

# India-Europe FAK rates heading to new highs as shippers scramble for space

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Indian exporters sending goods to Europe are set to face significantly higher freight rates next month, as container lines already have their vessels overbooked for the upcoming weeks.

Carriers have successfully pushed spot rates and freight-all-kinds (FAK) rates up, after seeing some softening trends from the Red Sea crisis-induced spikes a couple of months ago.

The latest announcements by major carriers for August will take FAK rates from India to North Europe to over US\$5,500 per container, new highs after the pandemic-linked boost.

MSC said it will increase rates from Nhava Sheva, Ennore and Kolkata to Antwerp to US\$5,500 per TEU and US\$5,800 per FEU, from August 1. For loads to Valencia, the revised FAK scale will be US\$6,200 and US\$6,500, respectively, from the same date, according to the Swiss/Italian company.

French ocean carrier CMA CGM has reset its FAK rates for trades from India to North Europe and the Mediterranean even higher -- US\$6,500 per dry 20-foot/40-foot container, beginning August 1.

According to local freight forwarders, space availability from India to North Europe is extremely tight on upcoming direct weekly sailings through the first half of August.

Taking advantage of the imbalanced supply-demand scenario, carriers have also implemented additional surcharges to guarantee space – ranging from US\$300 to US\$500 per container.

Hapag-Lloyd will begin charging an emergency space contingency surcharge (ESC) of US\$500 per TEU/FEU on shipments from the Indian subcontinent to North/South Europe.

“This ESC is applicable for all sailings commencing on August 1, until further notice,” the German carrier said in a customer advisory.

Container volumes at the busy Indian ports of Nhava Sheva and Mundra have picked up measurable pace in recent weeks, causing landside congestion and longer turn times for truckers.

India’s merchandise exports by value in June saw a respectable 2.5% year-on-year increase, continuing the uptick seen since the beginning of fiscal year 2024-25 in April.

However, the Federation of Indian Export Organisations (FIEO) believes that ongoing supply chain disruptions have crimped the trade expansion pace.

“Had it not been for the logistics disruptions such as lack of container availability, shipping space, irregular shipping schedule and ships skipping Indian ports, the exports would have recorded close to double-digit growth in June 2024,” said Ashwani Kumar, president of FIEO, in a statement.

But the FIEO chief sounded bullish about the trade outlook.

“We are optimistic of better growth numbers with improved demand coming in from the European Union, the UK, West Asia and the US in months to come, which will not only further give a boost to the overall order bookings but also to the labour-intensive sectors of exports,” Kumar added.

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Jenny Daniel  
Global Correspondent