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TRANSPORT &amp; LOGISTICS

# Permanent trade uncertainty leads to ongoing waves across supply chains

The frenetic pace of US trade policy changes is rattling global supply chains. It means that trade partners are in limbo about what might be coming next, and it's leading to ongoing disruption on the ground and at sea. This situation could drag on for most of the year and will only increase the need for resilience

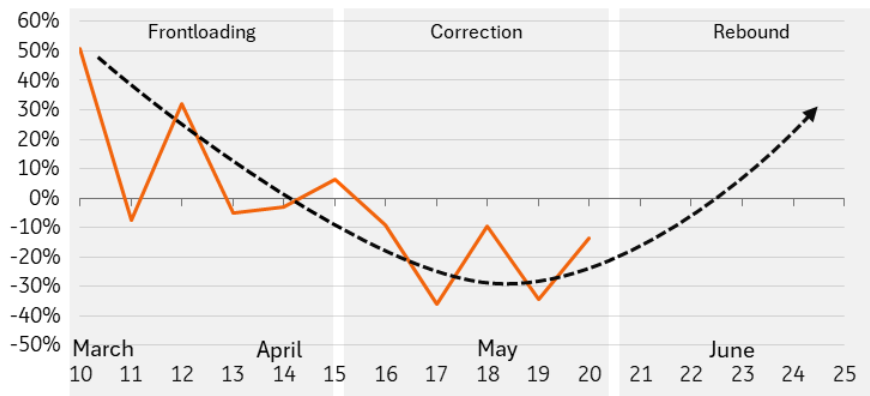


## Shock waves are coming down the line as Trump's tariffs rattle shippers

President Trump's trade policies have resulted in almost unprecedented levels of uncertainty for companies with trade partners in the US. Although the negotiation phase has started, the central issue is that nothing seems to be permanent. Fentanyl tariffs on the US's closest trading partners, 'reciprocal' import tariffs on all trade partners and even a 145% rate on China have been imposed, revised and postponed, with [multiple exemptions and conditions](#) (constraints) added. In a few months' time, things could look quite different still. This uncertainty undermines business confidence, delays investment, and evokes memories of pandemic-related disruptions for supply chain partners.

## From frontloading to correction and back again in the port of Los Angeles

Container throughput (in TEU) in the port of LA per week in 2025 year-on-year, and the expected direction.



Source: Port of Los Angeles, ING Research

### Frontloading, standstill, resurgence

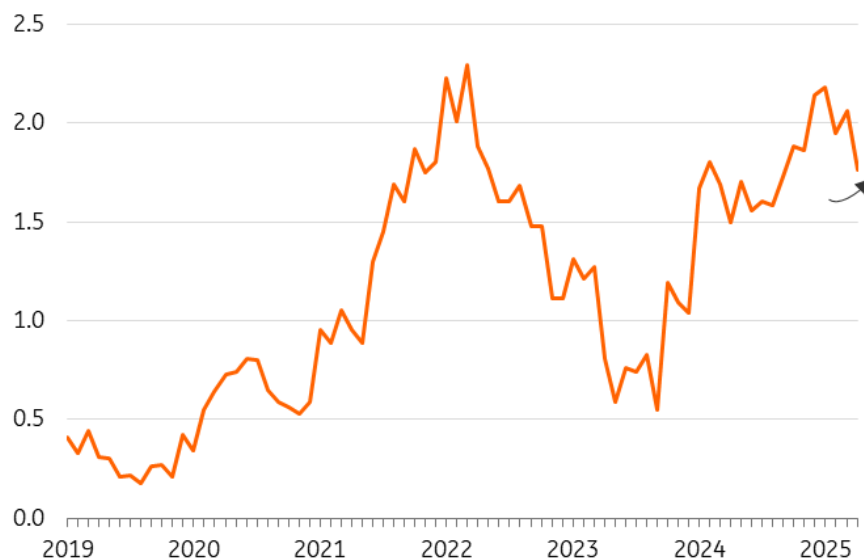
The election of Trump and the expectation of upcoming tariffs triggered strong frontloading in the first three months of 2025, especially from China. China is the US's third-largest trade partner and the primary source of containerised consumer products. As the US-China trade war intensified and US tariffs soared to 145% in April, many shipments were halted due to the sharp rise in import costs. This led to a 30% drop in container bookings from China to the US in April for both [Hapag Lloyd](#) and [logistics group Kühne + Nagel](#). Consequently, a significant number of transpacific sailings of large container vessels have been blanked, [reducing available slot capacity by some 17%](#) and triggering shifts to other countries in South-East Asia.

However, before the cancellations could really lead to empty shelves and higher prices come through, the temporary 90-day tariff reduction to 30% for Chinese goods, agreed on May 12, took effect. This likely ends the 'wait-and-see' approach and prompts restocking. The current reduction offers shippers a short window to act, allowing them to order and send cargo that has been stuck in Chinese ports at much more reasonable rates. This will likely create a rush for capacity and potential container shortages in China. Container bookings surged right after the agreement, with container liners such as Hapag Lloyd [reporting](#) "a 50% increase in the first days after 12 May compared to the previous week, and double-digit growth compared to the previous period". Acting swiftly may be essential, as the 90-day ceasefire period might not hold.

## Rush for capacity to support short-term container rates

Container spot rates have been on a bumpy downward track over the past year as [a surge in capacity has come online](#) and competition has intensified. Container rates have roughly halved since the start of the year, hovering around \$2,700 for a 40ft container from China to the US West Coast in early May. At the same time, the Red Sea remains largely avoided, congestion levels in ports remain elevated and arrival reliability remains low, with an average of 55% on-time performance in 1Q 2025, only a notch above 2024 levels and still below that of 2023. These factors have absorbed capacity, preventing rates from plummeting further. Against this backdrop, demand for container space in China is surging as exporters rush to ship cargo to the US, exerting upward pressure on rates. The usual peak season in 2Q/3Q, including the year-end ordering period, will further amplify this trend. Uncertainty around volumes is also pushing shippers toward greater flexibility, driving them to rely more on the spot market.

## Disruption comes on top of already strained supply chains



Source: Worldbank, ING Research

## Transpacific disruption will also impact Europe and the rest of the world

The complex global supply chain system remains a balanced framework of interconnected trade lanes, schedules and vessel deployments. In response to rising demand, container liners will likely add capacity to transpacific routes by deploying idled ships, redirecting vessels originally bound for Europe, or reshuffling vessels from other regions in the world. We think that the sudden surge in demand and associated inefficiencies will have ripple effects across other trade lanes. Container liners will likely shift vessels from other trade lanes and potentially redeploy large container vessels typically used in Europe.

### July deadline for 'reciprocal' tariffs could be another trigger for frontloading to the US

Even before the 90-day pause between the US and China expires, another significant event in US trade policy is approaching: the expiry of the 90-day 'reciprocal' tariff pause. As of 9 July, tariffs for goods entering the US could increase by up to 40 percentage points on top of the existing 10% baseline tariff, depending on the country. As this deadline approaches, it may trigger a new round of frontloading in June, creating volatility across supply chains. However, we expect this to be much smaller than the likely frontloading from China.

Another key development to monitor is the rise in port fees for Chinese operators and vessels exceeding 4,000 TEU on voyages over 2,000 nautical miles to US ports, set to take effect on 14 October. A \$150 per car (CEU) fee will also apply to foreign vehicle carriers, though this charge has been scaled back from [the initial plan](#).

### Shippers push for supply chain resilience - logistics services providers could benefit

Trade headwinds will also affect logistics services providers, though the new reality presents opportunities as well. Companies have struggled to navigate the complexity of customs rules and to insulate themselves from low reliability. And logistics services providers can certainly play a role in building resilience. Alongside ongoing reliability challenges, companies are increasingly prioritising diversification and resilience strategies. Many are exploring multi-sourcing, maintaining security stocks, and considering alternative transport solutions such as air cargo—though cost constraints make this more viable for larger firms than smaller ones.

### Reshoring supply chains won't be easy and could take years to accomplish

Trade tensions and rising protectionism continue to weigh on [global trade volumes](#), marking a shift away from the era of supply chain liberalisation and globalisation. However, today's system has been shaped by decades of optimisation, making inefficiencies and cost increases difficult to absorb. In a [CNBC supply chain survey](#), [fewer than 380 US companies](#) indicated that tariffs were unlikely to drive supply chains back to the US, citing increasing costs and labour constraints as the biggest headwinds. And where reshoring is feasible, companies expect the process to take multiple years to materialise.

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