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Air cargo braces for impact as US restores duties on Chinese e-commerce

The US Customs and Border Protection clampdown on Chinese e-commerce imports is aimed at closing loopholes that allow illegal products to escape detection. Photo credit: Mark Van Scyoc / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Apr 3, 2025, 1:02 PM EDT

The Trump administration will eliminate duty-free treatment for low-value US imports from China and Hong Kong starting May 2 in a move that will be welcomed by shippers of general air cargo that have been punished by tight capacity and high rates for the past 18 months.

But any shipper celebrations over potentially lower rates will be tempered by concerns over border congestion at US airports due to the dramatic increase in shipments needing to be processed by US Customs and Border Protection (CBP).

The executive order signed by Donald Trump Wednesday is aimed at “deceptive shipping practices by Chinese-based shippers, many of whom hide illicit substances, including synthetic opioids, in low-value packages to exploit the de minimis exemption."

All postal items valued at or under $800 previously qualifying for the US' so-called "de minimis" exemption will become subject to a duty rate of either 30% of their value or $25 per item, increasing to $50 per item after June 1. Almost one billion US de minimis shipments last year were from China.

"The executive order mentioned the Secretary of Commerce announcement that 'adequate systems are in place to collect tariff revenue,' [but] it is hard to imagine that such capacity was built so quickly," Ram Ben Tzion, CEO of risk management firm Publican, said in a statement Thursday.

When the Trump administration removed low-value products from de minimis exemptions in February, the two million daily air cargo shipments from China caused the system to immediately back up. The exemption was quickly restored until CBP devised an appropriate inspection and duty collection system, which the US Department of Commerce says is now in place.

End in sight for never-ending peak season

A never-ending peak season driven by booming e-commerce demand on the Asia-North America trade lane — much of that cargo enjoying the de minimis exemption — increased volume by double-digit percentages last year, with the packages filling dozens of daily freighter flights out of China.

But the massive demand also pushed rates to levels not seen since the pandemic, hurting general air cargo shippers and those forced into the air when ocean carriers began diverting around southern Africa following the Red Sea attacks on commercial shipping that began in late 2023. Spot rates on the China-North America route have averaged $5.40 per kilogram for the past 18 months, almost double the average for pre-pandemic 2019.

Should the duties charged on low-value imports from China drag down demand for e-commerce in the US, a significant amount of freighter capacity will be released back into the market and bring down spot rates. But those duties will also impact the air cargo transport models adopted by the Chinese online marketplaces.

"This will disrupt and possibly eliminate many of the e-commerce giants' ability to do business, as well as many logistics operators who provide services and capacity," Tzion said.

The main Chinese e-commerce platforms — Temu, Shein and Tik Tok — contract space directly with airlines, bypassing the global forwarders that mostly handle relatively small e-commerce volume. But they also have already established huge distribution centers in the US and Europe as they shift from an air cargo-focused approach to a more traditional fulfilment model using mostly ocean shipping.

Cross-border e-commerce has evolved as the major driver for global air cargo demand growth in recent years. China-US e-commerce shipments alone account for nearly half of the cargo capacity on the eastbound corridor and about 6% of global air freight demand, rate benchmarking platform Xeneta noted in a statement Thursday on the US de minimis announcement.

Difficult to plan in ‘crazy environment’

Holger Ketz, global head of network and carrier management at Swiss logistics giant Kuehne + Nagel, told the *Journal of Commerce* in a recent interview that although the forwarder has low single-digit e-commerce business, “we are still operating in the same market.”

“If suddenly there is no demand from e-commerce customers anymore, it will have an impact on our own operated fleet because with falling demand our yield will go down,” Ketz said.

That was a point made by Niall van de Wouw, Xeneta’s chief air freight officer, in the company’s statement.

“It’s a crazy environment, left and right,” he said, adding that the market anxiety and uncertainty was not good for any players in the air cargo supply chain — producers, consumers, airlines or forwarders.

“No one is benefiting from this situation because it’s impossible to plan effectively against a moving target,” van de Wouw noted. “Clearly, everyone will be waiting to see how the removal of the de minimis threshold and all the global tariffs already announced and those still to come will impact trade, as well as how quickly there will be less demand and, consequently, less air freight.”

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