled a new shipping network set to expand direct coverage on both Asia-Europe and trans-Pacific routes starting in April. The "Day 9" product will include 41 service loops and 390 vessels, adding three new services: the trans-Pacific PSX, linking Xiamen and Yantian to Long Beach; the PNW5, connecting Ningbo and Shanghai to Seattle; and the LL3, an Asia-Europe route connecting China, Vietnam, and Singapore to Northern Europe

Hapag-Lloyd and CMA CGM are strengthening their intra-Asia networks with several new services ahead of the February launch of the Hapag-Lloyd/Maersk Gemini Cooperation. Hapag-Lloyd's new offerings include a Vietnam-Cambodia-China service, an India Asia Express service and additional feeders connecting Southeast Asia and East Asia to Gemini hubs. CMA CGM's subsidiary, CNC Line, is also relaunching its NKT service to improve connectivity between North and Southeast Asia. These expansions come amid concerns over a potential rate war in the intra-Asia trade, with analysts predicting softer freight rates in the coming months due to sluggish volumes and a delayed peak season.

Although attacks on shipping lines have slowed this month, the Houthis have hinted at resuming hostilities, despite the ceasefire agreement between Israel and Hamas in Gaza. While the ceasefire has not yet been formally signed by Israel, there is speculation that the Red Sea and Suez Canal could reopen as viable shipping routes if the Gaza conflict ends. However, experts warn that the Houthis' control over these routes gives them significant leverage, which they may not be willing to relinquish. Shipping experts suggest that while the Suez Canal could reopen by February, it will take time for shipping lines and insurers to regain confidence after 15 months of disruption.

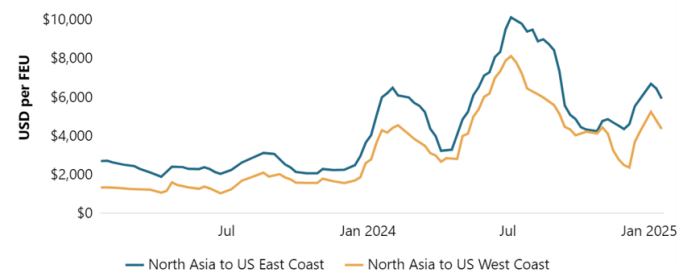
## CURRENT STATE

As 2025 begins, the US and China have escalated tensions with actions targeting each other's commercial interests. The US Department of Defense added COSCO to its list of "military assets," a move that mirrors past sanctions. While the designation doesn't immediately impose penalties, it serves to discourage US companies from engaging with these entities. China has since retaliated by placing Boeing's defense division on its own export control list, signaling heightened scrutiny of US companies. Experts emphasize that while the immediate impact remains unclear, these actions highlight the increasing volatility in global supply chains and the need for companies to remain agile in responding to such disruptions.

The Port of Vancouver expects congestion to continue for at least three more weeks as it continues to clear a rail container backlog from December. Factors like vessel bunching at Asian ports, a pre-Lunar New Year cargo surge, a dockworker strike in November, and winter weather restrictions contributed to the delays. As a result, rail container dwell times rose to 6.9 days in December, up from 5.2 days in November. While high on-dock times are expected to persist through January, railroads and terminal operators are working to reduce the backlog. Canadian National Railway anticipates normal dwell times as operations stabilize, while Canadian Pacific Kansas City reports efficient railcar movement and strong demand. Terminal operators, including DP World Canada, are managing the increased volume and expect normal operations soon.

Ocean carriers on the eastbound trans-Pacific are extending their current spot rates through January and even into mid-February, signaling a loss of pricing power as the market weakens before the seasonal slowdown. Carriers like Hapag-Lloyd, Wan Hai, and SM Lines are offering longer rate guarantees as they expect demand to fall further with the upcoming CNY factory closures in Asia reducing volumes. This has led to the cancellation of the planned January 15 rate increase. As demand weakens, some customers are delaying bookings, hoping rates will continue to drop. With the recent resolution of labor negotiations, shippers are now more focused on potential tariff changes under the new U.S. administration, which could lead to frontloading of imports later in the year.

**Asia-US West Coast spot rates turn lower as carriers lose pricing power**  
Container rate from North Asia to US East and West coasts in USD per FEU



Source: Platts, S&P Global

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Sources: Alphaliner, Journal of Commerce (JOC), The Loadstar, Freightos Terminal, Sea-Intelligence, Container-News.com, Logistics Business, Linerlytica, Containerlift.com