TP report for week 44

	Summary	*Supplement*
TP News		**Source: enews@gccports.com, S&P Global**
1	**Trump's tariffs disrupt global trade, leading to a decline in US container imports**	Data released on October 9 showed that U.S. container imports fell 8.4% year-on-year in September, affected by ongoing trade disruptions triggered by former President Donald Trump's tariff policies, with imports from China plunging 22.9%. Despite the year-on-year decline, U.S. ports still handled 2.31 million TEU in August, the third-highest level for that month in history, according to supply chain technology and data provider Descartes. The National Retail Federation (NRF) and Hackett Associates predict that monthly imports at major U.S. container ports will fall below 2 million TEU for the remainder of the year, as most holiday merchandise has already been delivered early and tariffs continue to escalate. Jonathan Gold, NRF Vice President for Supply Chain and Customs Policy, said the peak season this year has ended early, largely because retailers rushed to import goods before tariffs took effect. The NRF noted that more tariffs will take effect this week, including 25% tariffs on padded furniture and kitchen and bathroom cabinets from various countries. In addition, the planned tariffs on Chinese imports originally set for August, after a 90-day delay, are scheduled to take effect on November 10, unless an agreement is reached before then or Trump decides to postpone again. Ben Hackett, founder of Hackett Associates, pointed out that continued volatility in U.S. tariff policies is creating significant economic uncertainty. The Drewry East-West Mainline Contract Rate Index, which reflects market demand, fell 3% year-on-year in the 12 months to September, the first negative growth since July 2024. The index is weighted by contract rates from more than 100 multinational shippers, including Walmart, on 17 major shipping routes. Despite unprecedented tariff pressure, overall U.S. import performance remains relatively robust. Import volumes in the first nine months of this year increased 1.9% compared to the same period in 2024. However, according to Descartes data, China's share of total U.S. imports fell to 33% in September from 34.5% in August. Imports from China fell to 762,772 TEU in September, led by declines in aluminum products, footwear, and electrical machinery, while imports of toys, sporting goods, and apparel also shrank. Descartes noted that the overall data indicates the brief rebound in July-August has ended, highlighting importers' high sensitivity to tariff policies. The company's data also showed that imports from South Korea, Taiwan (China), Hong Kong (China), Germany, and Italy all declined year-on-year in September. Meanwhile, some Southeast and South Asian countries are gaining market share. Imports from Indonesia, Thailand, Vietnam, and India all recorded growth. Descartes said that month-on-month data shows that Asian trade momentum has slowed across the board.
2	**Panama Canal sees 15.6% increase in freight volume amid drought impact**	According to preliminary unaudited results released by the Panama Canal Authority (ACP), the Panama Canal recorded 13,404 transits during fiscal year 2025, representing a 19.3% year-on-year increase from 11,240 transits in the previous fiscal year. This total comprised 3,342 transits by Neopanamax vessels and 10,062 transits by Panamax vessels. This growth marks a strong recovery from the low point in fiscal year 2024, when transit numbers plummeted 29% from fiscal year 2023 to just 9,936 due to severe drought restrictions. Official data shows that the total cargo volume handled by the Panama Canal in fiscal year 2025 reached 489.1 million PC/UMS tons (Panama Canal Universal Measurement System), a 15.6% year-on-year increase. Neopanamax vessels contributed 253.6 million tons, while Panamax vessels handled 235.5 million tons, highlighting the continued important role of both lock types in global connectivity. The Panama Canal's financial performance in fiscal year 2025 was equally impressive. Specifically, the canal generated total revenue of 5.705 billion balboas, up 14.4% year-on-year, and achieved net profit of 4.134 billion balboas, significantly exceeding expectations and representing a 20.21% increase from 3.439 billion balboas in the same period last year. The ACP stated that these results demonstrate the Panama Canal's exceptional financial and operational strength, as well as efficient resource allocation capabilities in a challenging global environment. By segment, container and liquefied petroleum gas (LPG) transportation were the main growth drivers in fiscal year 2025. The dry bulk carrier sector continued its recovery trend. However, liquefied natural gas (LNG) vessel performance fell short of expectations, primarily due to freight rate impacts in the international shipping market. Revenue performance also benefited from certain special factors, including "pre-positioned" operations that generated at least 100 million balboas in revenue, and medium-to-long-term lock slot allocation plans that helped partially offset the impact of reduced LNG transits.
3	**Chinese-built vessels exempt for US ship special port fees**	China has announced the implementation measures for its port fees for US ships that come as a tit-for-tat measure against the USTR 301 port fees for Chinese owned, operated or built vessels that call US ports from 14 October. China's Ministry of Transport said, "This move seriously violates WTO rules and the Sino-US maritime agreement, causing serious damage to maritime trade between China and the United States." In response China said on 10 October that it would be RMB 400 per net ton charge for US ships calling at Chinese ports from 14 October rising to RMB1,120 by 17 April 2028, effectively mirroring the USTR charges on Chinese ships calling in the US from the same date. The notice on implementation measures by the Chinese ministry reiterated the five categories of vessels that will be charged the at its ports. 1 & 2 Ships owned or operated by US businesses 3 Ships owned by US companies where enterprises, other organisations, and individuals directly or indirectly hold 25% or more of the equity – such as voting rights and board of directors 4 Ships flying the US flag 5 US built ships However, China has now added a specific exemption that the fees will not be applicable to vessels that built by Chinese shipyards, even if they fall into the first four categories of US ownership.
4	**Beijing places sanctions on Hanwha Ocean's American assets**	China has sanctioned five American subsidiaries of Hanwha Ocean, the South Korean shipbuilder formerly known as Daewoo Shipbuilding & Marine Engineering, claiming the company was involved in the US probe into the Chinese shipping industry. The sanctioned subsidiaries include Hanwha Shipping LLC, Hanwha Philly Shipyard, Hanwha Ocean USA International LLC, Hanwha Shipping Holdings LLC, and HS USA Holdings Corp, according to a statement from China's Commerce Ministry on Tuesday, the day that new China port fees aimed at American-linked tonnage come into effect. "Hanwha's US-based subsidiaries have assisted and supported the US government in conducting the 301 investigation and imposing measures against China's maritime, logistics and shipbuilding industries. China expresses strong dissatisfaction and firm opposition," a spokesperson of China's commerce ministry said on Tuesday.
5	**Port of Los Angeles' Q3 throughput hits historic high**	Although the import volume of the United States decreased in September, as the largest port in the United States, the throughput of the Port of Los Angeles still reached a new high in the third quarter. The latest data shows that compared to the same period last year, the cargo volume of the Port of Los Angeles has decreased by 7.5%. However, throughout the third quarter, the port completed a container throughput of 2.9 million TEUs, while from January to September this year, the Port of Los Angeles completed a container throughput of 7.8 million TEUs, a year-on-year increase of 3%. Port Director Gene Seroka predicts that fluctuations in port throughput will intensify with the push of the Trump administration's trade policies. It is reported that recently, the United States and China have imposed fees on ships docking at ports in the United States and China respectively. When ships built in China or owned by Chinese shipowners dock at US ports, they must pay approximately $80 per net ton, while all US ships or vessels flying the US flag must pay $56 per net ton at Chinese ports. When these trade policies are first announced, importers usually suddenly suspend orders from China. And when these policies are softened and delayed, freight volume will rebound again. The supply chain has been on a roller coaster ride all year round, and this journey is still continuing, "Ceroka wrote in the announcement. Seroka warned that "about 20% of the ships docking at the Port of Los Angeles are made in China. In addition, some cargo handling equipment and cranes are also made in China. Increasing tariffs on this part often leads to price increases in other areas, ultimately making goods more expensive.
6	**Chinese lithium battery export control, US companies face energy pressure**	Just as the United States has not yet resolved external pressures on rare earths and soybeans, new variables have emerged. The Ministry of Commerce and the General Administration of Customs of China recently jointly announced that from November 8th, China will implement export controls on key items such as high-performance lithium batteries and their production equipment, positive and negative electrode materials. Unlike rare earths, lithium batteries involve a wider range and are more difficult to replace. It is not only the power source of new energy vehicles, but also involves core areas of national economy and security such as power systems, data centers, and defense and military industries. From technological structure to production capacity scale, China has an absolute advantage in the lithium battery industry chain. The control list introduced this time covers rechargeable lithium-ion batteries with a weight energy density exceeding 300Wh/kg, graphite negative electrode materials, precursor related items, and even specific equipment required for production processes such as laminating machines and continuous graphitization furnaces. In terms of technical system, it almost forms a closed loop. For the United States, the breaking point of this closed loop is emerging in the midstream of industries that it has not yet filled. Bloomberg data shows that in the first seven months of 2025, approximately 65% of lithium-ion batteries used for grid level energy storage in the United States will be imported from China. And these types of batteries are being covered by this regulation. It is in this context that the supply and demand issue of lithium batteries is no longer just a business issue for enterprises. Once the supply is lost, it means that many American companies and even the operation of the US power system will face severe challenges. As Bloomberg New Energy Finance trade and supply chain analyst Hales said, "China's dominant position in the battery supply chain means that American companies may be severely squeezed, and they will soon feel the pressure In addition, China's export control scope not only covers finished lithium batteries, but also involves key materials and manufacturing equipment. Bloomberg pointed out that currently, China accounts for about 96% of the global production capacity of positive electrode materials and 85% of the production capacity of negative electrode materials, which are essential basic raw materials for domestic battery manufacturing in the United States. Many battery factories in the southeastern United States will be affected by China's measures, "said Selena, the battery manager in charge of battery production at Tesla and Panasonic's Nevada Gigafactory. The Financial Times described the expansion of export restrictions on rare earths and batteries as highlighting China's comprehensive control over the key materials, components, and technology supply chains that support major global manufacturing industries. From rare earths to soybeans, and then to lithium batteries, China's countermeasures against tariff barriers and trade bullying precisely target the weak links in the US industrial chain. Behind this is the accumulation of China's agglomeration ability and technological evolution in the high-end manufacturing system, as well as one of the key variables in the reshaping of the global value chain.
7	**Cosco, OOCL incurred over $40 million in initial US port fees**	New US port fees targeting China's maritime industry cost Cosco Shipping and its OOCL subsidiary just over $42 million in the first week the fees were in place, according to vessel-tracking data detailing their US calls. Outside of those two carriers, the fees have largely fallen on one small China-based carrier and five small Chinese-built container ships, with those costs likely totaling a few million dollars. The early estimates coincide with prior forecasts of how much of the new port fees would fall on Cosco and OOCL, with their combined fee burden potentially reaching $2 billion in a year's time should no changes be made to the US fee structure. Vessel tracking data from Sea-web, a sister company of the Journal of Commerce within S&P Global, shows that eight Cosco-operated container ships and seven operated by OOCL made a US port call in Oct. 14–20. Oct. 14 was the first day that ocean carriers would be subject to the US Trade Representative's (USTR) penalties targeting China's maritime industry. The fees, which were the result of a USTR investigation started in 2024 and concluded earlier this year, are $50 per net ton for the first US port call of a Chinese-operated ship in the first year of implementation, with the levy escalating annually through 2028. Chinese-built ships operated by other carriers face the higher of either $18 per ton or $120 per container discharged. The 15 ships operated by Cosco and OOCL during the first week of the fees, most of which are post-Panamax size, had net tonnage of 855,718, Sea-web data shows. Based on the USTR fee schedule, that would equate to $42.8 million in fees for the ships on their initial port call. The size of each fee paid varied widely. The 13,800-TEU Cosco Shipping Jasmine, which called Savannah on Oct. 14, would have incurred a $4.2 million fee based on its net tonnage. The 4,253-TEU Felixstowe, also operated by Cosco, faced a $1.2 million fee due to its smaller size.
TP Market dynamics		**Source: Shipping Gazanette, S&P Global**
1	**Matson has stated that it will not impose any additional fees**	Matson, Inc. issued a "Customer Advisory" on October 11th, responding to the recent policy announced by China's Ministry of Transport regarding the imposition of a "special port fee" on U.S.-flagged vessels. In the statement, Matson indicated that its vessels will be subject to the new Chinese regulations; however, the company currently has no plans to adjust its existing China-U.S. express service schedules. Matson remains committed to providing the fastest and most reliable express shipping services from China and across the Pacific to the United States. Notably, Matson explicitly stated that it looks forward to continuing to deliver high-quality services to its customers in the future and will not levy any new additional surcharges on customers specifically for this fee.
2	**TS Lines quits the transpacific**	TS Lines will quit the transpacific trades from next month when it withdraws its single vessel operated on the Asia-US west coast (AWC) service that is jointly operated with SeaLead and KMTC. According to Linerlytica, an Asia-based consultancy, the 2,954 teu TS Tacoma will end its AWC rotation at Busan on 29 October and will be redeployed to the China-Australia CA3 service. The news comes as other niche players exit the transpacific as new US port fees kick in today and rates on the tradelane slide. Transpacific spot rates are down by around 60% year-on-year. China's Hede Shipping has also recently cut its exposure on the transpacific ahead of today's introduction of increased American port fees on China-linked tonnage.
3	**CMA CGM turns to India for six feeder newbuilds**	France's CMA CGM has signed a letter of intent with Cochin Shipyard Ltd (CSL) to build six LNG-powered feeder containerships, marking the first-ever order by a global liner operator at an Indian yard. The 1,700 teu vessels are valued at around $300m in total. A formal shipbuilding contract outlining technical and commercial terms will follow in the coming months, the Mumbai-listed builder said in a filing. "This is a mega order from a prominent European client," Cochin Shipyard said, although shipbrokers have already linked the Rodolphe Saadé-led world's third-largest container carrier to the deal. Sources close to the deal suggest the design is expected to draw on an existing HD Hyundai Heavy Industries platform, following Cochin Shipyard's cooperation agreement signed with the South Korean shipbuilder earlier this year. The order represents a major breakthrough for India's shipbuilding industry, long seeking to win contracts from major international carriers. It comes weeks after India's Cabinet approved a multi-billion-dollar support package aimed at expanding the nation's shipbuilding capacity and modernising domestic yards. CMA CGM first announced plans to order containerships in India in May, as part of its broader regional growth strategy. The company has a 34-year presence in India, employing around 17,000 people, and has been expanding its footprint in terminals and logistics. In recent months, the Marseille-headquartered liner has reflagged four containerships under the Indian flag and is investing in port infrastructure at Nhava Sheva Freeport Terminal (NSFT) near Mumbai and Mundra Port.

4	**Maersk diverts two US-flagged vessels from China**	Two container ships operated by Maersk on a transpacific service will no longer call Ningbo as Chinese port fees for US-flagged ships come into force. A Maersk customer advisory said it was implementing changes to its TP7 Transpacific services. The US-flag Potomac Express will no longer be calling the Port of Ningbo and instead call in South Korea before heading back across the Pacific. The Potomac Express will discharge Ningbo cargo in Busan where the cargo will be loaded onto other ships in the Maersk network, while Ningbo exports to the US will be loaded on the Maersk Luz and connect to the Potomac Express in Kwangyang on 24 October. For the US-flag Maersk Kinloss similarly Maersk said it would no longer call Ningbo with it discharging cargo for the Chinese port at a South Korean port and onwards to Ningbo via its network. “ Exports from or via Ningbo to the United States will be loaded on a shuttle, name to be provided, and tranship in South Korea,” Maersk said. China only announced its “Special Port Fee” for US owned, operated, and flagged vess
5	**HMM places $2.8bn newbuilding order**	HMM has confirmed boxship orders covered by Splash last week, as well as revealing it has signed contracts for a pair of VLCC newbuilds. South Korea’s flagship carrier has tasked HD Hyundai Heavy and Hanhwa Ocean to build a dozen LNG duel-fuelled 13,000 teu vessels while not revealing which yard will build the two VLCCs. Total outlay for the 14 ships comes in at KRW4trn ($2.82bn). HMM is the world’s eighth largest container carrier, and will shortly join an exclusive millionaire’s club – its fleet poised to break through the 1m teu mark. Last September, HMM unveiled expansion plans through to the end of the decade, setting aside a massive KRW23.5trn ($17.48bn) that will see its container fleet nearly double while its tanker and dry bulk fleets will triple in size come 2030. HMM has been repeatedly linked with acquiring local rivals. Not for the first time, local media are linking HMM this week with a bid for Polaris Shipping, the country’s third largest shipping firm by deadweight, best known for its fleet of giant very large ore carriers.

TP Trend forecasts

1	Container rates on the eastbound trans-Pacific posted increases, halting steady declines that have challenged lows from 2023. Rates from Asia to U.S. West Coast ports increased 18% to $1,687 per forty foot equivalent unit, according to the new Freightos Baltic Index, while prices to the East Coast prices increased 2% to $3,071 per FEU. Chinese Vice Premier He Lifeng is slated to meet with U.S. Treasury Secretary Scott Bessent this week in Malaysia, ahead of President Donald Trump’s convo with President Xi Jinping in South Korea at the end of the month. Beijing and Washington have been playing a Xenga-like game of tariffs and export restrictions. But the U.S. has granted an array of offsets for autos and exemptions for other strategic imports, while Trump recently acknowledged that soaring levies are “unsustainable”. The weaponization of ocean shipping and ports continues, though its immediate cost has been limited. Asia-North Europe prices were 13% better at $1,975 per FEU; Asia-Mediterranean rates edged up 1% to $2,147 per FEU.