

Contract breach sees Chinese carrier sue Amazon

Chinese line seeks \$96.4m from Amazon for alleged breach of contract in 2023.

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January 30, 2025



Image: Amazon

Chinese United Lines (CULines) has launched a \$96.4m complaint against its customer Amazon in what Alphaliner reports is the first case filed where a carrier has alleged a breach of contract by a shipper.

CULines filed a complaint with the [Federal Maritime Commission \(FMC\)](#) on 9 January for alleged breach of contract after it said Amazon terminated its two-year deal early and refused to pay the \$31.5m due at the time of termination.

Amazon had allegedly indicated initially that it would pay the balance owed for cargo carried and the failure to meet its minimum quantity commitment (MQC), but according to the FMC filing, CULines claims the shipper then changed its contract termination to a “for cause” conclusion.

In making that change, Amazon was claiming that CULines had breached the terms of their mutual contract, and so termination could be made without payment of any penalties or monies owed.

In its complaint, CULines said it is claiming redress for carriage of goods owed plus the difference between the tariff rates and charges agreed with Amazon on its cargoes, and the market rates it says it would otherwise have obtained, and additional damages and costs, amounting to \$96.4m.

According to the FMC documents: “The Complainant [CULines] alleges these violations arose from Respondents’ [Amazon’s] attempt to obtain ocean transportation at less than the applicable rates or charges by attempting to revise the reason for their termination of their service contract with Complainant to avoid paying liquidated damages, and other acts or omissions by Respondents.”

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Alphaliner reports that CULines' legal action is taking place in a climate of "rising anti-[China](#) sentiment in the [US](#), with the incoming Trump administration hinting at an increasing number of potential measures against Chinese companies".

Amazon and CULines entered into contract negotiations in early 2022 with a two-year contract starting on 1 May 2022, with a contractual break, to allow for renegotiations, and a second year starting on 1 May 2023.

The contract included an undisclosed MQC, and, allegedly, Amazon terminated the contract in 2023 after spot rates fell below those offered under contract with CULines.

Amazon then, it is claimed, agreed to pay compensation for the unused minimum quantities, estimated at \$31.5m, as required under the 'termination for convenience' clauses.

CULines alleges that Amazon had published confidential contract information on WeChat, including pricing and shipment schedules, in contravention of the non-disclosure agreement. CULines then alleges: "After the contract was validly terminated by Amazon for convenience, "effective as of May 30, 2023" per Amazon's written notice, and was no longer in effect, Amazon attempted to revise the termination to "for cause" as a pretext to avoid paying the contractual liquidated damages."

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The FMC issued a notice of the filing of the complaint on 17 January and Amazon has 25 days to respond to the allegations made by CULines.

An initial ruling on the case must be made within one year.