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Outlook for troubled Asia-US air trade worsens with end of de minimis

Hopes of the situation changing imminently have been dented

JULY continued the theme of the year for the Asia-North American air freight trade, the sector recording its seventh consecutive month of decline.

Hopes of the situation changing imminently have been dented – the US revoking de minimis exemptions for all imports valued at less than $800 on 29 August is likely to worsen things.

One source told Voice of the Independent (VOTI) that, with imports now susceptible to duty and reporting requirements, the change would have a "major impact on supply chains."

"Estimates say that more than 30 per cent of all packages shipped to end consumers from China and the rest of the world to the US are delivered under de minimis," the source added.

While the Trump administration had already warned it would be revoking de minimis for all countries, having already done so for China earlier this year, its initial timeframe was 2027.

Xeneta said removal of the exemption for China provoked the "subdued trade landscape" and said the latest change to the global revocation would only "add to the gloomy forecast for an air freight market that was already losing altitude".

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Since February, Xeneta data indicates China-US air freight rates have fallen consistently, with double-digit declines recorded since mid-June.

This has been felt on the global air cargo spot rate market, which reported a consecutive full-month decline of four per cent, year on year, in June.

Noting, as a consequence of having the highest demand for space, that China traditionally led the peak period, one forwarder warned that the prospects for a 2025 peak remained uncertain.

"However, as the China market continues subdued, airlines may continue to allocate capacity from their hubs to South-east Asia cargo, which may negate a peak season," they told VOTI.

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US importers evaluate their supply chain

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Those South-east Asian hubs, "particularly countries like Indonesia, Vietnam and Malaysia", have seen an uptick in airfreight rates.

The forwarder suggested this was in part a result of the new set of tariffs having kicked in to prompt US importers to evaluate their supply chain origins to now factor-in tariff rates to the overall cost of goods.

"Hence, we see countries like Indonesia and Vietnam have an overall increase in exports for both air and sea FCLs [full container loads]," they continued.

As far as trades go, after seven consecutive months of decline, Asia-North America's global share was 24.4 per cent, with Asia-Europe at 20.5 per cent after 28 months of growth.

Announcing IATA's June cargo figures, director general Willy Walsh pointed to a marginal 0.8 per cent year-on-year uptick, but said "there are very differing stories behind that number".

For the North American airlines, there were obvious negatives, with the continent seeing an 8.3 per cent dip on 2024, while Asia-Pacific carriers experienced a nine per cent uptick.

Middle Eastern carriers also had a poor June, with demand down 3.2 per cent year on year, although continuing the re-shoring theme, Latin American carriers grew 3.5 per cent.

Nor is the outlook all that promising for transpacific air carriers, with principal solutions consultant manager at FourKites Stephen Dyke, believing the end of de minimis will shift 1.3 billion parcels a year from fast-track channels into full customs entry queues.

This would leave ecommerce sellers looking to ship in containers to US distribution centres, lifting teu demand on transpacific and Gulf routes while front-loading peak season volume.

Noting that this would strip air cargo carriers of a key revenue stream, he warned that spot rates "could slide below $3 per kg if that ecommerce traffic moves to sea".

"People are always going to try and find the gaps"

"Capacity planning for ocean, air, and inland trucking will revolve around how fast shippers can consolidate inventory and how quickly CBP scales its processing lanes," he added.

Chief executive of automated customs compliance company Tru Identity Hugo Pakula said that there was another issue CBP would have to contend with. Namely, managing the US postal network and the "country-of-origin" issue, noting that he would keep his "ear close to the ground on what ridiculous strategies people come up with".

Pakula told VOTI: "People are always going to try and find the gaps. If the CBP requires country of origin to assess duty based on that, people are going to name the country with the lowest rate of duty and pay it that way, whether the product is actually from there or not.

"We're talking about fraud, but from a Customs perspective, that's a lot of duty mitigation, it's also an enforcement challenge, because postal traffic has no traceability and no data."

And for those thinking that they can evade duty by transhipping, if they are caught, CBP said that they would find themselves subject to an additional 40 per cent tariff.

Surcharges and rate hikes may not be enough to contain ocean prices

FORWARDERS are expecting a slew of strategies from carriers looking to offset a deteriorating rate situation, including new surcharges.

Container spots on both transpacific and Asia-Europe trades have had a torrid time over the summer months as the hoped-for peak fails to materialise, with one forwarder telling Voice of the Independent (VOTI) restrictions on agreed short-term contract allocations seem likely.

The forwarder said: "We have received notifications from carriers on some sailings where allocations had been reduced to 60 per cent of normal.

"For us, July to August has been flat, however we're still expecting short-term rates to fall. But, based on carrier preference for higher-paying spot cargo, we expect some surcharges to come in to bring the longer-term rate levels up nearer the short term."

Asked what surcharge could be expected, they said "$500 would be appropriate to do this if short-term rates do drop as we expect," reflecting Maersk's newly implemented $500 PSS.

Further to which, a range of carriers are introducing GRIs of $1,000 to $3,000 per 40 foot on transpacific trades, but sources told VOTI that they remained sceptical over how successful these would prove, especially with lines still adjusting capacity to meet the subdued demand.

That sense of concern appears shared across the industry, with the chief executive of one of the multinationals telling investors that any transpacific peak would be "muted".

However, they added: "When we talk about a muted peak season, we are talking about the transpacific into the US. We're not talking about westbound to Europe. I think Europe will still see a significant growth.

"Asia to Europe is very resilient and the market will see good growth as well into the peak season."

Transcontinental railroad plan for combined UP-NS entity

UNION Pacific looks set to spearhead the development of North America's first coast-to-coast transcontinental railroad with the announcement that it is pushing ahead with plans to acquire Norfolk Southern for $85 billion.

If approved by shareholders and the US Surface Transportation Board (STB), the deal would result in a combined enterprise valued at $250 billion.

Chief executive of UP Jim Vena told investors: "This is a historic, transformative moment for our companies, customers and for our nation, generating significant value for stakeholders and customers. Building on Lincoln's vision for a coast-to-coast railroad.

"By combining, we'll transform US supply chains and transport networks, making rail more cost effective and, by eliminating interchanges, speeding up the flow of freight."

Before Canadian Pacific's 2023 merger with Kansas City, described by CPKC's chief executive as "very challenging", the working assumption had always been, especially given the 2001 STB rules on M&A activity between the railroads, that merger would not get approved.

But with the CPKC deal already having softened things up a little, the recent appointment of Patrick Fuchs' as STB chief appears to have upended the hardline approach.

Fuchs said the working interpretation of the 2001 rules had been too restrictive, and that what was now needed was a more "pragmatic" approach that would facilitate the rebuilding of US infrastructure.

And Vena and co have taken heed, framing the merger around the benefits it would bring the US as a whole, with infrastructure front and centre.

UP noted that once completed, the new railroad would "seamlessly connect over 50,000 route miles across 43 states linking the east and west coasts, approximately 100 ports, and nearly every corner of North America".

While Venal added that each service operated would remove some 550 trucks from US highways, bringing benefits to taxpayers by reducing the cost of government-funded road repairs.

However, serious questions are already being raised by prospective customers and employees over the impact this merger – and the looming spectre of a rail monopoly – would have on the costs paid and risks borne by cost-cutting efforts that typically accompany big money deals.

The IAM Union rail division warned that the deal raised "serious concerns about community safety, job security/workers' rights, competition, and long-term industry stability".

It said: "History shows less competition is not generally in workers' or customers' interest. Mergers are lengthy processes, which should face serious scrutiny concerning overall impact to the entire industry, its customers and public communities where railroads operate.

"We will use every resource to ensure that our members' livelihoods remain the focus of any approved merger."

Focus ON

Caring for others can open up new business opportunities

A "rising wave of emergencies" in what has been described by a host of logistics players as this "unprecedented decade" has upended the very fabric of what it means to be "ready" as a forwarder. Managing director of EAS International Adam Komorowski and his opposite number over at Vector Global Logistics, Enrique Alvarez – who also co-founded Vector – tell Voice of the Independent (VOTI) that from armed conflicts to natural disasters and pandemics, the focus on agility, global coordination, speed and time-critical space has never been greater.

"It is not just about having access to aircraft or trucks, but about being fully operational 24/7 with reliable partners and contingency routing in place," says Komorowski. "Many forwarders have adapted by leaning into solutions like onboard couriers, charters, and multimodal strategies to deliver urgent aid efficiently. Navigating customs, border regulations, and last-mile challenges – especially in high-risk or underdeveloped areas – requires deep experience and precision. When time is everything, execution must be flawless."

And with time an essential in this vertical, catering to those needs has bred a dependence on aviation, with carriers all too aware that they, in many respects, hold all the cards. Sadly, it is all too common to see airlines cashing in on the urgency of the situation and profiting off the back of disaster. One WCA member, keen not to be named, tells VOTI that the unwillingness of "a lot" of airlines to put their hand in their pocket – or even just charge cost – for those moving aid leaves many SME forwarders footing the bill. And it can be a big bill. Another forwarder says flatly that they no longer make themselves available for disaster response, adding: "All carriers are excited to help in first instance, but in the end, we pay everything out of our own pocket, and I really think, that this has not changed."

ADAM KOMOROWSKI
EAS International

Alvarez says that supporting disaster relief while also remaining a financially viable going concern "can definitely be a delicate balancing act". At Vector, he notes that the first priority is always ensuring the well-being of the team, noting that no business can help the wider community unless its own people are taken care of, but stresses the undeniability of the ripple effects brought about by economic and political shifts that had resulted in tougher general operational conditions, all of which places evermore pressure on resources.

"We choose, however, to operate from a 'the more you give, the more you get' mentality," Alvarez continues. "Supporting disaster relief – through donations, logistics support, or volunteering – not only aligns with our values but often leads to unforeseen opportunities, including new partnerships and increased customer loyalty. Additionally, we maintain a healthy and diversified client portfolio, which allows us to both stay financially viable while also helping others when needed. And by working with clients who value empathy and community impact, we not only increase overall impact but give them opportunities to become involved in new activities."

Citing examples, he notes that when Vertical launched its "Leveraging Logistics for Ukraine" initiative, clients, partners, and peers all rallied to collaborate in bringing humanitarian aid to the region. This, he notes, included everything from in-kind and financial donations to introductions that helped further support.

> "When time is everything, execution must be flawless"

Air has undeniably proved invaluable to supporting relief efforts in Ukraine, but the country's border with Europe has also afforded opportunities that are not always there and again air becomes the pressing question. And in some of these instances, airlines simply do not make their aircraft available. As was the case with the earthquake that struck Syria and Turkey in 2023. In part, such decisions are out of their hands, with sanctions against Syria meaning airlines were not able to get the necessary insurance cover to fly, and even risked being sanctioned by global governments. Consequently, air charter is often one of the first elements that aid agencies and NGOs focus on in the immediate aftermath of a natural disaster or conflict situation. Global cargo director at CharterSync Daniel Carriett tells VOTI that when it comes to flights operating in a conflict zone, there is usually only a small number of carriers that are willing to fly, meaning the available pool of capacity is often reduced.

"Risk appetite clearly plays an important role, and this will vary between carriers," he adds. "If a carrier is willing to fly into a conflict zone, clear and obvious questions which much be addressed first are: is the airspace open? Is civilian ATC operating? Are the airports operational and manned with handling staff and equipment? Carriers must also ascertain if fuel is available and at reasonable prices. Airlines must also usually check with their State of Registry (NAA) to see if they will approve their registered carriers to fly in a conflict zone. Often the NAA will ban their carriers from flying. Another key consideration is insurance. Carriers must check that their insurance underwriter will permit them to operate in a conflict zone. In many cases, the insurers will levy a war risk insurance premium on the carrier which is nearly always passed on to the customer to pay and can be an amount equivalent to 50 per cent of the charter cost itself."

On top of all this, the challenge of finding available capacity has worsened over time. In part, Carriett says that this is because there were "many more carriers and fleets that were dedicated to or at least heavily focussed on ad hoc charter". More recently, this has dried up for three key reasons: firstly, many of those airlines have been either consumer or simply no longer exist; secondly, having aircraft sat around for ad-hoc charters and services is just not as financially viable as it had been; and, thirdly, efficiency gains in aircraft design has led to a sizeable uptick in the level of available belly capacity, which has "swallowed up a large proportion of the cargo volume that fed these dedicated charter carriers in previous decades".

Carriett continues: "So during this current decade and the 'events' that we have seen, it has certainly been a challenge finding specific capacity. Carriers have needed to fit in such urgent charter flights inside their already congested scheduled programme. Clearly the routing plays a big part, and some routes/lanes will be easier to find the capacity than for others. For example, it was easier to find aircraft to fly (economically) eastbound from Europe to Myanmar (in response to the earthquake) in March/April this year as carriers flying the increased volume of e-commerce from Asia to Europe or the US needed to get their aircraft back to Asia and would normally be flying empty. Conversely, finding aircraft to fly southbound from Europe to Morocco in 2023 was more challenging as other than the Africa-centric operators, most carriers were reluctant to have their aircraft flying so far offline. Mostly it has been possible to meet the demand by carriers finding innovative solutions and options, but this has largely meant a significant increase in cost for the user or charterer."

An obvious exception to this has been the pandemic, with the level of global demand for freight capacity unlike anything that had been seen before. The huge demand for flying PPE and vaccines, mainly from Asia, meant freighter capacity was quickly saturated, but the industry quickly pivoted and vast fleets of passenger aircraft, unable to fly their usual operations, were transformed for carrying cargo, bulk loading in the passenger cabins, often with seats removed, notes Carriett. Short-haul aircraft such as B737s, A320s were flying long haul routes from China into Europe alongside widebody aircraft. But, he adds, that "was obviously a very different situation". But, if one of the issues highlighted by forwarders is the ever-increasing cost of facilitating relief efforts, are the fluctuations, indeed absences, of available capacity only worsening this? Carriett says, "Undoubtedly yes".

"The cost of finding capacity for aid and relief flights has increased," he adds. "Market prices for air charters since the pandemic have increased generally so we see this same effect in average pricing for the relief sector flights as well, especially where these flights are offline or unusual routes away from carriers' regular networks. Aid agencies and NGOs facing already declining funding shortages have certainly needed to cut back in flying humanitarian aid by charter."

Komorowski says costs have undeniably increased, particularly with unstable airfreight pricing and disrupted capacity. But he notes that smarter forwarders are moving to utilise technologies at other points in the supply chain to reduce frictions and thereby cut costs at these points – every little bit helping. In particular, he points to tools like predictive routing, live tracking, and integrated communication platforms as technological developments that are helping to reduce idle time and achieve those efficiency gains. Further to which, he believes, emerging technologies like drones are promising – although he notes that these are still "far from mainstream for large-scale relief".

ENRIQUE ALVAREZ
Vector Global Logistics

"The real breakthroughs come from streamlined coordination, early planning, and reliable access to airfreight – something EAS International, for example, achieves through its charter and OBC networks," he continues. "It is this blend of innovation and operational know-how that helps reduce delays, even when infrastructure is under stress. For SMEs, sustainability in humanitarian aid lies in knowing where they deliver most value. By specialising in urgent, high-stakes shipments, smaller forwarders can position themselves as partners in precision rather than volume. Building trust with aid agencies, offering flexible billing models, and bundling loads for efficiency are just a few strategies. The key is not size, it is service. SMEs can often respond faster, communicate more clearly, and provide a hands-on experience that is difficult for larger operators to replicate. In the end, responsiveness and reliability are often more valuable than a discounted rate."

Alvarez certainly concurs with the idea that efforts made elsewhere can help alleviate the cost of supporting disaster relief efforts. Air may predominate, but everything from supply

umanitarian Logistics

chains to warehousing consumes a high percentage of total humanitarian operation costs, he says. All of which places significant strain on organisations already dealing with ongoing funding cuts and less willingness among companies to collaborate as they once did.

"As budgets are reduced, inefficiencies and waste can creep in, making aid delivery even costlier for those who can afford it least," he continues. "This financing gap risks disproportionately affecting the most vulnerable populations. While technological advancements like drones are beginning to play a supporting role, they are not yet a solution for cost reduction. Technology can certainly offer benefits like speed, access to hard-to-reach areas, and improved safety. However, despite some prices having dropped considerably, upfront investments in hardware, software, and infrastructure are required, meaning that it is again the largest and most well-funded operations that benefit across the board."

Given both Alvarez and Komorowski touched on drones, where does Carriett stand on this emergent technology's capacity to not only reduce costs in supporting humanitarian aid but speed it all up? For CharterSync, the issue is not so much tied to the development of the technology itself – indeed it has proven an effective way of getting much needed supplies to hard to reach places. The trouble, Carriett says, is that the practical applications in the field are not really being seen yet.

"For sure there are some drones involved in final-mile delivery for aid organisations in the field where access for traditional modes of transport is challenging, but these are usually small scale, light payloads, usually medical supply deliveries, and operating over short distances," he adds. "The safety and regulatory aspects of approving autonomous aircraft to operate on a larger scale is still probably a long way off for now."

All of which brings us back to the question of what can SMEs, without access to their own fleet of aircraft, do to ensure they do not let those in need down? Alvarez suggests the first thing required is a perspective shift in what "contending" looks like. By which he means, there is need to not always look at everything from a purely, and direct, "dollar for dollar comparison".

He goes on: "Both fortunately and unfortunately, there is plenty of room for everyone. It is unfortunate because the needs just seem to keep increasing, from both man-made and natural disasters. But the market is big enough for humanitarian aid organisations and logistics companies of all sizes to do this important work. At Vector, our strength is rooted in a relationship-driven approach and a culture of trust, creativity, and true partnership. Instead of attempting to match the sheer scale of the multinationals, we focus on building genuine connections with our clients, delivering added value beyond just competitive pricing."

> "SMEs shine when it comes to custom solutions, direct access to decision-makers, and the ability to pivot instantly when plans change"

Komorowski also points out that while large global players may benefit from scale or asset ownership, this can come at the cost of speed and flexibility. In many respects, catering to disaster relief efforts is reflective of the SMEs strengths, with forwarders repeatedly pointing out, as Komorowski does, that "SMEs shine when it comes to custom solutions, direct access to decision-makers, and the ability to pivot instantly when plans change". In fast-moving humanitarian situations, the level of responsiveness that SMEs offer can, and often does, make the difference.

"Rather than competing on cost per kg, SMEs win on outcome per shipment – delivering peace of mind alongside cargo," he continues. "Budget constraints matter, but access and bureaucracy often prove more difficult. Gaining entry into disaster zones, navigating local regulations, or dealing with shifting geopolitical conditions can stall even the best-prepared mission. Success often hinges on having the right network: trusted local partners, pre-cleared documentation, and standby routes that can activate on short notice. It is not just about delivering quickly; it is about being ready before the request even comes in."

For those that do stick with supporting humanitarian aid, Alvarez says that Vector's work in Ukraine testifies to the sense of the "more you give, the more you get" mentality. Earlier this year, Vertical opened an office in Lviv, with Alvarez noting: "We have been there during wartime and look forward to being there during rebuilding also. So, we have also seen first-hand how caring for others opens up new business opportunities."

Delivering aid: partnerships and networks are key

WHEN it comes to handling humanitarian logistics, one thing all forwarders, small and large need to keep front and centre of their mind is the make-up, the strengths and the weaknesses of the team. Against the backdrop of constantly shifting security landscapes and unpredictable border controls, forwarders operating in this sector find themselves face to face with hurdles beyond those that they are more likely to encounter when moving freight.

Speaking to Voice of the Independent, managing director of Vector Global Logistics Enrique Alvarez says that one need "look no further than Gaza for today's most relevant example of all these issues at play." Gaza, however, is not alone, these conditions are ripe across conflict and disaster zones. And the numbers are only getting worse. The United Nations Office for the Coordination of Humanitarian Affairs (OCHA), notes that in excess of 300 million people worldwide are in need of humanitarian aid, with many of those displaced. This in itself creates hazardous conditions for aid workers and their logistics partners. But, as Alvarez says, meeting the needs of these people is not purely about how much money you can get into a zone, it is dependent on being able to spend that money wisely.

"In such situations, we believe that the most valuable asset is not always financial but human: experienced people on the ground," he continues. "Success often hinges on building the right connections – long before a shipment moves. Understanding the nuances of each situation, maintaining open channels of communication, and identifying local partners who can offer insights or facilitate introductions are all vital. It pays to think long-term: investing in trust, cultivating relationships with authorities, and helping others leverage their own strengths ultimately yield results."

Consequently, forwarders themselves and those they work with can find themselves in difficult situations. This, however, also presents forwarders an opportunity to deploy the traits that make them stand out in their field: relationship-building.

"It cannot be understated that relationship-building beyond the logistics community goes a long way," Alvarez continues. "Local organisations like chambers of commerce can be effective as well as introductions by other trusted partners to NGOs, companies, and individuals with resources and interest. Additionally, we have even found that local schools can be helpful at times, depending on the project. Thus, keeping an open mind is crucial and has served us well in many humanitarian aid projects, including our 'Leveraging Logistics for Ukraine' initiative."

Asked to expand, Alvarez says that when it comes to navigating the complexities and the uncertainty of operating in an environment made up of constantly shifting security landscapes and unpredictable border control, it comes down to more than logistics.

"It is about people and building resilient, adaptive networks," he adds. "And realise that sometimes, the most effective way to help is to step back and let a local partner take the lead. Understand your own strengths and where you can serve best. After all, it isn't about who gets credit, but getting aid where it needs to go."

Carriers connecting with Israeli ports back in Houthi firing line

DESTINE OZUYGUR
eeSea

CMA CGM, Hapag-Lloyd, ONE, and Yang Ming could all find themselves literally in the firing line after the Iran-backed Houthi militia announced what one commentator described as a "major widening" of its sphere of operations around the Suez Canal.

In a statement, the Yemen-based group said that it was now "targeting all ships belonging to any company that deals with the ports of the Israeli enemy".

It added: "We warn all companies to cease dealings with Israeli enemy ports starting from the moment this statement is announced. Otherwise, their ships, regardless of their destination, will be targeted anywhere that can be reached or within the reach of our missiles and drones."

> "They're threatening any ships of any company that makes active calls to Israel"

Barely two months ago, the Houthis announced they would only target Israeli vessels or those calling at the port of Haifa, a move many saw as an act of de-escalation.

With this about-turn, catching many by surprise, there are question marks over whether it is an attempt by the group to stay relevant, and over what impact it will actually have on the carriers, many of which have yet to revert to Suez Canal services.

Chief analyst at eeSea Destine Ozuygur described the announcement to Voice of the Independent (VOTI) as 'a sea change moment' in the Red Sea conflict.

Shes continued: "They're threatening any ships of any company that makes active calls to Israel, regardless of whether that specific string calls Israel so that is a huge net. There aren't any services that call Israel and transit Suez.

"The Asia-Middle trade, however, is dominated by the few carriers that distinctly do not call any Israeli ports, regardless of trade."

These include Cosco, CSTAR, CUL, HMM, Kawa, RCL, WHL, and CMA CGM, although, one source told VOTI that while CMA CGM does not own and operate vessels calling in and Haifa before transiting the Red Sea, it does partner on slot charters.

The source said that they would find it hard to believe the Yemini militia group was looking into the granularity of the details surrounding the vessels that entered its catchment area.

"They'd say, CMA partners with Maersk on GULFJJS1, Maersk has services calling at Israel, so vessels on GULFJJS1 are all targets (even though they're operated by CMA). I haven't gotten the impression the Houthis' R&D department is extremely delicate in these matters."

Hapag-Lloyd may also have wished it waited before shifting direction on the Red Sea, with the carrier announcing in June it would resume "normal operations at the port of Haifa".

Asked if it was concerned by the change in approach from the Houthis, a spokesperson for Hapag-Lloyd told VOTI that, while it serviced Israel and Haifa via a slot charter agreement, "Hapag-Lloyd has no owned vessels calling Israel or Haifa".

But sources again suggested that indirect association was not likely sufficient cover, one noting: "I don't think the Houthis are actively poring through detailed service records."

Asia-Europe sailings almost certain to be targeted under the new Houthi policy are the PMR-MD3, PMR-MD1, and Zim-ZMP, all calling at Haifa, although Ozuygur said none of these calls into the Arabian or Persian Gulf, nor into Pakistan or India.

She added: "And they steer far away before hitting transhipment hubs like Colombo on their passage back to Asia.

"Regardless of if they call into Israel, all Asia-Europe Premier Alliance and MSC services give the Middle East a wide berth; Gemini's Far East Middle East service and Asia Northern Europe loop 1 go to Salalah/Jebel Ali, but I imagine they are well out of Houthi range."

Other potentially affected carriers include Evergreen, which calls at Israel by way of its EMC-LEV service.

Added to this, Evergreen also joins the Ocean Alliance on several Arabian/Persian Gulf strings, while the Premier Alliance has the FE5, and AG1 and MSC its new Chinook-Clanga and New Falcon services.

"These are what we could consider the 'closest' strings on non-feeders/intras, but I doubt any would wander close enough to the Yemen coastline to be a true target," Ozuygur said.

"For the smaller services, here are three that are actively passing right through the hot zone and include Israel-calling companies – EMC-IRX2, ONE-RG2, and XPF-IRX2 – these are worth keeping an eye on."

VOTI approached ONE for a comment on the situation but a spokesperson declined to offer any insight on the carrier's thinking at this time.

Strong Q2 for US airline majors, but tariffs cast a shadow

PROSPEROUS second-quarter cargo results for the big three US airlines – United, Delta, and American – notwithstanding, American has warned against complacency, with expectations that turbulence is looming as economic headwinds strengthen.

United, the largest of the three, recorded 3.8 per cent year-on-year cargo revenue growth, to $430 million over the three months, pushing H1 revenues up 6.5 per cent, to $859 million.

American proved equally impressive, generating some $212 million over the quarter – an 8.2 per cent year-on-year increase – with first-half revenues up 4.7 per cent on H1 24, at $400 million, but as far as momentum goes, Delta appears the real standout.

The Atlanta-headquartered carrier experienced a seven per cent year-on-year bump over Q2 24 revenues, at $199m, with first-half revenues up 12 per cent, to $421 million.

Vice president commercial, cargo, at American Roger Samways said, "we're happy with the result. It was a little better than expected" – none too surprising given the concerns swirling around the Trump administration's trade policies and the sharp drop in China trade.

Compensating for the decline in Asia-Pacific-US volumes, American pointed to US outbound volumes headed to both Europe and Latin America.

Samways said this meant overall demand did not drop, with yields in turn kept stable, while the spectre of tariffs kept front-loading going longer than anticipated – although he noted that a lot of the carrier's transatlantic business was driven from the US point of sale.

American's revenues also benefited from a few "special segments", with the healthcare vertical experiencing double-digit, first-half growth.

And while July experienced "robust bookings", Samways stressed caution, with American anticipating a softening in demand over the second half of the year, particularly amid doubts over consumer spending and elevated inventory levels.

Those concerns have been reinforced by news that several firms have signalled an intent to raise prices – including the likes of Adidas – as tariffs take effect.

Compounding those concerns are indications that lower-income Americans are reducing their discretionary travel – pointing to a tightening of the purse strings – with United, Delta, and American planning to reduce domestic passenger services this month.

The same cannot be said on the international side, American having pushed through new routes into Athens, Edinburgh, Rome, and Naples.

Although not major cargo markets, these additions have provided the carrier choices to route freight to and from the US using road feeder services and interline arrangements, Samways said, while Boeing's resurgent output has helped boost its fleet faster than anticipated.

Samways said: "We got four B787-9s in Q2, and we now expect a total of 11 this year. We had expected eight."

But again, there appears gloom, with management at the airline expecting the third quarter to prove worse than the three months just ended, and not only for cargo, because of the tariffs and the sluggish domestic travel market.

Spotlight ON

Joselin Ramos

Nearshoring requires a new mindset – and flexibility

Chief executive CBX Global

PROXIMITY to North America offers a wealth of opportunities at this moment of uncertainty in global trade. And it seems there is a determined push to capitalise on these opportunities while they are still in play. Chief executive of CBX Global Joselin Ramos tells Voice of the Independent (VOTI) that, amid the trend to near- and re-shore more manufacturing, countries like Costa Rica and Dominican Republic, “to name a few”, have taken a lead from Mexico and are starting to show “significant growth”.

“We view nearshoring as a substantial opportunity to enhance supply chain resilience, efficiency, and proximity to market, while maintaining stable costs,” Ramos continues.

> "We view nearshoring as a substantial opportunity to enhance supply chain resilience, efficiency, and proximity to market"

“We believe a more innovative approach is regional diversification across the Americas. New routes are being introduced for countries like El Salvador, directly from Asia, with additional routes being established to the Dominican Republic's transhipment hub, as well as new ports in countries such as Peru and Costa Rica. Furthermore, more routes with larger ships are being added between the US, Dominican Republic, and Central America.”

To cater to this growing demand, CBX Global has upped its own routes between the US east coast and these Caribbean and Central American countries, while also expanding consolidation services on key lanes such as Miami–Santo Domingo, Jacksonville-San Juan, Dominican-Costa Rica, Jacksonville-Dominican/Costa Rica, Asia-Jacksonville/Miami, and bolstering links between Houston and Latin America.

“By year-end, additional routes will be introduced from Los Angeles and Miami airports to San Juan, with more to be announced,” he continued.

“Nearshoring requires a new mindset and flexible, adaptable supply chains. As a freight forwarder, we support this agility, and CBX Global offers speed, care, and local expertise across the Americas with a team dedicated to SME forwarders worldwide.”

Beyond just regional proximity to the US, Ramos points to a series of benefits that the Caribbean and Central America offer manufacturers seeking to move away from their dependence on China. Not only does he mean the strong relationships they may have with the US, including free trade and low tariff agreements, he notes that they have witnessed recent “robust” international investment and can boast a skilled workforce and a variety of tax incentives that lure potential punters in.

“This region has numerous advantages, including the presence of countries that have developed over the years to establish their niche industries,” he adds. “For example, Costa Rica has a robust medical device industry and is part of the Chips Act. Then there is the Dominican Republic’s manufacturing sector including electronics, healthcare, and more; Puerto Rico has the biggest concentration of healthcare industries, including pharmaceuticals and medical device companies; Honduras, Nicaragua, El Salvador, and Guatemala have massive manufacturing industries for apparel and agriculture; Colombia has a diverse manufacturing industry and agricultural exports; Peru has mining; and emerging countries like Argentina have hi-tech services. The list is extensive and diverse.”

Ramos points out that, given the adaptability, efficiency, and resilience of the supply chains of these countries, they are also able to boast a speed, helped in no small part by their proximity to North America – that makes them an attractive target for near- and re-shoring.

“Nearshoring reduces transit times and enables a more agile response to demand shifts, which is critical in today’s volatile market conditions,” he notes. “Competitive labour and operational costs, without compromising quality, enable companies to maintain their margins while enhancing service levels. And operating within similar time zones supports better real-time communication, oversight, and collaboration.”

But he stresses that it is not all one-way traffic. Hosting manufacturing brings obvious societal benefits to the countries with increased investment in broader infrastructure projects, boosting not only job numbers but regional integration, all of which promotes cross-border collaboration and builds towards a more cohesive, trade-competitive region. And with more money flowing into these countries, more will flow out, boosting two-way trade. It is the reality, Ramos continues, that as manufacturing hubs develop in the region, there will be an increasing trend of goods, services, and technologies moving northward and southward, supporting regional demand, intra-American trade, and circular supply models, with the region already a major consumer of goods from North America and Asia.

“At CBX Global, we are deeply involved in these corridors, with over 22 warehouses in the region and offices in numerous countries across the United States, Central America, the Caribbean, and Asia,” he says. “We believe in collaborating closely with our customers and forwarders worldwide as a neutral partner to build customised logistics solutions that connect continents, empower customers, and boost regional economies.”

Asked if success for these re-shoring destinations is a foregone conclusion, Ramos suggests ‘not entirely’. Although the work has started, he believes that to ensure they reach their potential, there are four key pillars they must focus on – pillars that would seemingly prove applicable for anyone trying to get in on the action: infrastructure modernisation; trade and policy facilitation; workforce development; and private-public partnerships.

Ramos emphasises the need for governments and private actors to work collaboratively, with investment in ports, roads, digital connectivity, and energy reliability, without these, he says, “manufacturing eco-systems can’t compete”. With the two, public and private working together, a pro-business environment will develop that incentivises manufacturers in. But he notes that this includes a focus on the workforce.

“Competitive labour isn't just about cost; it’s about skill, and modernised labour laws that include government investment in technical education, vocational training, and digital readiness will be crucial,” Ramos continues. “Coordinated strategies among government, manufacturers, and logistics providers will speed up transformation and lessen friction across the supply chain.”

> "Competitive labour isn't just about cost; it’s about skill"

What has gone unsaid up to this point is the challenge from elsewhere. Until now China, indeed East Asia more broadly, has predominated on the global manufacturing scene. This is in no small part thanks to its infrastructure, lower costs, and produce. Those strengths, especially in regard to China, saw the region hoover-up manufacturing opportunities from other countries. But, this decade the geopolitical landscape has changed, with Ramos noting we are at ‘something of an inflection point’ for areas looking to challenge the pre-dominance of East Asia and establish a more substantial presence in the supply chain ecosystem. And those opportunities are there for forwarders too.

“The Caribbean, and Central and South America present strong opportunities for SME forwarders to partner with companies like CBX Global, enabling manufacturers to gain vital supply chain visibility and the agility needed in demanding, competitive industries,” Ramos says. “At CBX Global, we believe the future of global trade will be more regional, more tech-enabled, and more balanced. This region is poised to rise, but success requires collaboration, investment, and strategic execution from all sides of the value chain.”

Carriers ‘fighting a losing battle’ on capacity as rates fall

CONTAINER spot freight rates appear stuck in limbo, at least on major east-west trades, which ended July with yet another week of no change, little sign of a peak emerging and efforts to prompt a rate increasing failing to bear fruit.

And senior shipping analyst at Xeneta Emily Stausbøll said that carriers could expect further bad news on trades from Far East to North Europe and Mediterranean.

“Carriers will have expected this downturn, but it won’t make it any easier to manage, given significant overcapacity in the global fleet. Average spots from Far East to Mediterranean will continue their descent in August, while rates into North Europe hold a little a little stronger.”

"Carriers will have expected this downturn, but it won’t make it any easier to manage"

One Asia-Europe forwarder told Voice of the Independent (VOTI) there was no sign of any further peak on the Far East-Europe westbound trade, noting “in fact, it’s going the other way and as expected short term rates are coming down”.

With average Far East-Mediterranean spots dropping as those into North Europe hold firmer, Stausbøll said we could expect the spread on these trades to close in on parity this month.

She added that this marked a “dramatic shift since [the spread] stood at $1,720 in mid-July,” with some indices having already shown the passing of the inflection point with North Europe now more expensive than Mediterranean shipments.

Freightos FBX had China-Mediterranean spots at $3,399 per 40 foot for the week ending 1 August, marking a five per cent week-on-week drop.

For China-North Europe, FBX put average rates for 40 foot containers at $3,914, a four per cent loss over the previous week, while Drewry’s World Container Index (WCI) Shanghai-Genoa and Shanghai-Rotterdam legs flat, at $3,362 and $3,290 per 40 foot, respectively.

Shanghai Containerised Freight Index (SCFI) noted a two per cent week-on-week loss for its Shanghai-North Europe route, entering August on $4,102 per 40 foot.

Its Shanghai-Mediterranean base port leg lost four per cent over the week, to end at $4,666 per 40ft, and with overcapacity having become almost a permanent feature, the transpacific trade fared little better across the indices.

EMILY STAUSBØLL
Xeneta

For instance, WCI’s Shanghai-LA leg dropped two per cent week on week, ending July at $2,632 per 40 foot, with Shanghai-NYC down by the same percentage, to $4,135 per 40 foot.

While FBX’s China-US west coast was unchanged from the previous week, at $2,344 per 40 foot, the same could not be said of its China-US east coast trade, which dropped seven per cent week on week, to begin August at $4,113 per 40 foot.

“Average spot rates on the major front hauls from the Far East to US have been falling hard and are now at the lowest level since December 2023,” Stausbøll said.

“With further decreases expected in August, freight rates are closing in on pre-Red Sea crisis levels, especially into the US west coast.

“The US is striking multiple trade deals, but this is unlikely to spark a cargo rush in the remainder of 2025 and prevent further softening of rates.

“Carriers are trying to manage capacity, but they may be fighting a losing battle and will have no choice but to accept lower freight rates.”

Nor have the trumpeted US-EU and US-UK trade deals produced any obvious, immediate boosts, with one forwarder telling VOTI “transatlantic is still very flat. There have been no changes for a while now and none expected.”

Given that transatlantic westbound rates have remained “remarkably stable”, at $2,000 per 40 foot, European exporters to the US can expect to face significantly higher overall costs.

Stausbøll added: “If the forecast for the remainder of 2025 is challenging for carriers, it will also be tough for shippers. They may benefit from falling freight rates, but this will not come close to offsetting the financial impact of tariffs.”

Falling demand for European haulage dragging down rates

WEAK demand prompted by economic uncertainty has taken a toll on European road freight spot rates over the three months to July.

The joint Transport Intelligence (Ti), Upply, and IRU Q2 European Road Freight Rate Development Benchmark puts contract and spot rates at a point of convergence for the first time in more than eight years, at 132.2 points, with spots down 2.2 points quarter on quarter.

Declining by 2.2 points quarter on quarter, the spot rate index is at its lowest ebb since the final three months of 2023, with the contract rate index conversely having climbed 1.2 points.

Data and modelling manager at Ti, Nathanial Donaldson, said: “This is really due to a weak short-term demand, largely around the heavy uncertainty. “A lot of buyers are deterred by this uncertainty. They are unsure whether to buy, with what’s happening with the tariffs.

"A lot of buyers are deterred by this uncertainty"

“What we’re seeing is immediate reduction in short-term demand and increased availability of spare supply, and that’s pulling a lot of rates down in that spot market across Europe.”

The Q2 benchmark noted that demand drops were notable in machinery orders in Germany, which found themselves down 12 per cent on first quarter numbers, while chemical demand had also dropped quarter on quarter by 11 per cent.

Noting these were “really big drops,” Donaldson said Ti would usually use these figures to reflect long-term outlooks, but said it was clear they were affecting short-term rates.

Attributing the rise in the contract rates to “modest European manufacturing gains in some countries,” the report added that durable consumer goods production had grown 1.1 per cent quarter on quarter, with non-durable goods up four per cent, year on year.

Despite the uncertainty, the Q2 benchmark noted that a lot of what happens was now was very firmly dependent on tariff negotiations.

It added that there were expectations that some demand pressure would return in the medium-to-long term, which it said would be led by a recovery in EU retail activity, which could in turn prompt a boost in the spot rate situation over the latter part of the year.

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