Maritime Market Update
Q2 2025

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Global food merchants

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Key Factors Impacting Maritime Shipping Q2 2025

Geopolitical & Trade Uncertainties:

** Ongoing conflicts (e.g., Red Sea tensions) cause costly vessel rerouting and schedule disruptions.*

** US tariff uncertainties and fragile global economic recovery weigh on trade volumes and shipping demand.*

Fleet Capacity & Operational Challenges:

** Container fleet growth slows to 6% in 2025, with increased deployment of Ultra-Large Container Vessels on major routes.*

** Persistent port congestion and low schedule reliability (50-55%) lead to delays and operational inefficiencies.*

Regulatory & Environmental Pressures:

* IMO decarbonization targets and new regulations (EU ETS, FuelEU Maritime) increase compliance costs and drive gradual adoption of alternative fuels.

* Fuel price volatility impacts bunker costs and freight rates.

Market Dynamics & Outlook:

* Trade policy-driven volume fluctuations create uneven demand patterns.

* Overall market remains cautiously optimistic but volatile, requiring strategic flexibility and proactive capacity management.

<u>Geopolitical Uncertainties</u> : Q2 2025

🚢 **Middle East Tensions and Red Sea Disruptions:**

Ongoing geopolitical instability in the Middle East, including attacks near the Red Sea, continue to disrupt shipping routes. Major carriers have avoided the Suez Canal route in H1 2025, rerouting vessels via the Cape of Good Hope, causing longer transit times and equipment shortages.

🌎 **US-China Trade Tensions and Tariffs:**

The U.S. has proposed tariffs targeting Chinese-built vessels, containers, cranes, and port services, creating uncertainty and prompting shippers to reconsider supply chains and routing. This has led to significant drops in container volumes between the U.S. and China and shifts in sourcing to Southeast Asia.

⚠️ **Port Congestion and Labor Actions:**

Strikes and labor disputes in major Northern European ports (Rotterdam, Antwerp, Hamburg) and U.S. East Coast ports are causing delays, longer dwell times, and cold chain disruptions for reefer cargo.

💰 **Increasing Political Risk and Protectionism:**

The maritime sector faces heightened risks from geopolitical tensions including sanctions, vessel detentions, and protectionist trade policies. These factors add complexity and volatility to the shipping environment, increasing operational risks and insurance concerns.

Regulatory Landscape : Q2 2025

- **IMO and EU Environmental Regulations:**
The International Maritime Organization (IMO) continues to implement stringent environmental regulations aimed at reducing greenhouse gas emissions from ships. The EU's FuelEU Maritime Regulation, effective January 1, 2025, mandates commercial vessels over 5,000 GT operating in EU waters to adopt renewable and low-carbon fuels and use shore power in ports to reduce emissions.

- **US Environmental Protection Agency (EPA) Vessel Incidental Discharge Act (VIDA):**
From late 2024, new federal standards for marine pollution control devices apply to discharges into U.S. waters, with enforcement regulations expected soon. This affects ship design and operational compliance for vessels entering U.S. ports[1].

- **Ballast Water Management and Ship Recycling Conventions:**
Amendments to the Ballast Water Management Convention effective February 2025 improve compliance and record-keeping. Additionally, the Hong Kong Convention for Safe Ship Recycling starts in June 2025, requiring environmentally sound recycling of ships.

- **Cybersecurity Regulations:**
Growing digitalization and geopolitical tensions have led to updated U.S. Coast Guard maritime security regulations requiring enhanced cybersecurity measures on vessels and facilities to protect critical systems from cyber threats.

- **Carbon Emission Costs and Surcharges:**
Since January 2024, ocean carriers pay for CO2 emissions under the EU Emissions Trading Scheme (EU ETS), with these costs increasingly passed on as carbon surcharges in Q2 2025, impacting shipping costs especially for pharma and food imports into Europe.

Reefer Market Navigation : Q2 2025

- **Extended Voyage Times Due to Red Sea Disruptions**

Ongoing geopolitical tensions in the Red Sea have led to rerouted vessels navigating around the Cape of Good Hope, resulting in prolonged transit times and impacting equipment availability.

- **Seasonal Demand from South America and Africa**

The peak season for perishable exports from South America and Africa has intensified capacity constraints, particularly affecting shipments of fresh produce to Europe.

- **Shifting Shipping Alliances and Capacity Adjustments**

Changes in shipping alliances and service patterns, especially on Transatlantic westbound routes, have led to capacity cuts, further tightening equipment availability.

- **Elevated Freight Rates Amid Tight Supply**

Reefer freight rates remain elevated, especially on long-haul routes like Asia-Europe and Africa-Europe, due to extended voyages and seasonal demand pressures.

- **Projected Growth in Reefer Container Volumes**

The reefer container market is expected to grow from 4 million TEU in 2023 to 7.1 million TEU by 2030, driven by increasing demand in pharmaceuticals, e-commerce, and perishable trade.

Europe : Ocean Freight Snapshot : Q2 2025

⚓ Port Congestion & Operational Disruptions

Major European ports—including Antwerp, Hamburg, Bremerhaven, Algeciras, and Valencia—are experiencing significant congestion. This is attributed to high import volumes, adverse weather conditions, vessel schedule shifts, and labor strikes.

The Ocean and Premier alliances have announced multiple blank sailings, particularly affecting routes from the U.S. West Coast to Europe, leading to cargo backlogs and increased pressure on European terminals.

📉 Freight Rate Trends

Spot rates from the Far East to North Europe have declined by approximately 28% compared to January 2025, with long-term contract rates dropping up to $2,000 per FEU below short-term agreements. The global average spot rate fell by 6.8% in March, currently standing at $2,368 per 40-foot container. Despite these declines, carriers are managing capacity through blank sailings to stabilize rates amid fluctuating demand.

🚢 Capacity & Fleet Developments

The global container fleet expanded by 380,000 TEUs in Q1 2025, bringing the active fleet to 31.2 million TEUs.

Fleet expansion is projected to continue at an average pace of 8.2% between 2025 and 2028, raising concerns about potential overcapacity in the market.

The surge in new vessel orders, particularly Ultra-Large Container Vessels (ULCVs), is driven by expectations of long-term demand growth, especially on Asia-Europe routes

<u>Latin America</u> : Reefer Market : Q2 2025

- **Severe Equipment Shortages**: Latin America is facing a reefer equipment deficit of up to 73%, driven by peak export seasons and longer round trips due to rerouting.
- **Port Congestion and Delays**: Port congestion and labor actions in Northern Europe are currently causing delays and adding pressure to cold chain operations.
- **Extended Transit Times**: The reefer container market in Q2 2025 remains under pressure from ongoing Red Sea disruptions, extended transit times, and evolving shipping alliances. Rerouting via the Cape of Good Hope continues to affect vessel schedules and equipment availability.

Reefer Rates to USA
Q2 2025

China to USA: Freight rates have increased sharply recently due to a surge in shipments as importers rush to capitalize on the 90-day tariff pause, causing tight vessel capacity and upward pressure on rates.

Vietnam to USA: Rates remain elevated compared to China, driven by tariff-driven sourcing shifts and limited equipment availability.

India to USA: Freight rates are steady with moderate demand and emerging trade flows.

Europe ***(Spain, Belgium, Italy, Austria)*** **to USA:** Rates are stable with some seasonal tightening and port congestion impacting schedules.

Latin America to USA: Rates remain firm amid peak season demand and equipment shortages.

Trade Lane	Current Freight Rate Status	Key Market Drivers & Notes
China to USA	Increasing sharply	Surge in shipments due to 90-day tariff pause; tight vessel capacity
Vietnam to USA	Elevated	Tariff-driven sourcing shifts; limited equipment availability
India to USA	Steady	Moderate demand; emerging trade flows
Europe (Spain, Belgium, Italy, Austria) to USA	Stable	Seasonal tightening; port congestion impacts
Latin America to USA	Firm	Peak season demand; equipment shortages

Freight Rates & Trade Dynamics Q2 2025

Trade Lane	Rate Trend	Notes
Asia → North America	⬆️ Rising	Tight space and strong demand; GRIs expected in late June and July.
Europe → North America	➡️ Stable to Slightly Up	Carriers holding firm; modest increases likely with fuel cost fluctuations.
North America → Asia	➡️ Stable	Export volume steady; no major pressure on space.
South America → Asia	⬆️ Increasing	Chilean and Peruvian exports (fruit, seafood) driving peak season pricing.
Intra-Asia	⬆️ Climbing	Regional demand growing, particularly from China and Southeast Asia.

The Top 10 Container Hubs: 2025 Rankings

Rank	Name	Country	TEU Volume (Millions)
1	Port of Shanghai	China	~50
2	Port of Singapore	Singapore	~39-40
3	Port of Ningbo-Zhoushan	China	~35-36
4	Port of Shenzhen	China	~27-28
5	Port of Qingdao	China	~26-27
6	Port of Busan	South Korea	~23-24
7	Port of Guangzhou	China	~22-23
8	Port of Tianjin	China	~20-21
9	Port of Hong Kong	Hong Kong SAR	~17-18
10	Port of Rotterdam	Netherlands	~14-15

Container Availability Per Region Q2 2025

Region	Container Availability (Dry & Reefer)	Notes
Asia (ex-China)	**Tight** availability in key ports due to increased exports and slower return cycle.	Surge in seasonal exports adds pressure.
North America	**Improving**, especially in West Coast ports. Some inland imbalances persist.	Increased imports help reposition stock.
Europe	**Moderate**, but reefer shortages reported in Northern ports.	Delays in backhaul repositioning due to port congestion.
South America	**Challenged**, especially reefer equipment in Chile, Peru, and Ecuador.	High demand for reefer exports (fruit, fish).
Africa & Middle East	**Varied**, with some inland deficits. Port disruptions and political unrest affect repositioning.	

Global Port Performance Overview: 2024 TEU Volume VS 2025 Q1

Port	2024 Volume	Ranking Table Volume	Trend/Insight
Shanghai (China)	~47.3 million	~50 million (Rank #1)	Consistently ranked #1; slight projected growth.
Singapore	~37.5 million	~39–40 million (Rank #2)	Steady growth, strong transshipment volume.
Ningbo-Zhoushan	~33.35 million	~35–36 million (Rank #3)	Slight projected increase.
Shenzhen	~30.04 million	~27–28 million (Rank #4)	Small drop suggests slight dip in volume.
Guangzhou	~24.2 million	~22–23 million (Rank #7)	Minor volume decrease; rank drops from #5 to #7.
Busan (South Korea)	~22.07 million	~23–24 million (Rank #6)	Slight projected growth; stable position.
Los Angeles (USA)	~9.9 million		Dropped from Top 10 – overtaken by others.
Long Beach (USA)	~9.1 million		Also fell from Top 10 – replaced by Asia/EU.
NY/NJ (USA)	~8.84 million		Displaced by rising Chinese/EU ports.
Savannah (USA)	~6.6 million		Significantly behind top-ranked ports.
Qingdao (China)		~26–27 million (Rank #5)	Newly ranked in Table 2; strong performer.
Tianjin (China)		~20–21 million (Rank #8)	Newly included – solid volume growth.
Hong Kong		~17–18 million (Rank #9)	Re-emerged in Top 10 – possibly due to rebound.
Rotterdam (Netherlands)		~14–15 million (Rank #10)	Only European port in Top 10.

Asia/EU taking over the top 10 ports.

Here's why:
- 8 out of the top 10 ports in the latest global ranking are located in Asia.
- 1 port (Rotterdam) is in Europe (EU).
- No U.S. ports appear in the latest top 10 ranking — despite strong individual performance — due to faster growth and larger throughput in Asian and some European ports.

This highlights:
- Asia's role as the global manufacturing and export powerhouse.
- Europe's strategic role in global transshipment and inland connectivity.
- A decline in the relative share of North American ports at the global level, even if volumes remain regionally strong.

US Reefer Container Drayage & Trucking Market Overview : Q2 2025

Reefer Drayage Operations:

- Reefer drayage remains critical for moving temperature-sensitive imports out of congested US ports, requiring specialized chassis with genset power to maintain container cooling.
- Demand for reefer drayage is steady but constrained by limited availability of specialized equipment and trained operators.
- Port congestion and trade policy uncertainty continue to impact drayage scheduling and costs.

Domestic Reefer Trucking:

- Reefer trucking capacity is tightening in key produce regions such as Florida, Texas, and California, driven by seasonal produce harvests and increasing outbound volumes.
- Spot reefer rates have shown some volatility, with a 7.1% rate decline in February due to delayed harvests and weather disruptions, but rates are expected to firm as produce season ramps up in Q2.
- Tender rejection rates for reefers remain elevated (around 13%), indicating carrier selectivity and tighter capacity compared to dry van trucking.

Market Dynamics & Trends:

- The truckload market overall is in an inflationary environment with year-over-year rate increases, but Q2 is expected to see stable to slightly down spot rates with typical summer shipping volatility.
- The reefer segment is more volatile than dry van, with potential for increased activity during the summer produce peak.
- Trade policy and tariff developments remain key uncertainties that could affect volumes and rates in drayage and trucking.

US Reefer Container Drayage & Trucking Actionable Insights & Q3 Outlook

Capacity & Rate Forecast:

- Shippers should proactively secure reefer drayage and trucking capacity early, especially for peak produce season outbound from southern and western US ports, to avoid costly last-minute surges.
- Expect moderate rate increases in Q3 driven by tightening capacity and seasonal demand peaks, though extreme spikes like those seen in 2020-21 are unlikely given current market dynamics.

Operational Efficiency:

- Combining drayage with cross-docking or intermodal solutions can improve flow and reduce dwell times for reefers, mitigating risks of cargo spoilage.

Trade Policy Monitoring:

- Keep close watch on tariff changes and trade policy developments, as these could cause sudden shifts in import volumes and drayage demand, impacting capacity and costs.

<u>Frozen Foods</u> : Navigating the Next Wave : Q2 2025

1) **Market Size & Growth**
- The global frozen food market is projected to grow from **$293.91 billion in 2024** to **$456.74 billion by 2033**.
- This reflects a CAGR of 5.02%.

2) **Growth Drivers**
- Rising demand for convenience
- Need for extended shelf life
- Preference for healthier frozen options, including:
    - Organic products
    - Plant-based products

3) **Innovations & Trends**
- Freezing technology advancements
- Adoption of eco-friendly packaging
- Expansion of online grocery platforms

4) **Challenges**
- Supply chain complexity
- Rising raw material costs

Canada's Produce Power Play : Growing Fast, Exporting Smart : Q2 2025

Canada Ranks Among Top 3 Fastest-Growing Produce Exporters

- Achieving a 9.2% annual growth rate and $305M USD in annual revenue gains, driven by advancements in greenhouse farming and efficient resource use.
- Strategic advantages include cheap hydroelectric power, high-quality water, and modern cultivation technologies.

Strong U.S. Trade Ties Drive Export Success

- The U.S. remains Canada's primary export market, helping push total exports to $3.9B USD by end of 2023.
- Top exports: greenhouse cucumbers, peppers, tomatoes, and frozen wild blueberries and potatoes, showcasing both fresh and frozen strengths.

Canada’s Craving for Quality & Culture : Q2 2025

1) Rising Demand for Transparent, Premium & Sustainable Products

- Canadian consumers are seeking healthier, sustainably sourced foods and value transparency in production methods.
- High disposable incomes are fueling growth in premium and specialty categories, creating space for innovation and storytelling.

2) Diverse & Strategic Location Attract U.S. Exporters

- Canada’s multicultural population drives demand for a broad range of global flavors and unique offerings.
- Its close proximity to the U.S. makes it an ideal entry point for small and emerging exporters to expand internationally.

U.S. Protein Export Surge : Q2 2025

1) BEEF

Value: $922 million (+4% YoY) – highest since June 2024
Volume: 109,330 tonnes (+1%)
Top Markets:

- **Taiwan:** +34% in volume, +33% in value (U.S. holds 72% of chilled beef market)
- **Central America:** +23% in volume, +29% in value (led by Guatemala, Panama)
- **Mexico:** Leading destination for variety meats

Headwinds: Expired China plant registrations and retaliatory tariffs could cost the industry up to **$4.13 billion annually**

2) PORK

Volume: 269,344 tonnes (+3%)
Value: $769.7 million (+4%) – 2nd highest export value per head on record ($73.91)
Top Markets:

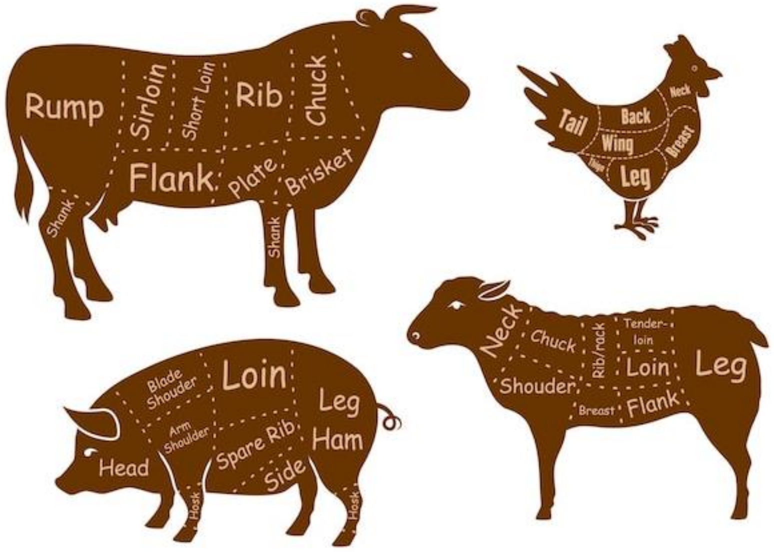
- **Mexico:** +14% in volume, +19% in value (9th straight month above $200M)
- **Colombia:** +39% in volume, +44% in value (2nd largest monthly shipment ever)
- **Korea:** Rebounding after prior slowdown

Concerns:

- Mexico could retaliate on pork if U.S. tomato duties take effect July 14
- China's 172% pork duty (147% for beef) halting new business

3) LAMB

Volume: 278 tonnes (+45%) – highest in over 5 years
Value: $1.5 million (+18%)
Growth Drivers: Mexico, the Caribbean (notably Trinidad and Tobago), and Central America



U.S. Meat Exports at Risk as China Plant Approvals Expire : Q2 2025

Risk: Over **$3 billion** in U.S. beef, pork, and poultry exports could be disrupted as **hundreds of U.S. meat plant approvals for China** are set to expire.

Cause: Many facilities—originally approved under the **2020 Phase 1 trade deal**—haven't had their registrations renewed by **China's General Administration of Customs**, despite U.S. efforts.

Affected Companies: Major packers including **Tyson Foods, JBS, Cargill, and Smithfield**.

Impact: Could lead to a **complete export shutdown** to China, the **#2 importer** of U.S. meat after Mexico

Trade Tensions: This comes amid escalating **U.S.-China trade friction**, with the U.S. doubling tariffs to 20% and China responding with duties on agricultural products.

Market Context:

China faces **oversupply and weak demand** for domestic meat.

Beef import probe launched to protect local producers—may impact top exporters like **Brazil and Australia**.

USDA Status: No formal comment; previous reports suggest some flexibility with shipments from expired plants.

U.S.-China Tariff Trade War : Impact on Import-Export Business

Why It Began?

- Started in January 2018 under President Trump to address alleged unfair Chinese trade practices, including:
  - *Intellectual property theft*
  - *Forced technology transfer*
  - *Large US trade deficit with China (~$500 billion/year)*
- Trump administration aimed to pressure China to reform these practices via tariffs.

U.S.-China Tariff Trade War : Impact on Import-Export Business

Key Tariff Steps & Escalations:

- Early 2018: US imposed 25% tariffs on $50 billion of Chinese goods; China retaliated with similar tariffs on US goods.
- 2018-2019: Multiple rounds increased tariffs on hundreds of billions in goods; US tariffs reached up to 25% initially, later expanded significantly.
- 2025 escalation: US raised tariffs on Chinese goods up to 145%, China responded with tariffs up to 125% on US goods.
- Additional US measures included export controls on tech, restrictions on Chinese companies, and visa revocations, worsening tensions.

U.S.-China Tariff Trade War : Impact on Import-Export Business

Attempts at Resolution:

Trade Negotiations & Partial Agreement

- June 2019: At the G20 summit, Presidents Trump and Xi agreed to a temporary truce, halting new tariffs while negotiations continued.
- January 2020: The Phase One trade deal was signed, with China committing to increased U.S. imports and intellectual property protections.
- Despite the deal, most tariffs remained in place.
- After the 2020 election, the Biden administration maintained many of the tariffs but shifted focus toward strategic competition and supply chain resilience.
- In 2024-2025, the Trump administration returned to office and escalated tariffs further before the May 2025 90-day tariff pause.

U.S.-China Tariff Trade War: Impact on Import-Export Business

Where Are We Now?

Trump Administration Resumed in 2025:
President Donald Trump was re-inaugurated in January 2025, resuming a more aggressive tariff policy toward China.

Tariff Increases in Early 2025:
Trump raised tariffs on Chinese goods multiple times, reaching effective rates up to 54% by April 2025, with some sectors facing tariffs as high as 125%.

China's Retaliation:
China responded with matching tariff increases on U.S. goods, including tariffs up to 125% on some products and export restrictions on critical minerals.

May 2025: Major 90-Day Tariff Pause Agreement:
The U.S. and China agreed to reduce tariffs to 10% for a 90-day period, lowering from peaks of 125%, and China suspended non-tariff countermeasures like export restrictions.

Baseline Tariffs Remain Elevated:
Despite the pause, the U.S. baseline tariff on Chinese goods remains at 30% (20% Section 301 tariffs plus a 10% minimum tariff). If no deal is reached after 90 days, tariffs could revert to higher levels.

Ongoing Uncertainty:
The 90-day pause provides a window for negotiations, but the trade relationship remains tense with tariffs still significantly above pre-2018 levels.

U.S.-China Tariff Trade War: Impact on Import-Export Business

Key Takeaways

Major Recent Agreement to Lower Tariffs:

- In May 2025, the U.S. and China agreed to reduce their reciprocal tariffs dramatically from peaks of around 125% down to 10% for a 90-day period, signaling a significant de-escalation in trade tensions.

Final Baseline Tariff Rates:

- Despite the temporary 10% rate, the U.S. baseline tariff on Chinese goods remains at 30%, which includes the existing 20% Section 301 tariffs plus the new 10% minimum tariff. If no further deal is reached after 90 days, tariffs could revert to higher levels (around 54%).

Tariff Increases on Strategic Sectors:

- Following a four-year review, on September 27, 2024, the U.S. increased tariffs on key Chinese imports in strategic sectors such as electric vehicles (up to 100%), semiconductors (50% starting Jan 2025), solar cells (50%), steel and aluminum (25%), and critical minerals (25%). Additional increases are scheduled for 2026 on lithium-ion batteries and medical gloves.

Non-Tariff Measures Suspended by China:

- As part of the May 2025 agreement, China agreed to suspend or remove non-tariff countermeasures imposed since April 2025, including export restrictions on rare earth minerals and restrictions on U.S. companies.

Ongoing Negotiations and Uncertainty:

- The 90-day tariff reprieve creates a window for further trade talks, but major sticking points remain. Experts note that tariff unpredictability continues to affect supply chains and trade decisions.

U.S. Tariffs on Global Imports : Recent Developments

Tariff Escalations:

- On June 4, 2025, the US doubled tariffs on steel and aluminum imports from 25% to 50%, affecting nearly all trading partners except the UK, which secured a temporary 90-day tariff suspension on broader tariffs.
- These tariffs aim to protect US domestic steel and aluminum industries by combating global oversupply and unfair trade practices but have caused discontent among key allies like Canada and European nations.
- The US is actively seeking "best offers" from trading partners to avoid further punitive tariffs scheduled for early July, focusing on tariff rates, quotas, and non-tariff barriers.

U.S. Tariffs on Global Imports : Recent Developments

Legal Challenges & Court Rulings:

- In late May 2025, the US Court of International Trade (CIT) ruled that tariffs imposed under the International Emergency Economic Powers Act (IEEPA) — including a 10% global tariff and 25% tariffs on China, Canada, and Mexico — were unlawful because IEEPA does not authorize tariffs for trade imbalances or unrelated emergencies.
- The court permanently enjoined enforcement of these IEEPA-based tariffs and ordered guidance on processing refunds by June 7, 2025.
- The Trump administration immediately appealed the ruling to the US Court of Appeals for the Federal Circuit and requested stays to keep tariffs in place during the appeal, citing disruption to ongoing trade negotiations.
- The legal battle highlights limits on presidential tariff powers, emphasizing that Congress holds constitutional authority over trade policy.

U.S. Tariffs on Global Imports : Recent Developments

Current Status & Outlook:

- Despite court challenges, tariffs under other statutes remain in force, such as Section 232 (national security tariffs on steel, aluminum, autos) and Section 301 (targeting unfair trade practices, especially with China).
- The administration is exploring additional tariff tools and reciprocal tariffs to counter foreign trade barriers and large trade deficits.
- The situation remains fluid with potential Supreme Court involvement; meanwhile, high tariffs on metals and other goods continue to impact US industries and global trade relations.

Market Outlook & Strategic Implications for Q3 2025

Freight Rate Expectations:

- **China to USA:** Rates are expected to remain elevated in the near term as importers continue to capitalize on the tariff pause, maintaining tight vessel capacity and upward pressure on prices.
- **Vietnam & Southeast Asia to USA:** Rates likely to stay elevated due to sustained demand from tariff-driven sourcing shifts and limited equipment availability.
- **India to USA:** Freight rates expected to remain steady with moderate growth in trade flows.
- **Europe to USA:** Rates forecasted to be stable or slightly increase seasonally, influenced by port congestion and capacity constraints.
- **Latin America to USA:** Rates expected to remain firm amid peak season demand and vessel availability challenges.

Trade & Policy Outlook:

- The **90-day US-China tariff pause** is driving short-term surges in shipments and freight rates on the China-USA lane.
- **US port fees targeting Chinese vessels** will come into effect in October 2025, adding cost pressures and potentially influencing routing and carrier strategies,
- **Ongoing tariff and trade policy developments** continue to reshape sourcing patterns, with importers diversifying to Vietnam, India, and other regions.

Carrier & Supply Chain Strategies:

- **Carriers** will maintain capacity management tactics (blank sailings, slow steaming) to balance supply and demand and support rate stability.
- **Shippers** should monitor port congestion, tariff changes, and evolving trade flows closely to optimize routing and cost efficiency.
- **Diversification** of sourcing and flexible logistics planning remain key to mitigating cost volatility and supply chain risks.

Looking Ahead

Market Outlook

--- Geopolitical tensions, especially ongoing Red Sea rerouting, continue to increase transit times and support freight rates despite added costs and delays.

--- Fleet capacity growth slows to around 6% in 2025, outpacing demand growth (~3%), which may soften rates once disruptions ease.

--- Persistent port congestion and schedule unreliability remain challenges, while trade policy uncertainties and fragile global economic recovery weigh on volume growth.

Recommendations

--- Secure shipping capacity early and maintain flexibility in routing to mitigate risks from blank sailings and port delays.

--- Monitor geopolitical developments and trade policy changes closely to anticipate shifts in trade lanes and costs.

--- Invest in supply chain visibility and digital tools to improve operational resilience amid ongoing volatility and regulatory pressures.

Brecon's Unwavering Commitment

Strive to negotiate the most competitive freight rates in the market, securing cost-effective solutions while maintaining the highest standards of service and efficiency for your shipping needs.

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