TRADE NEWS WEEKLY

April 21-April 25, 2025

A summary of international business news prepared by the Hawaii Foreign-Trade Zone 9 with the collaboration of the Research and Economic Analysis Division of the Department of Business, Economic Development & Tourism, and based on research and information from various trade publications, which track news and events related to global trade. Other news sources may occasionally be included where indicated.

Trump Says Tariffs On Goods From China Will 'Come Down Substantially'

President Donald Trump said tariffs on Chinese goods will "substantially" decrease, "but it won't be zero" amid an ongoing trade war between the world's two largest economies.

Trump's remarks, made at a White House news event Tuesday, April 22, 2025, struck a softer tone after weeks of tit-for-tat tariff retaliations that set duties on most imports from China at 145%, with some as high as 245%.

"Ultimately, they have to make a deal, because otherwise they're not going to be able to deal in the United States, and we want them involved, but they have to, and other countries have to, make a deal, and if they don't make a deal, we'll set the deal," Trump said, according to The Independent. "We're going to be setting the deal, and it will be a fair deal for everybody, and it will be — I think it's a process that's going to go pretty quickly. It will come down substantially. But it won't be zero."

The Wall Street Journal reported on Wednesday that the White House is considering reducing existing tariffs on Chinese goods roughly between 50% and 65%.

Officials in China signaled a willingness to engage in trade negotiations with the U.S.

"With regard to the tariff war launched by the U.S., China's attitude is clear: We are not willing to fight and we are not afraid to fight," Chinese foreign ministry spokesman Guo Jiakun said at a news conference, according to China Daily. "To fight, we will fight to the end; to talk, the door is wide open."

The U.S. and China have slapped soaring tariffs on each other over the past several weeks, rocking global markets and disrupting supply chains.

The Trump administration launched its broad "reciprocal" tariff plan for about 90 U.S. trade partners April 2, 2025, including a baseline 10% tariff on trade partners, as well as 25% tariffs on certain imported vehicles and auto parts.

A few hours after the reciprocal tariffs went into effect, Trump announced he was pausing the higher tariffs, except for China.

China has imposed 125% duties on imports of U.S. goods, up from 84%. On April 4, 2025, China also began restricting exports of rare earth materials to the U.S., which are used in high-tech products such as computer chips and electric vehicle batteries.

China was the third-ranked U.S. trading partner in 2024 at $582 billion in two-way international commerce.
Source: FreightWaves

White House Releases Agency Report on De Minimis

The report summary declares it is "imperative" to end the de minimis exemption that allows duty-free entry for goods valued at $800 or less that are imported by one person on one day. This exemption "resulted in approximately $10.8 billion in foregone tariff revenue in 2024

alone," the summary states, and "is a means by which fentanyl, counterfeit goods, and various deadly and high-risk products enter the United States with little scrutiny." The Trump administration has announced plans to terminate de minimis eligibility for imports from China as of May 2, 2025, and is expected to do the same with imports from Canada and Mexico once the DOC determines that adequate systems are in place to process and collect tariffs on such imports. In the meantime, U.S. Customs and Border Protection has proposed two rules that would restrict use of the de minimis exemption.
Source: Sandler, Travis & Rosenberg, P.A.

Tariffs on Imported Automobiles

The Trump administration imposed a 25% tariff on automobile imports starting April 3, 2025, and certain components from May 5, 2025, following a Section 232 review, citing national security concerns.

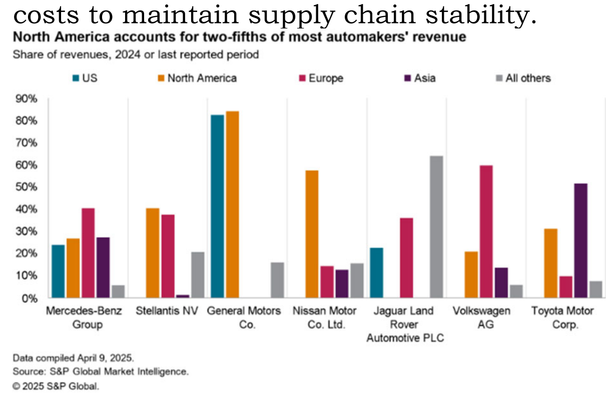
In 2024, the US imported 8.1 million vehicles, a 10.9% increase from 2019, with 46% being United States-Mexico-Canada Agreement (USMCA)-eligible, but these tariffs exclude reciprocal tariffs and will be suspended for the USMCA-eligible products until specific rules are defined.

The new tariffs under the Section 232 national security program affect US $328.0 billion-worth of imports, with 44.8% attributed to vehicles and 55.2% to components, based on 2024 data.

Significant categories include mechanical parts (US $59.1 billion), batteries (US $28.2 billion) and electrical controls (US $17.0 billion). The tariffs also complicate the import of computer parts used in vehicles; potentially increasing compliance costs due to their potential dual-use nature.

In 2024, Mexico and mainland China were the largest contributors to parts imports, with values of US $124.3 billion and US $68.2 billion, representing 35.2% and 19.3% of total imports, respectively.
USMCA partners Canada and Mexico are significantly exposed to new U.S. duties, with 61.5% and 51.7% of their auto parts exports destined for the U.S., respectively, in 2024. Canada has responded by imposing a 25% duty on non-USMCA-compliant imports and U.S. content of USMCA-compliant vehicle imports from the U.S.

Companies are employing various strategies to address new automotive sector tariffs. Mercedes-Benz Group will absorb costs without raising U.S. prices for 2025 models, while Stellantis NV has paused production in Mexico and Canada. Jaguar Land Rover Automotive PLC and Volkswagen AG are temporarily suspending exports or holding inventory to assess tariff impacts, while Toyota Motor Corp. and Stellantis plan to offset suppliers' higher costs to maintain supply chain stability.



Source: Panjiva Data

China's Cosco Says US Port Charges Threaten Global Supply Chains

China's largest container carrier on April 21, 2025, lashed out at a U.S. plan to charge its ships steep fees to dock at American ports.

"We firmly oppose the accusations and the subsequent measures," Cosco Shipping Lines said in a statement. "Such measures not only distort fair competition and impede the normal functioning of the global shipping industry, but also threaten its stable and sustainable development.

"Ultimately, these actions risk undermining the security, resilience, and orderly operation of global industrial and supply chains."

The watered-down plan for port fees was revealed April 18, 2025, by the U.S. trade representative (USTR) following pushback by traders and maritime stakeholders to an initial proposal for millions of dollars in flat port charges. The revised plan sets fees tied to a ship's size or number of containers carried by a ship, whichever is greater.

Cosco, the world's fourth-largest container line, operates some of the biggest vessels between Asia and the United States. It's likely Cosco will feel the effects not just from the port fees but in fewer calls at U.S. ports as part of the Ocean Alliance with Chinese carrier OOCL and Evergreen of Taiwan.

The charges followed an investigation by the USTR that found China had leveraged unfair trade practices to build a dominant position in global shipping and shipbuilding.

Cosco in the statement denied the accusations, calling the USTR finding "discriminatory."
Source: FreightWaves

WTO & Tariffs

The Director General of the World Trade Organization (WTO), Ngozi Okonjo-Iweala, said on April 3, 2025, that the U.S. tariffs could reduce global trade flows by around 1% this year. She also said this impact could increase as other countries retaliate. Later comments on April 9, 2025, warned of a 7% decrease in global real GDP if global trade splits into two blocks (U.S. and China). She encouraged member countries to use the WTO as a forum for dialogue to prevent escalating the trade war.

In response to trade disputes filed in the WTO by China and Canada, the U.S. has agreed to discussions with China and Canada.
Source: Miller & Company, P.C.

Venezuela Oil IEEPA Tariffs

On March 24, 2025, President Trump issued Executive Order 14245, authorizing 25% additional duties under IEEPA on imports from any country that directly or indirectly imports Venezuelan oil. The Secretary of State is directed to determine which countries import Venezuelan oil on or after April 2, 2025. "Venezuelan oil" includes crude oil or petroleum products extracted, refined, or exported from Venezuela. Contact Sean Murray with questions. 90 Fed. Reg. 13829 (March 27, 2025)
Source: Miller & Company, P.C.

AI & Advanced Computing

On March 26, 2025, the Bureau of Industry and Security (BIS) announced the addition of 80 entities to the Entity List for allegedly contributing to China's development of artificial intelligence and advanced computing capabilities. The entities are located in a number of countries, including China, the United Arab Emirates (UAE), South Africa, Iran, and Taiwan.
Source: Miller & Company, P.C.

Shipbuilding E.O.

On April 9, 2025, President Trump issued Executive Order (EO)14269 on "Restoring America's Maritime Dominance." It directs the creation of a Maritime Action Plan (MAP) to revitalize U.S. maritime industries. The EO includes guidance on possible corrective measures in the USTR's current Section 301 investigation into China's maritime sector, including tariffs on Chinese ship-to-shore cranes and other cargo handling equipment, and imposing 10% additional duties plus Harbor Maintenance Fees (HMF) on cargo that enters the U.S. at land borders after arriving in Canada or Mexico by vessel. 90 Fed. Reg. 15635 (April 15, 2025); 90 Fed. Reg. 10843 (Feb. 27, 2025).
Source: Miller & Company, P.C.

Trade War Halts Ships, Strands Empty Containers

Container shipping, the linchpin of global trade, has been thrown into turmoil once again as President Donald Trump's trade war continues to escalate.

Recent weeks have seen a dizzying array of tariff announcements, exemptions and retractions, leaving shippers and importers struggling to keep pace with the rapidly changing situation, analyst Judah Levine of Freightos said in a weekly research note.

The impact on freight has been significant, Levine said. The initial rollout of reciprocal tariffs led to a widespread drop in container bookings out of Asia. However, the subsequent 90-day pause and escalation with China have created a complex situation. While shipments out of China remain paused, many shippers sourcing from other Asian countries have started increasing their orders again, attempting to get ahead of possible tariff resumptions in July.

The Freightos Baltic Index found Asia-U.S. West Coast rates increased 10% to $2,465 per forty-foot equivalent unit (FEU)for the week ending April 11, 2025. Asia-U.S. East Coast prices rose 3% to $3,647 per FEU.

While frontloading likely helped push container rates from China, Taiwan and Vietnam to the Port of Long Beach, California, sharply up ahead of the April 9, 2025, implementation of reciprocal tariffs, Freightos data showed rates from Shanghai have dropped 16% since tariffs went into effect, while prices from Taiwan and Vietnam have stayed elevated. That may indicate a realigning of manufacturing in the region.

The extreme tariffs on Chinese goods have led to a sharp decline in container export bookings, with reports of increased blanked sailings on this lane as demand slumps. Many U.S. importers had been frontloading goods since the November election in anticipation of tariff hikes, building up inventory that may allow them to pause and assess the situation before deciding their next moves.

For shippers on other lanes, the 90-day reprieve offers another opportunity to pull forward goods ahead of possible tariff increases. This is likely to increase demand for ocean freight on these lanes in the near term, followed by lower demand after the deadline passes. This pattern suggests that the typical peak season months may be subdued due to demand pulled forward since late last year.

Asia-North Europe prices fell 1% to $2,365 per FEU, while Asia-Mediterranean prices declined 5% to $2,751 per FEU.

The need to blank sailings out of China while potentially increasing services from other Asian origins poses challenges for ocean carriers and may cause delays for shippers. The concentration of empty containers in China is likely to exacerbate these issues. Trans-Atlantic surcharges announced for May could indicate carrier expectations of frontloading ahead of the July deadline.

While overall Asia-North America container rates increased somewhat last week due to start-of-month general rate increases, daily rates have since reversed much of those modest gains. Demand patterns between China and other Asian origins may be reflected in diverging rates at the port-pair level.

Maersk (OTC: AMKBY) this week announced a pair of peak season surcharges effective May 15, 2025: $2,000 per FEU transiting from Asia to the U.S. and Canada, and $750 per FEU for shipments from Turkey and Egypt to the U.S.

Hapag-Lloyd (OTC: HPGLY), Maersk's partner in the new Gemini Cooperation, announced a peak season surcharge of $2,000 per FEU from East Asia to North America, effective May 12, 2025.
Source: FreightWaves

AD Duties on Tomatoes from Mexico

The International Trade Administration (ITA) has announced its intent to withdraw from a 2019 agreement suspending the antidumping duty investigation of fresh tomatoes from Mexico. As a result, effective July 14, 2025, the ITA intends to institute an AD duty order that will impose an AD duty of 20.91 percent on most imports of tomatoes from Mexico.
Source: Sandler, Travis & Rosenberg, P.A.