

Asia-Europe ocean rates fall as weak demand sparks battle for market share



Average Asia-North Europe short-term rates have fallen 21% since the end of December. Photo credit: Alexandre Prevot / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Jan 28, 2025, 10:41 AM EST

Forwarders and carriers are competing aggressively for market share in the Asia-Europe trade lane as rates fall sharply through January and demand slows into the Lunar New Year holidays in China.

The Year of the Snake begins Tuesday, and factories can be closed for more than two weeks as China celebrates its most important holiday. While there are always moves to ship out orders before the holidays, the rush this year came earlier than usual, according to Kathy Liu, vice president of global sales and marketing at Taiwan-based Dimerco Express Group.

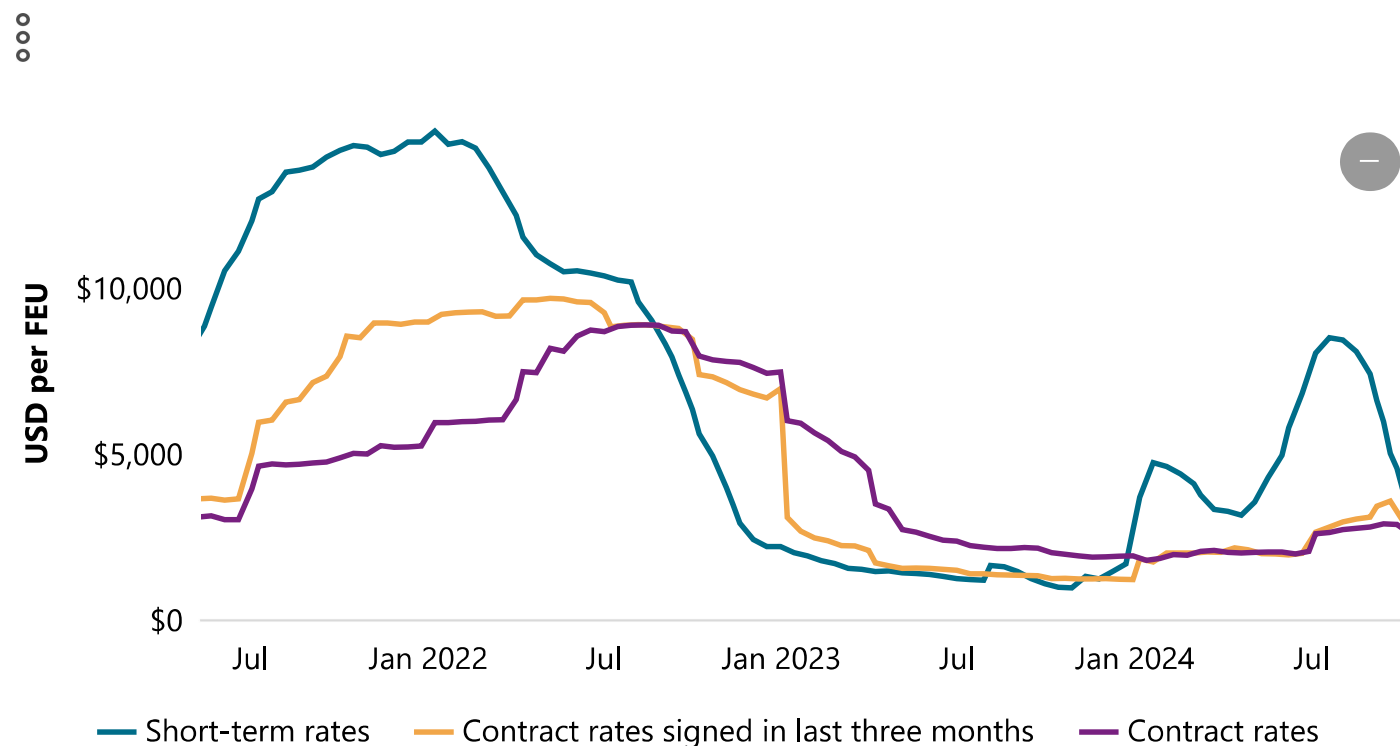
“Many factories in China had already moved their export orders out before the end of December and it has been very quiet on Asia-Europe since Jan. 10,” Liu told the *Journal of Commerce* Tuesday.

The weakening demand has sparked fierce competition for business by forwarders and carriers preparing for the alliance reshuffling on Feb. 1, with short-term Asia-North Europe rates losing \$2,000 in value since the end of December.

“Global companies opened their [request for quotations from carriers] early in the first quarter and the competition from forwarders has been very strong this year,” Liu said. “With demand slowing, everybody is hungry for the goods and shipping lines need to fill their capacity, so there will for sure be a price war.”

Asia-North Europe 2025 contracts signed at levels above those of 2024

Asia to North Europe short-term rates vs long-term rates



Source: Xeneta

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The average Asia-North Europe short-term rate has fallen 21% since the end of December to settle at \$3,963 per FEU on Jan. 28, according to rate benchmarking

platform Xeneta. While the decline has not been so acute on the Asia-Mediterranean trade, the rate of \$5,209/FEU was down more than 10% compared with the end of December.

Red Sea front and center in shipper contracts

There is little clarity into how rates will perform after the Lunar New Year and widespread uncertainty into when carriers will resume shorter Suez Canal transits, but the Red Sea was very much on the minds of Asia-Europe cargo owners who spoke to the *Journal of Commerce* this week.

“Our annual contracts are not yet closed, but for sure there is a sentence in the agreements that in case of a significant market change, both parties must go into renegotiations,” according to the logistics director at a European retailer.

An Asia-based supply chain manager said the contracts being entered into on Asia-Europe were high considering the expectations for weak demand this year. He estimated the annual rates were about 30% above those being signed last year.

“But once Suez Canal transits are back, every shipper on that trade lane will renegotiate the rate down to the old levels before the Africa diversions,” he said. “There are still a lot of unknowns out there and Asia-Europe will be a buyers' market this year.

The base case from global bank HSBC is for Red Sea transits to resume from mid-2025, which it said implied 10.5% effective capacity growth in 2025 compared with 2.7% volume growth, thus placing heavy downward pressure on prices.

“With little incentive for liners to revert to the Red Sea, we think liners could still see decent first-half 2025 earnings, but profits should deteriorate in [the second half],” the bank noted in its Global Freight Monitor report released Tuesday.

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