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US container imbalance worsens despite tariffs

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Port of Los Angeles

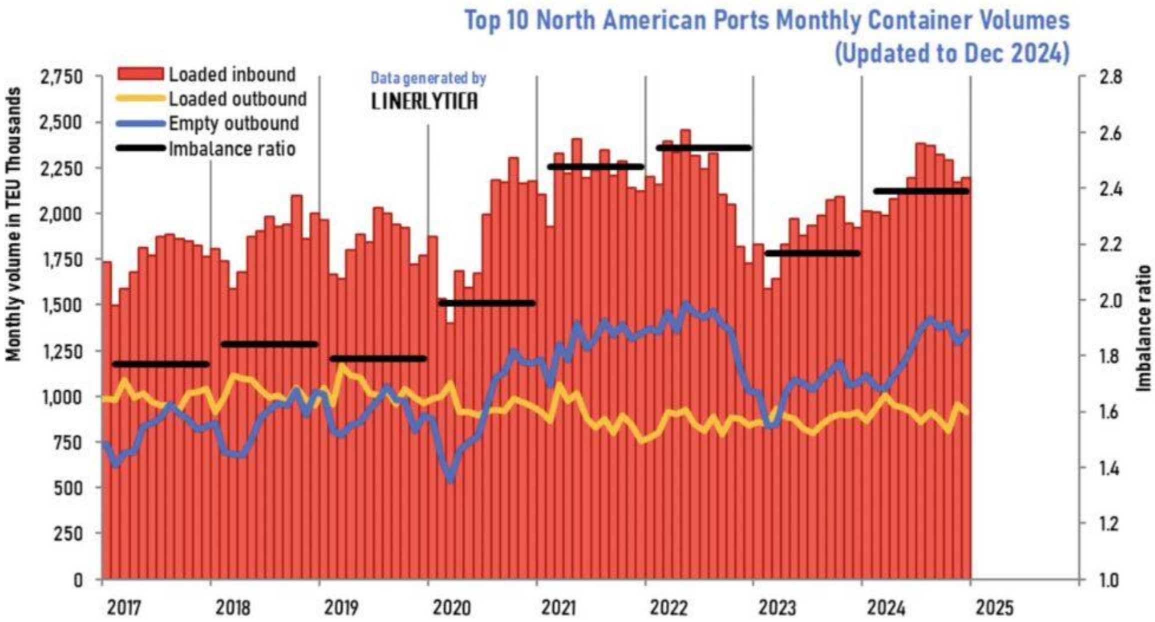
Amid escalating tensions in an ongoing trade dispute, the anticipated conversation between US President Donald Trump and Chinese President Xi Jinping was scrapped yesterday and has yet to be rescheduled.

A tariff tit-for-tat has got underway between the world's two largest economies with the US putting a blanket 10% levy on all Chinese imports, and Beijing responding, saying it will impose from next Monday a 15% tariff on LNG and coal imported from the US, as well as a 10% tariff on oil, agricultural machinery and large-displacement cars.

In the first month of the Trump administration, the president has threatened – and then dropped – tariffs against Colombia, Canada and Mexico. Only China has felt the wrath of American tariffs to date.

Judah Levine, head of research at box booking platform Freightos, said the recent tariff “drama” heightens the concern over how completely unpredictable and disruptive this second Trump administration may prove.

How seriously tariffs alter trade flows has been brought into question. Tariffs have been a feature of Trump’s first administration as well as by his successor, Joe Biden and yet data from Linerlytica shows loaded container imports into the US outpaced exports by 2.4 times in 2024, a statistic that analysts at Linerlytica said in a weekly report provides “clear evidence that import tariffs imposed since 2018 have been completely ineffective” in reducing the US trade imbalance.



Total laden imports grew by 24% between 2017 and 2024, the Linerlytica data shows, while laden exports shrunk by 8% over the same period, driving a 54% increase in the number of empty containers repositioned out of the US.

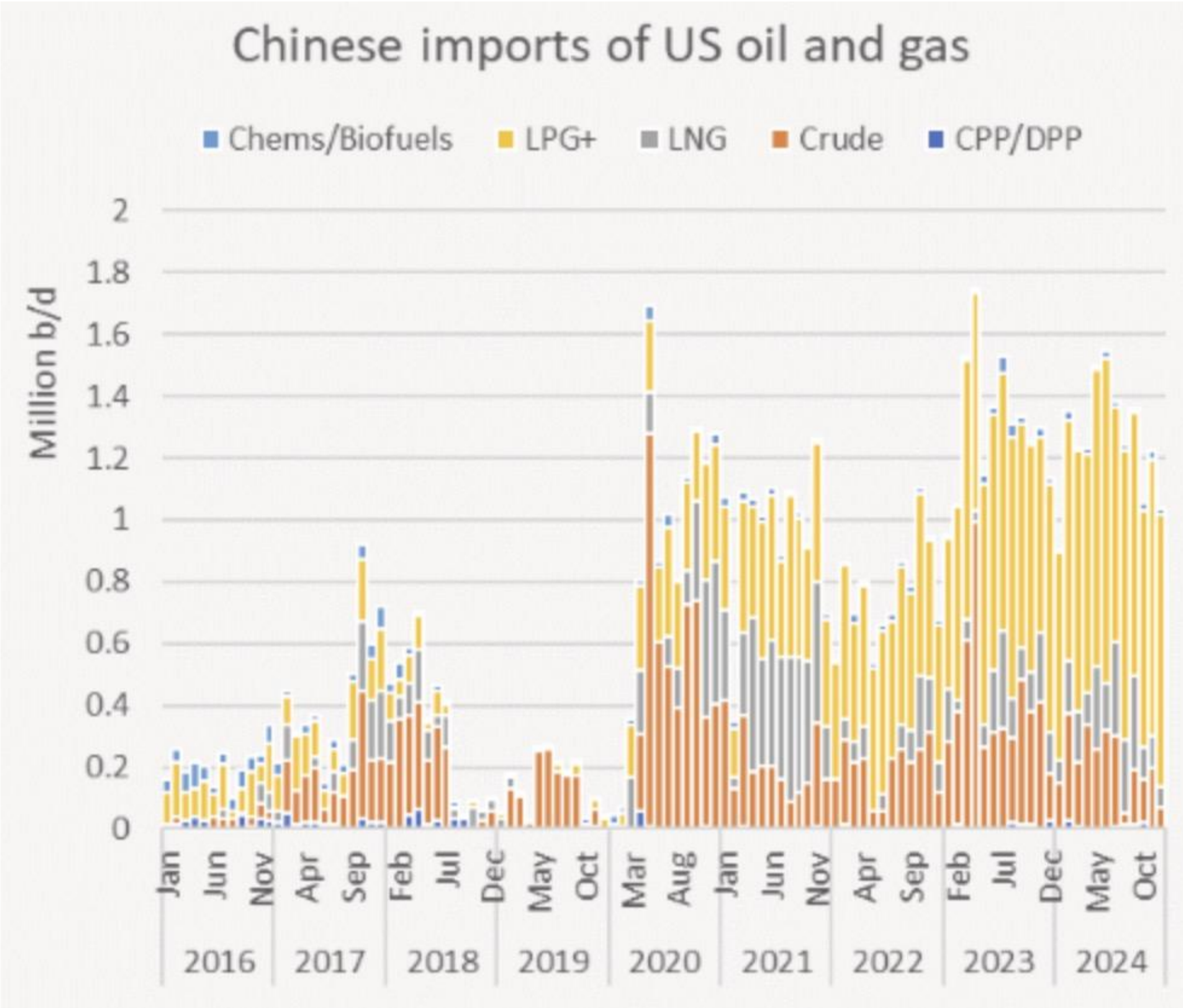
“Trump’s tariff wall might be a stage, but like walls to keep out migrants, it is difficult to achieve much in four years,” Martin Stopford, the world’s most famous maritime economist, told *Splash* in the wake of Trump’s election win last November.

In a conversation with *Splash* earlier, Khalid Hashim, managing director of Thailand’s largest dry bulk owner, Precious Shipping, said he was sanguine about Trump and tariffs.

“Trade flows under Trump 1.0 and Biden’s continuation and increasing Trump’s 1.0 into Biden 1.0, have increased, not decreased, trade flows into the US,” Hashim said. “If the past is any predictor of trade flows, then as we have seen all such disruptions tend to have an immediate, but extremely short-term impact, before leading to increased tonne-mile and increased trade.”

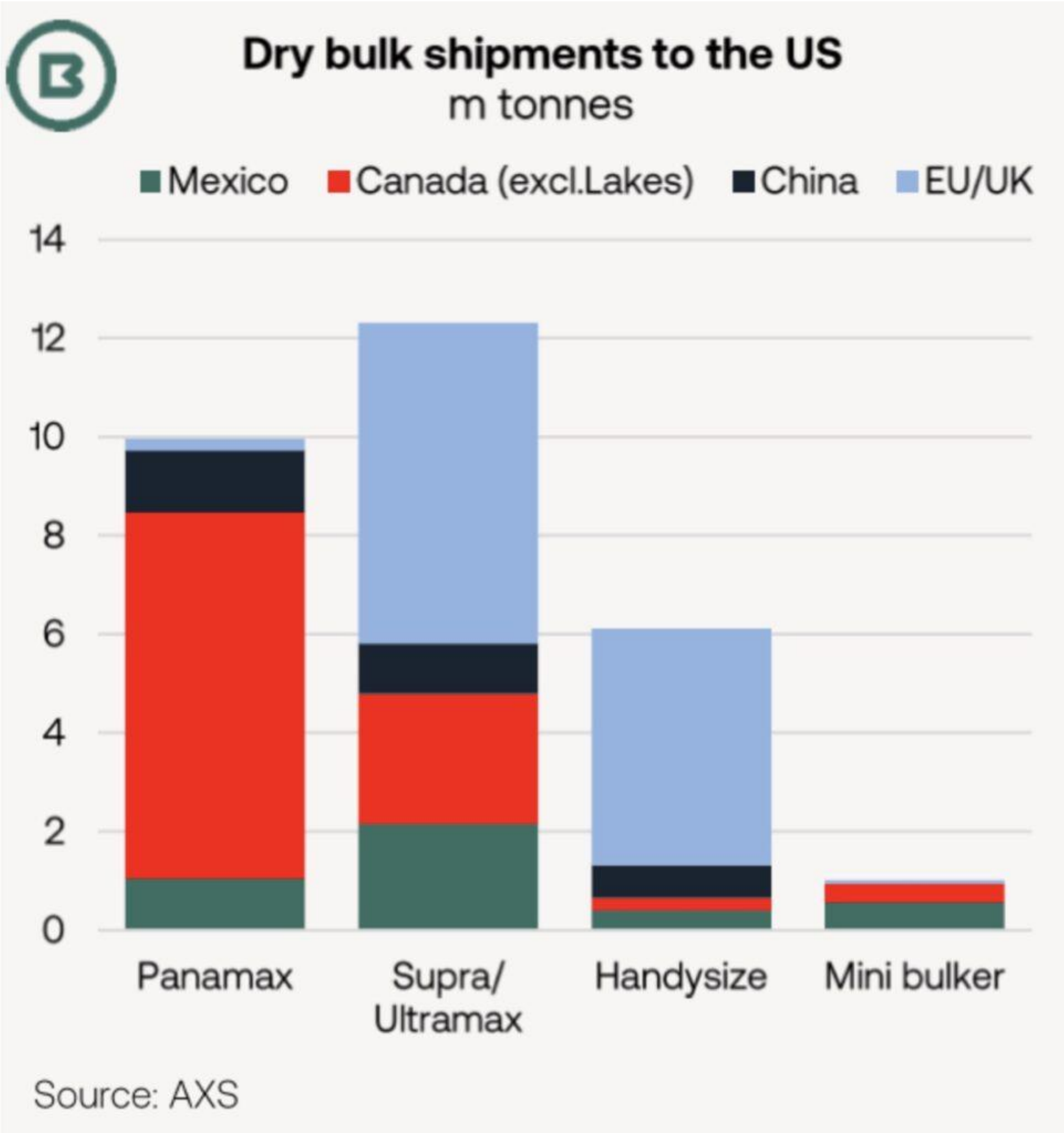
Looking at the tanker and dry bulk trades, broker Braemar has suggested China tariffs on US crude and coal imports are unlikely to impact tonne-miles.

The market stands to lose roughly three VLCCs per month of US crude to China, according to Braemar, but this slack is likely to be picked up by other importers in Northeast Asia.



Braemar

On coal, Braemar notes China's customs data confirms that some 10.7m tonnes of coking coal were imported from the US in 2024, alongside 1.5m tonnes of thermal coal, a combined annual record. For context, however, total coal imports into China last year reached 543m tonnes.



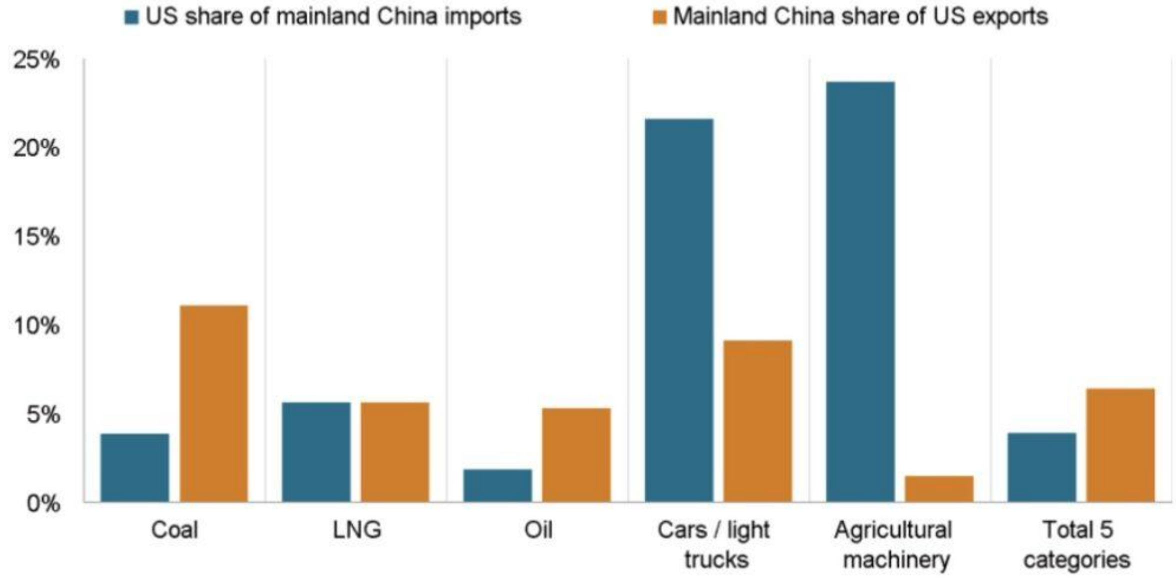
Braemar

“For dry bulk commodities like coal, grains, and iron ore, we don’t anticipate major negative effects,” said Stamatis Tsantanis, chairman and CEO of capesize pure-play Seanergy Maritime.

“Ultimately, tariffs are just one factor; geopolitical events play an equally important role,” Tsantanis said. “The next six months will be critical as the current administration aims to end conflicts while implementing new trade policies. The outcome of these efforts, and how tariffs interact with global events, remains uncertain. Significant volatility is expected over the next three to six months as the market adjusts to the evolving landscape, making this a pivotal period for global trade and economic stability.”

Tariff targets chosen for asymmetric trade and symbolic reasons

Trade in merchandise, 2024



Data compiled Feb. 4, 2025.

Source: S&P Global Market Intelligence.