Shippers warned of chaotic start to 2025 for container shipping

Increased tariffs from the Trump 2.0 administration, a potential US East Coast ports strike, and alliance restructuring all promise a turbulent start to the year, according to DHL Global Forwarding.

Marcus Hand, Editor

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Niki Frank, CEO Asia Pacific, DHL Global Forwarding Credit: DHL

DHL Global Forwarding said that stronger than expected demand container shipping is being seen in the final months of 2024.

In its Ocean Freight Market Outlook December 2024, the company noted that Chinese exports were exceeding expectations due to expected tariff hikes by incoming US President Donald Trump.

From day one of his Presidency Trump has promised to introduce 25% tariffs on imports from Canada and Mexico, along with at least a 10% tariff hike on Chinese imports. How quickly the administration will be able to introduce these increased tariffs in reality remains to be seen.

Demand for container shipping is expected to continue to be strong until Lunar New Year at least driven by demand ahead of the holidays and the potential US tariff hikes.

“Given the strong demand pulled forward this year, we were expecting demand to come down significantly toward the end of the year. Yet, November volumes were similar to October and September,” said Niki Frank, CEO of DHL Global Forwarding Asia Pacific.

“We are seeing steady demand, though the market is reacting more slowly than many were expecting given the disruption on the radar. But if the typical seasonal trend holds, we are expecting a slight bump up toward December and January.”

While container freight rates have weakened, they remain significantly stronger than they did a year ago. The report noted that the Shanghai Containerized Freight Index (SCFI) for spot rates from Asia to Europe was up 255% on a year earlier and 147% higher to the US West Coast.

Related:[Trump backs dockworkers in port automation battle]

The are two other disruptions that could await shippers of container lines in the first months of 2025 – a US East Coast ports strike and the realignment of alliances.

If the dockworkers, represented by the International Longshoremen Association (ILA), fails to reach agreement with employers, represented by the United States Maritime Alliance (USMX), fail to reach agreement by 15 January there could be a second shutdown of US East Coast and Gulf ports following the three-day strike at the start of October.

"East Coast ports account for almost 50% of the US inbound volumes," noted Praveen Gregory, Senior Vice President, Ocean Freight, DHL Global Forwarding Asia Pacific.

"If the East Coast Port is shut down, then all inbound vessels will be stuck waiting for their berthing window, which then further delays their return journey to Asian and European ports, thus disrupting capacity on key trades."

Currently the outlook does not look promising with the ILA walking a from negotiations in November over the key issue of automation and semi-automation at ports. Last week Trump backed the unions in its dispute over automation.

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A strike that leaves large numbers of vessel stranded outside US ports could further complicate the start of new container line alliance the Gemina Cooperation between Maersk and Hapag-Lloyd at the start of February. DHL's Gregory said that the possibility of strikes at US East Coast ports could also tie up the vessels moving into Gemini, delaying its kick-off.

"In ocean trade, the issues only come when anything unplanned pops up. We know this alliance reshuffle is coming. Carriers and freight services have already planned and catered to that. Shippers should expect some disruption while the new alliances bed down, but barring any exceptions, eventually we are hopeful that the new networks deliver the improved service levels carriers are promising," commented Frank.