

Prepare for period of 'panic' in trans-Pacific air cargo market: Tiaca



Shippers are negotiating air freight contracts of three months or less because of the uncertain trans-Pacific market. Photo credit: Boophuket / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Apr 7, 2025, 2:57 PM EDT

A period of “panic” is likely to unfold over the next three weeks on trans-Pacific air freight markets as cargo owners try to get shipments into the US before the duty-free exclusion for low-value imports ends on May 2, according to The International Air Cargo Association (Tiaca).

But the initial flurry of activity will be followed by a drop in demand for both general cargo as tariffs slow trade volume and e-commerce from China and Hong Kong no longer enjoys duty-free treatment, Tiaca Director-General Glyn Hughes told the *Journal of Commerce* Monday.

“We can expect a lot of panic and advance purchases by consumers, so movements could increase over the next three weeks,” Hughes said. “Thereafter, the extra costs involved for the relatively low average-value shipment, believed to be in range of \$50 to \$60, will likely result in less e-commerce shipments on Asia to US routes.”

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 from May 2, increasing to \$50 per item after June 1. Almost one billion US de minimis shipments last year were from China.

A spokesperson for Kuehne + Nagel said their trans-Pacific air freight volume was increasing in line with a usual “end-of-quarter rush” and it was not clear what influence the US low-value measures were having on demand.

As companies evaluate the economic viability of their products under the new tariff regime, the overall general air cargo market from Asia to the US is also likely to suffer a downturn, Hughes noted.

“We could see a drop in overall volumes of general cargo from all Asia origins as they have been hit particularly hard with tariff rates between 24% and 54%, depending on origin,” he said, adding that the downturn will have a knock-on impact on the deployment of freighters.

“It would be reasonable to expect the current freighter capacity deployed on Asia-US to be redeployed on other trade lanes to avoid significant drops in load factors and rates,” Hughes said.

“We are in a period of transition as new economic partnerships will get forged as producers and consumers seek to protect themselves from inevitable tariff induced price rises,” he added.

Short-term approach to contracting

While the trans-Pacific market waits to see the response from US importers to the widespread tariffs, the uncertainty is playing out in air cargo contracting behavior on the China-US trade lane.

Niall van de Wouw, chief air freight officer at rate benchmarking platform Xeneta, said the latest air cargo market data reflected the cautious “wait-and-see” approach being adopted by industry stakeholders.

Shippers negotiating contracts in the first quarter preferred shorter-term agreements of three months or less, representing 79% of contracts negotiated, an increase of

nearly 20 percentage points year over year. Forwarders continue to place approximately 45% of their volumes in the spot market.

“With the growth of rates slowing overall, we’d normally expect to see shippers making longer capacity commitments to achieve more competitive rates, but right now, this is clearly a gamble few shippers are ready to take — and this is before we’re even seeing tariffs impacting volumes,” van de Wouw said in Xeneta’s latest market update.

Average rates from Shanghai to North America were at \$5.54 per kilogram this week, up 20% since the beginning of March and the third consecutive week the rate has been above \$5/kg, according to the Baltic Air Index.

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