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Trans-Pacific sailing into slowdown; Asia-Europe outlook brightens: analysts

Peak season on Asia-Europe has begun, with spot rates of $2,842 per FEU up 49% since May 31. Photo credit: Sheila Fitzgerald / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Jun 25, 2025, 11:46 AM EDT

China-US trade in the second half of 2025 will be characterized by sharply falling rates and volume as frontloading momentum peters out and shippers sit with bloated inventories, while the demand outlook for Asia-Europe is far brighter, shipping analysts say.

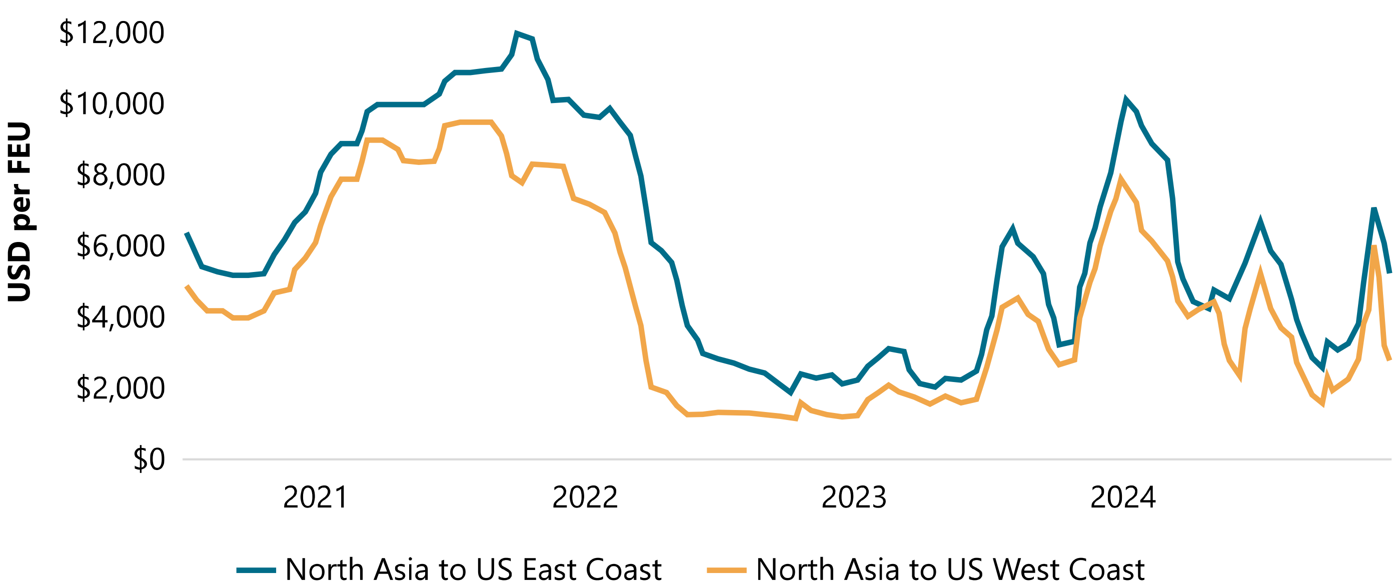
Just two weeks remain before the 90-day pause on global tariffs by the US ends on July 9, with a similar pause on China tariffs expiring Aug. 14. Although the outcome of Washington's negotiations with its trading partners remains uncertain, declining demand on the trans-Pacific is expected whatever the result of talks.

"Demand is expected to drop significantly, even if lower tariffs continue after the 90-day pause," said Peter Sand, chief analyst at rate benchmarking platform Xeneta. "Shippers have been frontloading imports throughout 2024 and early 2025 so inventories will be brimming once the current cargo rush is over."

Ports along the US West Coast are due to experience a short-lived cargo surge over the next few weeks, which may slow the ongoing decline in spot rates in the eastbound trans-Pacific. The rate from Asia to the West Coast as of Tuesday was $2,800 per FEU, down 13% on the week and 54% lower than the recent high of $6,040 per FEU on June 6, according to Platts, a *Journal of Commerce* sister company within S&P Global.

Asia-US spot rates take sharp turn downward

Container spot rates from North Asia to US West and East coasts, in USD per FEU



Source: Platts, S&P Global

3M 6M 2Y YTD MAX

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Niels Rasmussen, chief shipping analyst at Bimco, said when the 90-day pause on tariffs ends, US importers will turn to the inventories they built up through frontloading in the first half of the year.

"We expect that US import volume growth will suffer under the increased import tariffs and weaker economic growth," Rasmussen noted in Bimco's latest container shipping outlook released Wednesday.

"We therefore estimate that the year-to-date frontloading of cargo will result in an equal downturn in imports during the second half of 2025," he added. "In fact, we expect the downturn to be even more pronounced as the 55% tariff on Chinese goods gets implemented and the reciprocal tariff increases announced in April are implemented following the 90-day delay."

The import tariff for China went as high as 145% but was later lowered to 30% for the 90-day period ending Aug. 14. Last week, President Donald Trump wrote on his social media platform that an agreement had been reached with China that will set the tariff applied on Chinese imports to 55%, although that has yet to be officially confirmed.

A trade agreement has been reached between the US and UK that will lower the general tariff level for imports from the UK to 10%. And although negotiations are continuing with the European Union, it is likely the EU will face a 10% baseline tariff on all its US exports.

Bimco has adjusted its 2025 volume growth forecast for the European and Mediterranean region upward from 3.5% to 6% to reflect the stronger-than-expected year-to-date volumes.

"Volume to the region grew 7.3% during the first four months of the year and economic conditions are improving with lower inflation, lower interest rates, lower unemployment than before COVID and a stronger euro all contributing to a brighter outlook," Rasmussen said.

"In the EU, consumers appear significantly better off as retail volumes have seen robust growth compared to a very weak second half of 2024, and consumer confidence remains mostly stable," he added.

Rates flatten on Asia-North Europe

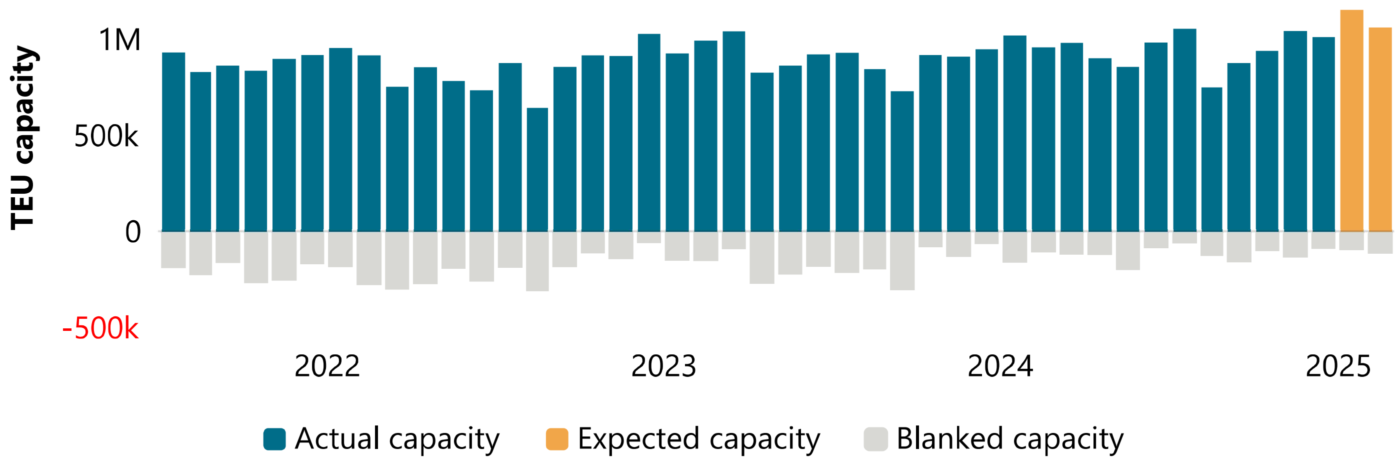
The peak season on Asia-Europe has begun and spot rates of $2,842 per FEU are up 49% since May 31, according to Xeneta. Rates have flattened out following the June freight-all-kinds (FAK) increases, but ocean carriers are planning to significantly reduce the deployed capacity on Asia-North Europe in August. If demand remains strong, rates are sure to rise.

Data from visibility provider eeSea shows that the expected capacity on Asia-North Europe will fall by 90,000 TEUs in August from July, with blank capacity up 25% to

105,000 TEUs.

Sharp drop in expected Asia-Europe capacity in August with rise in blank sailings

Container ship capacity deployed from Asia to N.Europe, with historical blanked capacity, capacity estimates and blank sailings already announced.



Notes: As of June 24, 2025

Source: eeSea

6M 2Y YTD MAX

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Rasmussen noted that the conflict between Israel and Iran may have further delayed when ships will return to normal Red Sea and Suez Canal routings, and the Bimco outlook assumes no change in the diversions around southern Africa. When ships do return to Suez transits, Bimco is forecasting a 10% reduction in ship demand because of the shorter sailing distances.

S&P Global Market Intelligence has not recorded a Houthi militant attack on commercial shipping in the Red Sea since Dec. 10, 2024. While an apparent ceasefire was agreed to between the Houthis and the US in May, the US Department of Defense says the *USS Harry S. Truman* aircraft carrier strike group intercepted approximately 160 Houthi drone and missile attacks over its five-month deployment in the Red Sea that ended in May, an indication of the resilience of Houthi attack capabilities.

"Houthi attacks on US-affiliated shipping are likely to resume in the Red Sea and Gulf of Aden at volumes probably not exceeding previous attacks and maintaining a severe risk to all vessels in transit due to uncertainties around Houthi targeting selection," Jack Kennedy, head of Middle East and North Africa country risk at S&P Global Market Intelligence, wrote in a report this week.

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