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Toll of US tariffs begins to emerge on unsettled trans-Pacific

Rising demurrage at major US ports signals greater uncertainty about demand, with cargo owners and consignees in no rush to receive inbound containers. Photo credit: Joseph Paguio / Shutterstock.com.

Mark Szakonyi, Executive Editor | Aug 19, 2025, 4:06 PM EDT

The true toll of US tariffs on China is just beginning to be felt on the trans-Pacific.

Months of frontloading that drove an earlier peak season have come to an end, and US retailers are pulling back on ordering for the rest of the year in the face of a slowing US economy and higher tariff costs. Shippers and consignees are also racking up stiffer demurrage and storage bills because demand uncertainty is slowing their pickup of containers from marine terminals.

Journal of Commerce Analysis

A sense of uncertainty — if not alarm — about future demand and tariff levels on China has slowed, and even paralyzed, some orders from small and medium-sized importers, four veteran forwarders told the *Journal of Commerce*. While China bookings haven't cratered as they did in April when the Trump administration temporarily raised the US tariff level to 145%, forwarders warn of a renewed weakness in the market caused by more than just the end of peak season.

Laden volumes from Asia to the US in July surged to a six-month high as shippers moved product ahead of August tariff deadlines. And while US imports are forecast to be up 5.8% year over year in August, according to the latest Global Port Tracker (GPT), the rest of the year looks dismal. Volumes from September through December are expected to be down at least 20% year over year each month.

Granted, volumes were elevated last year due to the threat of a labor strike on the East and Gulf coasts, but the current malaise is more than just tough 2024 comparisons. Small importers in particular are finding it harder to eat higher tariff costs, hampering orders as they try to push price increases onto consumers or back onto suppliers.

Importers passing prices to consumers

An index measuring the likelihood of US small business owners to increase prices hit its highest level in July since March 2024, according to the National Federation of Independent Businesses. A US Census Bureau survey of all US businesses, excluding farms, came to a similar conclusion, with 34% of respondents in late July saying they would increase prices over the next six months. Two weeks earlier, that figure was 29%.

Even Home Depot, the second-largest US importer as measured by volume in 2024, is having to increase prices modestly. The company told investors Tuesday that while it had pledged in May not to increase prices due to tariffs, the tariff levels have since increased.

August tends to be a strong year for inbound volumes, but not this year, said one executive for a forwarder that serves big box importers and a top online retailer. Because of tariff uncertainty, the seasonality of the inbound trade "is out the window," the source said.

"We're feeling the pinch," he said. "I think we've got a couple rough months ahead."

Demurrage levels on the rise

Customers importing lower-value goods have even begun abandoning containers as the cost of the tariffs outweighs what the items can be sold for. Even those who tapped bonded warehouse space face the prospect of no more reprieves in tariffs — and a hefty storage bill, the forwarder source said. Other customers are shifting toward origin-controlled cargo, in which the seller bears all shipping and customs costs until it delivers the goods to the buyer, he said.

Rising demurrage levels at major US ports also speak to increased deterioration in the trans-Pacific market. Demurrage levels have been rising all year but spiked in July to an average of 8.1 days, up from 3.8 days in January, according to data from transportation management visibility software vendor GoComet.

While shipper customers of GoComet say erratic vessel reliability is playing a role in higher demurrage bills, tariff uncertainty is the main driver.

Beneficial cargo owners (BCOs) “are either rushing orders to get ahead of tariffs or, more critically, canceling orders while cargo is already on the water,” said Lakshya Sharma, head of growth at GoComet. “This leaves them with containers at the destination that have to be held or rerouted, which directly results in demurrage.”

Part of that uncertainty is that some importers aren’t confident that the 55% tariff rate agreed upon between the US and China in an initial framework of a trade deal won’t be adjusted again when the since-extended tariff truce expires Nov. 10, said the forwarder source, who predominantly serves Chinese exporters. That has led to dribs and drabs of replenishment.

“Customers are doing crazy types of operations to sustain their businesses,” he said. “Some customers have [even] stopped ocean shipping and have gone to small parcel.”

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