

# Air cargo rates tumble as market adjusts to looming 'de minimis' changes



*Spot air cargo rates from Shanghai to the US declined 29% in February compared with the previous month. Photo credit: Cathay Pacific.*

**Greg Knowler, Senior Editor Europe | Mar 10, 2025, 11:28 AM EDT**

Air freight rates from China to the US have fallen sharply since Lunar New Year as the traditional post-holiday slump combined with mounting uncertainty over the impact of a US clampdown on low-value products under the “de minimis” threshold.

While the steep decline in spot prices has moderated into March, average rates from Shanghai to the US were down 29% in February compared with the previous month in response to the regulatory and political messages emanating from the White House, according to Niall van de Wouw, chief air freight officer at rate benchmarking platform Xeneta.

“From the conversations we are hearing, some shippers are clearly looking for ways to minimize the impact of US tariffs, while others will be anticipating lower air freight rates if e-commerce volumes show a sustained dip,” van de Wouw noted in Xeneta’s latest market update.

Strong e-commerce demand last year filled all available air freight capacity out of China and kept the industry in peak season mode, but recent US moves to clamp down on low-value Chinese imports have rattled the market. De minimis regulations in the US allow one shipment of less than \$800 in value to move between a single shipper and single consignee per day, duty free.

China accounted for two-thirds of the 1.36 billion de minimis imports last year. When the Trump administration removed low-value products from de minimis exemptions in February, the system immediately backed up, forcing the exemption of low-value imports to be restored until an appropriate inspection and duty collection system can be devised.

Alan Beacham, managing director of global forwarder Toll Group, said the market experienced huge disruption when low-value shipments were excluded from the de minimis rules last month.

“I don't think any of us were ready to experience what happened in those three or four days where a million and a half parcels were on the ground in Chicago and five to seven million parcels across the US,” Beacham told an air cargo panel last week at the *Journal of Commerce*’s TPM25 conference in Long Beach.

“That was within three days. Imagine if it continued for a month and all that cargo would have to be cleared through US customs,” he said. “E-commerce will continue to grow, and the complexity around the intersection with tariffs and the intersection with customs is creating uncertainty as to how that will play out.”

## Shifting from air to ocean

Kathy Liu, vice president of global sales and marketing at Taiwan-based Dimerco Express Group, said the air cargo market slowed significantly after Jan. 20 following the de minimis policy announcements from the Trump administration.

"This led to e-commerce platforms canceling charters, disrupting the supply and demand balance," she wrote in a March update. Liu said although e-commerce “will not disappear,” it is shifting from a business-to-consumer (B2C) model to a more traditional fulfilment model that will reduce air freight demand as more shipments move to ocean freight.

Xeneta forecasts air freight growth of 4% to 6% in 2025 following the strong performance in 2024 when volume grew 12%. But the growing trade tensions have placed “a big question mark” over the outlook, van de Wouw noted in his market update.

“This is a situation completely outside of the control of the air cargo market, and there’s a great deal of noise, which is adding to stakeholders’ anxiety,” he said. “The issue is no one knows what the end game is and what’s going to happen from a regulatory perspective and how this will impact consumer confidence.”

While any dip in demand from a regulatory clampdown on low-value imports into the US may temporarily ease capacity pressures, long-term structural challenges — such as aging fleets, slow production and regulatory hurdles — will keep the market tight, according to air cargo consultancy Cargo Facts.

“The near-term future of air cargo remains uncertain, with shifting trade policies and supply chain challenges shaping the industry,” Cargo Facts wrote this week in the latest Baltic Air Index market outlook.

“On one side, rising trade tensions and new tariffs are slowing demand in key areas like trans-Pacific e-commerce,” the consultancy wrote. “On the other hand, delays in aircraft production and freighter conversions mean supply growth may not keep up, creating potential capacity shortages in the coming years.”

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