

## Proposed US tax on Chinese ship calls could pressure intermodal networks



*Efforts to boost rail options at smaller ports along the US East and Gulf coasts would be hurt if fewer ocean container services called those locations. Photo credit: Roy Harris / Shutterstock.com.*

Ari Ashe, Senior Editor | Mar 11, 2025, 3:22 PM EDT

If a Trump administration proposal to tax Chinese-built and -operated ships calling at US ports is enacted, the nation's Class I railroads could face the challenge of attempting to move cargo through fewer entry points without disrupting service, railroad executives said Tuesday.

Executives from CSX Transportation and Union Pacific Railroad (UP), speaking at the J.P. Morgan Industrials Conference, said while they could accommodate a shift toward larger ports, it would not come without "significant" disruption.

"Certainly, this potential port fee that could come into play would have a significant disruptive impact," said CSX CFO Sean Pelkey. "If there's more consolidation at ports

that we serve and there's more volume that wants to come into those ports, that's a good thing. We can be a part of the solution for that. But it could also result in more congestion as well, which could have significant disruptive effects."

Congestion on the rail network is a key concern.

During last year's peak shipping season, service disruptions on the US West Coast coincided with double-digit percentage growth in cargo volume. In October, 795 of UP's loaded intermodal railcars sat idle for at least 48 hours, according to the US Surface Transportation Board. That same month, UP's average intermodal train speed fell to 27.9 miles per hour during the week of Oct. 9–16, its slowest week since 2019.

Mediterranean Shipping Co. CEO Soren Toft said at TPM25 last week that it would no longer be economically viable for carriers to call smaller US ports if the Trump plan was implemented, something echoed by UP CEO Jennifer Hamann.

"It does lend preference to the larger ports...", Hamann said at the J.P. Morgan event.

Eric Gehringer, Union Pacific's executive vice president of operations, said recent capital investments have given the railroad the flexibility to absorb volume shifts from smaller ports such as Oakland to major gateways such as Los Angeles.

"[In] Inland Empire, we've been able to add another 70,000 lifts last year and we're going to add in even more than that this year," Gehringer said at the J.P. Morgan event. "If you think about the whole intermodal network in total over the last handful of years, we've added in almost 1 million lifts across our network. We've been building in this capacity, and we'll be able to handle that volume."

According to a *Journal of Commerce* analysis of data from the Intermodal Association of North America, approximately 10,000 to 15,000 ocean containers move by rail each year from Oakland to Chicago, similar to the volume from the Port of Mobile and the Port of Philadelphia to Chicago.

By comparison, BNSF Railway and Union Pacific haul that same volume from Southern California to Chicago every 10 to 14 days.

There are no other rail-served routes handling more than 10,000 international loads annually from ports in Jacksonville, Mobile, New Orleans, Philadelphia or Wilmington, North Carolina.

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