https://www.joc.com/article/tpm25-carriers-shippers-face-year-of-turmoil-and-uncertainty-5957721

TPM25: Carriers, shippers face year of turmoil and uncertainty

Bill Mongelluzzo, Senior Editor | Mar 6, 2025, 3:06 PM EST

Long Beach, California — Container shipping in the major east-west trade lanes could face as much as six months of disruption this year in vessel capacity, consumer demand and the direction of freight rates as the industry grapples with the impact of Trump administration tariffs and geopolitical developments such as the Red Sea crisis.

That was the message provided Wednesday at the close of the *Journal of Commerce*'s TPM25 by Lars Jensen, CEO of Vespucci Maritime. Jensen told shippers who are planning their supply chains for the coming year to move slowly and carefully because it will take some months before clarity is achieved.

"The reality is it is impossible to predict even one or two months from now," he said. "This period of uncertainty could last for quite a while."

The resumption of Suez Canal transits, which will eventually free up a significant amount of vessel capacity in the Asia-Europe and trans-Pacific trades, appears to be inching closer. However, carriers will not rush back until they can be confident vessels can transit the corridor safely, Jensen said.

If they return too soon and attacks on vessels resume, carriers' networks will be completely out of balance.

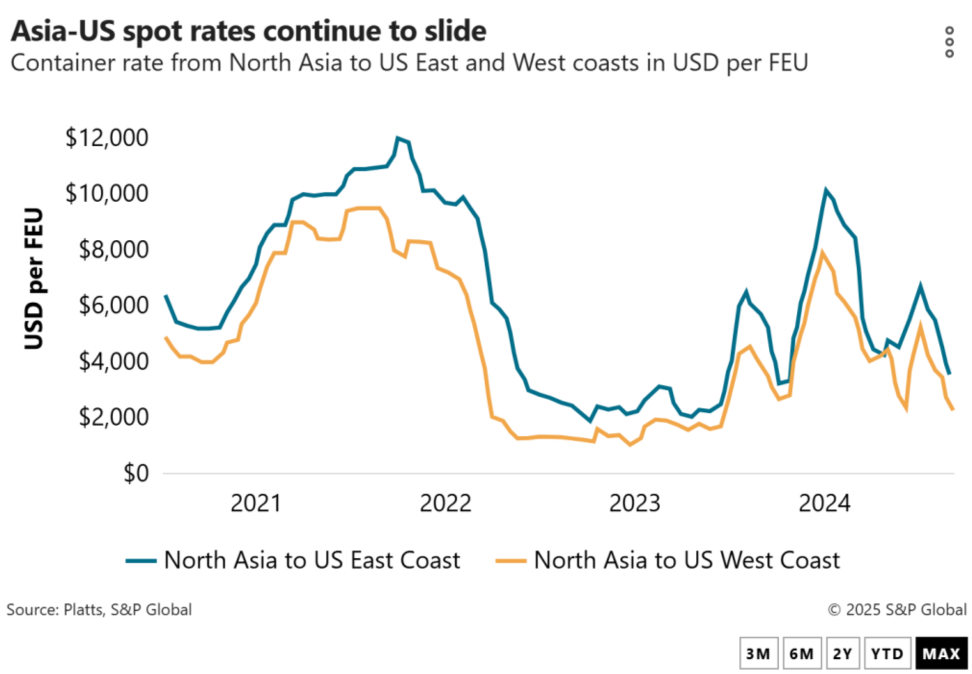
"It could be one or two months, but more likely six months from now," Jensen said of Suez transits, which have been effectively on hold for the past 15 months.

Jensen suggested the best time to resume regular transits through the key waterway is near Golden Week in October, when factories in China shut down and import volumes drop. Even then, shippers should anticipate mounting container backlogs at key load centers, he said.

Trans-Pac spot rates decline

Trans-Pacific spot rates, meanwhile, continue to decline. Rates as of Wednesday were $3,400 per FEU to the East Coast, down 4% week over week and 39% lower year over year. West Coast rates of $2,300 per FEU were 6% lower on the week and down 41% year over year, according to Platts, a *Journal of Commerce* sister product within S&P Global.

The declines are the normal "competitive dynamics among carriers" during the post-Lunar New Year lull, but Jensen, also a *Journal of Commerce* analyst, said he believes it's only temporary. "Demand remains strong," he said.



Rate uncertainty is likely in the coming months as carriers adjust their networks to the new alliances that took effect in February. Carriers will also adjust capacity in response to fluctuations in consumer demand as new tariffs unfold, Jensen said. However, if a rate collapse is to come following a return to Suez Canal transits, it is still some months away, he said.

Trump and USTR vs. container shipping

Donald Trump's threats to impose punishing tariffs on the largest US trading partners of Mexico, Canada and China, and the threat of counter-tariffs, change literally by the day. This injects huge uncertainty into shippers' supply chain planning efforts and possibly foreshadows a shift to a permanently fragmented global trading order, Jensen said.

"This is a world where old rules don't apply," he said.

Somewhat farcical but potentially costly developments embodied in the "America First" Ships for America plan, as well as the US Trade Representative's (USTR's) proposal to impose huge levies on calls by Chinese-built or operated vessels, further muddy the waters of the US container trades, said Jensen.

USTR's proposed policy of taxing carriers $1 million per call by vessels built in Chinese shipyards would likely force carriers to consolidate their calls into larger load-center ports on each coast to reduce operational costs. This would work to the disadvantage of smaller ports likely eliminated from the rotations, Jensen said.

"These people [at USTR] have zero knowledge of shipping," he said.

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