Which sectors are suffering the most from tariffs?

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Gram Car Carriers

Donald Trump's 10% tariffs across all countries came into effect Saturday, with stock markets in Asia taking another battering today. Wednesday will see the much higher so-called reciprocal US tariffs come into effect with listed shipping companies facing up to the realities of an impending global trade war.

Shipping equities came under intense pressure last week, with the average stock covered by Jefferies, an American investment bank, dropping 15.5%. No sector was spared as tankers, containers, dry bulk, LNG and LPG were sold off.

"No shipping segment can escape the negative impacts of a global recession. So long as the equity markets grapple with the risk of an economic slowdown, shipping equities are likely to remain pressured," Jefferies said in a note to clients today.

Globalisation is facing one of its toughest stress tests

Discussing last Wednesday's tariff announcements at the White House, broker Braemar suggested: "The date April 2, 2025, may well go down in the history books, as globalization faces one of its toughest stress tests in the months ahead."

On Friday, China announced a retaliatory tariff increase of 34% on all US imports. These are in addition to tariffs implemented in February and March, focusing on goods such as grains, coal, LNG and crude oil.

Data from Clarksons Research shows volumes freshly tariffed this year have increased to 3.7% of all seaborne trade, now tracking at 460m tonnes out of a total of 12.6bn tonnes.

"Direct exposure is increasingly material in some shipping segments (e.g. cars) and the indirect negative impacts on the world economy are gathering pace," Clarksons noted in its most recent weekly report.

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The US accounts for 5% of all seaborne imports and 7% of seaborne exports.

Most analysts believe that the container sector will be among the worst hit from the trade tit-for-tat that Trump has unleashed.

Container volumes are very exposed with Clarksons tracking 11% of global container trade volumes as now tariffed.

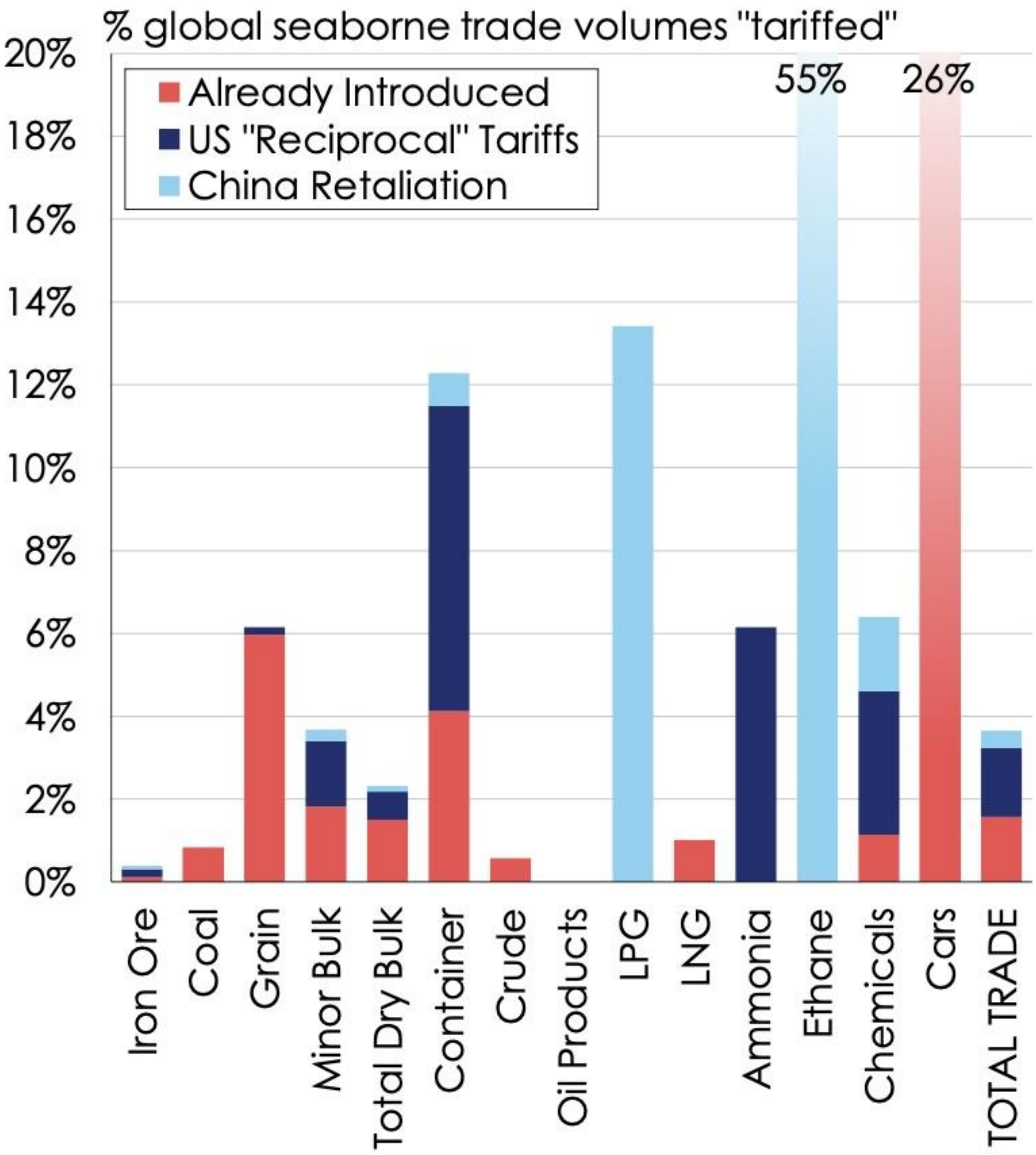
In the 2018-19 US-China trade war, container-tariffed trade reached 5% of global volumes and led to a 0.5% drag on global box trade.

"From a scenario planning perspective, stakeholders should read up on the financial crisis impact in 2009, where we saw a -9% drop in global container volumes and a full-on collapse in freight rates. In the face of such a scenario, the Red Sea crisis' absorption of capacity will not do much to stem such a crash," Sea-Intelligence, a Danish container shipping consultancy, advised in a new report issued yesterday.

The car trade where 26% of seaborne volumes are now tariffed, according to data from Clarksons, is also highly exposed. Around 14% of LPG and 55% of ethane trade have become highly exposed from China's retaliatory action. In other major sectors, direct impacts look more limited according to Clarksons with only 2% of the dry bulk trade tariffed, 1% of LNG, and less than 1% of oil.

In 2024, China was the third-largest importer of US exports measured by value, accounting for 7% of US exports. Chemicals, computer and electronic products, agricultural products, transportation equipment and oil and gas made up 18%, 14%, 13%, 13% and 9% of the value of US exports to China, according to data from BIMCO.

"We expect that these will negatively impact trade between both economies and hurt their economic growth. The US agricultural sector is expected to be significantly impacted, as it exported $18.2bn worth of goods to China, or equivalent to 23% of US exports," commented BIMCO's chief shipping analyst, Niels Rasmussen.



Source : Clarksons Research