TP report for week 19

	Summary	Supplement
TP News		**Sourc**
1	**Tariff two-step: After pause, China-US container bookings soar 377%**	And just like that, the United States is back in the China import business. Demand soared as shippers rushed to book space on container vessels headed to the U.S., just one day after the trade partners agreed to pause reciprocal tariffs that had reduced by a third volumes on the eastbound trans-Pacific. Some of the first hard data to come out of the tariff timeout showed just how much inventory was sitting in warehouses, factories and ports waiting for a resolution to what had become a global trade war. A rolling seven-day average of container bookings from China to the U.S. saw 5,709 twenty-foot equivalent units on May 5, Ben Tracy, vice president of strategic business development for shipping analyst Vizion, wrote in a LinkedIn post. As of Tuesday, that figure had rocketed to 21,530 TEUs, an increase of 377%.
2	**Trans-Pacific carriers announce massive June rate hikes**	Major container lines are seeking spot rates on service from China to the US West Coast that are more than double the current level as they look to capitalize on an anticipated surge of volume triggered by a 90-day pause in the steepest US tariffs. Container spot rates are already spiking following the Monday announcement, and if carriers are successful in imposing a combination of general rate increases (GRIs) and peak season surcharges (PSSs) set to take effect June 1, pricing would jump to roughly $6,000 per FEU to the West Coast and $7,000 per FEU to the East Coast. GRIs apply to all shippers regardless of size, while PSSs are only imposed on smaller shippers that don't have agreements with carriers prohibiting their use. Momentum appears to be on the carriers' side. Hapag-Lloyd said it has seen a 50% increase in bookings from China to the US this week, while forwarders have reported jumps as high as 100%. Given the short window of the agreement, and the need to ship fall and holiday merchandise before tariffs may increase if the deal falls apart, forwarders report that bookings are soaring.
3	**US tariff-linked cargo rush causes port congestion, box shortages in China**	A rush of cargo in the eastbound trans-Pacific in the aftermath of the 90-day tariff cooldown between the US and China is starting to create vessel congestion and equipment shortages at Asian ports, especially in China, carriers and forwarders say. Forwarders expect congestion and container shortages to worsen in the next few weeks as carriers redeploy vessels to trans-Pacific services from Asia-Europe trades to meet the increased demand from shippers. The port congestion in China, not helped by occasional bad weather, is taking out functional capacity at a time when it's needed most. "Current delays at east and north China ports range from three to seven days depending on the carrier and trade lane," a spokesperson for FIBS Logistics told the Journal of Commerce. "The situation remains fluid, and there are growing concerns congestion will worsen if more vessels are diverted from Europe to the US in June, as we've heard is the plan for some lines like HMM." Congestion at Shanghai has led shippers and forwarders to divert cargo to alternative ports, especially Ningbo, which is now starting to lead to congestion and equipment shortages there, sources said. "North China ports are facing increased waiting times due to berth congestion, further impacted by intermittent port closures caused by strong winds and dense fog," Hapag-Lloyd said in a customer advisory on Thursday.
4	**US LTL pricing maintains record high as truckload slumps**	US less-than-truckload (LTL) pricing has flatlined, but at the highest point on record, according to the US Bureau of Labor Statistics (BLS). The current BLS long-distance LTL producer price index (PPI) of 259 has remained stable from February through April, level with its previous pandemic-era peak in June 2022. The BLS uses pricing data from December 2003 as its base (100) for calculating the LTL and truckload PPIs. LTL pricing level with 2022 peak for three months Producer price indices based on selling prices for trucking services The April reading is 4.9% higher than a year ago and 12.1% higher than July 2023, when the collapse of Yellow into bankruptcy set LTL costs climbing for the next 22 months. The LTL PPI is a measure of the total "selling price" LTL customers pay carriers for services, including accessorial fees and fuel surcharges as well as base LTL trucking rates. It is a metric tracking the total cost of LTL services to shippers, rather than base rates. The LTL PPI flatlined from September through December 2024 before jumping 5.8% from December to January and climbing another 0.8% in February to its current plateau.
5	**Savannah sees record containers amid tariff frenzy**	The Port of Savannah saw its most successful April on record for container trade, moving 515,500 twenty-foot equivalent units, up 17%, or 74,500 TEUs, compared to April 2024. It was the third consecutive monthly container record for Savannah following impressive performances in February, 480,000 TEUs, and March, 534,000 TEUs. For the current fiscal year to date (July 2024-April 2025), the port has handled 4.8 million TEUs, reflecting an 11% growth of 483,000 TEUs over the same period the previous fiscal year. In a release, Georgia Ports Authority President and Chief Executive Griff Lynch said it was "business as usual" during accelerated frontloading by shippers. He said the tariff situation "will settle down," and that the agency is already seeing an uptick in business in the coming months. Strong rail performance indicates shifting trade patterns The Mason Mega Rail facility handled over 50,000 rail lifts in April, an 8% year-on-year increase of approximately 3,700 lifts compared to April 2024. This growth indicates that cargo is being diverted back to the U.S. East Coast and Gulf routes. Meanwhile, the Appalachian Regional Port in Murray County, Georgia, set its own record with 4,241 lifts in April, a significant 49% increase of 1,400 additional lifts over the previous year.
6	**For first time since 1998, LA-Long Beach ports bid harbor rail services**	The ports of Los Angeles and Long Beach are now accepting proposals from prospective operators of the shortline railroad serving the largest U.S. container gateway. Pacific Harbor Line has provided the service since 1998, the last time the contract was put out for bid. While the two ports are administered by the harbor departments of their respective cities, a single shortline network serves both ports. The operator selected will have to enter into separate operating agreements with each port; those agreements have different requirements. The hubs handled almost 20 million containers in 2024 and have a goal of moving 35% of containers away from the facilities by train under a Clean Air Action Plan. Proposals are due July 28 at 5 p.m. The request for proposals is available here. Under the current contract, Pacific Harbor Line, an Anacostia Rail Holdings railroad, operates 19 route miles and 96 track miles, providing neutral service to Class I railroads BNSF and Union Pacific, nine intermodal terminals, and a number of carload customers in and around the two ports. It moves approximately 40,000 carloads with some 190 employees and a fleet of 25 locomotives. One of the possible bidders listed in the RFP is Alameda Belt Line, a joint venture of BNSF and Union Pacific (NYSE: UNP) set up to dispatch intermodal trains on the Alameda Corridor into and out of the port complex.
TP Market dynamics		**Sou**
1	**China-US ocean bookings surge since weekend trade deal: Hapag-Lloyd**	Hapag-Lloyd on Wednesday said it has seen a 50% increase in bookings from China to the US this week since a preliminary trade deal was agreed to last weekend between the world's two largest economies. CEO Rolf Habben Jansen told analysts on a first-quarter earnings call that the carrier was handling "a real surge in bookings" as US importers took advantage of a 90-day cut in tariffs following the agreement between Washington and Beijing. "We have seen over the last couple of days that bookings have been up more than 50% compared to what we saw over the last four weeks, and they are also up in double-digit percentages compared to the period before the tariffs," Habben Jansen said. Under the preliminary trade deal reached in Geneva last weekend, the US will cut its tariffs on China from 145% to 30%, while Chinese tariffs on the US will be reduced from 125% to 10%. Trade talks between the two countries will continue during the 90-day pause, with US importers expected to make good use of the lower tariffs during that period. "We expect to see a surge in volume in the upcoming 60 or 90 days, but beyond that it is very difficult to predict and will depend on what kind of agreements will be closed between the US and other countries," Habben Jansen said.
2	**MSC, Zim plan to rework Asia-US Gulf network as demand drops**	In a Federal Maritime Commission filing last week, MSC and Zim said they were making interim changes to their vessel sharing agreement (VSA) struck last September for six trans-Pacific services to US East and Gulf coasts. The interim changes, which take effect next week, were made "in light of the drastic drop in demand resulting from current trade conditions." The interim change will affect Zim's South Lotus service that MSC jointly operates as its Lone Star Express service. Under the new arrangement, Zim will provide three ships to the 13-ship rotation. Zim originally provided up to six ships under the earlier VSA, which started out as a 12-ship string. MSC will provide all the Lone Star capacity by early fall, although Zim will have the option to contribute up to four ships. Zim's container slot allocation on other services under the VSA will also be lower under the temporary arrangement. The ports served under the VSA were also changed to include Indonesia and Taiwan, along with the existing Asia port network of China, Vietnam, South Korea, Thailand and Singapore. Last week, MSC and Zim announced that their Emerald-Xpress Boston service would add a call in Taiwan. Evergreen Marine offers Taiwan service into the East Coast, as does the jointly operated Hapag-Lloyd and Wan Hai AA7 service, but carriers have rarely offered direct service from Indonesia. Maersk was the last to try in 2022, but it suspended the service a year later. The most recent changes come after MSC and Zim announced the suspension of one East Coast and one Gulf Coast service due to the sharp drop in container bookings from China following the April 9 release of President Trump's latest tariffs.
3	**CMA CGM fleet will not need to pay Chinese tonnage tax: CFO**	CMA CGM will arrange its fleet and Ocean Alliance services to ensure it does not have to pay the recently revised Chinese tonnage tax plan that, for some carriers, could add $1 million per voyage calling at US ports, said CFO Ramon Fernandez. Fernandez told reporters Friday that less than half the CMA CGM fleet of 680 ships were built in China, which enables the carrier to avoid the tonnage tax to be imposed from Oct. 14. "If Chinese-built vessels have to pay a fee, we will make sure that this will not happen to us," he said in a press conference to announce CMA CGM's first-quarter results. Asked if CMA CGM would shoulder the load of US services in the Ocean Alliance, Fernandez only said, "We have plenty of vessels which have not been built in China, so we can make sure that these vessels will be reaching US ports."
4	**Zim restarts China-Los Angeles service to capture fresh import demand**	Zim Integrated Shipping Services is relaunching a suspended service from China to Los Angeles due to the demand revival amid the 90-day pause in the tariff spat between Washington and Beijing, but has nonetheless downgraded its volume expectations for the trans-Pacific trade. The Zim Central China Xpress, connecting Los Angeles with Ningo and Shanghai, will restart next week, the carrier said Monday, little more than a month after Zim announced its suspension on April 22 as part of the carrier's broader 30% to 35% trim in its trans-Pacific network. Zim's volumes from China halved after President Donald Trump on April 9 announced 145% tariffs on Beijing, though an influx of imports from Vietnam and Thailand helped mitigate the plunge. The sudden decline in US import booking has spurred Zim to downgrade its 2025 outlook for growth on the trans-Pacific to low single-digits compared to its original forecast of high-single digit growth. The market is at the highest level of uncertainty in recent memory, and the health of volumes for the rest of the year hinges on the extent of US tariffs on Chinese imports, Zim CEO Xavier Destriau told the Journal of Commerce. While there is a threat a rebound in imports from China could overwhelm US West Coast ports, Destriau said the US marine terminals Zim is calling are fluid. "But at some point, there is a risk of port congestion, if indeed, there is a surge in volume and a surge of capacity potentially also being redeployed due to newly recovered attractiveness of the trade," he said.
5	**Maersk, Hapag-Lloyd partner on new Asia-Long Beach service**	Maersk (OTC: AMKBY) and Hapag-Lloyd (OTC: HPGLY) announced new container services from East Asia to the U.S. Port of Long Beach. The additions by the Gemini Cooperation partners, which include the redeployment of at least one ship back into the eastbound trans-Pacific to U.S. West Coast trade, come as carriers scale up during a 90-day pause in reciprocal tariffs by China and the United States. Maersk's Gemini TP9 service will be covering East China and North East Asia to Long Beach. The port rotation is Xiamen, China – Busan, South Korea – Long Beach – and return to Xiamen. The first sailing is the 4,600-TEU Rhone Maersk on June 24, with a return from Long Beach scheduled for July 15. The ship is being phased out of a West Africa-Asia service. Hapag-Lloyd will operate the 4,250-TEU Synergys Keelung on the same eastbound rotation from Xiamen on July 1. The new service adds an additional 1.2% of capacity to the Pacific trade into the U.S. West Coast, said analyst Lars Jensen, in a LinkedIn post. In the past week container vessel capacity on the trans-Pacific grew by 11%, according to Sea-Intelligence.
TP Trend forecasts		
1	Korean shipping company KMTC returns to the trans Pacific route after 40 years, joining SeaLead and TS Lines' Asia West Coast Service (AWC) route code: APX. TAO-SHA-NBO-PNC-LGB maiden voyage name	
2	Regarding the price increase on June 1st. Currently, all carriers are at the $6000/40HQ West Coast and $7000/40HQ East Coast levels. The CIF market was the first to come into contact with Carrier's space cutting policy and quickly responded to the June price increase, while customers in the FOB market are not sensitive to continuous overbooking. In June, Carrier will continue to launch a large number of exclusive extra vessel on the basis of the current weekly supply.	