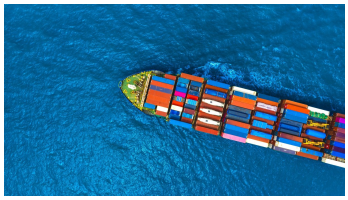
Bundles | 3 March 2025

Shipping: trade and tariff uncertainty blight outlook

Tariffs and geopolitical uncertainty will greatly impact the shipping industry this year, though not all effects will be negative. Rico Luman, ING's senior sector economist, examines the factors that will shape the sector in 2025

In this bundle



Transport & Logistics

Global shipping: navigating the waves of geopolitics

It will be a tumultuous year for the shipping industry given the high risk of trade disruption

By Rico Luman and Inga Fechner

Transport & Logistics

Container shipping: sailing through uncertainty and looming overcapacity

Ripples caused by geopolitical uncertainty are likely to set the tone for the year ahead

By Rico Luman

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Tanker shipping keeps the balance in restless waters

We still see a fairly comfortable outlook for tanker shipping

By Rico Luman

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Bulker shipping faces tough year as China's manufacturing sector weakens

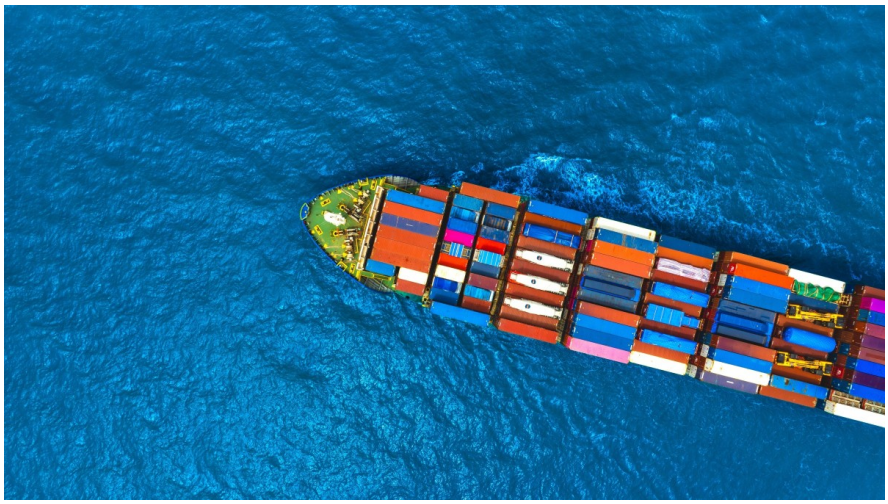
Bulker shipping challenged by manufacturing headwinds

By Rico Luman

Article | 3 March 2025 Transport & Logistics

Global shipping: navigating the waves of geopolitics

Geopolitics will heavily influence the outlook for shipping this year. Wars and political tensions have altered trade patterns, and protectionist actions may cause new inefficiencies. The key issue is the resumption of the Red Sea/Suez route, crucial for container shipping. Tanker shipping remains strong, while bulker shipping faces challenges



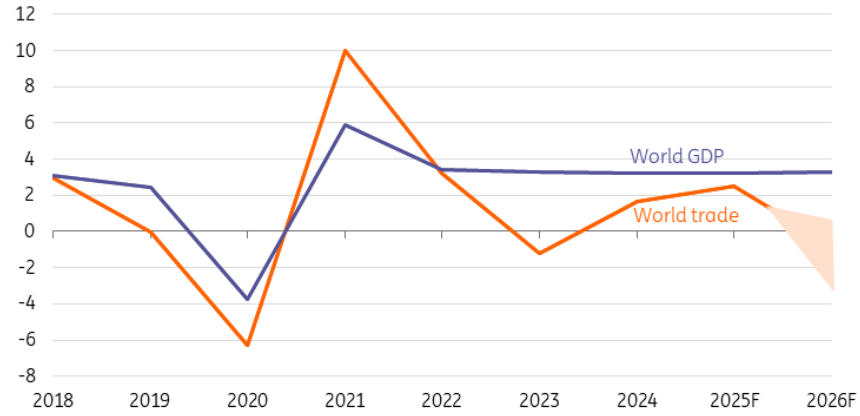
The sway of geopolitics rattles shipping and blurs the outlook

The shipping industry has faced turbulent times over the past few years, and 2025 looks no different with high trade disruption risks. This uncertainty challenges shipping companies and shippers to prepare for various scenarios. Tanker shipping is most vulnerable to geopolitical issues due to its ties to sensitive energy markets and sanctions, but bulker and container shipping are also impacted.

Interestingly, these challenges don't spell financial doom for the sector; often, they lead to benefits like capacity constraints and higher freight rates. We'll break it down in this article.

World trade still on track for growth in 2025. 2026 depends on tariff severity

Development of world merchant trade volume in % YoY



Source: IMF, CPB, ING research

Growth still expected despite slowing protectionism

Global goods trade is under pressure again with new US import tariffs on China, additional levies on steel and aluminum, and country investigations following the start of Trump 2.0. Potential significant extra US fees for Chinese vessel operators, such as Cosco, and those using numerous China-built vessels, further increases costs. Shifts in trade and sailing schemes are expected as well.

The outcome remains highly uncertain, but the threat has triggered 'frontloading,' which continued into the start of the year and may persist since most tariff actions don't take effect immediately. Taking into account the slow start to 2024, we anticipate a year-on-year growth of 2.5% for 2025.

However, the current headwinds will leave trade struggling to keep up with global GDP in the coming years, whereas trade used to grow in line with – and previously even faster than – the global economy. On a regional basis, Asia remains the strongest growth engine for trade and shipping, driven by strong structural economic growth. The US is still growing for now, while Europe lags behind the global average as industrial production faces setbacks and manufacturing continues to reel from high energy prices.

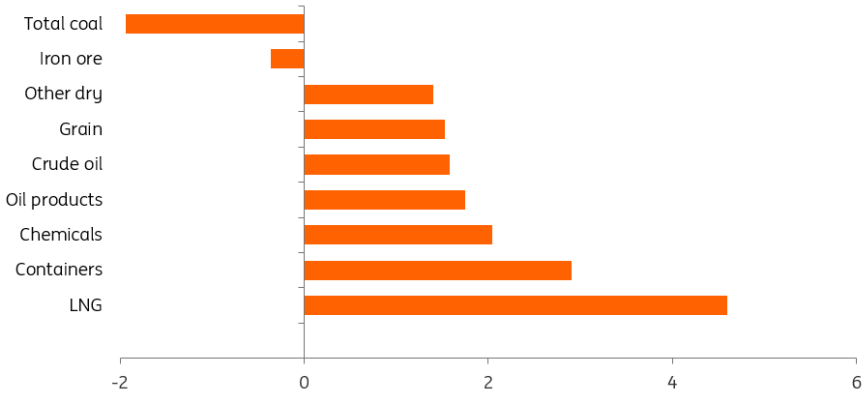
Trump tariffs and constraints might push trade into contraction in 2026

The protectionist actions of the US government will increase costs and weigh on trade growth for 2026 and beyond, especially if they spiral into a trade war. 'Frontloading' and stockpiling by shippers will likely be largely reversed, dragging on short-term growth. For world trade, this could lead to a decline of up to 3% in 2026 in a worst-case scenario, including a full-blown and longer-lasting global trade dispute. But in an optimistic scenario, we still expect some growth to remain. A collapse is not likely, as the US covers just a part of trade flows and trade has previously shown the

ability to adjust by shifting to other countries, including Vietnam.

Most tonnage growth for 2025 expected in LNG, least in coal trade

Seaborne trade growth forecast 2025 per segment in tonnes, %YoY



Source: Clarksons, ING Research

Demand for LNG shipping to show most growth in 2025

Industrial production is the most important driver of trade flows. For 2025, the highest growth in relevant larger shipping segments is expected for LNG, which is a replacement fuel for piped gas (in Europe) and coal, as well as an increasingly larger part of the bunker fuel mix in shipping (also as part of the FuelEU-regulation in shipping).

Efforts to ramp up renewable energy production and the slowdown of economic growth have tempered China's oil needs. Still, seaborne trade is expected to grow and a global plateau is not yet in sight before 2030. This is different to coal, which is expected to plateau earlier. Container trade is still expected to see around 3% year-on-year growth in 2025. We will discuss specific elements under the tanker and bulker segments, respectively.

Higher import tariffs: a new push for restructuring supply chains and shipping lanes

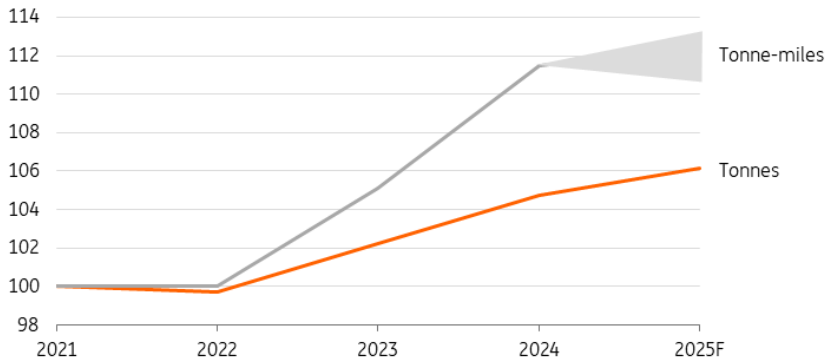
Tariff actions could force significant changes in trade lanes, impacting shipping activity. Companies may start to seek new partners to circumvent higher tariffs, which could also spark re- and nearshoring in the mid-term. This could translate into more overland transport and higher demand for smaller vessels (feeders or short sea ships). This especially holds for North America. The relationship between two of the world's largest trade partners, the US and China, has already started to change under Trump I, with US companies importing less directly from China and more (indirectly) from other Asian countries such as Vietnam.

Another 'connecting' country, Mexico, has also seen a surge in trade to the US. Supply chain partners are also diversifying sourcing to build resilience, with lessons learned from various disruptions during and after the pandemic. This means supply chains are lengthening, and smaller ports are increasingly involved in the network.

Generally, shipping ton-mile volume has surged after sanctions on Russia and shifts in commodity flows from Russia to Asian countries, with Europe sourcing elsewhere. This has turned short haul into longer haul supply, and this isn't likely to reverse soon. We also anticipate further changes in the shipped product mix and trade routes. For instance, the US may need to import more iron ore to ramp up its steel production. Demand for battery metal transportations may also increase in this regard. On a different note, tariff actions could strongly impact car exports and their specialised carriers.

Trade continues to sail longer mileages, resumption of Red Sea transits may lead to a small decline

Global seaborne trade growth (2021 = 100)



Source: Clarksons, ING Research

Red Sea key for shipping-outlook – the longer it takes, the better it is for shipping performance

A critical factor for the outlook of shipping is the rerouting around the Cape of Good Hope to avoid the 'risky' Red Sea and Suez route. At the start of 2024, most market players expected the avoidance to last a few months. However, a year later, the status quo remains in place, with more than half of the vessels avoiding entering the Bab el Mandab Strait, including most large container vessels and about 40% of the previously shipped oil and dry bulk cargo on the route.

The extra 10-14 days and 3,500 nautical miles on a trip from Asia to Europe absorb around 10% of the container fleet capacity and continue to cause knock-on delays in ports. This is negative for shipment costs and emissions, but it keeps freight rates up, which is a positive for the shipping sector. In container shipping, this has flipped 2024 performance from bleak to the third-best year on record for many liners. The impact on bulkers and tankers is less significant, though still present.

Red Sea resumption not expected before the summer

The early 2025 ceasefire deal for Gaza was a first step towards stability and the eventual resumption of the Red Sea route, but the situation in the Middle East remains fragile. Container liners have adapted to rerouting and aim to avoid further disruptions for their clients, hoping for a longer period of stability and certainty. This is especially important as sailing schemes have just been restructured following the start of the Gemini Alliance (Maersk and Hapag Lloyd) from 2

January. These schedules include Cape rounding as the 'new normal' (for now), with a promised arrival performance rate of no less than 90%, compared to just above 50% currently on a global scale.

What will happen in the case of resumption?

- Resumption will be a gradual process ('transition period'), starting with the return of smaller bulk and tanker vessels, while ultra-large container carriers will likely be the last to return.
- It will also come with disruptions, as European ports will become congested and sailings out of Asia will be blanked, meaning the stabilisation of the system will take months. Trump's tariffs could also create new waves.
- Tonne-mileages will show contraction as soon as the 'shortcuts' resume, but this will likely be most prevalent in 2026.

As it is not in the financial interest of shipping companies, they won't be in a hurry and are not expected to resume massively across the board before mid-2025, meaning normalisation will take us far into 2025.

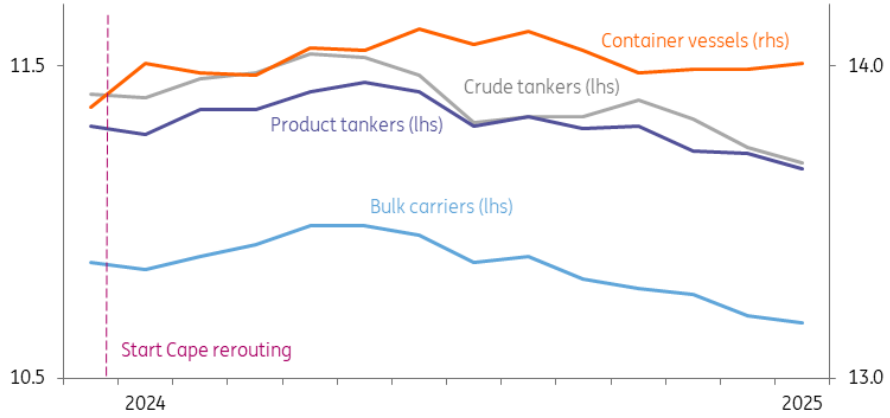
Spree of new ordered vessels will gradually be delivered in the following years

The past few years have been extraordinarily strong across shipping segments, especially 2021 and 2022. Companies are cash-rich and generally enjoy strong financial positions. This has contributed to an order spree over the last few years. Shipyards in China, Korea, and Japan are largely full for the upcoming years, and new vessel inflow will therefore be stretched towards 2028-29. Many of these ships are deemed replacements, and in container shipping in particular, many vessels will be designed to run on LNG or methanol. This is most easy for container vessels sailing in schedules and berthing the same ports where the fuel could be made available.

The trend towards ever-larger vessels has reached barriers of optimality due to the limited nautical accessibility of deep seaports and handling challenges in logistics and supply chains. However, vessels aren't uniform and equally deployable. Very large crude carriers (VLCCs) and Cape-size bulk carriers (170k-180k DWT) are used in trade lanes, e.g., from the Middle East to Asia or from Brazil to China. The new inflow could nonetheless create overcapacity.

Container ships have upped their speed since Cape rerouting started, while bulkers and tankers have slowed

Global average sailing speed of different vessel segments in knots



Source: Clarksons, ING Research

If ships return to the Red Sea, managing overcapacity will become a key focus again

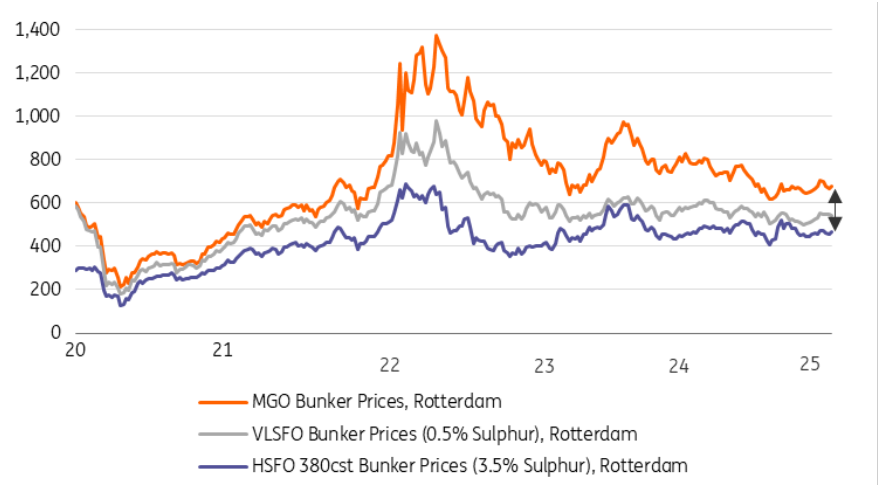
If the Red Sea re-opens and we have gone through the recalibration and rebalancing phase, capacity management will return as a top priority to support spot rates. This is especially relevant for container shipping. The tanker and bulker segments will also feel the capacity unlocking, with many more new vessels on order than before. What options for capacity management do we see?

- **Reducing speed:** Sailing speed is an important variable for shipping companies. While ships are generally steaming slower than a decade ago, container vessels have sped up again to meet client expectations. As fuel consumption increases progressively with speed, this reduces fuel efficiency. Reducing speed by an average of 0.5 knots for the full fleet could absorb around 3% TEU capacity in container shipping. As soon as capacity allows, shipping companies will likely slow down. Container vessels have increased average speed since the Red Sea diversions started, while bulkers and tankers have slowed down somewhat.
- **Catch-up scrapping:** In the past five years, companies have hungered for capacity, and hardly any scrapping took place, which could normally add up to 3% per year in container shipping. With a focus on raising fuel efficiency and prioritising efficient younger vessels, we should see much more scrapping when the old normal returns. IMO climate regulations are another reason to ramp up scrapping, though steel prices will also play a *role.*
- **Blank sailings:** Container liners are expected to take out sailings when the first East-West journey arrives much earlier, and fewer vessels are required in the loop. Liners may also decide to continue sailing around the Cape on the backhaul.

During prosperous years with tight capacity, high freight rates, and strong cashflows, shipping companies ordered many more vessels. Meanwhile, replacing older tonnage has been postponed. Watching the phase-out of older vessels will be crucial in the coming years.

Global bunker fuel prices have traded in a limited range while the spread narrowed

Bunker fuel prices (Port of Rotterdam) in $ per tonne



Source: Clarksons, ING Research

Latest data point 14/2/25

Bunker prices relatively stable – not much increase expected

Bunker fuel is the most important cost fraction for shipping operations, and fuel prices have been relatively stable in early 2025. We don't anticipate a strong increase in oil and fuel prices this year either, as the oil market is expected to remain in surplus, although geopolitical events could lead to volatility.

In tanker and bulker shipping, charterers usually pay for the fuel bill. Fuel consumption of vessels is reflected in charter rates, and charterers therefore are incentivised to pick younger – more efficient – tonnage. In container shipping, carriers usually fund the fuel bill themselves. The spread between HFO low-sulfur compliant fuels VLSFO and MGO has lowered compared to the previous year, making the case for scrubbers less attractive.

Given the increasing bunkering of LNG in dual fuel vessels, it's also relevant to look at LNG prices. For most of 2022, LNG propulsion was very expensive and probably out of sight as an alternative for most companies. Prices traded around $900 per tonne in February, with the equivalent of MGO in terms of energy at around $800.

Shipping not on track yet for IMO's 20-30% CO2e-reduction...

The IMO's GHG strategy for global shipping includes a 20% CO2e reduction by 2030 compared to 2008, with an ambition to reach 30%. The industry made a good start, but in recent years, absolute well-to-wake emissions have actually gone up. Emissions are to have ended up 4% higher than their pre-pandemic 2019 level in 2024 due to massive inefficiencies in global supply chains and longer mileages. Reducing speed and catching up on the phase-out of older vessels and replacements with eco-engines should help turn this around, with charterers preferring more efficient vessels.

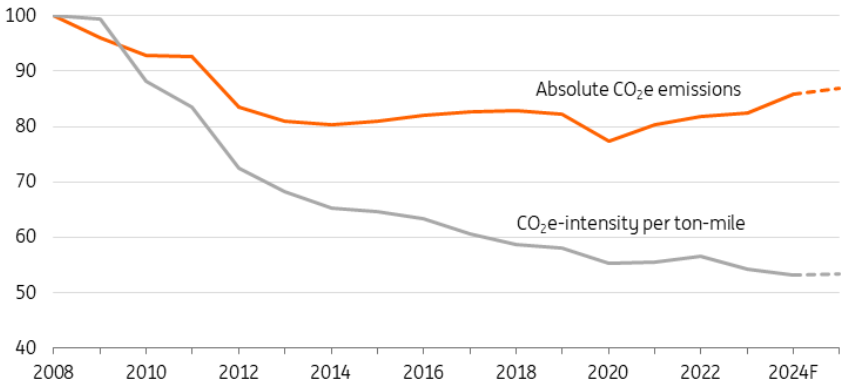
Owners could still leverage low-hanging fruit, such as retrofit options for progress, like adaptions to

propellor, engine, hull coating and even rotors (using wind energy). Obviously, a return to the Red Sea route will also help. With a current reduction of around 15%, the hurdle of -20% by 2030 is still achievable, but a resumption of the downward trend is required.

Another important element of the climate strategy with practical implications is the blending in an average of at least 5% alternative fuel by 2030. This is an industry target, so many combinations are possible, but conventional vessels likely have a chance to contribute by blending biofuel. Further down the road options to buy credits and pooling could also be part of the solution. The IMO will consider the options for a global carbon levy at the MEPC83 meeting in 2025. This would be a significant step in improving the level playing field between fuel options and could still start contributing to CO2e reduction before 2030.

CO2 reduction in shipping hasn't progressed over the last decade, but per shipped ton-mile it looks much better

Well to wake (WtW) CO2e-emissions global shipping per year in % (absolute) and corrected for tonne-miles growth (2008 = 100)



Source: Clarksons, ING Research

But CO2e intensity per ton-mile has dropped dramatically with room for more

Although overall absolute progress on GHG emissions has stalled in the past few years, shipping companies have made dramatic progress in CO2e intensity (for which the energy efficiency existing ship (EEXI) and carbon intensity indicator (CII) are designed).

Corrected for shipping performance in ton-miles on a sector level – which has surged 60% since 2008 – indicative emissions have already surpassed the 40% reduction target. Bear in mind, though, that the 2008 reference year marks a peak in emissions and doesn't align with the historic base year 1990 used by the IPCC and often included in general international climate agreements. Though the industry similarly strives for net-zero 'close to 2050', which requires acceleration later on. In any case there's much more progress to be made.

Car carriers in limbo about shifts in car trade following protectionism

Car carriers have thrived in a niche market. Electric car exports from Korea and China have soared, but vessel capacity remains tight. Asian EV brands like Hyundai/Kia and BYD, with manufacturing in Europe, have gained. Western brands like Volvo and Tesla also build cars in China for Europe. Carriers like Höegh, Wallenius Wilhelmsen, and NYK ordered larger vessels but face a different trade environment.

Protectionist actions, such as steep tariffs on Chinese cars from the US and EU, and potential US levies on all car imports, could lead to factory restructuring and dampen global car trade. Local production might increase spare parts flows instead.

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Container shipping: sailing through uncertainty and looming overcapacity

Forward sailing conditions for container shipping are currently looking unstable. If the Red Sea reopens over the course of 2025, we expect the tide to turn and excess capacity to surface. But that requires months of recalibration, which will likely keep margins positive. Meanwhile, US trade action and uncertainty is rattling supply chains once again

The potential resumption of the Suez route will be the most important factor to keep an eye out for in 2025

After extraordinary years, 2025 won't be a quiet one for container shipping

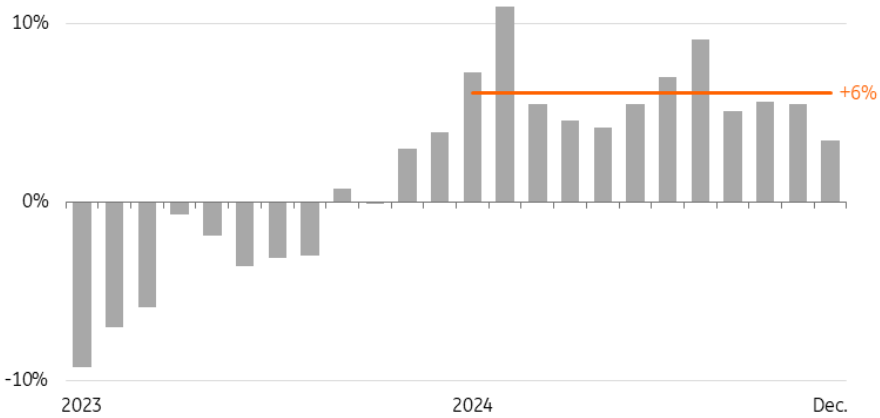
The global container shipping sector has navigated unprecedented market swings over the past few years. The lingering impact of the pandemic, supply chain shifts due to sanctions and extreme weather, and rerouting through the Red Sea have all directed the course of the sector.

As highlighted in our general shipping outlook, 2025 will be dominated by geopolitics bringing ongoing uncertainty. The potential resumption of the Suez route will be the most important factor for 2025. The year began with 85-90% of container volume still avoiding the Red Sea. However,

if Houthi attacks remain absent for longer and stability returns to the Middle East, container liners might choose to resume transits. Nevertheless, recalibrating sailing routes, port operations, and capacity will take us well into the year. Meanwhile, import tariffs and potential US actions to curb Chinese hegemony in shipbuilding are pushing up costs and leading to shifts in demand and sailing schemes (port calls and vessel deployment).

Global container troughput continues its growth through 2024

Global container throughput development in % YoY



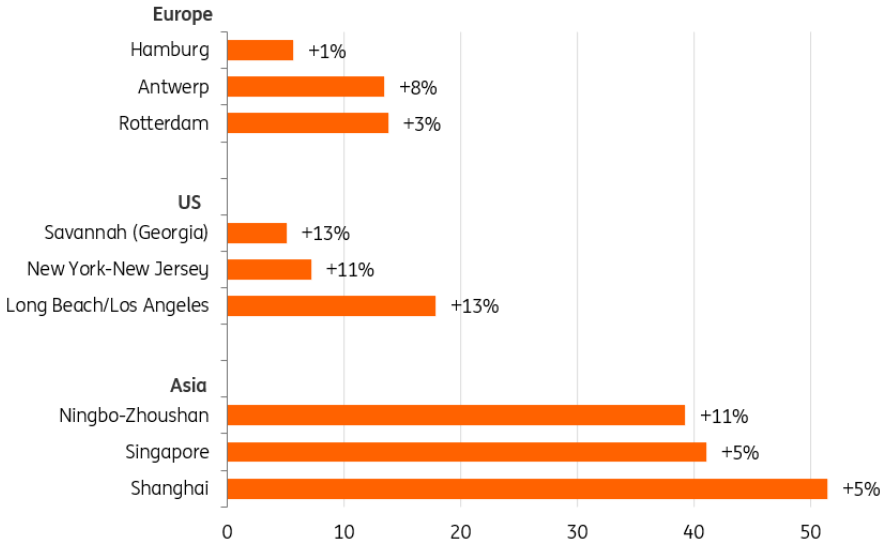
Source: RWI/ISL, ING Research

Global container volume recovered on stronger consumer spending

Global container box trade recovered from the post-pandemic correction of late 2022 and 2023. Consumer spending on goods picked up, supported by the recovery of purchasing power. This pushed container throughput across the world to an average growth of 6% in 2024. A thriving economy, along with frontloading to anticipate trade tariffs, sent throughput growth in US ports on both the east and west coasts into double digits, while Chinese ports continued to handle significantly more containers. Frontloading still continued at the start of the new year. Europe showed a bleaker picture, although figures signalled a positive development, especially compared to sluggish commodity trades.

Global container ports showed solid growth in 2024, especially in Asia and US

Throughput in m. TEU in 2024 + growth in 2024 in %, in the 3 largest containerports per region



Source: Port authorities, ING Research

2025 still offers some upside for container traffic – headwinds drag on 2026

Protectionist headwinds are expected to slow container trade later on in 2025, but the year has started on a strong note. The largest port in the US – Long Beach, LA – has seen a wave of incoming containers, right before the 10% additional tariff on imports from China came into force. The world's largest container port, in Shanghai, also reported a strong start to the year partly driven by strong intra-Asia trade. While some of the stockpiling will likely be reversed later, we still expect container volumes to grow some 3% year-on-year, as consumer spending is expected to continue rising on the back of improved purchasing power.

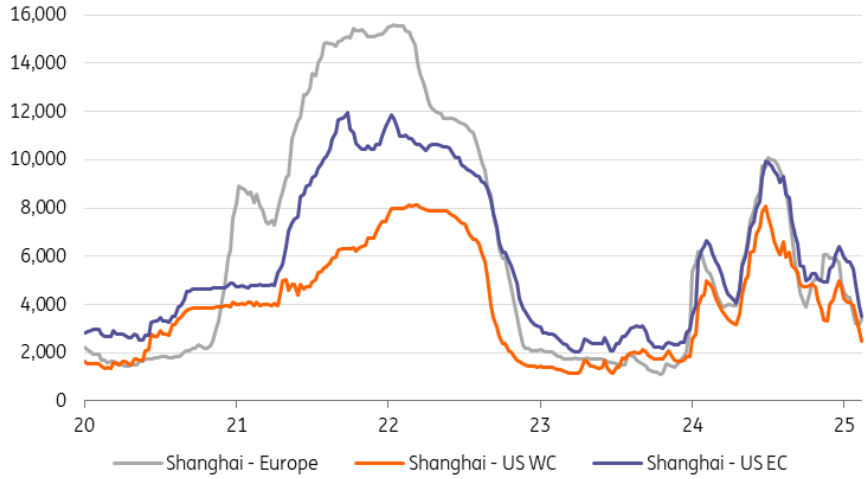
In 2026, cost-raising tariffs and retaliation will drag more severely on container volumes, potentially leading to a contraction. But supply chain restructuring and adjustment is also expected, creating resilience. You can read more about the range we expect for (seaborne) trade growth in our general shipping outlook.

Container spot rates on their way back to 'normality'

The composite global container index (CCFI) remained elevated throughout 2024 due to the longer-than-expected rerouting around the Cape of Good Hope. This consumed up to 10% extra capacity and resulted in ongoing delays and congestion. Nevertheless, spot rates on the Shanghai-Europe route fell to around $3,000 per 40ft container in February, which translates to a real-term pre-pandemic rate of less than $2,500. This indicates that price premiums for short-term contracts have diminished significantly compared to previous levels. Spot rates to the US moved in the same direction. While the low season effect explains part of this, the demand/supply balance is also weakening.

Container spot rates in retreat and much lower than over the pandemic

Port to port containerised spot freight rates on major routes in $ per FEU (40 ft container)



Source: Clarksons, ING Research,
*Last data point: 02/21/25

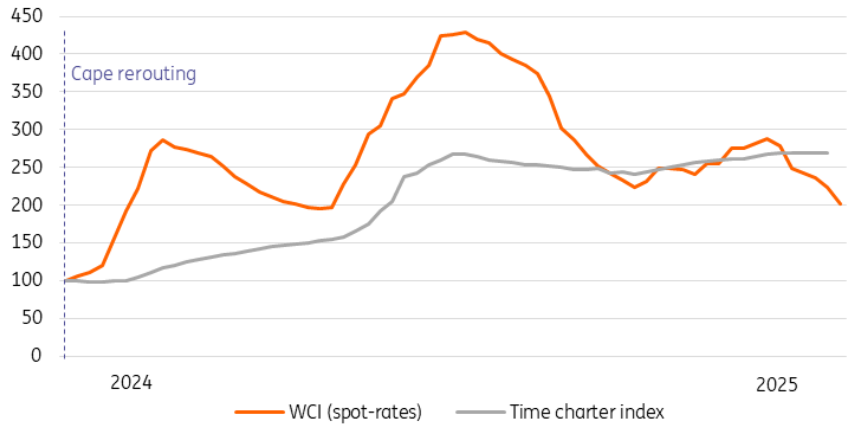
Contract freight rates still elevated, providing comfort for 2025 results

Roughly half of the global container volume is contracted out to shippers, usually in contracts lasting one to two years, but also six months given the current uncertainty. This is likely where most of the liner profits will come from in 2025. Most large shippers rely heavily on the contract market, which stabilises costs and offers a specific volume of slots. Small shippers without a large and steady flow of cargo are often dependent on the spot market. However, logistics service providers and large retailers also act as intermediaries to fix rates for clients.

Maersk increased the contracted share of its ocean business from 60% in 2020 to 75% in 2024. Other liners are more active in the spot market, but several have pursued a larger share of contracts as well. At the end of 2024, the Drewry East-West contract index indicated 27% higher rates year-on-year for one-year tenors.

Container spot rates dropped below time charter rates

Global container spot rates vs. time charter rates (index 11/30 = 100)



Source: Drewry, Clarksons, ING Research,
Latest data point 02/20/25

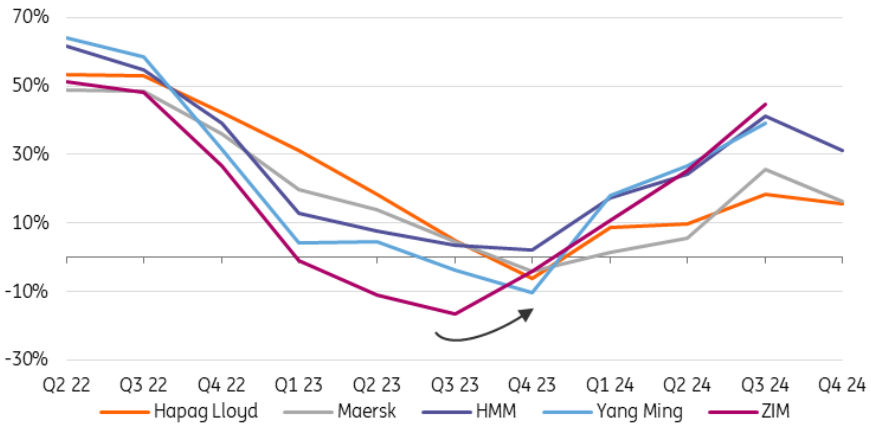
Vessel charter rates keep up remarkably well

Larger container carriers typically charter 40-55% of their fleet capacity to maintain flexibility. Charter rates for container vessels in the range of 3,500-8,500 TEU have shown more resilience than short-term freight rates and still stand at $41,000-74,000 per day on 24-month contracts, as shown by the Harper Petersen index. On average, containership earnings of $43,000 per day are still hovering around double last year's level as of mid-February, when it was still unclear whether the Red Sea would soon reopen. Hiring vessels to service in the restructured alliance sailing schemes may play a role here. These vessel hiring rates are also reflected in elevated second-hand and newbuild prices.

The question is how long this will hold given the increasing supply pressure, but owners up for recontracting can still lock in the higher rates. A far lower order book for vessels under 8,000 TEU, and especially feeders under 3,000 TEU, offers support for this segment. The trend of diversification in the sourcing and lengthening of supply chains will likely include more smaller ports, which will lead to more demand for the feeder segment.

Container liner profits rebounded strongly in 2024 on persistent re-routing around Africa

Operational profit (EBIT) of selected container liners per quarter YoY



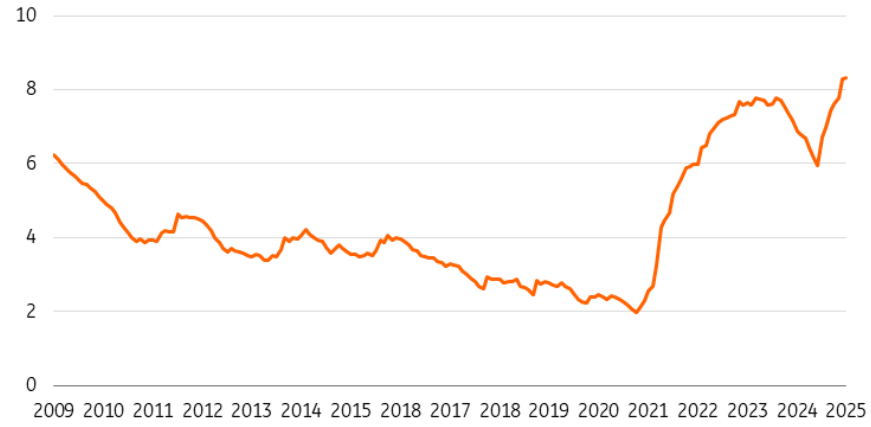
Source: Company reports, ING Research

Profitability delivered its third best year on record on prolonged re-routing

Container liner profitability reversed the downward trend in 2024 after enduring rerouting. This has sent profits into strong double digits again and far beyond liners expectations prior to the year. Performance for 2025 will heavily depend on reopening of the Red Sea, but it does look less prosperous. If the detours continue until the end of the year, it will again be a convincingly profitable year for the industry – but if resumptions start over the course of the year, freight rates will likely weaken across the board in the run up to 2026. Nevertheless, industry profitability is at least likely to remain above par in 2025.

Global containership orderbook starts 2025 with record high

Total new containervessel capacity on order in mn. TEU per year



Source: Clarksons, ING Research

Flood of new capacity is going to make waves

Strong tailwinds have sent orders for new vessels soaring since 2021, with carriers rushing to secure future market share. Decarbonisation and the ambition to introduce alternative fuels are additional considerations. Recent examples of new orders include 12 dual-fuel methanol vessels (14,000 TEU) for Cosco, 11 dual-fuel LNG vessels (24,000 TEU) for Evergreen, and 13 vessels ranging from 8,000-15,000 TEU for Yang Ming. Generally, MSC and CMA CGM have the most vessels on order, both with a whopping 100.

In early 2025, the order book stood at 27% of the installed base in capacity (around 750 vessels and a record level of 8.3m TEU). The majority of this comes from Chinese shipyards. A wave of vessels has already started to come in, with a 10% TEU-capacity expansion in 2024 and another 6% expected for 2025.

Trend of larger vessels seems to be over

The trend of ever-larger vessels has weakened as they might become suboptimal for logistics and supply chains, which have to align with huge call sizes and associated ripple effects. Additionally, nautical accessibility becomes more important with supply chains diversifying. As a result, the majority of the vessels currently on order are of the sub-largest size, up to 18,000 TEU. Shipowners' record order books for container vessels have prompted downturn warnings.

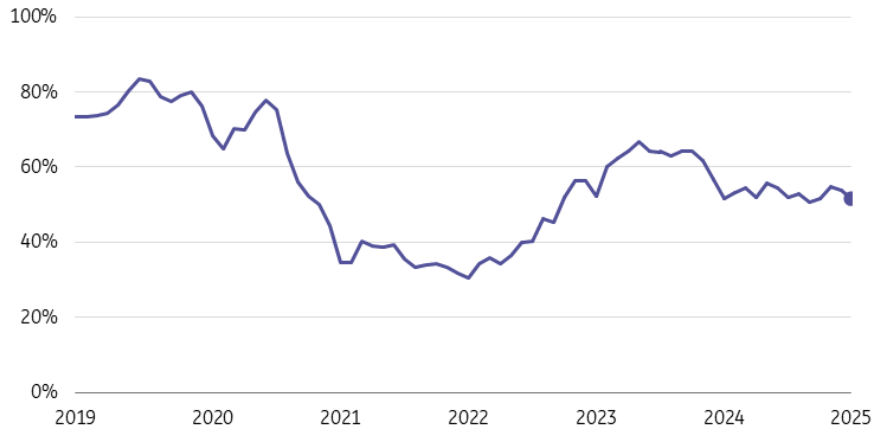
Restructuring of alliances marks a recalibration of sailing schedules

An important restructuring of the liner sector began in February with the formation of the Gemini alliance between Maersk and Hapag Lloyd. This marked the end of the 2M alliance between MSC and Maersk and led to restructuring within THE Alliance as Hapag left the cooperation. The Gemini alliance is set to concentrate on hubs (with fewer port calls) and has vowed to offer clients up to 90% arrival reliability, which requires significant effort and dedication given the current poor average of just over 50%. This likely means that more slack in the loops is needed to deal with uncertainties.

The block exemption regulation (CBER) for container shipping, which was terminated by the EU in April 2024, forces alliances to act more carefully. Container liners pool capacity within alliances and this means that alliances will face stricter scrutiny to make sure they operate in line with competition law for their various operations.

Arrival performance of container vessels still low amid ongoing Red Sea diversions and 'frontloading'

Reliability container vessels worldwide (share of vessels arriving on time)



Source: Sea intelligence

Congested and inefficient supply chains still capacity consuming – clearing takes time

At the start of 2025, ports around the world still faced congestion, particularly in the European ports of Rotterdam, Barcelona, and Algeciras. The World Bank supply chain stress index shows that over 2m TEU capacity is blocked due to waiting times at ports. This is close to the pandemic highs and accounts for over 7% of the 30m TEU fleet capacity. Consequently, ocean timelines (from cargo readiness to departure at the port of destination) from China to Northern Europe are close to 75 days in early 2025. This means it will take time to clear the backlog.

Options to manage overcapacity but more spot rate pressure likely

The Red Sea resumption won't be an overnight exercise. But if one larger liner returns, others will likely follow. This will surface overcapacity which has been built up in the backdrop. As soon as occupation rates drop, more stringent capacity management becomes urgent. The most important factors in play for capacity discipline are slowing sailing speeds, taking out older vessels and blanking sailings (i.e., where a cargo ship's call at a port is cancelled), as we discuss in our general shipping outlook.

Catch-up demolitions could reduce capacity by over 5%

Demolition has dramatically slowed in the last five years amid a hunger for capacity. Scrapping figures totalled 0.4% annually compared to 1.6% annually in the five years prior. This means container liners kept many older vessels in the loop and postponed replacements. After the Red Sea transits resume, we can therefore expect a surge in demolitions of older, less efficient tonnage. This could reduce fleet capacity by 5-6%. The average age of the global container fleet stands at 13.8 years, close to a record level, despite the delivery of many new vessels over the last two years.

Container lines still sit on a pile of cash after windfall industry profits of around $300bn in 2021 and 2022, as well as the third most profitable year on record in 2024. This surge in profits has driven new vessel orders and encouraged several liners – including MSC, CMA CGM, and Maersk – to invest in terminal and hinterland operations. This strategic effort aims to integrate and leverage end-to-end supply chain services, allowing them to diversify their exposure. Generally, liners are able to withstand losses for quite a while, which poses a risk when rates sink and liners aim to maintain market shares.

How have three of the largest container liners performed?

Maersk

A.P. Moller-Maersk (Maersk) reported growth in its top line and profitability for the full-year 2024. During the year, the company saw revenues of $55,482m, up 8.6% YoY, and EBITDA of $12,128m, up 26.5% YoY. In the Ocean container shipping segment in FY24, Maersk had revenue of $37,388m, up 11.1% YoY, and EBITDA of $9,186m, up 32.4% YoY. The company noted that the Ocean segmental results were driven by higher container demand and elevated freight rates during the year. According to Maersk, Ocean's profitability was underpinned by a significant increase in freight rates of 17% YoY, reflecting the developments in the Red Sea and strong volume demand, with volumes transported of 24.6m TEU, up 3.6% YoY. This led to to high fleet utilisation rates of 96%, up 4.1 percentage points YoY. Segmental operational expenses, excluding bunker costs, were up slightly (+2.0%) YoY, mitigating the impact of additional bunker consumption related to the re-routing of the network south of the Cape of Good Hope.

Maersk also provided guidance for FY25, including the target underlying EBITDA range of $6.0-9.0bn. This target is based on the company's expectation that global container volumes will by grow by approximately 4% in 2025 and that Maersk will grow in line with the market. Also, for the purposes of the financial guidance, the company assumes that the Red Sea route will reopen mid-year for the low end of its guidance, and will re-open at the end of the year for the high end of its guidance. Maersk also cautioned that the outlook for 2025 is subject to considerable macroeconomic uncertainties which might impact both container volumes and freight rates. Overall, the company anticipates that 2025 is likely to show a greater supply-demand imbalance, with new fleet deliveries and potential Red Sea re-opening during the year – but that the supply would be offset to a large extent by strong market demand, factors reducing effective capacity (scrapping, idling, slow steaming, etc.) and possible interim port congestion from vessels arriving simultaneously after the Red Sea re-opening.

Hapag-Lloyd

At the end of January, Hapag-Lloyd published its preliminary financial and operational figures for FY24. In 2024, the shipping company saw revenues of $20.7bn, up 6.7% YoY, and EBITDA of $5.0bn, up 4.2% YoY. During the year, container volumes transported amounted to 12.5m TEU, up 5.0% YoY, and the realised freight rate was $1,492/TEU, flat YoY. Hapag-Lloyd noted that the volumes transported increased despite the re-routing of the traffic via the Cape of Good Hope and the associated longer voyage times.

CMA CGM

At the end of February, CMA CGM released its headline numbers fo FY24. The company pointed out

that 2024 witnessed an increased demand for maritime container shipping, boosted by stronger-than-expected world trade and inventory rebuilding, whereas global capacity faced a negative shock from geopolitical tensions, including in the Red Sea and the Gulf of Aden. In full-year 2024, CMA CGM had revenues of $55.5bn, up 18.0% YoY, and EBITDA of $13.4bn, up 49.3% YoY. In the Shipping segment, the company had revenues of $36.5bn, up 16.2% YoY, and EBITDA of $11.2bn, up 51.9% YoY. During the reported year, the company carried 23.6m TEU's, up 7.8% YoY, while its EBITDA margin was supported by higher average revenue per TEU for the year of $1,549, up 7.7% YoY. In 2024, CMA CGM took delivery of 12 new LNG-fueled vessels. The company has invested nearly $20bn to order LNG and methanol-powered ships to have 153 vessels capable of using low-carbon energies (biogas, boimethanol and synthetic fuels) in its fleet by 2029 with a view of achieving Net Zero Carbon by 2050. Earlier, CMA CGM mentioned that its third quarter of 2024 was marked by the deployment of artificial intelligence across the company's various activities with the aim of enhancing the customer service.

In terms of outlook for 2025, CMA CGM expects that global trade for goods will grow in line with the global economic growth expected at around 3%. At the same time, a potential introduction of higher tariffs by the United States could have an impact on trade and could lead to a reorganisation of global supply chains over the medium term. CMA CGM also mentioned that container shipping market in 2025 will also be shaped by deliveries of new vessels and developments around the Red Sea routes. Against this backdrop, the company expressed confidence in its ability to deal with various challenges thanks to its business diversification and solid current financial position.

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Tanker shipping keeps the balance in restless waters

We still see a fairly comfortable outlook for tanker shipping. Demand has risen slightly, and ordered capacity isn't overwhelming. The sector remains heavily exposed to geopolitics, with inefficiencies due to sanctions and longer journeys supporting charter rates

We're expecting to see another solid year for the tanker shipping segment

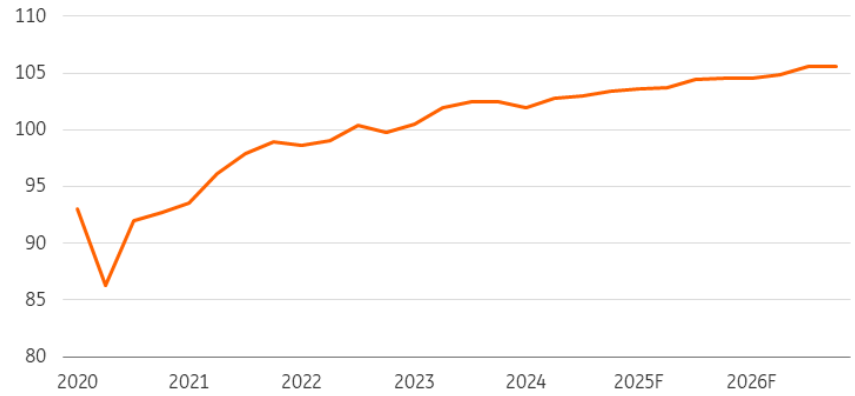
Tanker demand keeps up and diversifies

We're expecting to see another solid year for the tanker shipping segment. General global oil demand continues a mild growth trajectory of 1% year-on-year, with the mix of refined products – shipped in product tankers – gradually changing, with less gasoline, more jet fuel, and more LPG. Additionally, biofuel flows are expanding as blending steps up in aviation, road transport, and shipping. This means the product mix is widening, which may require more (dedicated) vessels. Generally, the global oil demand balance is slowly shifting from the West to fast-growing economies in the East, such as India. In China, oil consumption is decelerating after strong growth, a key reason being the rapidly increasing electric vehicle (EV) fleet.

The tanker segment could see some headwinds in terms of ton-miles in 2025 if the Red Sea fully reopens, but also because some cargo owners opt for shorter distances. But in general, ton-mileage volume is are set to remain higher than before Russia's invasion of Ukraine and the associated shift in trade (Russia exporting to the East, Europe importing from elsewhere).

Tanker trading flows expected to see ongoing moderate growth

Worldwide consumption volume of oil based fuels (mln. bbls per day)



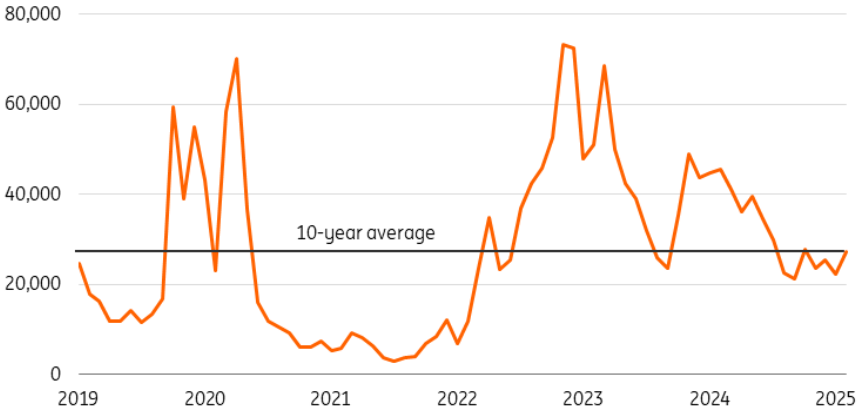
Source: EIA, forecast EIA

Tanker rates left highly elevated levels

In the run-up to the Russian invasion of Ukraine and subsequent sanctions, tanker rates started to rise rapidly. Average overall earnings spiked above $60,000 per day in 2022 and 2023 but dropped to around $25,000 in early 2025. This was also reflected in the Baltic tanker indices, and volatility isn't uncommon in this sector. However, one, three and five-year time charters held up quite well, and most vessels are sailing under contracts. We also see that charterers prefer shorter tenors because of geopolitical uncertainty. The trades to Russia (within the oil price cap) still generate substantial premiums for shipowners.

The past months have shown relative calm for rates in a world experiencing turmoil. But new policy interventions and more volatility in oil prices could lead to more or less floating storage, which proved to have a significant impact on tanker market rates in 2020 when a strong contango led to a surge in demand.

Tanker earnings aren't highly elevated anymore, but haven't sunk either



Source: Clarksons, ING Research

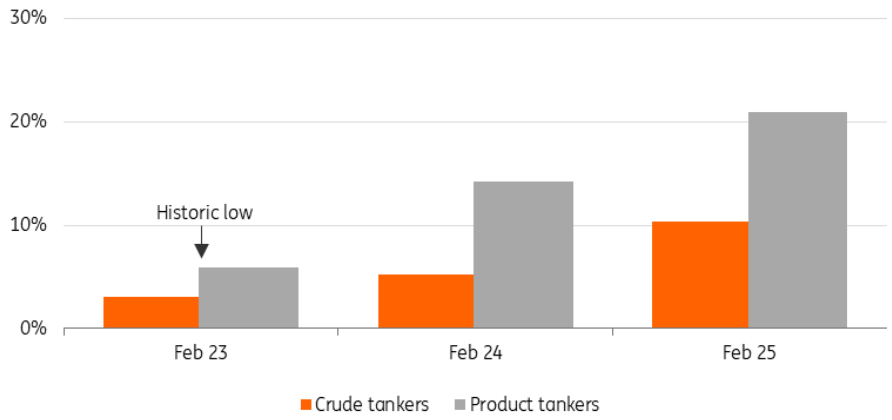
Days of record low tanker orderbooks are over

Since peaking in early 2016, order books for new crude and refined product tankers have declined for seven years, hitting record lows of 3% and 6% by early 2023. Fleet expansion has been limited, with VLCCs even contracting in 2024. The 20+ year investment horizons make investors cautious about future oil demand, while the war in Ukraine, sanctions, and longer shipping routes have led to a boom in tanker shipping.

Companies like Hafnia, Frontline, and Euronav saw soaring freight rates and margins due to capacity shortages, while global oil demand remained high and the energy transition faced challenges. The order book for product and crude tankers has more than tripled from early 2023 lows, now exceeding long-term averages.

Historic low orderbooks in tanker shipping are over

Orderbook crude and product tankers in % of the fleet



Source: Clarksons ING Research

Tanker market to turn less tight with expected new tonnage, product tankers still scarce

The new capacity on the horizon won't shift the balance too much in 2025, but it may lead to more pressure on prices over the coming years. On the product tanker side, significant new capacity of over 5% is expected to come online in 2026, but demand has outpaced supply in recent years, so this won't weigh heavily on the market in 2025. The tense geopolitical reality – also with Iran and the vital strait of Hormuz – could also easily lead to oil market turmoil, which could spark extra trades and more floating storage, consequently pushing up rates.

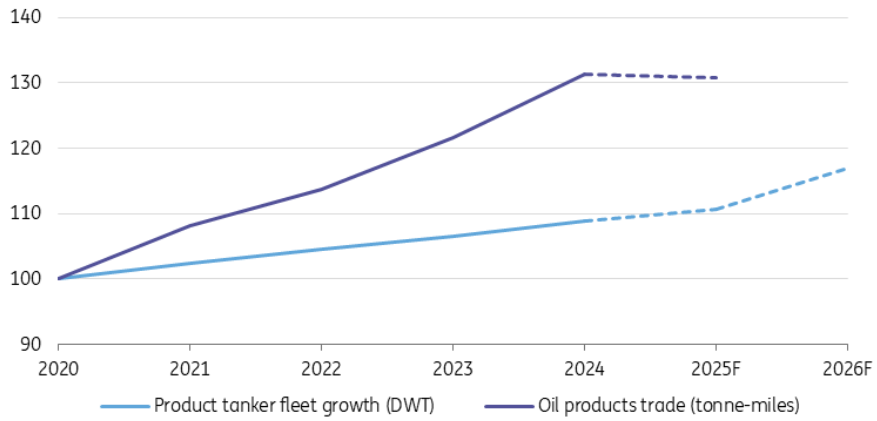
As soon as excess capacity starts to drag rates down, we could expect more scrapping. However, the growing Russian 'shadow fleet' of old acquired tanker vessels shipping Russian oil – and circumventing sanctions – has complicated this in previous years. Reportedly, this fleet counts over 650 relatively old tanker vessels. Altogether this makes up some 16-17% of the total tanker fleet capacity early 2025.

As part of the EU's 16th sanction package, published in February 2025, the EU has sanctioned 153 vessels, excluded from European ports. The usage of these vessels is therefore limited and these

tankers are not expected to return to the regular fleet after the war. In total, the global tanker fleet is comprised of around 7,700 tankers.

Product tanker capacity still lags demand, even after correction

Index growth tanker fleet (DWT*) vs. oil products trade growth, 2020 = 100



Source: Clarksons, ING Research

*dead weight tonnage

Record and climbing average tanker age should also push tankers out of the fleet

While orders for new tankers have seen a strong pick-up, years of hardly any inflow have aged the tanker fleet, with average ages standing close to 14 years by early 2025 – the highest level in over 20 years. For VLCCs and Suezmax tankers, it takes us back to the 90s. After years of ultra-low scrapping, this should push more aged tankers out of the fleet in the next few years. At the same time, we have seen Russia acquiring old tankers.

LNG tanker market unbalanced on delayed terminal capacity and new carriers coming online

The LNG-tanker market is challenging at the moment as spot rates declined through 2024, reaching new lows early 2025. One and three-year contracts dropped as well. Longer-term contracts for five, seven and 10 years tend to be more stable, signalling confidence in significant volume growth for LNG as a replacement and transition fuel, with infrastructure already in place. While global LNG demand shows continued growth, driven especially by China, India, and the rest of Asia – and tops the freight segments for 2025 – near double-digit annual fleet expansion weighs heavily on rates.

New LNG terminals (such as those in the Gulf of Mexico) ran into delays after a pause on export licenses, but the Trump administration aims to ramp up LNG exports, and Saudi Arabia wants to shift focus to LNG as well. At the same time, the LNG carrier order book in cubic metres still accounts for close to 50% of the current installed base of over 800 vessels (some 340, mostly larger carriers by early 2025) after heavy ordering during the high tide in 2021-2022. A significant number of these vessels are coming online in 2025-2026. Most of them are being delivered by a few specialised shipyards, which has pushed prices for new 170,000 m^3 tankers up from around

$200 million to $260 million, but prices have eased. This means there's not much support yet for a strong recovery of short-term market rates.

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Bulker shipping faces tough year as China's manufacturing sector weakens

The bulker shipping sector faces a challenging outlook, with stagnating demand and an influx of new vessels after multiple years of low inflow keeping rates depressed. The crucial Chinese economy is experiencing slower growth in manufacturing, and construction and is beginning to move away from increasing coal usage

Staff cleaning the cargo hold in a bulk carrier

The dry bulk market has lost momentum on weak industrial demand

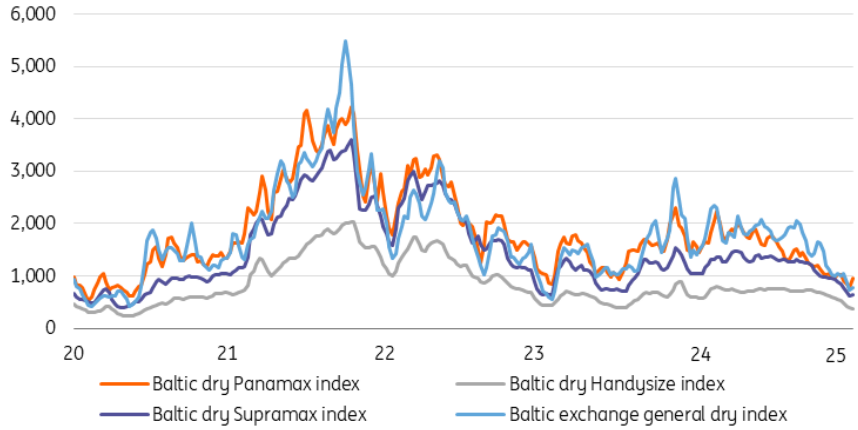
The dry bulk sector, which handles a diverse mix of commodities, has recently lost momentum. In February 2025, the Baltic Dry Index dropped to its lowest level since early 2023, far below the highs of 2021-22.

Dry bulk trade demand has slumped due to weak industrial activity in Europe and China. Reduced demand for steel from the construction sector and tempered manufacturing activity have weighed on the demand for iron ore. Meanwhile, steel demand in India and other emerging countries is rising, pushing the expected global average steel production to an anticipated 1% annual growth.

On average, we expect dry bulk trade demand to grow slightly in 2025, with much more uncertainty for 2026. Given the current backdrop, freight rates for smaller, more flexible bulk carriers, including handysize and supramax, are expected to remain the most resilient.

Dry bulk freight rates under significant pressure

Baltic dry (rate) indices bulk vessels



Source: Clarksons, ING Research

Energy transition starts to weigh on dry bulk shipping

Although China accelerated the development of new coal-fired plants in 2024, the energy transition is slowly starting to impact the bulker sector. Demand is trending down in advanced economies but growing in emerging economies, including India. China still consumes more than half of the global coal supply, with 85% used in coal-fired plants for electricity. Rapid electrification (e.g., of its car fleet) and overall power demand growth still require coal demand to grow despite its fast-growing green energy supply. However, large stockpiles in Chinese ports weigh on short-term demand.

A smaller dry bulk segment – grains (accounting for 5.8% of global trade volume) – is exposed to weather conditions and harvests, as well as trade policy. A larger population drives up demand, but potential import tariffs could shift trades from the US and China to countries like Brazil. On average, the trade volume in ton-miles is expected to grow by 2% in 2025.

New capacity meets demand growth – future coal decline weighs on Capesizers

The order book for bulk shipping has been significantly more manageable in recent years compared to 15 years ago. However, new orders have picked up momentum, such as the 42 bulk carriers from Cosco.

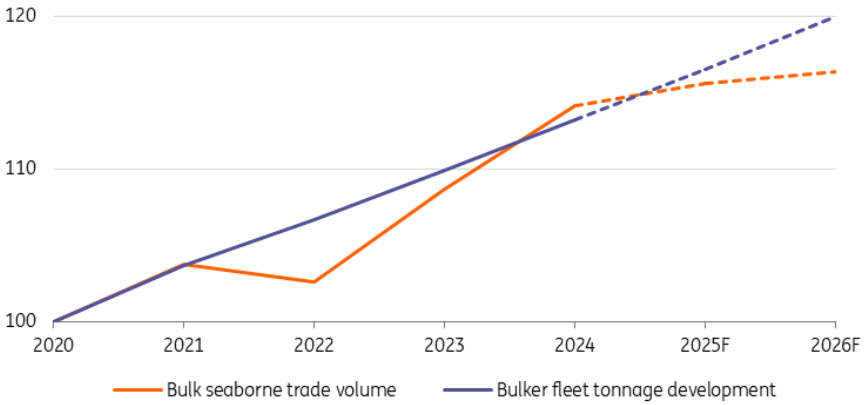
In 2025, dry bulk trade growth is expected to drop below the new tonnage coming online. Average vessel occupation rates are already trending lower, despite longer journeys, signaling a weakening market balance.

Remarkably, new-build prices have shown resilience and trade above previous levels. Last year saw a significant merger between Star and Eagle Bulk, creating one of the largest shipping companies

alongside Berge Bulk and Global Ocean Group. However, fleet ownership remains diverse.

Bulk carrier tonnage to surpasses bulk trade volume growth again

Bulk carrier fleet (DWT*) vs. bulk trade volume growth, index 2020 = 100



Source: Clarksons, ING Research

*dead weight tonnage

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