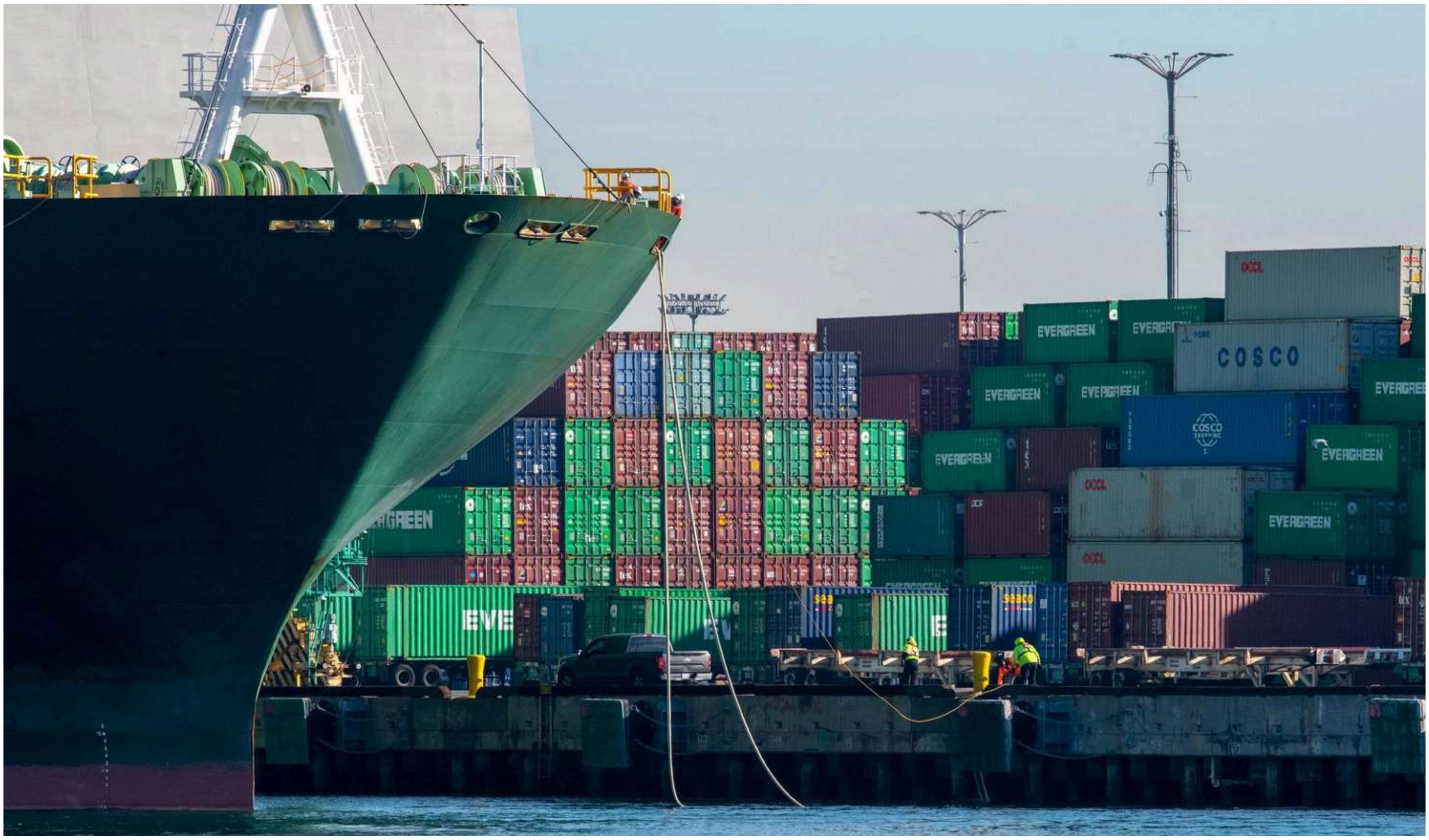
S&P Journal of Commerce

'Hungry' carriers slicing surcharges in eastbound trans-Pacific as bookings slow



Forwarders are predicting a 2025 peak season that more closely mirrors pre-pandemic cycles as uncertainty weighs on importers. Photo credit: Robert V Schwemmer / Shutterstock.com.

Laura Robb, Associate Editor and Bill Mongelluzzo, Senior Editor | Feb 21, 2025, 4:35 PM EST

At least four ocean carriers on the eastbound trans-Pacific are cutting their peak season surcharges amid expectations for softening demand on the trade lane into the second quarter and as spot rates have fallen more than 30% over the past two weeks, forwarders say.

The carriers include Hapag Lloyd, which halved its peak season surcharge (PSS) from $1,000 to $500 per FEU effective Feb. 20 through mid-March, sources said.

A US-based non-vessel-operating common carrier (NVO) reported a $500 reduction on its PSS with Ocean Network Express (ONE) to $300 per FEU, a $300 PSS cut from CMA

CGM to $1,200 per FEU, and a PSS drop from $1,000 to $800 per FEU from Zim Integrated Shipping Services.

Other carriers have reduced their PSS figures to about $1,000 per FEU from $1,500, said the sources, who agreed that once a core number of carriers reduce their PSSs, most others follow suit.

“Carriers are just hungry,” one non-vessel-operating common carrier (NVO) source told the *Journal of Commerce*.

Most carrier PSSs, which are usually tacked on to an NVO's fixed-rate named accounts, were implemented during a period of increased demand in early to mid-2024. That heightened demand coincided with tighter vessel capacity caused by Red Sea diversions.

Those charges, however, have not been retracted after nearly a year — leading forwarders to question the true length of a “peak season.”

While volumes in the eastbound trans-Pacific have been strong to start the year — US imports from Asia were up 12.7% year over year in January, according to *Journal of Commerce* sister product PIERS — importers may be taking a respite.

Sources say frontloading ahead of US tariffs has resulted in stable inventories, and importers are hesitating to move cargo. Sufficient inventories, a slower-than-normal return to work in China following Lunar New Year and increasing economic uncertainty in the US have forwarders seeing a slowing in bookings.

Several forwarder sources said they're even hearing of low utilization on vessels leaving China this week.

Degrading spot rates, delayed contracts

An NVO source based in Canada said he is seeing US import volumes wane, especially amid new tariffs and the threat for more — leading carriers to push hard to nail down contracts.

“Clients have existing purchase orders, and they're fulfilling those — but new purchase orders are not happening right now,” the source said. “It's because [shippers] just don't know what is going to happen.”

The spot rate from Asia to the West Coast was pegged at $2,600 per FEU on Friday, according to Platts, a *Journal of Commerce* sister company within S&P Global, down from $4,000 per FEU on Feb. 5.

"It's not as if carriers will lay back and roll over," said a second NVO source. "When we hit mid-March and we haven't seen any demand improvement, we will start to see some service manipulation with regards to capacity."

Rapidly falling rates would put carriers in a tough spot during contract season, the source said. If spot rates continue to dissolve in March and April, it would minimize any leverage carriers have in talks with shippers over annual service contracts, most of which begin May 1.

Contact Laura Robb at laura.robb@spglobal.com.

Contact Bill Mongelluzzo at bill.mongelluzzo@spglobal.com.