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Hapag-Lloyd expects swift China ramp-up after bookings jump 50%

Ocean carrier business surges after tariff break

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Thursday, May 15, 2025

Hapag-Lloyd container ships are seen at the Port of Southampton, England in this undated photo. (Photo: Hapag-Lloyd)

Hapag-Lloyd saw container bookings from China to the United States jump by 50% following the break in the tariff battle between the trading partners.

In comments during an earnings call, Chief Executive Rolf Habben Jansen explained that while recent bookings were down 20%-30%, there has been “a surge of over 50% in recent days,” though he noted the difficulty in predicting exact growth patterns.

“We expect capacity to return fairly swiftly. We have deployed smaller ships instead of doing blanks [canceled sailings], and we will reverse that soon. Within the next couple of weeks, we will deploy bigger ships again, and others may also increase capacity as the quarter progresses.”

The CEO also confirmed that upsizing vessels can be accomplished without significant disruption due to the simplified Gemini network with Maersk, and that it “won’t materially change overall costs,” with no current issues regarding mispositioning of containers.

Profit increased 45% to $469 million on revenue that was up 15% year over year to $5.3 billion in the first quarter, driven by a 9% increase in liner shipping volumes, marking the highest year-on-year growth in several years.

Liner shipping saw revenues of $5.2 billion on volume of 3.3 million twenty-foot equivalent units and an average freight rate of $1,480 per TEU, both of which were 9% higher y/y on strong demand. Earnings before interest, taxes, depreciation and amortization rose by 18%, to $1.1 billion, and earnings before interest and taxes were up by 25%, to $472 million.

The successful launch of the Gemini network saw schedule reliability of 90%, a remarkable figure in an industry that is usually around 65%.

The carrier faced operational challenges during the quarter, including ongoing rerouting of ships away from the Red Sea and around the Cape of Good Hope, as well as disruptions at various ports. These challenges increased operational costs and impacted efficiency but were effectively managed to minimize adverse effects on overall performance.

Spot freight rates experienced a significant decline following the Chinese New Year, contributing to earnings normalization across the industry. Hapag-Lloyd said it faces uncertainty in demand trends for the remainder of 2025 due to various geopolitical and economic factors. Higher tariffs and potential demand destruction pose risks to volume growth, particularly in the China-U.S. trade lane.

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