

# Fresh surcharges pile up for Asia-Europe shippers amid Red Sea attacks



*CMA CGM has announced a slew of peak season surcharges in the last few days. Photo credit: Wirestock Creators / Shutterstock.com.*

**Keith Wallis, Special Correspondent | Dec 29, 2023, 2:37 PM EST**

After being hit by a raft of general rate increases (GRIs) in mid-December, European and Asian cargo owners are facing even higher all-in rates after ocean carriers announced a bevy of peak season surcharges in the last few days amid the uncertain security situation in the Red Sea.

Most of the surcharges and GRI hikes will take effect from Jan. 1, with at least one carrier hinting of further increases to come later in January.

This comes as Asia-Europe spot rates have surged in December as most carriers divert vessels around the Cape of Good Hope in southern Africa to avoid the missile and

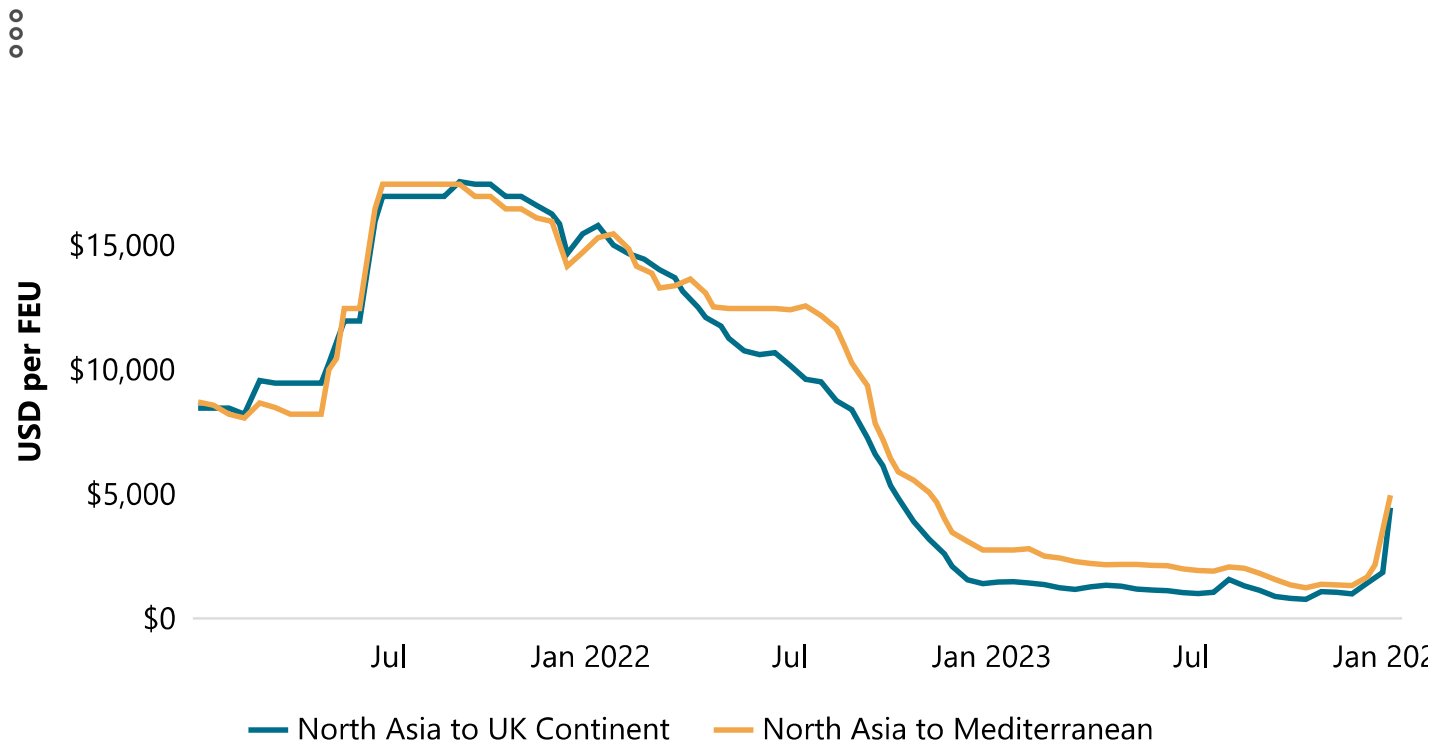
drone attacks that have been launched against commercial shipping in recent weeks by Houthi rebels from southern Yemen.

Spots rates for North Asia to Europe have more than doubled over the past week, from \$1,900 per FEU to \$4,500 per FEU as of Dec. 28, according to Platts, a sister company of the *Journal of Commerce* within S&P Global. Rates to Mediterranean ports have jumped to \$5,000 per FEU from \$2,300 a week ago.

The Shanghai Containerized Freight Index (SCFI) has soared 217% in the past month, from 851 on Dec. 1 to 2,694 Friday. The index, a benchmark of all-in spot rates for a 20-foot container from Shanghai to a basket of European ports including Rotterdam and Hamburg, has climbed 162% in the last two weeks alone.

### Spot rates for North Asia to Med, Europe more than double over past week

Platts container rate North Asia to Mediterranean and UK/Continent in USD per FEU



Source: Platts, S&P Global

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All-in freight-all-kinds (FAK) rates announced by Cosco Shipping from Jan. 1 are even higher — \$2,800 for a 20-foot container to the main European gateway ports and \$4,000 for a 40-foot container. FAK rates to Mediterranean ports vary between \$3,950 to \$4,500 per TEU and \$5,100 to \$6,200 per FEU.

Cosco said the rates cover ocean freight plus surcharges, including those covering peak season, security and the European Union emissions trading system (ETS). But in an advisory, Cosco said these rates are only valid for one week, until Jan. 7, indicating higher rates could be announced after that.

CMA CGM announced a slew of peak season surcharges in the last few days, including a levy announced Friday of \$500 per TEU and \$1,000 per FEU on reefer cargo from Asia to Europe. Other peak season surcharges cover regional European and Mediterranean trades.

“In the very short term we will indeed see significant spikes [in rates],” Lars Jensen, CEO of Vespucci Maritime and a *Journal of Commerce* analyst, said Friday. “But I think they will then retract somewhat as the market settles in.”

## CMA CGM ‘change in approach’

The “peak season” relates to a traditional rush to ship cargo out of China before factories close for the Lunar New Year that begins Feb. 10. But Jensen, in a LinkedIn post Friday, said an analysis of the CMA CGM peak season surcharge announcements indicated a change of approach by the carrier.

He noted there were no peak season announcements by CMA CGM covering the Lunar New Year period between 2018-2022. Instead, the carrier preferred FAK rate adjustments.

“Shippers should therefore note a change in the approach from CMA CGM, and it does leave the impression that it has more to do with the current situation than with an upcoming peak season,” Jensen said in the LinkedIn post.

CMA CGM has yet to announce a peak season surcharge on general cargo on the Asia-Europe trade, but one shipper source said the carrier has advised of an FAK rate of \$6,000 per FEU from Asia to Europe from Jan. 15.

That follows earlier announcements by CMA CGM, Mediterranean Shipping Co. and Hapag-Lloyd of \$3,000 per FEU FAK rates on Asia-Europe westbound shipments from Jan. 1.

In the last few days, Hapag-Lloyd has announced a peak season surcharge of \$500 per TEU on all Asia-Europe shipments from Jan. 1. Maersk has confirmed peak season surcharges of \$750 per TEU and \$1,500 per FEU to the Middle East from most Asian countries from Jan. 1.

Maersk said in an advisory Friday that peak season, transit disruption and emergency contingency surcharges for all cargo on vessels affected by the Red Sea diversions would remain in effect even though it is set to resume some Red Sea transits. That followed confirmation the multinational naval task force created to deter the attacks had been deployed, the carrier said.

Updated voyage plans that are being prepared on a vessel-by-vessel basis “are expected to include transit through the Red Sea as well as shipments diverted via the Cape of Good Hope,” Maersk said.

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