TP report for week 47

	Summary	*Supplement*
TP News		**Source: enews@gccports.com, S&P Global**
1	**US, China clinch one-year trade truce, cut tariffs in rare earth deal**	The U.S. and China reached a one-year trade truce Thursday, with Presidents Donald Trump and Xi Jinping agreeing to scale back tariffs and suspend new export controls that had fueled months of economic tension. The agreement, announced after a 90-minute meeting on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit in South Korea, marks the first face-to-face talks between Trump and Xi since 2019. Under the deal, China will pause its planned export restrictions on rare earth minerals for a year, while the U.S. will reduce tariffs on Chinese goods to an average of 47%, including halving the fentanyl-related tariff to 10%. Trump called the meeting “amazing,” saying Xi agreed to “work very hard” to curb the flow of illicit fentanyl — a major driver of U.S. overdose deaths, according to Reuters. “It was an amazing meeting,” Trump told reporters aboard Air Force One shortly after he left South Korea, ranking the talks a “12 out of 10.” China also pledged to purchase 12 million metric tons of American soybeans through January and continue buying 25 million tons annually over the next three years, along with U.S. oil and gas. In return, Washington will delay for one year new restrictions on Chinese firms tied to U.S.-sanctioned entities and suspend planned measures targeting China’s maritime and shipbuilding sectors. Both nations also agreed to pause tit-for-tat port fees that had strained global supply chains. Despite the agreement, average tariffs between the U.S. and China will remain steep — roughly 47% on Chinese imports and 32% on U.S. exports to China.
2	**U.S.-China port fees to be suspended amid trade talks**	The United States and China have suspended costly fees on each other’s ships docking at their respective ports as negotiations continue on a new bilateral trade agreement. Washington first announced the fees in April, a move the Trump administration said was aimed at reviving domestic shipbuilding. A U.S. investigation found that Beijing had leveraged unfair trade practices to achieve a dominant position in the global maritime sector. The one-year break in port fees, which had gone into effect Oct. 14, came as President Donald Trump and Chinese leader Xi Jinping met for trade talks this week in South Korea. No other details were released. U.S. Trade Representative Jamieson Greer announced the suspension of port fees to media aboard Air Force One, and that the U.S. would continue its strategy to restart shipbuilding. Trump at the same time said that South Korea’s Hanwha conglomerate would build a nuclear submarine at its Philadelphia shipyard. The U.S. port fees, which targeted ships built and operated by China, had led to significant changes in global shipping. Carriers modified schedules and reassigned vessels to avoid the fees, while others re-flagged some vessels and at least one placed orders for new tonnage for the first time with shipbuilders in India.
3	**DP World lines up $5 billion investment program for India expansion**	Global terminal and logistics giant DP World is rapidly bolstering its Indian footprint in anticipation of demand growth amid trade diversification moves and other promising regional market dynamics. The Dubai-based company has committed a further $5 billion to expand its integrated supply chain ecosystems in India. The announcement came Thursday during a government-spearheaded maritime conclave in Mumbai. That fresh investment adds to the $3 billion DP World has already poured into the Indian market across marine terminal and multimodal logistics verticals, the company said in a statement. “DP World has been a part of India’s growth story for nearly three decades,” said group Chairman and CEO Sultan Ahmed bin Sulayem. “This new investment, combined with the strategic partnerships, reaffirms our commitment to advancing India’s maritime and logistics industry and cementing the nation’s position in global trade.” The group aims to tap new opportunities in coastal shipping, shipbuilding and repair, and other advanced freight service solutions. Coastal shipping development seems to be an emerging priority on DP World’s growth agenda for India, possibly by adding more locally flagged assets to subsidiary Unifeeder’s fleet. Unifeeder acquired Indian feeder line Shreyas Shipping in 2020. DP World subsidiary Drydocks World also plans to open a ship repair cluster at Cochin, looking beyond the port gates. DP World not alone in new Indian investment
4	**Year-long pause on US port fees targeting China vessels to start Nov. 10**	The year-long pause on US port fees for Chinese-operated or built ships, agreed to last week between US and Chinese officials, will start on Nov. 10, the White House announced Saturday. The move will pave the way for China to lift its retaliatory port fees on US-owned and controlled vessels, although there was no immediate response from Beijing whether its suspension of port charges will occur on the same day as the US action. But one Hong Kong-based analyst expected China to end its charges on Nov. 10 or shortly after, repeating what happened when China followed the US in imposing reciprocal port call charges on Oct. 14. During the 12-month pause in port fees, “the US will negotiate with China” over Beijing’s alleged dominance in the maritime, logistics and shipbuilding sectors, the White House statement said, without giving further details. Those talks would take place while the US continued “its historic cooperation with the Republic of Korea and Japan on revitalizing American shipbuilding,” the statement added.
5	**Soft demand in eastbound trans-Pacific overwhelms carriers’ GRI attempt**	A general rate increase (GRI) of approximately $800 per FEU implemented by ocean carriers this weekend on the Asia to US West Coast trade is already beginning to erode amid a fundamental lack of demand, forwarders and carriers say. “The load factor to the West Coast is really not that strong,” Chris Sur, executive director for global sales at logistics provider Glovis America, told the Journal of Commerce. The GRI, enacted on Saturday, showed some initial staying power, coming just days after the US and China reached a broad trade deal that partially rolled back some tariffs and set a one-year pause on reciprocal port fees. A carrier executive said that in the immediate aftermath of the agreement, some retailers wanted to begin pulling fresh cargo into the US quickly because of uncertainty over how long the truce would last. That strategy lent support to rates on the West Coast trade, and the new GRI. “There was a bit of pent-up demand, and the West Coast is the fastest route,” the carrier executive said. The GRI pushed the West Coast spot rate up to about $2,750 to $2,850 per FEU; the rate one week earlier was about $2,040 per FEU, according to Platts, a sister product of the Journal of Commerce within S&P Global. But the bullishness was short-lived, with sources saying the market had already begun to give up the GRI gains by Tuesday. Asia-US spot rates expected to lose recent gains Container spot rates from North Asia to US West and East coasts, in USD per FEU The rate moves for Asia to East Coast business were even more dramatic. Trans-Pacific carriers over the weekend attempted to impose a $1,000 per FEU GRI on shipments from Asia to the East Coast, but that GRI “completely collapsed,” a forwarder said. By Monday, the East Coast spot rate had dropped to about $2,750 to $2,850 per FEU — about the same level as the West Coast rate, a mark of parity that is highly unusual.
6	**US retailers throttle back on imports amid uncertain consumer sentiment**	US retailers are throttling back post-winter holiday restocking despite anticipating strong sales for the upcoming holiday season, planning to import less than 2 million TEUs monthly through March. The latest Global Port Tracker (GPT), published on Friday by Hackett Associates and the National Retail Federation (NRF), projected double-digit declines in imports for the rest of the year and no growth in early 2026, with volumes expected to fall steadily to 1.79 million TEUs in March. Months of frontloading explain the harsher-than-usual import slowdown for the final months of this year, but uncertain consumer sentiment and ever-changing US tariff policy are keeping retail inventories running lean. US container volumes, which initially rose earlier in the year thanks to cargo frontloading to avoid higher tariffs — surging 3.7% year over year in the first half — will end the year down 2.3% from 2024, according to the GPT. The Trump administration’s shifting tariff policy makes “market forecasting highly uncertain,” Ben Hackett, founder of Hackett Associates, said in a statement. “Our trade outlook is for a small decline in imports this year compared with 2024 and a further, larger decline in the first quarter of 2026,” he said. US imports this month and in December will plunge 14.4% and 19.9%, respectively, from a year ago, according to the GPT. The volumes compare poorly with the year-earlier period partly because cargo was frontloaded last year due to labor woes, notably a brief port strike along the US East and Gulf coasts. Strong sales, weak replenishing US retail sales this year will top $1 trillion, expanding approximately 3% to 4% from last year, according to a GPT analysis released Thursday. US consumer sentiment is weakening, however, with a preliminary November reading from the University of Michigan’s index showing weakness from October due to heightened concerns over the more than five-week government shutdown. In the face of mixed US economic signals and fluctuating tariff policy, US retailers have been playing it safe when it comes to restocking. US inventory-to-sales ratios for retailers have hovered between 1.28 and 1.32, according to the US Bureau of Economic Analysis, suggesting that despite the frontloading of imports in the first half of the year, importers are keeping stocks lean. That strategy seems to extend into 2026, when GPT forecasts imports will fall to 1.98 million TEUs in January and 1.85 million TEUs in February. US retailers keep inventories lean Ratio of US retail end-of-month inventories to monthly sales. A ratio of 2.5 indicates retail stores have enough merchandise on hand to cover 2.5 months of sales.
TP Market dynamics		**Source: China Shipping Gazette, S&P Global**
1	**Cosco cites falling freight rates, tariff woes for 56% drop in Q3 net profits**	lunging freight rates and US tariff policy led to a 56% slump in net profit for Cosco Shipping Holdings in the third quarter, the company said Thursday, as profits fell to $1.3 billion from $3 billion in the prior-year period. Revenue fell 20% to $8.2 billion between July and September, from $10.3 billion a year earlier, the container line and ports group said in a third-quarter report. “In the first three quarters of 2025, affected by the continuous spillover effects caused by [US] tariff policies, rising geopolitical uncertainties and weakening demand for global trade in goods, freight rates in the container shipping market continued to fluctuate,” Cosco said. China-based Cosco’s earnings came as Beijing and Washington announced a one-year pause in their reciprocal port fees as part of a broader trade framework that included a reduction in US tariffs on Chinese imports. For the nine months through September, Cosco said net profit fell 29% to $3.8 billion, while revenues slipped 4% to $23.6 billion. Cosco said revenue dropped on all trades except for domestic services, despite an increase in liftings on all services except the trans-Pacific. The worst affected trades were the trans-Pacific, where third-quarter revenue plunged 34% to $2 billion, and Asia-Europe, including the Mediterranean, which saw a 33% fall in revenue to $1.5 billion. Revenue from intra-Asia and Australia trades fell 14% to $1.9 billion in the third quarter. Most recent Shanghai-USWC spot rates down 55% year on year Shanghai to US West and East Coasts container spot rates (SCFI) Cosco’s total liftings in the third quarter climbed 5% to 6.9 million TEUs, although the trans-Pacific recorded a 4% fall in container volumes to 1.2 million TEUS. Cosco saw a 3% rise in liftings on Asia-Europe/Mediterranean services to 1 million TEUs, with 2% growth on intra-Asia services to 2.3 million TEUs. Meanwhile, Cosco Shipping Ports contributed $82 million to group net profit in the third quarter and $264 million in the first nine months, up 1% and 20%, respectively, year over year.
2	**ONE halves full-year net profit forecast on projected H2 loss**	Ocean Network Express (ONE) on Tuesday halved its full-year net profit forecast to $310 million, citing the negative impact of new vessel deliveries and economic uncertainty on freight rates and cargo demand. The revised figure, down from $700 million projected in August, includes a forecast net loss of $61 million for the second half of ONE’s 2025 fiscal year, which runs from October through March, the Singapore-based carrier said in its interim fiscal year second-quarter results. Full fiscal year revenue for the 12 months from April 2025 to March 2026 is now estimated at $16.5 billion, down from $17.1 billion. “The overall market environment may not prove as robust as initially projected,” ONE said in its earnings statement. “The global environment remains subject to significant uncertainties, including potential impacts from [US] tariffs and US Trade Representative actions.” The carrier said ongoing new vessel deliveries created an oversupply, leading to a sharp decline in spot rates on major East-West trades during the most recent quarter. It expected additional new vessel deliveries to “persist throughout the fiscal year, affecting overall market conditions.”
3	**MSC agrees to reflag 12 container ships in India in diversification push**	Mediterranean Shipping Co. (MSC) has become the latest major ocean carrier to invest beyond port-to-port shipping and inland logistics operations in India. The world’s largest liner operator has confirmed a program to reflag 12 of its container ships to the Indian registry, adding to the wave of recent similar flag changes already carried out by CMA CGM and Maersk. In a LinkedIn post Monday, MSC CEO Soren Toft said the planned Indian-flagged fleet operation “strengthens the company’s long-term partnership and support for India’s maritime ambitions.” “India is a key country for MSC, with continued strong development across shipping, ports and logistics,” Toft noted. Details of the vessels to be registered in India were not immediately disclosed. Efforts to seek comment from officials at MSC (India) were unsuccessful. Boost for New Delhi MSC’s reflagging move was another key industry investment commitment unfolded at the recent maritime summit in Mumbai. The migration of European carriers away from their traditional cost-saving foreign "flags of convenience" to India’s emerging market is seen as a major maritime boost for New Delhi as it vigorously seeks private investment to drive economic growth through a buildup of manufacturing and export verticals. Additionally, carrier collaborations with Indian shipbuilding yards are gathering pace, with the lead taken by Maersk and CMA CGM. MSC was reportedly weighing similar interest following Toft’s meeting with Indian government leaders earlier this year.

4	**Matson Q3 results beat expectations despite weak trans-Pacific market**	Matson on Wednesday reported third-quarter results well above expectations as premium pricing for expedited trans-Pacific freight offset lower volumes out of China. The Jones Act carrier posted Q3 earnings of $4.24 per share on total revenues of $880.1 million, which were down 28% and 8%, respectively, from the year-earlier quarter. But the results were much better than analyst estimates of $3.25 and $837 million, according to S&P Capital IQ Estimates. Despite a 12.8% drop in China container volumes during the period and a weaker spot freight market in the trans-Pacific, Matson Chief Executive Matt Cox said the carrier mostly held the line on premium pricing for its expedited services. While its overall vessel utilization had been hovering around 70% due to the US-China trade dispute, Cox said during an earnings call that dropping Matson’s rates was not likely to induce more demand. “The actions that are happening on (trans-Pacific) pricing now are really having zero impact on Matson's pricing,” he said. “We really are pricing on a totally different threshold, which is the customer who has cargo that needs to move fast, whether it's a late production or whether it's unforecasted demand.” Cox, meanwhile, said Matson has paid $6.4 million in port fees to China that began Oct. 14 but will be suspended under terms of the broad trade agreement announced last week between Washington and Beijing. Cox said the carrier was looking at an additional cost of $80 million per year without the truce.
5	**Maersk’s surprising strategy amid falling freight rates**	Maersk upgraded part of its guidance for full-year earnings despite weaker rates that hit profits in the third quarter. The world’’s second-largest liner operator (MAERSK-B.CO) on Thursday said revenue totaled $14.2 billion in the third quarter, down from $15.8 billion in the year-ago period. Earnings before interest, taxes, depreciation and amortization (EBITDA) was $2.7 billion, down from $4.8 billion, while earnings before interest and taxes fell to $1.3 billion from $3.3 billion a year ago. The Copenhagen-based company revised the lower limit of the range of its previous full-year expectations. EBITDA is now forecast at $9.0-$9.5 billion from the prior $8.0-$9.5 billion, while EBIT is seen higher at $3.0-$3.5 billion from $2.0-$3.5 billion. “We have delivered a strong third quarter across our business. Our performance reflects our ability to execute and continuously improve, as well as the trust customers place in us,” said Maersk Chief Executive Vincent Clerc, in a release. “The new East-West network has strengthened our ocean performance, delivering industry-leading reliability, higher volumes and lower costs. Terminals achieved another record quarter with strong volume growth, and logistics & services continued to enhance profitability. As market conditions fluctuate, we are well positioned to help our customers adapt and maintain stability across their supply chains,” Overall container volume grew 7%, ahead of the 3.7% market-wide increase. Improvement was strongest on east-west trades at 9.6%, while north-south traffic improved 4.4% and intra-regional by 5.4%. But ocean freight rates fell by 30.7% against an industry-wide decline of 24.9% as carriers struggled with the effects of higher tariffs and broader economic uncertainty. Maersk’s EBITDA margin was 19.5% and EBIT at 6.2%, a decrease from 36% and 25.5% y/y.