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Shipping’s Mission Impossible? Boost rates as China exports plunge

Effects of US-China trade war to worsen, according to Xeneta

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Container handling at Port Houston, Texas. (Photo: Jim Allen/FreightWaves)

Global shipping continues to struggle to balance the shocks rippling out from the U.S.-China trade war, and recent data reveals contrasting trends in spot shipping rates from the Far East to the United States and European markets.

Average spot rates from the Far East to the U.S. West Coast have remained stable at $2,790 per forty-foot equivalent unit since mid-April, according to analyst Xeneta. Similarly, rates to the U.S. East Coast have held steady at $3,830 per FEU over the same period. This stability follows significant declines earlier in the year.

Rates to North Europe have experienced a more pronounced decline, with average spot rates falling 8% on May 1 to $2,130 per FEU. This marks the lowest level since December 2023. Meanwhile, rates from the Far East to the Mediterranean saw a smaller decrease of 1.6%, settling at $3,155 per FEU.

Trends in US-bound trades

The current stability in U.S.-bound rates comes after substantial drops since the beginning of the year. Average spot rates on these routes have decreased by 52% to the West Coast and 44% to the East Coast since Jan. 1. The only increase observed in 2025 occurred on April 1, with rates jumping 16% to the West Coast and 10% to the East Coast on frontloading by importers looking to get ahead of President Donald Trump’s tariffs that took effect April 9.

“Carriers reacted to the drop in exports out of China in the immediate aftermath of reciprocal tariff announcements by the U.S. government at the start of April by increasing blanked sailings – just as they did so successfully in the early months of the Covid-19 pandemic,” said Xeneta Chief Analyst Peter Sand, in a release.

Sand said these blanked sailings, combined with indications of demand recovery from China in the latter half of April, have helped maintain current rate levels. However, he cautions that the stability may be temporary.

“If higher prices of goods subdues U.S. consumer demand in Q2 and this impacts container shipping volumes out of Asia, carriers will have their work cut out keeping rates elevated. The current flat spot market is probably a fairly brief interlude before the downwards trend continues.”

Trends in Europe-bound trades

The European routes present a different picture, with rates continuing to tumble.

“The latest decline of just under 8% on 1 May shows there is a mismatch of capacity and demand on this trade,” said Sand. He highlights that while some shippers may be redirecting goods to Europe due to U.S. tariffs, this shift has not been sufficient to offset the available capacity deployed by carriers.

Sand elaborates on the challenges of rapidly adjusting trade patterns: “You cannot just decide from one day to the next that all the goods you were going to send to the U.S. will now be sent to Europe and easily find customers for it.”

Xeneta’s findings suggest that stakeholders should prepare for potential continued volatility, particularly if U.S. consumer demand weakens in the coming months. The shipping industry remains in a state of adjustment following multiple global disruptions, with carriers actively deploying strategies to maintain rate levels against changing trade patterns and economic conditions.

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