

Record low idle box ships, but Trump tariffs could scupper growth

In the first 10 months of 2024 idle ship levels have fallen below the numbers seen at the height of the Covid crisis but that could change after the yesterday's US election results.

[Nick Savvides](#), Europe correspondent

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File Photo: Empty container ships at anchorCredit: Marcus Hand

[Alphaliner](#) reported today that, on average 0.7% of the global container fleet was commercially idle between January and October despite fleet that has ballooned by around 30% to record levels in capacity terms,

“This represents less than in the equivalent 10-month period in both 2021 and 2022 when Covid was at its peak, averaging 0.9% each year,” said the analyst’s report.

That data is all the more remarkable because the fleet has increased in size from 23.7 million teu in 2020, to 30.6 million teu in that four-year period, a close to 30% boost in capacity.

Dynamar analyst Darron Wadey said having a record idle fleet and record containership deliveries and modest scrapping is “counter-intuitive”.

“However, the surprisingly healthy volume growth –that has been achieved – and supply chain disruptions requiring more vessels to provide the same connectivity, have meant that the new ships coming in have found employment pretty readily.”

MDS Transmodal analyst Antonella Teodoro believes that not all vessels are continually operational, with delays and supply chain inefficiencies decreasing available capacity.

She told *Seatrade Maritime News*: “The Q3 2024 data reveals an expanding gap between fleet capacity and scheduled capacity. Fleet capacity, refers to the total available capacity shipping lines have at their disposal, which is growing significantly faster than the scheduled capacity they are offering on routes.”

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That gap has widened significantly in the third quarter of this year to 17 points, and that disparity was “largely driven by rerouting via the Cape of Good Hope and the introduction of more direct services,” explained Teodoro.

In the short-term the world’s largest carrier, [MSC](#), has said it intends to focus more on direct connections, “in contrast to the hub-and-spoke model that will be offered by Gemini”.

Rate levels may depend on whether the carriers can increase the gap between the fleet capacity and the deployed capacity, as ships are cascaded from major trades to secondary routes. And that will depend on the level of demand.

Balancing the supply and demand equation may come down to the number and intensity of supply chain disruptions, according to Wadey, who pointed to a number of events that will delay freight.

“Disruptions keep coming,” said Wadey pointing to industrial action in Canada, and extreme weather events in Spain, the [US](#) eastern seaboard and in Taiwan and [China](#).

“Although, in the great scheme of things, these might result in localised wrinkles only, they do need extended periods to be ironed out such that their impacts ripple along other parts of the supply chain. And if ships decide to wait it out at one of the affected ports, then automatically a substitute is needed at origin to maintain the service and cargo flow. Luckily, there is a handy pool of substitutes in the form of the massive orderbook,” said Wadey.

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[Xeneta](#) expects that carriers and shippers alike will be pleased with the decisive nature of the US election, but Peter Sand, chief analyst at Xeneta, said that there is now an expectation that barriers to trade will be built and the industry will need to “manoeuvre around that”, which will lead to front-loading of goods, where warehouses are available.

Sand, however, argues: “The next occupant of the Oval Office will have a big influence on container shipping in 2025. Donald Trump has promised heightened tariffs on Chinese goods (and goods from the rest of the world).

“Tariff retaliation would then be expected from China, EU and anyone else, should Trump get his way. We are already seeing (2023-2024) China diversify its exports to other nations, including some which will be used as a stop to avoid tariffs when eventually moved into the US.”

Even so it is not clear that the shipping lines will be able to absorb the 1.6 million teu that Xeneta said is due to be delivered in 2025. That is likely to depend on the level of demand that can be maintained in the major trades.

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“The risk is one-sided,” said Sand, “more costly imports. But American exporters will also be faced with more challenging markets, as retaliations will be swift and, in some cases, very targeted, in other cases could it take different forms than outright and fairly straight forward tariff hikes.”

With some 99.3% of the cellular fleet either employed or out of service for non-commercial reasons such as repair, maintenance or conversion, the levels of capacity could increase rapidly over the coming year.

Particularly as much of the orderbook is for larger vessels, and ships of 12,500 teu and over, have not been idled this year, and this tonnage is more suited to the major trades.

“This segment has primarily catered for the additional tonnage needed to divert mainline services around the Cape of Good Hope, leading to unusually tight supply,” reported Alphaliner.

Whether the absorption of new tonnage can continue into next year will become clearer in the coming weeks and may depend largely on if demand into the major consuming markets of the US and Europe will continue to trade at similar or higher levels.

New US import tariffs is unlikely to be just ‘talk’, believes Wadey, but he said the devil will be in the detail.

It will depend on which goods will be placed under new tariffs? Under what conditions will tariffs apply, especially the place of manufacture? And when will they be imposed and at what rates?”

When these details are known, container shipping can prepare for “a potential increase in reshoring to the US, near shoring to a neighbouring jurisdiction, or maybe trying to tough it out with no change in place of manufacture”.