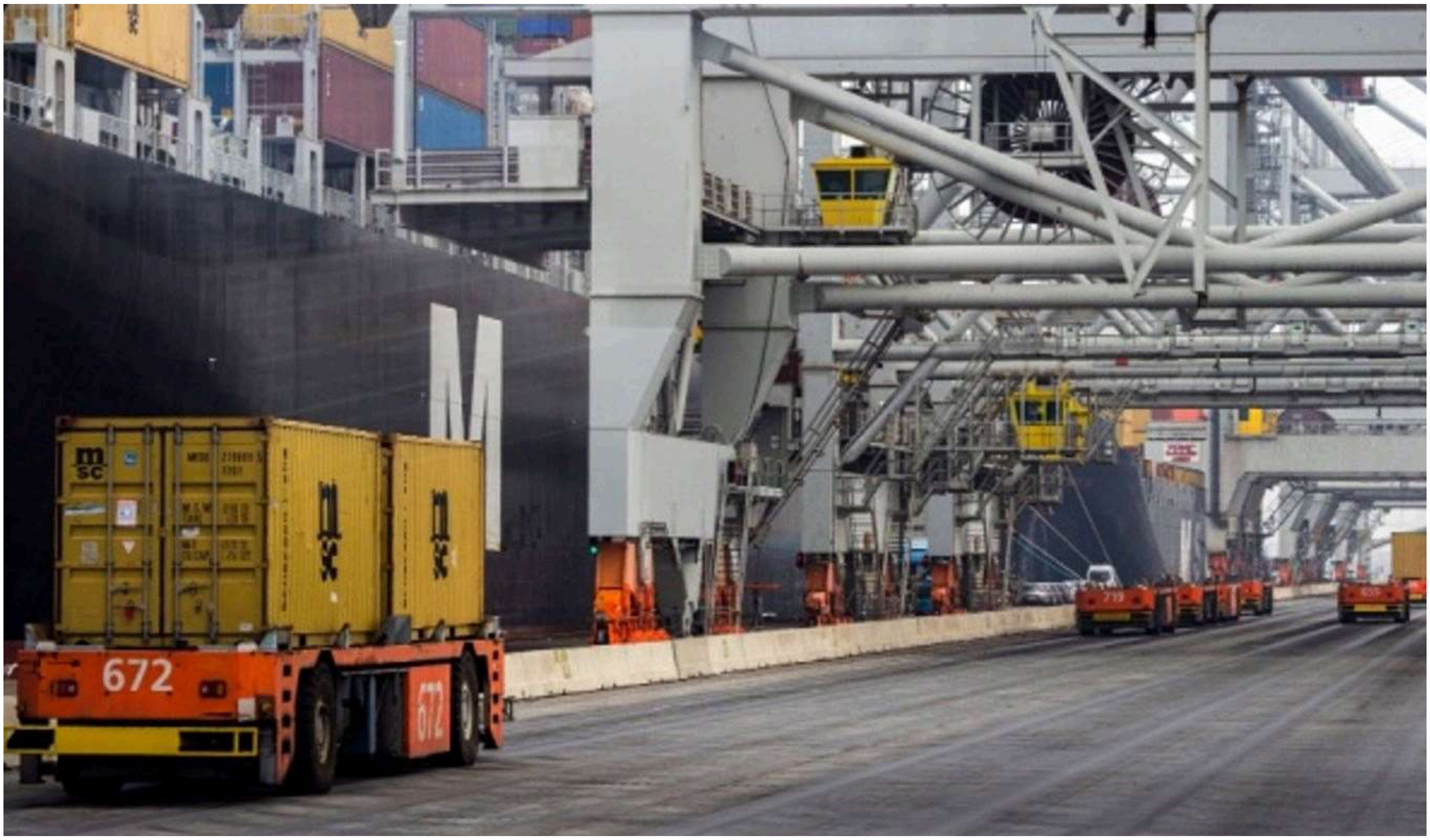
S&P Journal of Commerce

Contract season looms for ocean carriers facing Asia-Europe rate slump



Average long-term rates from China to North Europe signed in the last three months are down 56% year over year. Photo credit: VanderWolf Images / Shutterstock.com.

Greg Knowler | Oct 7, 2025, 10:27 AM EDT

Asia-Europe ocean carriers are under mounting pressure to raise rate levels on the westbound trade, while shippers can expect aggressive capacity management action by carriers as the annual contract negotiation season draws closer, forwarders on the trade lane say.

Shippers and their forwarders will soon be launching long-term contract tenders for 2026 as the spot market — which heavily influences the contract market — slides closer to pre-Red Sea attack levels.

Helge Neumann-Lezius, global head of full container load (FCL) at Hellmann Worldwide Logistics, said “loads of tenders” will go out in the next two months, with the expectation that long-term rates will come down for the next season.

“There is already a rate war [on Asia-Europe], and I think the only part that helped the industry not end up in a race to the bottom is that we have very few tenders out,” Neumann-Lezius told the *Journal of Commerce*.

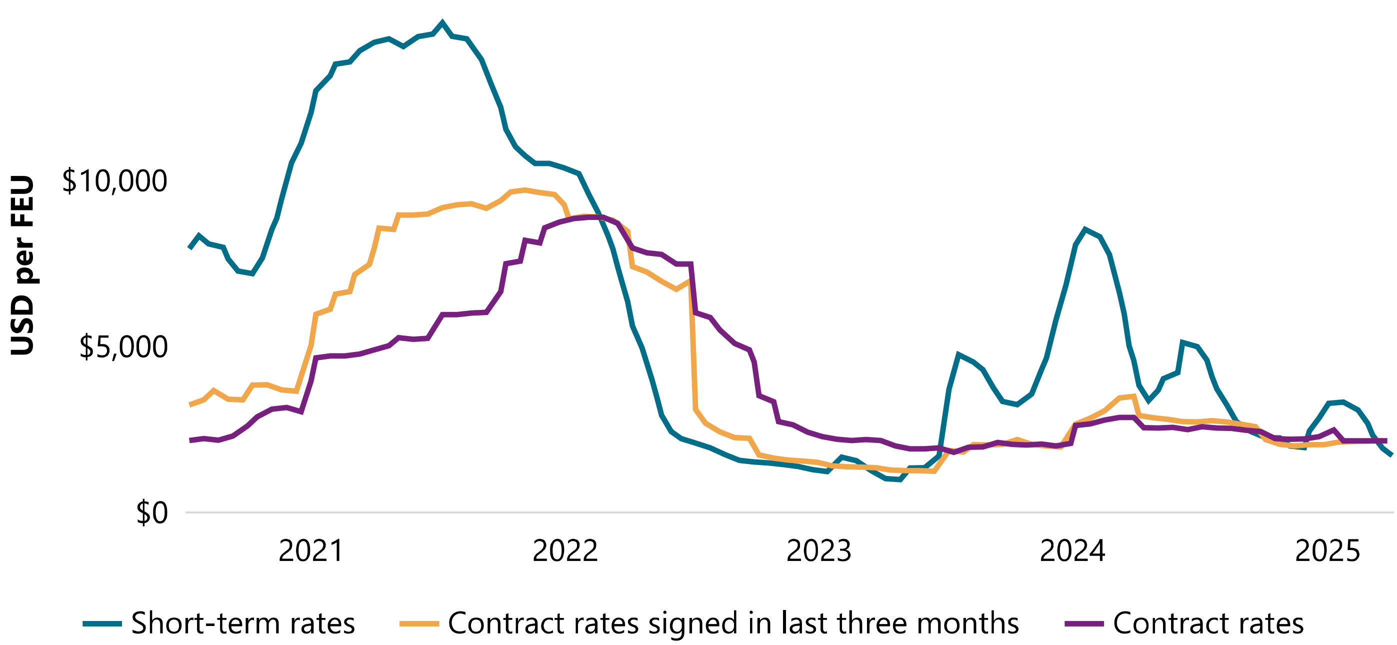
“A lot of people are counting on that, which means tenders will start to be launched, some of them with the pressure of their companies being in difficult situations,” he added. “That is the context behind the new tender launches — the companies themselves are having a difficult time, and their volumes will be more unpredictable.”

Asia-North Europe spot rates are at $1,300 per FEU, down 57% year over year, while Asia-Mediterranean rates of $1,600 are down 53.5%, according to Platts, a sister company of the *Journal of Commerce* within S&P Global. The spot market has plummeted since reaching $3,340/FEU in July on Asia-North Europe and $4,660/FEU on Asia-Mediterranean in June.

Average long-term rates for China to North Europe signed in the last three months were at $3,582/FEU as of Monday, down 56% compared with the same time last year, data from industry analyst Xeneta shows.

Asia-Europe spot market declines sharply into Q4

Xeneta Asia to North Europe short vs long-term container shipping rates in USD per FEU



Source: Xeneta

1M 6M 1Y YTD MAX

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Still, with no guarantee that rates will continue to decline through the fourth quarter, Sanjay Tejwani, CEO of consulting firm 365 Logistics, warned shippers to expect aggressive capacity and rate-managing action from carriers in October and early November in the run-up to contract talks.

“We have seen the push by carriers to implement rate increases — the next one is mid-October — and there will be some additional ad hoc blank sailings on top of the 17% blanks already announced,” he said.

Hapag-Lloyd and Mediterranean Shipping Co. will be setting Asia-North Europe freight-all-kinds (FAK) rates at between $2,400/FEU and $2,660/FEU as of Oct. 15, with Asia-Mediterranean rates between $3,500/FEU and $4,600/FEU.

Capacity removed through blank sailings in October has reached 195,116 TEUs, up from 109,000 TEUs in September, Xeneta data shows. But deployed capacity is up from

988,600 TEUs in September to just shy of 1.2 million TEUs in October. That number drops sharply in November to 1 million TEUs, with blank sailings announced for the month standing at 108,720 TEUs thus far.

“It’s extremely important for carriers to manage capacity and supply versus demand in this quarter, otherwise they are doomed in terms of the contracting season for next year,” Tejwani said.

Annual contracts ‘not all about rates’

Just how the negotiating environment will shape up remains uncertain, with carriers facing a widening capacity overhang and demand undermined by weak European economies.

Drewry Supply Chain Advisors noted in a market update this week that as inflationary pressures on freight rates stemming from Red Sea disruptions, frontloading and tariff-related issues begin to ease, shippers are likely to negotiate more favorable contract rates and improved terms with carriers and forwarders for 2026.

But the contract talks should not only be about rates, warned Chantal McRoberts, director of Drewry Supply Chain Advisors.

“Other than the prospect of lower contract rates for shippers, the other important aspect of bid strategy for 2026 contracts is risk management and resilience,” she said.

Drewry is advising its shipper customers to review their carrier contract language to include longer payment terms, more service quality commitments and clauses to control surcharges such as detention and demurrage. In some cases, Drewry is also recommending that shippers include a clause where a rate review is triggered if market prices collapse.

Tejwani told the *Journal of Commerce* that if cargo owners wanted to avoid having their contracts torn up should the tide turn, they would sign annual rates above loss-making levels for the oversupplied carriers.

“Some carriers may blink first and sign deals at very low rates, but the minute you have a rush coming in, those contracts are not going to be worth the paper they’re written on, and I think a lot of shippers realize this,” he said.

“If shippers really want to have a smooth supply chain for all of 2026 and access to capacity when the crunch comes, those smart shippers will agree to reasonable rate levels and not push carriers for the last single dollar,” Tejwani added.

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