FEBRUARY 2025

MARKET UPDATE

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CONTENTS

OCEAN FREIGHT UPDATE

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KEY HEADLINES

- February is predicted to be a typically slow month with rates falling in a post Chinese New Year market on the Asia – Europe trade lane.
- Red Sea return for container ships likely at some point but uncertainty remains with the second-round peace talks for Gaza set to commence.

OCEAN FREIGHT GLOBAL MARKET OVERVIEW

February is predicted to be a typically slow month with rates falling in a post Chinese New Year market on the Asia – Europe trade lane.

Following the surge in volume ahead of Chinese New Year, February marks the beginning of a market cooldown. With factories in Asia slowly resuming operations, full production capacity is not expected until the end of the month, keeping demand low. As a result, rates on the Asia-Europe trade lane are falling, driven by weakened post-holiday demand. This decline has prompted carriers to consider further blank sailings, continuing the trend of capacity management seen in previous months. A significant factor influencing rate stability in the coming months is the Hamas-Israel ceasefire and the Houthi declaration to halt attacks on shipping. If stability holds, carriers may resume transiting the Suez Canal, easing pressure on longer alternative routes. However, this could trigger an overcapacity crisis as vessels return to their original schedules. Additionally, analysts predict that a sudden return to Suez could cause temporary port congestion in Europe, adding further complexity to supply chain planning. With these factors in play, market conditions remain fluid, and shippers will need to monitor developments closely to anticipate potential disruptions. Despite the softer market, carriers remain committed to fleet expansion with French carrier CMA CGM placing an order for 12 LNG dual-fueled 18,000 TEU vessels for around 2.6 billion USD. This move brings their orderbook to over 1.3 million TEU, potentially narrowing the gap between CMA CGM and Maersk Line in the global rankings.

Red Sea return for container ships likely at some point but uncertainty remains with the second-round peace talks for Gaza set to commence.

Speculation continues in the shipping industry on when vessels will return to the Red Sea and Suez Canal. The Suez Canal Authority expects recovery by late March, while carriers such as Maersk predict a return in the second half of 2025. Much depends on the upcoming peace talks for Gaza. The first phase of the ceasefire has held, but tensions remain high. Saudi Arabia insists on a Palestinian state for peace, and the Houthis have threatened renewed attacks if the ceasefire collapses. Suez Canal transits remain low, with about 32 ships passing daily, far below the peak of 75. Efforts to increase capacity continue, with new two-way traffic lanes completed. Some vessels are cautiously returning,

> **“If stability holds, carriers may resume transiting the Suez Canal, easing pressure on longer alternative routes.”**

Steve Ireland,
Director of Surface Freight Operations
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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

including a Liberian-registered tanker that was attacked last July which made a successful return to the canal.

Maersk and Hapag- Lloyd's Gemini Service set to launch on February 1.

The Gemini Cooperation marks a bold move by Hapag-Lloyd and Maersk to reshape global container trade. While increased reliability, sustainability, and digitalisation are promised, the partnership's long-term impact on competition and pricing remains to be seen. When all vessels are fully phased in to the new schedule by June 2025, the alliance will boast 57 services and a capacity of 3.7m TEU on around 340 vessels. Maersk are confident that it's key South-East Asia hub of Tanjung Pelepas will handle the pressure of being the most important global hub in the upcoming Gemini Cooperation network. Tanjung Pelepas has the most calls of any port in the Gemini Service and it's performance is critical maintaining schedule reliability. It is believed that Evergreens recent joint venture terminal agreement with PSA Singapore will also open up space in for the Gemini Service in Tanjung Pelepas.

INDIAN SUBCONTINENT

The ocean freight market is expected to experience volatility due to ongoing disruptions and evolving dynamics.

Factors such as potential port strikes in the U.S., shipping alliance restructures, and geopolitical tensions may impact freight rates and availability. While container freight rates have weakened compared to last year, they remain significantly higher than pre-pandemic levels

HMM's INX Service-Starting on February 5, 2025, HMM will launch the India North Europe Express (INX) service. This weekly maritime service will connect Western India directly to Northern Europe, with a round-trip schedule of 11 weeks. Ports included in the rotation are Karachi, Hazira, Mundra, Nhava Sheva, Colombo, London Gateway, Rotterdam, Hamburg, Antwerp, and back to Karachi. This service aims to enhance India's international trade capabilities and facilitate exports and imports more efficiently

The Directorate General of Foreign Trade (DGFT) updated India's export policy on January 13, 2025, revising Schedule II to include detailed conditions for all merchandise goods. This change aims to streamline export processes by adopting an 8-digit ITC-HS code system for clearer classification of goods, thus improving ease of business and aligning with international standards.

"The Gemini Cooperation marks a bold move by Hapag-Lloyd and Maersk to reshape global container trade. "

Shruti Jain,
Senior Regional Global Manager
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AIR FREIGHT UPDATE

KEY HEADLINES

- Air freight rates remain stable post-Chinese New Year on Far East to UK and Europe routes.
- President Trump has signed three executive orders to impose tariffs on imported good from Canada, Mexico, and China.
- The Indian government plans to inaugurate eight new airports and terminals in the first half of 2025.

AIR FREIGHT GLOBAL MARKET OVERVIEW

With Chinese New Year running to 5th February, and many factories not starting production again until w/c 10th , volumes from China and Hong Kong are not expected to pick up until the middle of the month. Many freighter flights have been cancelled across the period leaving belly hold on passenger flights to soak up cargo still moving. We would expect a steady increase in rates through to March as output returns to normal levels.

Southeast Asia has its own holidays in place, and it is also impacted by the holiday in China as import and transhipment cargo slows. Similarly, the ISC, which buys a lot from China, has seen some drop in volume and globally air freight demand will have seen a short term drop which will start to pick up again in the coming weeks.

The actual, China, and threatened, Canada; Mexico and EU, tariff implementations in the US are creating some confusion and are likely to have an impact on trade and transport, though many businesses are waiting to see exactly what is implemented they will be running the impact of scenarios in the background. We can expect more of this to become clear in the next weeks and we will do our best to keep you updated with the consequences which may affect you and offer solutions where possible.

Air freight rates remain stable post-Chinese New Year on Far East to UK and Europe routes.

However, there is growing caution in the market as the sector continues to rely heavily on e-commerce, which has seen a notable decline in volumes since the start of the year. While some of this drop may be attributed to typical seasonal trends following the holiday peak, there are broader concerns about underlying economic factors affecting demand. One key factor is the impact of the ongoing “Trump Tax” implications in the U.S., which are creating a ripple effect across global e-commerce supply chains. With increased tariffs and regulatory uncertainties, businesses reliant on cross-border e-commerce—particularly those exporting from Asia—are facing higher costs and disruptions. This has contributed to a slowdown in air freight demand, particularly in markets that heavily depend on direct-to-consumer shipments. As a result, while air freight rates remain stable for now, the sustainability of this stability remains uncertain. Market players will be closely watching how e-commerce demand evolves in the coming months, alongside potential policy changes in the U.S. and other key consumer markets.

“We would expect a steady increase in rates through to March as output returns to normal levels.”

Leighton Bonnett,
Director of Airfreight
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AIR FREIGHT GLOBAL MARKET OVERVIEW

The Trump tariff war begins as the USA starts to impose tariffs on good from China, Mexico and Canada.

President Trump has signed three executive orders to impose tariffs on imported good from Canada, Mexico, and China. The order will impose a 25% tariff on most goods from Canada and Mexico, which was subsequently put on hold after Trump agreed to a pause of 30 days with both countries as talks continue. A further 10% tariff has been implemented on all imports from China. China has announced in retaliation similar tariffs on US exports to the value of $21.2 billion with tariff increases of up to 15% set to come into effect in February as the tariff war continues.

UK expansion plans laid out at both Heathrow and Gatwick airports.

UK chancellor Rachel Reeves has confirmed the government's backing of plans to add a third runway at Heathrow Airport. In a speech on economic growth, Reeves said that a third runway is "badly needed" and added that a decision on the development "could not be ducked any longer". Reeves believes the development of a new runway could create 100,000 jobs. The government will invite proposals for the new runway to be brought forward by the summer. A full assessment of the proposals will then take place through the airport national policy statement. The biggest unknown is the project's price tag. A third runway at Heathrow would be one of the most expensive private sector infrastructure projects in the UK. The estimated cost was £14bn in 2014, but that number would now be far higher. London Gatwick Airport and the London Chamber of Commerce are calling on the UK government to approve plans to put its northern runway into regular use to help boost trade. The airport's plans are currently with the government waiting for approval. If given approval, Gatwick figures show this would bring in an additional 60,000 flights per year and boost cargo volumes to 161,500 tons by 2038 compared with 61,000 tons in 2023 and more than double 2019 level, its busiest year in terms of flight numbers.

"UK chancellor Rachel Reeves has today confirmed the government's backing of plans to add a third runway at Heathrow Airport."

Myles McGeown,
Regional General Manager
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AIR FREIGHT GLOBAL MARKET OVERVIEW

INDIAN SUBCONTINENT

Ex ISC space & pricing outlook for Feb,2025 is stable due to Chinese New Year but will start to pick up towards the Feb end.

The Indian government plans to inaugurate eight new airports and terminals in the first half of 2025. These will be in Goa, Patna, Prayagraj, Jodhpur, Hirasar (Rajkot), Satna, Datia, and Thoothukudi. Notably, the new terminal at Goa's Dabolim Airport is expected to be completed by March 2025, while expansions at Patna, Prayagraj, and Jodhpur airports are set to finish by June 30, 2025. Scheduled to commence operations on April 17, 2025, Jewar International Airport is set to become Asia's largest airport and is a critical part of India's aviation expansion strategy.

"Jewar International Airport is set to become Asia's largest airport and is a critical part of India's aviation expansion strategy."

Shruti Jain,
Senior Regional Global Manager
shj@ugroup.co.uk

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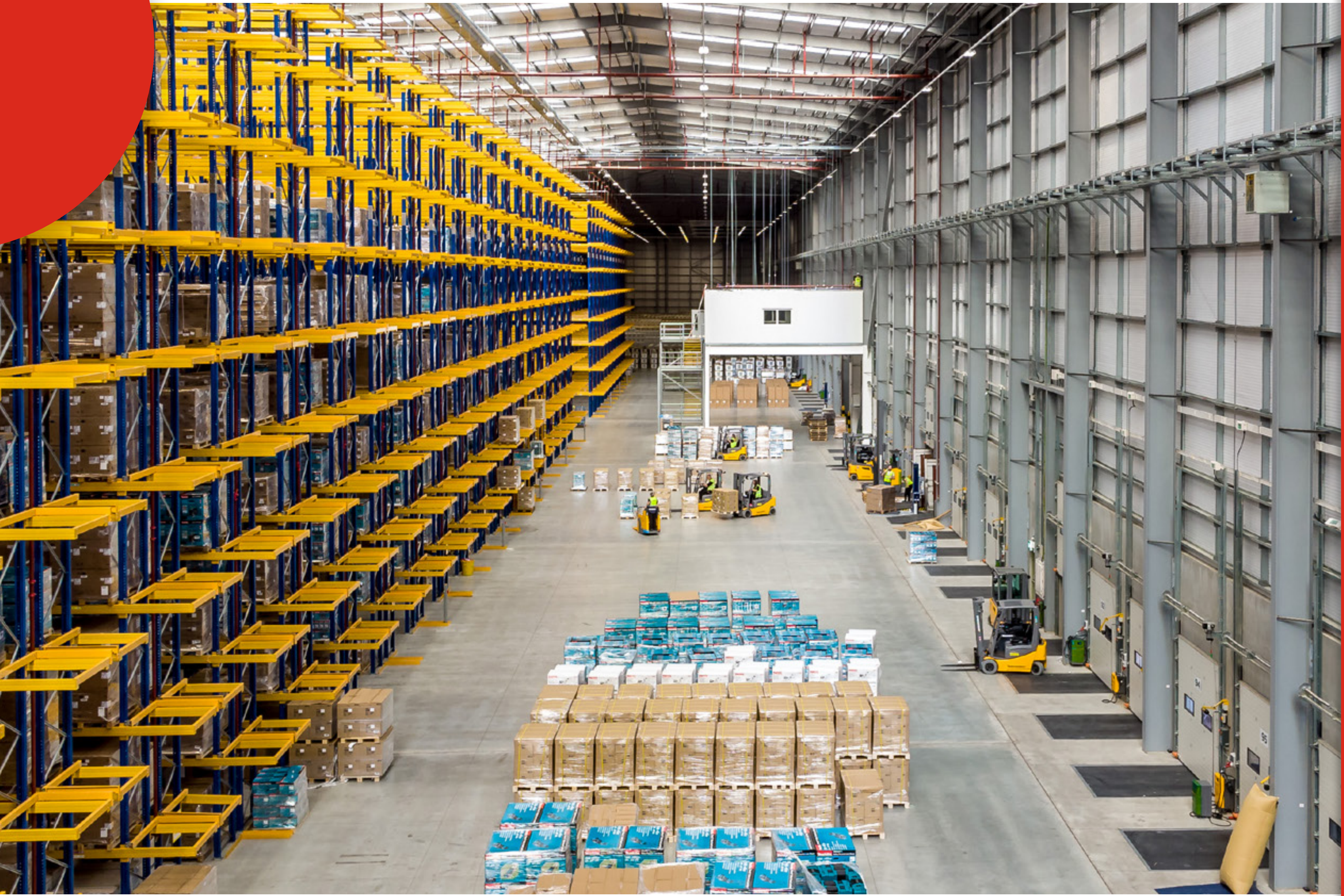
WAREHOUSING & TRANSPORT UPDATE



KEY HEADLINES

- A leading name in premium bathroom design, is taking advantage of Uniserve Tilbury's ad-hoc storage solutions.
- Uniserve Transport continue to make significant strides in delivering innovative and dependable logistics solutions across the UK.

WAREHOUSING & TRANSPORT MARKET OVERVIEW

Leading Bathroom Fittings supplier Utilises Uniserve Tilbury for Ad-Hoc Storage Needs

A leading name in premium bathroom design, is taking advantage of Uniserve Tilbury's ad-hoc storage solutions to efficiently manage inventory overspill. Known for their innovative and stylish bathroom products, the company often faces fluctuations in demand, requiring a flexible storage partner to ensure seamless operations.

Uniserve Tilbury's strategic location near major transport hubs and its scalable storage facilities provide the perfect solution for excess inventory. This partnership enables the customer to store their high-quality products—ranging from luxury taps and showers to modern furniture and accessories, in a secure and easily accessible environment without committing to long-term storage contracts.

The ad-hoc storage opportunity has allowed the customer to remain agile in meeting market demands while maintaining their commitment to delivering exceptional products on time. By leveraging Uniserve's logistics expertise, they can focus on enhancing their customer experience and driving growth without the constraints of space limitations.

This collaboration highlights how strategic storage solutions can empower businesses to maintain operational efficiency and continue setting benchmarks in the bathroom industry.

Uniserve Transport

Uniserve's Transport Department continues to make significant strides in delivering innovative and dependable logistics solutions across the UK and beyond. With a relentless focus on efficiency, sustainability, and technological advancement, we're proud to remain at the forefront of the industry.

Latest Highlights:

1. **Fleet Optimisation:** Uniserves state-of-the-art vehicles, are designed to enhance delivery speed and reliability. This underscores our commitment to meeting increasing customer demand with precision and care.

"The ad-hoc storage opportunity has allowed the customer to remain agile in meeting market demands while maintaining their commitment to delivering exceptional products on time."

David Barry,
Director of Warehouse & Transport
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WAREHOUSING & TRANSPORT MARKET OVERVIEW

2. **Green Logistics Initiatives:** Our dedication to sustainability has driven the adoption of low-emission and electric vehicles within our fleet. These initiatives not only align with global environmental goals but also ensure we provide greener logistics solutions for our clients.
3. **Cutting-Edge Technology Deployment:** We continue to invest in advanced logistics technology, including real-time tracking and predictive analytics. These tools provide clients with greater visibility and control over their shipments while improving operational efficiency.
4. **Weather-Resilient Operations:** Despite seasonal challenges, Uniserve's proactive planning and contingency measures have minimised disruptions. Our teams remain vigilant and prepared to tackle adverse conditions, ensuring seamless transport services.

Looking Forward

Uniserve is committed to shaping the future of transport and logistics through innovation, adaptability, and a customer-centric approach. As we continue to grow, we aim to set new standards in service excellence, environmental responsibility, and technological innovation.

"Uniserve's proactive planning and contingency measures have minimised disruptions."

EUROPEAN TRANSPORT UPDATE

UNIeurope

KEY HEADLINES

- EU Member States have agreed to a two-month grace period for retrofitting Smart Tachograph Version 2 in vehicles.
- The Netherlands has introduced zero-emission zones (ZEZs) in 14 cities, including Amsterdam, Rotterdam, Utrecht, and The Hague, with plans to expand to 30 cities by 2030.
- Romania's RO e-Transport system, requires hauliers to equip their vehicles with GPS systems to transmit location data by 31 March 2025.

EUROPEAN TRANSPORT MARKET OVERVIEW

EU agrees on grace period for tachograph retrofitting

EU Member States have agreed to a two-month grace period (January 1 to February 28, 2025) for retrofitting Smart Tachograph Version 2 in vehicles. This decision prevents disruptions to cross-border transport and EU supply chains while offering operators additional time to comply.

During this grace period, transport operators who have not yet retrofitted their vehicles will not face sanctions. Instead, efforts will be made to further raise their awareness of the retrofit requirement.

Zero-Emission zones in the Netherlands from 2025

Starting January 1, 2025, the Netherlands has introduced zero-emission zones (ZEZs) in 14 cities, including Amsterdam, Rotterdam, Utrecht, and The Hague, with plans to expand to 30 cities by 2030. These zones aim to improve air quality and reduce CO_2 emissions by allowing access only to zero-emission vehicles, such as those powered by electricity or hydrogen.

Diesel-powered delivery vans with an emission class lower than Euro 5 are prohibited from entering these zones. To facilitate adaptation, a phased approach is in place:

To complete entry declarations, you will need access to:

- Euro 5 delivery vans are allowed until January 1, 2027.
- Euro 6 delivery vans until January 1, 2028.
- Certain Euro 6 trucks have access until January 1, 2030, depending on their age and type.

Cameras at the boundaries of each zone monitor vehicle license plates. Unauthorized vehicles entering a ZEZ will automatically receive fines by mail. To help businesses adapt, the Dutch government provides subsidies for zero-emission vehicle purchases and promotes city hubs for sustainable last-mile delivery.

Romania's RO e-Transport System: Deadline for GPS compliance extended to 31 March 2025

Romania's RO e-Transport system, designed to improve the monitoring of road transport and ensure tax compliance, requires hauliers to equip their vehicles

"EU Member States have agreed to a two-month grace period for retrofitting Smart Tachograph Version 2 in vehicles."

Lauren Liddell,
European Network Development Manager
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EUROPEAN TRANSPORT MARKET OVERVIEW

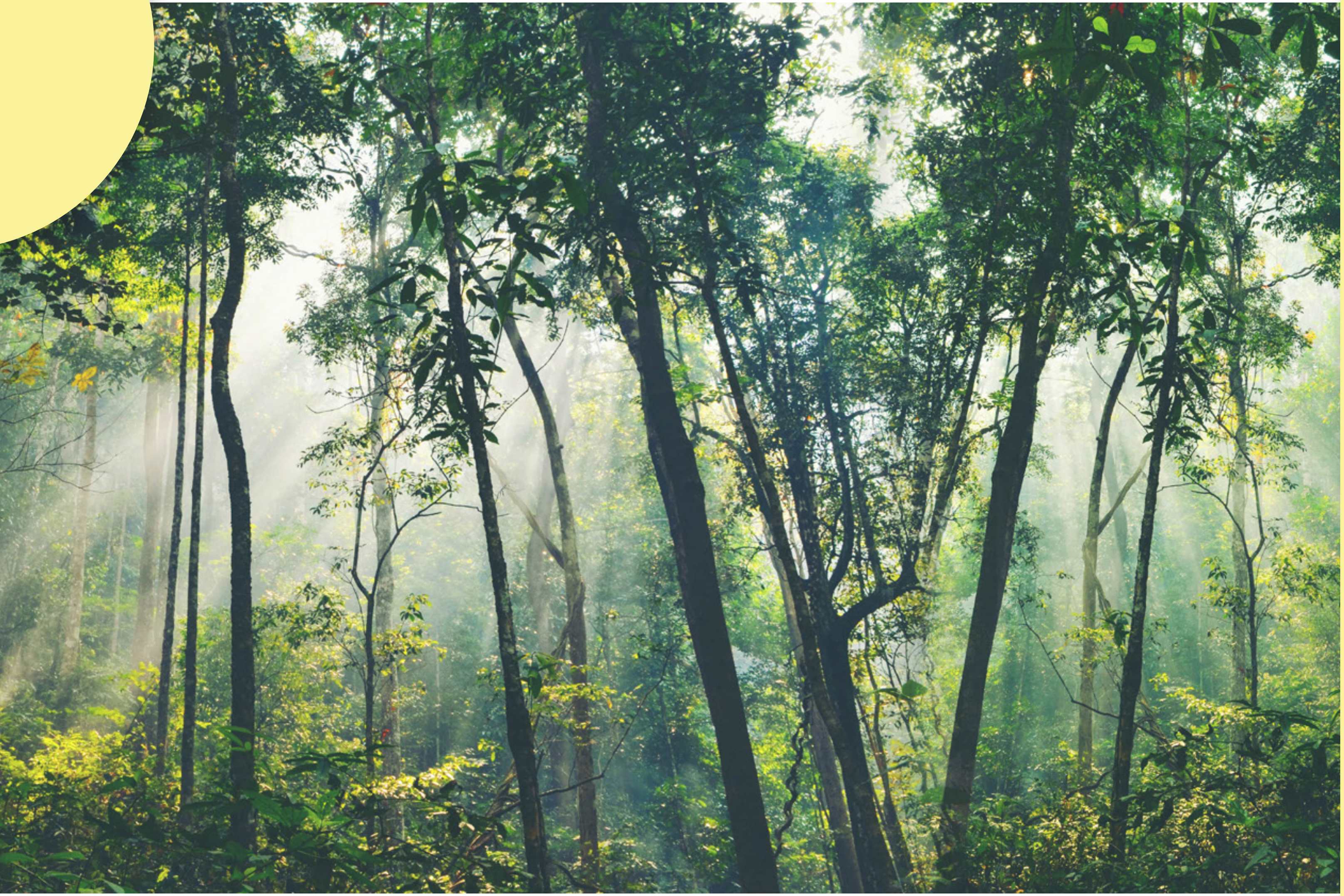
with GPS systems to transmit location data.

Initially, fines for non-compliance were planned to start earlier, but the government has extended the transitional period. Hauliers now have until 31 March 2025 to meet the requirements, with penalties for non-compliance expected to take effect from 1 April 2025.

The government has delayed the enforcement of fines to give businesses additional time to adapt to the new regulations. Hauliers should assess their current tracking systems and ensure they are compatible with the RO e-Transport requirements.

"Hauliers now have until 31 March 2025 to meet the requirements, with penalties for non-compliance expected to take effect from 1 April 2025."

ENVIRONMENTAL COMPLIANCE UPDATE



KEY HEADLINES

- Does your sustainability strategy allow your business to grow?
- Research suggests 91% of companies take sustainability ratings into consideration when making purchasing decisions.

ENVIRONMENTAL COMPLIANCE MARKET OVERVIEW

Does your sustainability strategy allow your business to grow?

As the landscape changes, it now goes beyond just increasing business value, with growing pressures from stakeholders to prove they are delivering on sustainability. However, as we prepare for what 2025 has to offer, many businesses are taking this time to reflect on their sustainability strategy, to understand if it considers the opportunities needed to remain competitive.

The change in expectations

The climate crisis has led to the establishment of various initiatives to assess and improve companies' environmental performance. Pressure on business comes from investors, government, customers, employees and the public. You are likely as a business to have experienced increasing demand to meet certain requirements like data sharing or participate in initiatives such as EcoVadis and the Carbon Disclosure Project, in order to continue working with them.

The increase in depth and the frequency of supplier requests change is ultimately driven by the change in consumer expectations, as they work to adopt a more sustainable lifestyle. Recycling household waste, limiting the use of single use plastics and reducing the number of new products they buy are all actions adopted by more and more consumers throughout 2024 (The sustainable consumer, 2024). Naturally this is having a knock-on effect up the supply chain, meaning wherever you sit, what stakeholders expect from you is changing.

Standing out in your next supplier request

Research suggests 91% of companies take sustainability ratings into consideration when making purchasing decisions.

Understanding that action needs to be taken is one thing but knowing where to start is another. There is a lot of sustainability jargon out there, as well as places to start. The challenge is that it can vary for every business, with the need to consider specifics to your industry and business model.

To allow business to explore this, Beyondly hosted a webinar which delves into how businesses can advance in a rapidly changing and increasingly demanding supplier landscape.

Free webinar: Sustainability Strategy SOS: Meeting Stakeholder Demands

If you would like to find out more, please email: **marketing@beyond.ly**

"Understanding that action needs to be taken is one thing but knowing where to start is another."

Emily Baker,
Marketing Leader
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ONE WORLD GTM TECHNOGLOGY UPDATE

KEY HEADLINES

- Embracing circular economy principles could unlock $4.5 trillion in global economic opportunities by 2030, but realising these benefits requires stronger collaboration across supply chains and internal teams.
- Investing in digital tools like data analytics, traceability, and IoT sensors enhances collaboration, improves operational efficiency, and helps organisations adapt to evolving sustainability requirements.

ONE WORLD

ONE WORLD GTM MARKET OVERVIEW

Connecting the Dots: How Integrated Communication Drives Environmental Progress.

The shift towards sustainable business practices is no longer optional—it's a necessity. As companies worldwide navigate the transition to a circular economy, the importance of making greener decisions has taken centre stage. Whether driven by stricter regulations, evolving customer expectations, or a commitment to environmental stewardship, businesses are realising that collaboration and communication are key to achieving sustainability goals.

The Circular Economy: A Global Imperative

The circular economy is reshaping industries by emphasising resource efficiency, waste reduction, and sustainable product design. Waste reduction initiatives such as the bans on the destruction of unsold goods, and regulations like the European Union's Ecodesign for Sustainable Products Regulation (ESPR) and Extended Producer Responsibility (EPR) schemes are creating a new framework for businesses to innovate and thrive. According to the Ellen MacArthur Foundation, embracing circular principles could unlock $4.5 trillion in global economic opportunities by 2030. However, to fully realise these benefits, companies need to foster stronger collaboration across their supply chains and internal teams.

Why Collaboration Matters in Sustainability Efforts

Collaboration and communication are not just enablers of greener decisions—they are the backbone of sustainable transformation. Here's why:

1. **Breaking Silos for Holistic Solutions**

Sustainability challenges are inherently complex and require input from diverse stakeholders. Product designers, procurement teams, operations managers, and marketing professionals must work together to create products that are not only environmentally friendly but also commercially viable. Cross-functional collaboration ensures that every aspect of the product lifecycle is optimised for

> **"Collaboration and communication are not just enablers of greener decisions—they are the backbone of sustainable transformation."**

Sarah Foster,
Managing Director (Maternity Cover) at One World GTM
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ONE WORLD GTM MARKET OVERVIEW

circularity.

2. **Engaging Suppliers and Partners**

Many sustainability initiatives require close collaboration with suppliers and external partners. Transparent communication about goals, expectations, and challenges fosters trust and encourages the adoption of circular practices throughout the supply chain. Supplier engagement programs, for example, can be instrumental in meeting recycled content or repairability standards.

3. **Driving Innovation Through Shared Knowledge**

The transition to greener decisions often necessitates new ways of thinking. Collaborative environments encourage the exchange of ideas, enabling teams to co-create innovative solutions, such as using recycled materials or developing closed-loop manufacturing processes. According to Emerald Insights, companies with strong collaboration frameworks are 45% more likely to achieve their sustainability goals.

4. **Enhancing Transparency and Accountability**

Clear communication ensures that sustainability metrics are understood and valued across the organisation. Tools like digital product passports rely on a foundation of open, consistent communication to function effectively. The One World platform facilitates this communication offering our users visibility into every stage of a product's lifecycle, empowering stakeholders to make informed decisions.

Technology as an Enabler of Collaboration

While collaboration and communication are critical, they must be supported by the right technology infrastructure. Advanced digital tools, such as One World, enable organisations to analyse vast amounts of data, identify areas for improvement, and connect teams seamlessly. Key technological benefits include:

- Data Analytics: Transform raw data into actionable insights, helping organisations track progress toward sustainability goals.
- Collaboration Tools: Ensure that cross-functional teams remain aligned, even when working remotely.
- Traceability: Securely tracking materials and products across the supply chain.
- IoT Sensors and Smart Devices: Internet

> "Transparent communication about goals, expectations, and challenges fosters trust and encourages the adoption of circular practices throughout the supply chain."

ONE WORLD GTM MARKET OVERVIEW

of Things (IoT) devices monitor energy usage, material flows, and product conditions, providing real-time data for decision-making.

Investing in these technologies not only improves operational efficiency but also strengthens an organisation's ability to adapt to evolving sustainability requirements.

From Silos to Solutions with One World

To truly embrace greener decisions, companies must prioritise building a culture of collaboration. One World's supply chain communication platform can significantly enhance companies' cross-functional collaboration efforts in their journey towards sustainability. The platform connects stakeholders across the supply chain, allowing for uninterrupted integration across the digital ecosystem. This seamless collaboration enables different departments and external partners to work together more effectively, breaking down silos and fostering a holistic approach to sustainability challenges.

By providing a single version of the truth and real-time data access, One World empowers teams to make informed decisions faster, aligning various functions towards common sustainability goals.

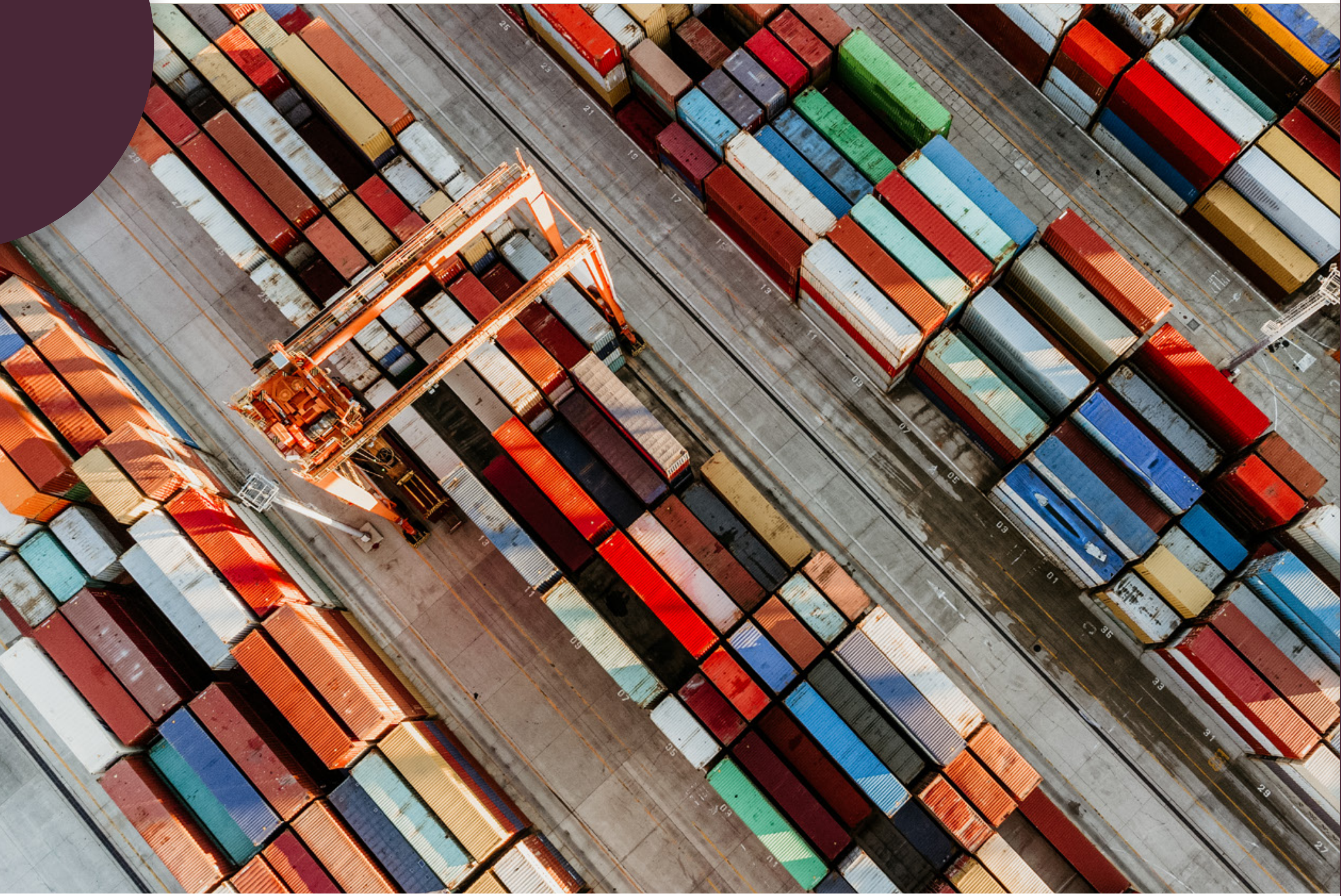
Conclusion

As the transition to a circular economy accelerates, businesses face both challenges and opportunities.
By prioritising collaboration and communication—and equipping teams with the right technology—organisations can make greener decisions that benefit their bottom line and the planet. The journey toward sustainability is not one that any business can take alone. It requires a collective effort, innovative thinking, and a commitment to shared success.

Are you ready to take the first step toward a more sustainable future? Contact us today at **owgtm.com** to learn how we can help your business.

"The journey toward sustainability is not one that any business can take alone. It requires a collective effort, innovative thinking, and a commitment to shared success."

BKR CONSULATANTS UPDATE



KEY HEADLINES

- The rhetoric of the new U.S. Administration and its recent actions has generated significant concern about the prospects for international trade, tariff (customs duty) levels, and global economic growth going forward.

- This month's tariff increases by the U.S. President, using the U.S. International Emergency Economic Powers Act 1977 gives the 'green light' to all parties that they can ignore the rules based international trading system (overseen since 1994, for the benefit of all, by the World Trade Organisation (WTO) using the pretext of national security / emergency.

BKR CONSULTANTS LIMITED

BKR CONSULTANTS MARKET OVERVIEW

US Tariffs Outlook - Back to the Future?

The rhetoric and recent actions of the new U.S. Administration has generated significant concern about the prospects for international trade, tariff (customs duty) levels, and global economic growth going forward. Is history about to repeat itself nearly 100 years on (the impact of U.S. Smoot-Hawley Tariff Act 1930 refers)?

President Trump has made clear his high regard for the efficacy of the tariff as a trade policy instrument, and one of the means by which he feels he can achieve his wider public policy goals. He has variously stated his intention to significantly raise U.S. tariffs on goods imported from a number of America's key trade partners, including floating the idea of an additional 10% across-the-board tariff on all goods imported into the country. All part of the President's general 'America First' approach to policymaking.

Depending on the extent to which political rhetoric is operationalised in practice, and how America's trade partners react, the coming months and years may see a marked acceleration in the erosion of the benefits of the freer international trading system achieved as a result of the last General Agreement on Tariffs and Trade (GATT 1994).

Additional Tariffs on Chinese, Mexican and Canadian goods

This month's tariff increases announced by the U.S. President, using the U.S. International Emergency Economic Powers Act 1977, are an additional 10% across-the-board for goods of China origin and 25% for those originating from Canada and Mexico. Unsurprisingly, these countries decided to retaliate in kind with their own tariff measures against USA exports.

As we went to press the USA, Canada and Mexico had agreed to 'pause' their respective measures for at least 30 days (from 4th February). Whilst China decided to implement its own, previously flagged, retaliatory trade measures against the USA.

"The coming months and years may see a marked acceleration in the erosion of the benefits of the freer international trading system achieved post 1994."

Toby Spink,
Director at BKR Consultants Limited
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BKR CONSULTANTS MARKET OVERVIEW

Where might this new U.S. approach take us?

Affected countries along with various domestic sectional interests may challenge the use of such sweeping measures in the U.S. courts and/or at the World Trade Organisation (WTO) or, for Canada and Mexico, through the use of the dispute settlement mechanisms of their free trade agreement with the USA (up for review next year!). Although this is unlikely to provide any short-term relief, and the U.S. government would likely seek to rely on emergency powers and national security exception to counter such efforts.

Note also that given the particular concern of President Trump's Administration about the rise of China, the latter may well face additional trade measures, over and above the tariff increases and restrictions already in place or those currently planned. The EU has not escaped the President's attention either. As this article was being prepared, President Trump had stated his intention to take significant trade measures against EU goods, imminently. Among other things, it is known that U.S. 'Big Tech' is concerned at the EU's proposed regulation of its sector, affecting the business models of these large technology companies.

Adjustments to the U.S. De Minimis Threshold

It is possible that President Trump will build on the proposed de minimis measures of the previous Biden administration (currently out for consultation), for implementation later this year. These address the apparent abuse of the de minimis exemption (U$800 or less) for shipments entering the USA of products believed to be unfairly traded or considered unsafe. Generated in particular by China backed ecommerce platforms. This may result in all goods subject to Section 201, 232 and 301 Tariffs (mostly China originating goods) being entirely excluded from accessing the de minimis provisions. As this article went to press the exemption for de minimis shipments ex. China (and Hong Kong), as part of the wider measures referred to above, was removed and then restored within a week.

The U.S. authorities are looking to better target and block shipments that break U.S. law, for example, around health and safety, intellectual property rights, product standards, the circumvention of trade

> **"The concern is that the type and sheer volume of shipments entering the U.S. market, claiming the de minimis exemption, make it difficult for the U.S. authorities to 'police', put American consumers at risk and undermine local employment and businesses."**

BKR CONSULTANTS MARKET OVERVIEW

rules, smuggling and so on. The concern is that currently the type and sheer volume of shipments entering the U.S. market, claiming the de minimis exemption, make it difficult for the U.S. authorities to ‘police’, put American consumers at risk and undermine local employment and businesses.

This is because of the ease with which such shipments can be imported, the limited information required to be declared and the fact that they are not subject to the usual duties and taxes. The U.S. Congress seems likely to legislate to reform the exemption following the expiry of the current consultation period.

The proposed rule changes seek to codify an electronic entry process for qualifying low value shipments seeking entry into the USA, based on U.S. Customs and Border Protection (CBP) enhanced advance electronic data filing requirements around the contents, value, origin, parties involved with, and final destination of eligible shipments.

The aim is to enable CBP to more easily profile and risk manage shipments claiming de minimus exemption relief en route to USA. To effectively intercept the non-compliant and expedite the legitimate. The changes also propose attaching application for the relief to a named person established in the USA, who will be personally responsible / accountable for the shipment’s compliant entry into the country.

The latest proposals were recently published for comment in the U.S. Federal Register Federal Register - Low Value Shipments.

Given the impact some of these measures could have, it is imperative that anyone trading in the U.S. carefully monitors and considers their next steps. As part of our service range, BKR is already advising a number of clients on alternative strategies to mitigate the impact of such tariffs, including various analysis exercises to determine a true “landed cost” when comparing the cost of producing goods in China versus other comparable regions of the world.

As such, we encourage any businesses trading in the US to reach out to discuss what support may be available.

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“The aim is to enable CBP to more easily profile and risk manage shipments claiming de minimus exemption relief en route to USA. To effectively intercept the non-compliant and expedite the legitimate.”

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