

Fluctuating Ocean Freight Rates and Supply Chain Challenges — How Global Logistics Is Responding

In recent weeks, global ocean freight rates have experienced dramatic fluctuations. Freight rates on the Trans-Pacific route have faced intense fluctuations in rise and fall, while congestion at European ports continues to intensify. The supply chain is facing mounting pressure across regions.

This special edition focuses on the root causes behind the turmoil in the ocean freight market, its impact on the logistics industry, and strategic responses from businesses. Our goal is to equip logistics professionals with insights to navigate the volatility and make informed decisions.

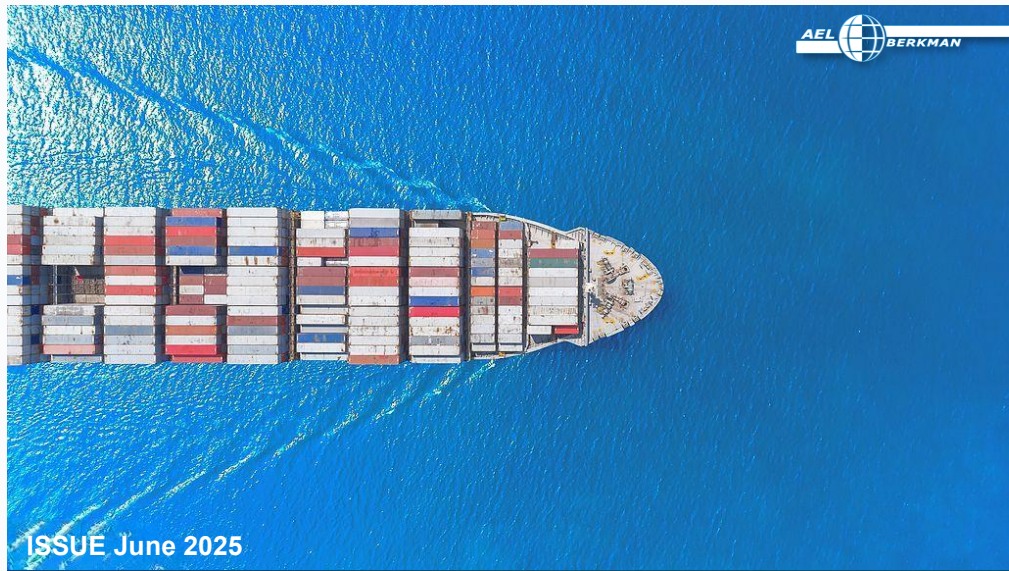
How to Navigate the Disruption?

1. Short-Term Solutions

- **Flexible Booking:**
Prioritize carriers that offer guaranteed space and equipment services to ensure cargo movement.
- **Alternative Routes:**
Use transshipment via Jebel Ali (Middle East) or Port Klang (Southeast Asia) to bypass major congestion points.
- **LCL & Consolidated Shipping:**
Small and medium-sized businesses can reduce per-container costs by opting for LCL (Less-than-Container Load) or cargo consolidation services.

2. Mid- to Long-Term Strategies

- **Supply Chain Diversification:**
 - ♦ **Nearshore Warehousing:**
Set up transit warehouses in Mexico or Eastern Europe to reduce dependency on long-haul ocean freight.
 - ♦ **Land & Air Transport as Backup:**
Shift high-value goods to China-Europe rail or air cargo services, such as chartered e-commerce flights from Zhengzhou to Liège.
- **Digital Tool Adoption:**
 - ♦ **Rate Comparison Platforms:**
Use real-time platforms to compare and lock in forward freight rates.
 - ♦ **AI-Based Congestion Forecasting:**
Leverage AI tools to predict port congestion cycles and optimize shipment timing.



Situation Overview: Why Are Ocean Freight Rates So Volatile?

1. Tariff-driven fluctuations in shipping demand:

- **Rush Shipments Triggered by U.S. - China Tariff Adjustments:**
The proposed U.S. tariffs on Chinese goods triggered early shipments that drove rates up. However, since mid-June, rates have declined as the 90 day deadline for China US trade negotiations is about to expire. Shippers are pausing East Coast and RIPI-bound bookings, leading to reduced demand and downward pressure on rates.
- **Lingering effects of the Red Sea crisis:**
Many vessels continue to reroute via the Cape of Good Hope, disrupting schedules. Combined with seasonal demand, this has created ongoing imbalances and slower vessel turnaround.
- **Strategic capacity control and rate adjustments by carriers:**
Major carriers such as Maersk and MSC have actively cut services or reshaped capacity, causing spot rate spikes—though corrections frequently follow.

2. Key Data Points

- **Trans-Pacific (US West Coast) Rate:**
For the U.S. West Coast route, rates rose from around \$3,000 in late May to approximately \$6,300 in early June, but have dropped to about \$2,300 by the end of June.
- **Frequent PSS adjustments on European lanes:**
Several carriers have introduced or raised Peak Season Surcharges (PSS), with some levying as much as \$1,500/FEU, reflecting unstable cost structures.
- **Global port congestion remains uneven:**
Average delays from Shanghai to Rotterdam reached 7 days, while Hamburg Port reported vessel berthing delays of over 72 hours. Some signs of easing have appeared, but overall congestion remains volatile.

Expert Insights & Case Studies

1. Industry Leader Interviews

- **Maersk Asia-Pacific Executive:**
“Freight rate volatility is expected to persist through Q3. We recommend that customers secure quarterly contracts to mitigate spot market risks.”
- **CEO of a Shenzhen Cross-Border E-Commerce Company:**
“We have shifted 30% of our shipments to China-Europe rail. While transit times are extended by 7 days, costs are reduced by 25%.”

2. Success Stories

- **Ningbo-Based Exporter:**
By adopting a ‘Sea Freight + Overseas Warehouse’ model, the company pre-stocked goods at the ONT8 warehouse in the U.S. three months in advance, effectively avoiding peak season freight surges.
- **DHL Germany:**
Leveraging AI-driven dynamic transport planning, DHL significantly optimized delivery routes, resulting in a 20% increase in customer satisfaction.
- **China-Europe Rail as a Sea Freight Alternative**
In 2024, amid the Red Sea crisis, several freight forwarders shifted part of their cargo to China-Europe rail services. DHL reported a ~40% increase in demand for this route. With a transit time of 25–30 days, it offers a faster alternative compared to over 50 days via rerouted ocean freight.

Industry Impact: Widespread Pressure and Growing Volatility

1. Shippers and Exporters

- **Rising cost unpredictability:**
With freight rates swinging sharply, ocean shipping costs have accounted for as much as 30% of total export expenses, up from 15%. The instability makes it harder for exporters to quote or secure stable prices, pushing some low-margin goods toward cancellation or loss.
- **Delivery uncertainty intensifies:**
Ongoing port congestion in Europe has forced retailers to repeatedly adjust inventory planning. Seasonal stockpiling—such as for Christmas and back-to-school—is at risk of delay.

2. Logistics Service Providers

- **Squeezed smaller forwarders:**
Tight capacity and volatile spot rates are marginalizing smaller freight forwarders, particularly those without long-term carrier partnerships. Larger firms with volume contracts enjoy greater rate stability and resilience.
- **Increased demand (and variability) in multimodal transport:**
Rail, trucking, and airfreight are increasingly used to offset sea delays and rate swings. Inquiries for China-Europe rail and cross-border trucking have risen by approximately 40% month-over-month.

3. End Consumers

- **Downstream price pressure:**
Ocean freight volatility is gradually flowing through to retail. In the U.S. and Europe, electronics, furniture, and seasonal goods are expected to see price increases of 5%–10%, with consumers becoming more sensitive to cost shifts.

Future Outlook

- **Q3 Freight Rate Forecast:**
If Red Sea routes reopen, rates may drop by 30%–40%. Otherwise, the market is likely to remain volatile at elevated levels.
- **Long-Term Trends:**
 - ♦ **Vessel Upsizing:**
Ultra-large container vessels (ULCVs) with capacities of 24,000 TEU are entering operation, helping to reduce per-unit shipping costs.
 - ♦ **Green Shipping:**
The share of methanol-powered vessels is increasing. The IMO 2025 carbon tax policy is expected to accelerate industry-wide efforts to cut emissions.

Closing Note

The current turbulence in the ocean freight market presents not only challenges but also opportunities to enhance supply chain resilience.

By combining short-term tactics with long-term strategic planning, businesses can stay ahead of disruptions and seize emerging opportunities in a shifting landscape.

LEADING STAFF



AEL-Berkman Forwarding
Miki Sun
Operation Supervisor

Where Expertise Meets Excellence

Miki brings nearly two decades of specialized expertise to AEL-Berkman, having dedicated her career to mastering the complexities of international freight forwarding since 2006. Her journey spans critical domains including import logistics and inland transportation, where she developed a robust foundation in end-to-end supply chain management and client relations.

In 2014, Miki joined her current organization and rapidly ascended to lead the BKM Team in Shanghai. Under her stewardship, the team consistently delivers efficient, error-free logistics solutions while maintaining exceptional responsiveness to client needs—a testament to her operational rigor and leadership acumen.

Colleagues and clients alike value Miki's dynamic communication style and talent for building collaborative partnerships. Her meticulous attention to detail and drive for efficiency manifest in every project, ensuring premium service delivery grounded in professionalism.

Beyond the logistics arena, Miki cultivates creativity through diverse passions. An enthusiastic home chef, she explores global cuisines and finds joy in sharing culinary creations. Her nurturing spirit extends to gardening, where she connects with nature's rhythms, while music provides a cherished outlet for expression and rejuvenation.

Thrilled to join the AEL-Berkman family, Miki views this new chapter as an opportunity to grow, collaborate, and contribute her full expertise. She embraces the future with characteristic energy, committed to elevating team performance and creating lasting value for AEL-Berkman's partners worldwide.