

Global Freight Market 2025

Realignment in an Era of Fragmentation
and Technological Integration

Researched by Softlink Academy



Preface

If 2024 was defined by the anticipation of disruption, 2025 was the year the global logistics industry learned to operationalize it. We have transitioned from an era of crisis management to one of "Adaptive Fragmentation"- a new paradigm where volatility is not a bug in the system, but its primary feature.

Softlink Academy is proud to present this comprehensive analysis of the Global Freight Market in 2025. This report goes beyond the headlines to dissect the structural realignments that have permanently altered the trading landscape.

This year, the industry navigated a "polycrisis" of geopolitical friction and protectionist policy. Our research highlights the pivotal developments that defined the market:

- The "Alliance Divorce": The fragmentation of the ocean carrier landscape into distinct power blocs - Gemini, Premier, and MSC - forcing shippers to choose between the reliability of hub-and-spoke models and the sheer scale of direct calls.
- The Regulatory Cliff: The termination of the de minimis exemption, which shattered the "flying t-shirt" economics of cross-border e-commerce and compelled a massive pivot in air freight strategy.
- The Carbon Cost: The implementation of the EU ETS, transforming sustainability from a corporate social responsibility goal into a hard line-item cost on every invoice.
- Digital Maturity: The shift of technology from hype to ROI, exemplified by the operational success of Digital Twins at Tuas Port and the pragmatic use of AI for decision support rather than autonomy.

The lesson of 2025 is that optionality is the only hedge. Success no longer belongs to the leanest supply chain, but to the most agile. We trust this report will serve as a strategic compass for logistics professionals navigating this fractured, yet resilient, new world.

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Executive Macro-Strategic Assessment

The global freight and logistics landscape in 2025 operates within a paradox of stabilization and structural fracture. Superficially, the chaotic volatility of the pandemic era has subsided, replaced by a recognizable cyclicity in rates and capacity. However, beneath this veneer of normalization lies a profound and likely permanent realignment of the global trading architecture. The industry has transitioned from a period of acute crisis management to one of chronic "polycrisis," where geopolitical friction, protectionist industrial policies, and climatic disruptions are no longer exogenous shocks but endogenous variables in the supply chain equation.

Economic data for 2025 depicts a fragile ecosystem. Global maritime trade growth is projected to stall significantly, slowing to a mere 0.5% expansion in 2025, a stark deceleration from the modest 2.2% growth observed in 2024. This stagnation is not uniform; it masks a violent churning of trade flows as volume shifts away from traditional East-West axes toward regionalized, "friend-shored" corridors. The operational baseline for 2025 is defined by the "resilience premium"—the acceptance of higher structural costs and longer transit times in exchange for supply chain certainty.

1. The Geopolitical and Economic "Polycrisis"

The defining characteristic of the 2025 market is the entrenchment of geopolitical disruption. The Red Sea crisis, initially viewed as a temporary security challenge, has calcified into a long-term structural impediment. As of January 2025, the disruption surpassed 400 days, with tonnage through the Suez Canal remaining 70% below 2023 levels. This has effectively removed the Suez route as a reliable artery for containerized trade between Asia and Europe, enforcing the Cape of Good Hope deviation as the standard operating procedure. This rerouting has fundamentally altered capacity physics, absorbing approximately 7-8% of the global fleet and artificially inflating freight rates that would otherwise collapse under the weight of massive oversupply.

Simultaneously, the Strait of Hormuz remains a flashpoint, threatening the 11% of global trade and one-third of seaborne oil that transits the waterway. In the Eurasian heartland, the Russia-Ukraine conflict continues to sever traditional connectivity, although the "Silk Road" rail network has seen a curious resilience, increasingly pivoting to serve Russian domestic demand and Sino-Russian bilateral trade rather than acting as a bridge to Europe.

2. The Trade War 2.0: Tariff Regimes and Decoupling

The regulatory environment in 2025 is dominated by the aggressive resurgence of tariff-led industrial policy, particularly from the United States. The era of friction-free trade has definitively ended, replaced by a "compliance-first" logic. The implementation of "Liberation Day" tariffs by the US administration, while negotiated down from an initial 34% to 10% for many goods, has injected persistent uncertainty into transpacific planning.

The specifics of this tariff regime reveal a targeted strategy to decouple critical supply chains while managing domestic inflation. For instance, exemptions were granted for agricultural commodities such as coffee, tea, and spices starting in November 2025, a tacit acknowledgment of the inflationary pain these levies inflict on the American consumer.

Conversely, strategic sectors like semiconductors remain under heavy fire. The US Trade Representative (USTR) has maintained a punitive 50% tariff on Chinese semiconductors through June 2027, with provisions for further escalation. This has forced a radical restructuring of the electronics supply chain, driving final assembly into Vietnam, India, and Mexico, creating new logistics hotspots and bottlenecks in regions previously considered secondary markets.

The expiration of the US-China tariff truce in November 2025 looms as a critical horizon event, driving a wave of inventory front-loading that distorts traditional peak season patterns. Shippers are no longer planning for "just-in-time" but for "just-in-case," utilizing warehousing in third-party countries to hedge against the risk of snap-back tariffs.

Ocean Freight Dynamics: The "Alliance Divorce" and Capacity Supercycle

The year 2025 is a watershed moment for container shipping, marked by the formal dissolution of the 2M Alliance and the operational launch of divergent competitive strategies. The industry has fractured into distinct power blocs, each betting on a different vision of the future: scale versus reliability.

1. The New Alliance Architecture: Gemini vs. Premier vs. MSC

The disintegration of the Maersk and MSC partnership has birthed a new competitive landscape. MSC has chosen a path of sheer scale and independence, leveraging a massive order book to operate a standalone network characterized by extensive direct port calls. This strategy bets on the idea that shippers prefer direct connectivity and that MSC's size allows it to offer unrivaled frequency without the constraints of a partner.

In direct opposition, Maersk and Hapag-Lloyd have formed the Gemini Cooperation, a partnership predicated on a "hub-and-spoke" philosophy. Gemini aims to revolutionize schedule reliability - targeting a 90% on-time performance - by limiting mainliner vessel calls to a select few "hub" ports and using dedicated shuttles for the final leg. This model attempts to insulate the network from port congestion but introduces the risk of transshipment failure.

The **Premier Alliance**, comprising ONE, HMM, and Yang Ming, occupies the middle ground, focusing on cost competitiveness and maintaining strong transpacific coverage.

Comparative Alliance Reliability and Market Share (November 2025 Data)

Alliance / Carrier	Strategy Core	Schedule Reliability (Nov 2025)	Operational Focus	Market Share Trend
Gemini Cooperation	Premium Reliability	89.70%	Hub-and-Spoke; reduced direct calls	21.6% (Global Capacity)
MSC (Standalone)	Maximum Coverage	74.40%	Extensive direct port pairs; massive fleet	20.6% (Standalone)
Premier Alliance	Cost Leadership	55.70%	Traditional vessel sharing; Transpacific focus	11.5% (Global Capacity)
Ocean Alliance	Capacity Dominance	61.10%	Scale; largest market share on East-West trades	28.4% (Global Capacity)

Early performance data from late 2025 suggests that Gemini is delivering on its reliability promise, achieving nearly 90% schedule reliability compared to the dismal ~55-60% of its competitors. However, market share data indicates that shippers have not yet flocked en masse to this premium service, likely deterred by the cost implications or skepticism regarding the transshipment model's resilience during disruption.

2. The Capacity Glut and Profitability Compression

Economically, the ocean freight market is defined by a severe supply-demand imbalance. The industry is digesting a record influx of new tonnage ordered during the pandemic profit boom. While the Red Sea diversions have absorbed some of this excess - adding roughly two weeks to voyage times and soaking up capacity - the fundamental reality is one of oversupply.

Freight rates have consequently softened. Spot rates on key lanes like China-North Europe have seen volatility, with occasional spikes driven by pre-Lunar New Year demand or GRIs, but the trajectory is downward. Carrier profitability has collapsed from the stratospheric heights of 2021-2022. In Q2 2025, industry profits plummeted to \$4.4 billion, a 56% sequential decline. Forecasts for full-year 2025 suggest industry-wide net income will fall to \$11.6 billion, down from \$28.6 billion in 2024. This financial pressure is forcing carriers to aggressively manage capacity through blank sailings and slow steaming, tactics that frustrate shippers but are necessary to prevent a total rate collapse.

3. Decarbonization as a Cost Driver: The EU ETS Reality

2025 is the year decarbonization transitioned from a corporate pledge to a line-item cost. The European Union Emissions Trading System (ETS) expanded to cover 70% of maritime emissions in 2025, up from 40% the previous year. This has introduced a "green premium" to freight rates, with surcharges estimated at €10–30 per TEU for standard containers.

Critically, this regulatory mechanism has become a point of commercial contention. Analysis of 565 journeys in 2025 revealed that in nearly 90% of cases, carriers charged customers ETS surcharges that exceeded the actual cost of compliance, effectively turning environmental regulation into a profit center. In extreme cases, carriers were estimated to be netting over €300,000 in excess revenue per voyage. This "profiteering" accusation has strained relationships between shippers and carriers, leading to calls for greater transparency in surcharge formulas.

Despite the financial friction, the physical transition is visible. Maersk continues to lead the methanol charge, naming the Berlin Maersk and Alexandra Maersk in 2025, part of a series of 18 large dual-fuel methanol vessels. These vessels are not just showpieces; they are operating on major trade lanes, although the "feasibility wall" - the cost gap between green methanol and conventional bunker fuel - remains a barrier to widespread adoption across the rest of the global fleet

Air Cargo Evolution: The E-commerce Pivot and Regulatory Shock

The air cargo sector in 2025 is undergoing a painful but necessary correction. The market is pivoting away from the volume-driven "sugar high" of cross-border e-commerce toward value-driven verticals, a shift necessitated by aggressive regulatory intervention in the United States.

1. The Death of the "De Minimis" Loophole

For years, the air freight market on the Transpacific lane was sustained by the explosive growth of direct-to-consumer (DTC) platforms like Shein and Temu. These companies utilized the "de minimis" exemption to ship packages valued under \$800 into the US duty-free, bypassing the complex customs entry process. In 2025, this era ended.

The US administration closed this exemption for Chinese and Hong Kong exports effective May 2025, and subsequently for all global origins by August 2025. The impact was immediate: air cargo demand on Asia-North America routes declined by 1.0% year-on-year in November 2025, a direct result of the evaporation of low-value e-commerce volume. The removal of this exemption fundamentally broke the unit economics of the fast-fashion air freight model, forcing these volumes to shift to ocean freight or into Mexican transshipment hubs - though the latter are also under increasing scrutiny.

2. The Rise of Specialized Logistics: Pharma and Perishables

As general cargo volumes face headwinds, the industry is aggressively courting high-yield specialized freight. The healthcare and pharmaceutical logistics sector is expanding at a CAGR of 6.8%, driven by the global distribution of biologics, cell therapies, and temperature-sensitive vaccines. This vertical commands significantly higher yields than general cargo and is less susceptible to modal shift (you cannot ship a short-shelf-life cancer therapy by sea).

Major integrators have responded with strategic M&A activity. DHL Group acquired CRYOPDP in March 2025 to bolster its specialized pharma logistics capabilities, while UPS completed the acquisition of Frigo-Trans to expand its European cold chain footprint. These moves signal a strategic retreat from the commoditized general freight market toward high-barrier-to-entry segments where service quality commands a premium.

3. Jet Fuel Economics

Operating costs for air carriers remain elevated. The Argus US Jet Fuel Index stabilized around \$2.10 per gallon in late 2025, but costs remain volatile. In January 2025, the cost per gallon was \$2.42, up 4.2% from the previous month and over 22% higher than pre-pandemic levels. This persistent high cost base means that fuel surcharges will remain a permanent fixture of air freight pricing, limiting the carriers' ability to stimulate demand through price cuts even as volumes soften.

Overland Logistics: The Renaissance of Rail and the Dawn of Autonomy

The North American overland sector is experiencing a dual transformation: a massive, controversial consolidation in the rail sector and the commercial breakthrough of autonomous trucking technologies.

1. The Transcontinental Rail Merger: Union Pacific and Norfolk Southern

In a move that promises to redraw the logistics map of North America, Union Pacific (UP) and Norfolk Southern (NS) filed for a merger in 2025 to create the first true transcontinental railroad in the United States. This \$85 billion deal is predicated on efficiency; by linking UP's western network with NS's eastern network, the merged entity aims to eliminate the notorious interchange friction at gateways like Chicago and St. Louis.

The operational promises are bold: the elimination of 2,400 daily rail car handlings and the removal of 60,000 daily car-miles from the network. The strategic goal is to compete directly with long-haul trucking, targeting the conversion of 2 million truckloads to rail annually. However, the proposal faces ferocious opposition. The Rail Customer Coalition has mobilized against the deal, arguing that it creates a duopoly (alongside a potential BNSF-CSX response) that will inevitably lead to higher rates and reduced service competition. They cite the history of rail consolidation, which has coincided with a 40% inflation-adjusted rate increase over two decades. The Surface Transportation Board's review of this merger will be the defining regulatory battle of 2026.

2. Autonomous Trucking: Commercial Reality in the Sun Belt

While rail seeks efficiency through consolidation, trucking is finding it through technology. 2025 marks the year autonomous trucking moved from "pilot" to "production." Companies like Aurora and Kodiak Robotics have launched commercial driverless operations on key lanes in Texas, specifically the Dallas-Houston and Fort Worth-El Paso corridors.

Aurora reported surpassing 100,000 driverless miles with nearly 100% on-time delivery, proving that the technology is robust enough for commercial SLAs. Kodiak Robotics has focused on safety validation, with independent assessments showing their "Kodiak Driver" outperforms human drivers in risk avoidance metrics. The economic implication is massive: these trucks can operate nearly 24/7, bypassing the Hours of Service (HOS) regulations that constrain human drivers. This capability effectively doubles the daily range of a truck, fundamentally altering network planning for long-haul freight in the US Sun Belt.

3. Europe's Electric Trucking Boom

In Europe, the revolution is electric rather than autonomous. The European market for electric trucks is projected to explode from \$2.06 billion in 2025 to over \$207 billion by 2035, a CAGR of 58%. This growth is regulatory-driven; strict EU carbon mandates and the expansion of Low Emission Zones (LEZs) in major cities like London, Paris, and Berlin effectively ban diesel trucks from urban centers. Consequently, logistics operators in Europe are investing heavily in medium-duty electric fleets for last-mile and regional distribution, supported by a dense, government-subsidized charging network that remains absent in much of North America.

Regional Spotlights: The "Alt-Asia" Rise and Nearshoring Limits

The "China Plus One" strategy has evolved from a catchy slogan to a complex operational reality. Manufacturing is shifting, but the new hubs - Mexico, Vietnam, and India - are facing their own unique growing pains in 2025.

1. Mexico: The Infrastructure Ceiling

Mexico has successfully dethroned China as the United States' largest trading partner, with bilateral trade reaching \$653 billion by September 2025. The "nearshoring" wave is visible in the industrial parks of Monterrey and the border crossings of Laredo, where truck crossings have surged.

However, Mexico is hitting a hard infrastructure ceiling. The influx of energy-intensive manufacturing has overwhelmed the grid. State utility CFE has struggled to keep pace, with 67% of firms in key industrial hubs like Nuevo León reporting power supply constraints that have stalled expansion plans. Additionally, water scarcity in the north and persistent cargo theft issues create a high-risk operating environment. While the logic of nearshoring remains sound - shorter transit times, duty-free access via USMCA - the physical reality is one of congestion and resource constraint.

2. Vietnam: The Export Powerhouse

Vietnam continues to defy expectations. Despite the looming threat of US tariffs, Vietnam's exports to the US grew by approximately 28% in the first nine months of 2025. The country's total trade turnover surpassed the \$900 billion mark for the first time, cementing its status as a top-tier global trading nation.

Vietnam's success lies in its ability to integrate deeply with Chinese supply chains while presenting itself as an alternative assembly hub. However, this success carries risk; the US is increasingly scrutinizing Vietnam for "transshipment" - the practice of relabeling Chinese goods as

Vietnamese to avoid tariffs. The high growth rate of exports from Vietnam to the US is increasingly viewed in Washington as a proxy for Chinese trade, inviting future regulatory action.

3. India: The Diversification Play

India is carving out a distinct niche, particularly in electronics and high-value manufacturing. Exports surged 15.5% in November 2025, driven by a broad-based diversification strategy. Yet, India's logistics link with China remains paradoxical. While India seeks to compete with China, its imports from China skyrocketed 90% in late 2025, driven by the raw materials (like naphtha) and components needed to fuel its own manufacturing export boom. This underscores the inescapable reality of 2025: supply chains can be diversified, but they cannot easily be fully decoupled from the Chinese industrial base.

Technology and Digitalization: From Hype to ROI

By 2025, the technology conversation in logistics has matured. The industry has moved past the "hype cycle" of blockchain and the early, wild promises of AI, settling instead on pragmatic technologies that deliver immediate Return on Investment (ROI).

1. Digital Twins: The Tuas Port Model

Singapore's **Tuas Port** stands as the global benchmark for maritime digitalization. In 2025, the port fully operationalized its "Digital Twin" system - a virtual replica of the physical port that allows for real-time remote management.

This system integrates data from thousands of sensors, Automated Guided Vehicles (AGVs), and quay cranes to optimize operations dynamically. It enables predictive maintenance, preventing equipment failure before it disrupts operations, and optimizes the movement of containers to reduce dwell times. The Tuas Digital Twin is not just a visualization tool; it is the operating system of the port, allowing it to handle projected volumes of 65 million TEUs with a fraction of the human workforce required by traditional ports. This level of automation stands in stark contrast to US and European ports, where labor unions remain deeply resistant to such technology.

2. Generative AI: Decision Support, Not Autonomy

The role of Generative AI (GenAI) in 2025 is clearly defined: it is a co-pilot, not an autopilot. Surveys indicate that 94% of supply chain companies are investing in GenAI, but the primary use case is **decision support**.

GenAI is being used to parse unstructured data - news reports on strikes, weather alerts, supplier financial reports - to flag risks that human planners might miss. For instance, logistics companies are using GenAI to scan global news for indicators of labor unrest or political instability, allowing them to reroute cargo proactively. However, the technology has

underperformed in areas requiring autonomous execution, such as carrier selection or autonomous demand forecasting, where data inconsistencies still necessitate human judgment. The "Agentic AI" that negotiates rates and books freight on its own remains experimental.

3. Digital Freight Forwarding: The Pivot to Profit

The digital freight forwarding sector, once the darling of venture capital, faces a reckoning in 2025. The focus has shifted entirely from "growth at all costs" to "technical profitability." Flexport, a bellwether for the sector, projects hitting profitability in 2025, driven not by massive volume growth but by disciplined cost-cutting and a strategic pivot to high-margin services.

Specifically, Flexport has capitalized on the tariff chaos by offering specialized fulfillment services for e-commerce brands forced to exit Mexico. Their fulfillment revenue in this segment doubled in early 2025 as brands sought compliant US warehousing solutions. This illustrates the new survival model for digital forwarders: they must offer more than just a pretty interface; they must solve complex, physical logistics problems better than the incumbents.

Energy and Sustainability: The Green Premium in Practice

Sustainability in 2025 is defined by the tension between aspiration and economic reality. While the long-term goal is zero emissions, the near-term reality is a fragmented fuel market with rising costs.

1. The Bunker Fuel Landscape

The global bunker market is increasingly fragmented. The price of Very Low Sulfur Fuel Oil (VLSFO) averaged around \$513/mt globally in late 2025, but regional variances are significant. The spread between high-sulfur fuel oil (HSFO) and VLSFO remains wide enough to justify the installation of scrubbers on new vessels, sustaining the "two-tier" fleet market.

Global Bunker Fuel Price Trends (Late 2025 Average)

Fuel Type	Global Average Price (\$/mt)	Trend (Week-on-Week)	Key Drivers
VLSFO (0.5% Sulfur)	\$513.50	\$2.00	Standard compliance fuel; stable demand
HSFO (3.5% Sulfur)	\$408.00	-\$2.50	Scrubber-equipped vessels; discount widens
MGO (Marine Gas oil)	\$762.50	\$3.00	Emission Control Areas (ECA) compliance
LNG (Bunker)	\$732.00 (Sines)	-\$13.00	Competitive vs MGO; infrastructure dependent

2. Green Corridors and the "Feasibility Wall"

The concept of "Green Shipping Corridors" - specific routes dedicated to zero-emission shipping - has matured, but adoption is uneven. 2025 saw the naming of the Berlin Maersk and *Alexandra Maersk*, massive dual-fuel methanol vessels that are now servicing the Asia-Europe trade.

However, the industry reports hitting a "feasibility wall." While 84 green corridor initiatives are active globally, only four have reached the "realization" stage where actual zero-emission vessels are on the water. The primary barrier is the cost gap; green methanol and ammonia remain significantly more expensive than fossil fuels, and without a global carbon levy (beyond the EU ETS), the economic case for switching remains weak for most carriers. The "Green Premium" is real, but shippers are reluctant to pay it unless mandated by regulation.

Labor Resilience: The Human Factor in a Digital World

Despite the advances in automation, 2025 served as a stark reminder that human labor remains the linchpin of global logistics.

1. The US ILA Settlement: A Fragile Peace

The threat of a catastrophic strike at US East and Gulf Coast ports was averted in early 2025 with the ratification of a new six-year master contract between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX). The deal was expensive: it included a substantial wage increase, starting with a \$6.00 per hour hike in 2024 and continuing with annual raises.

The critical component of the deal was the language regarding automation. The contract "protects current ILA jobs" while establishing a framework for "implementing technologies that will create more jobs". This compromise allows for modernization but effectively bans full automation (like that seen in Tuas) at East Coast ports for the duration of the contract. The settlement brought stability, but the near-miss strike in January forced many shippers to permanently diversify their routing to include West Coast and Canadian gateways, reducing the East Coast's market share.

2. European Labor Unrest

Europe experienced a year of labor volatility. Strikes paralyzed ports in Portugal, Belgium, and Germany throughout 2025. In Portugal, a general strike mobilized three million workers, shutting down transport networks. In Northern Europe, wage disputes at Rotterdam and Hamburg led to congestion that delayed over 40% of vessels calling at these hubs. These strikes are symptomatic of the broader economic malaise in Europe, where high inflation has eroded real wages, leading to militant union activity that disrupts supply chain reliability.

Conclusion: The Era of Adaptive Fragmentation

As 2025 draws to a close, the global freight industry has settled into a new paradigm: **Adaptive Fragmentation**. The unified, friction-free global market of the early 2000s is gone, replaced by a world of regional blocs, trade barriers, and divergent operational alliances.

Yet, the industry has not collapsed; it has adapted. The "Alliance Divorce" has created more options for shippers, albeit with varying service levels. The US-China trade war has not stopped trade; it has merely rerouted it through Mexico, Vietnam, and India, adding complexity but preserving the flow of goods. Technology has not replaced the human element but has provided the visibility tools necessary to navigate this fractured landscape.

For logistics professionals, the lesson of 2025 is that **optionality is the only hedge**. Relying on a single port, a single carrier alliance, or a single sourcing country is a strategy for failure. The winners in this new era are those who build robust, multi-modal, and multi-regional networks capable of absorbing the shocks that are now a permanent feature of the global freight market. The future is not just about moving goods faster; it is about moving them smarter in a world that is actively trying to slow them down.