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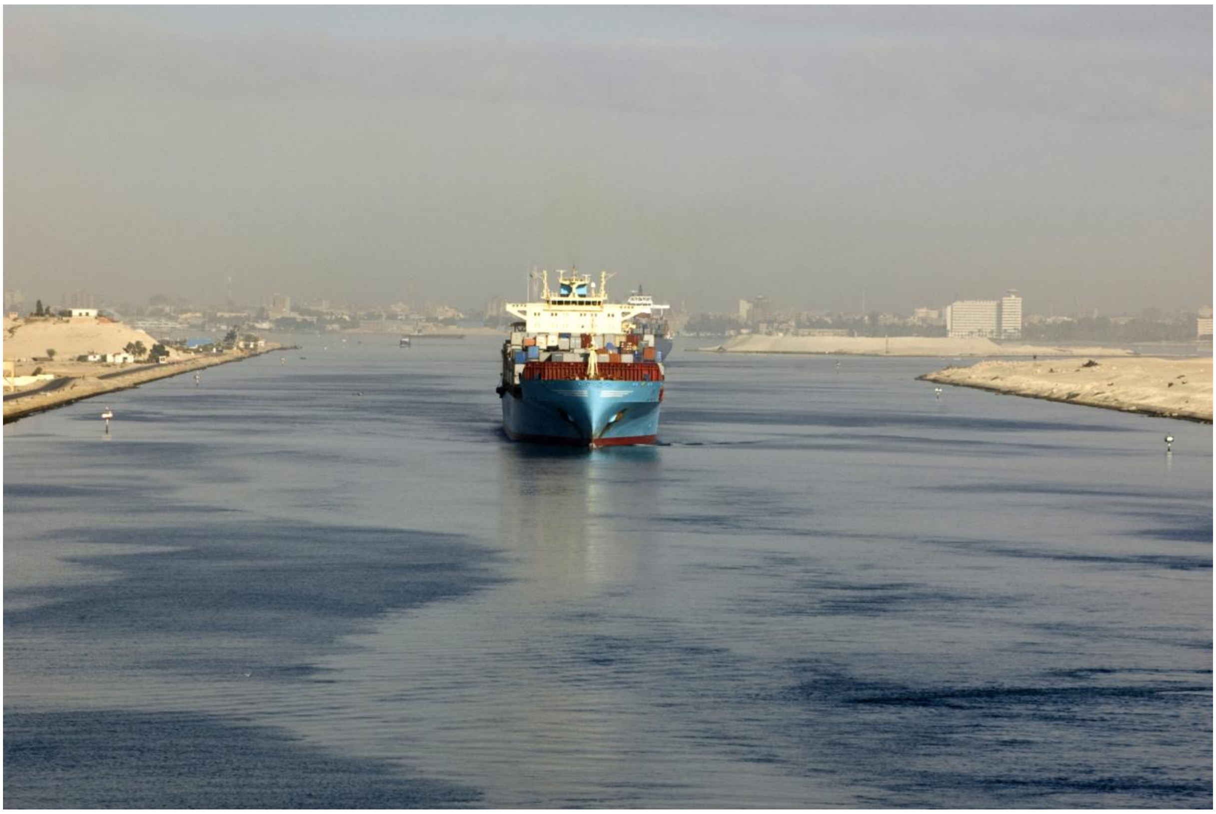

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Trump's China tariffs amid Red Sea rate hikes create perfect storm for US shippers: Xeneta

- 06/02/2025
- by Shipping Telegraph

A delay in tariffs on Mexico imports does little to ease the pain for US shippers still facing a 10% hike on tariffs from China in addition to massive increases in ocean container freight rates due to conflict in the Red Sea, according to data released by Oslo's Xeneta, the ocean and air freight intelligence platform.

Latest data from Xeneta shows average spot rates from China stand at USD 4 816 per FEU (40ft container) to the US West Coast and USD 6 264 per FEU into the US East Coast.

This is an increase of 196% and 157% respectively since the escalation of conflict in the Red Sea in December 2023, Xeneta said, and is in addition to tariffs on all China imports coming into effect on 4 February.

Peter Sand, Xeneta chief analyst, said: "US Shippers are being hit by wave after wave of disruption and spiralling costs to import goods.

“They have already faced massive increases in ocean container freight costs due to conflict in the Red Sea and now they are hit with a 10% hike in tariffs on imports from China.

“You struggle to see how a business can absorb these costs without increasing prices for the end consumer. Given more than 40% of total containerized imports into the US come direct from China, that is a lot of businesses and a lot of consumers who will be affected.

“A delay in tariffs on Mexico is welcome news but it does nothing to ease concerns over the reigniting of the US-China trade war, which represents risk at an altogether different order of magnitude.”

Sand added that shippers have very few options available to deal with the tariff threat.

He said: “When Trump announced tariffs on China back in 2018, there was a period of time in which shippers could rush as many imports as possible and build up stock inventories before they came into effect.

“This time Trump has imposed tariffs almost immediately so if shippers haven’t taken action by now, it’s already too late. Shippers may well look at shifting supply chains out of China into nations such as India or South East Asia, but this takes time, financial investment and deep understanding of market data and intelligence.

“The ceasefire between Israel and Hamas raised the prospect of a better year for shippers in 2025 if a largescale return of container ships to the Red Sea sees freight rates fall. Trump’s latest move has dented those hopes because any gains a shipper makes through lower freight rates will be more than offset by a 10% increase in tariffs.

“If China retaliates and we enter another escalating trade war, an already very bad situation will get even worse for US importers.”