Trans-Pacific, East Coast ocean rates strong in late November

Freightos cites tariffs, labor issues

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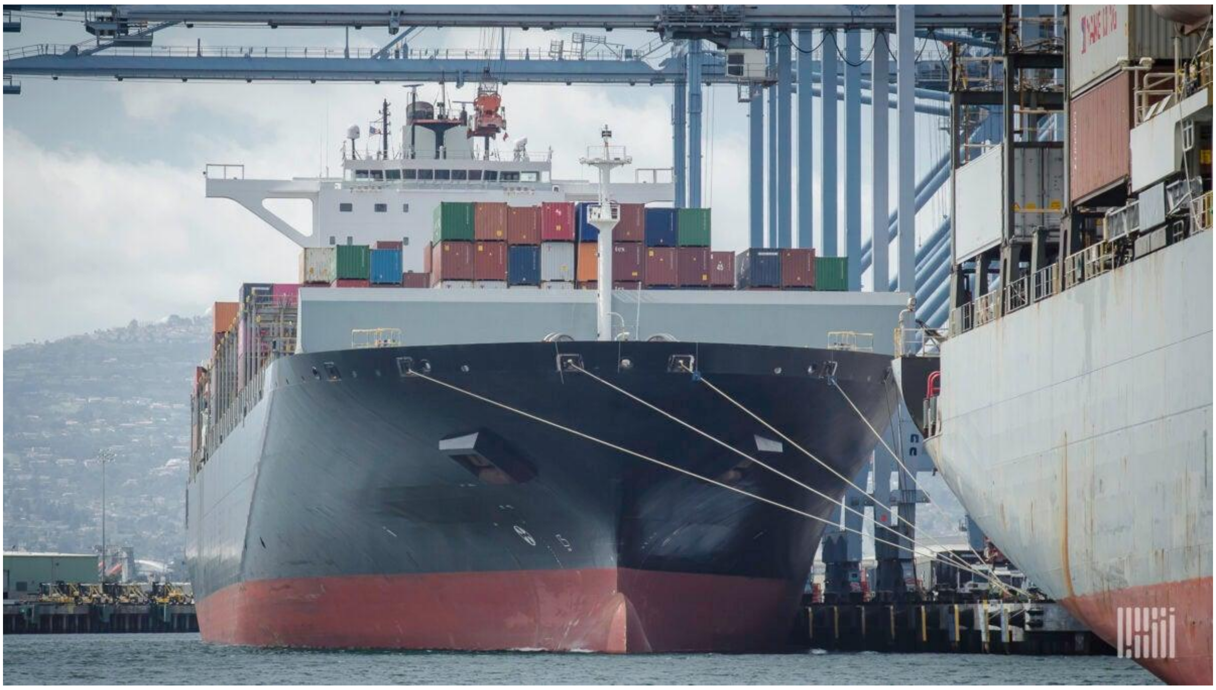

Container ships at the Port of Long Beach. (Photo: Jim Allen/FreightWaves)

Political and labor tensions kept late November container rates to the U.S. strong in what is usually a slow period following the peak shipping season.

Average Asia-U.S. rates remained level and elevated at more than $5,000 per forty-foot equivalent unit since October, analyst Freightos said in its update for the week ending Nov. 22, with daily rates to the U.S. East Coast climbing past $6,000 since then.

“This rate strength probably reflects some frontloading ahead of both a possible renewed ILA [International Longshoremen’s Association] strike at East Coast and Gulf ports after Jan. 15 and anticipation of Trump administration tariff increases next year,” wrote Judah Levine, head of research for Freightos.

The Freightos Baltic Weekly Index for the week ending Nov. 22 found Asia-U.S. West Coast rates fell 4% to $5,122 per FEU, while Asia-U.S. East Coast rates were unchanged at $5,387 per FEU.

Trump has threatened an array of tariffs on imports from China, Mexico and Canada, the United States’ biggest trading partners. That has spurred some importers to bring in their shipments earlier than planned.

While Trump has threatened new tariffs on Day 1 of his presidency, Levine noted that the more deliberate paths to tariff increases through trade agreements during his previous presidency “may make it unlikely that new tariffs will go into effect on Jan. 20, but this proclamation is certainly increasing the sense of urgency for shippers on these lanes.”

Still, Trump's statements "will likely put pressure on importers from Canada and Mexico as well and could lead to increased cross-border volumes and road and rail rates ahead of the potential tariff roll-outs."

Ocean rates to U.S. East Coast hubs have been stoked by an uncertain labor situation.

The ILA on Nov. 13 broke off negotiations with the United States Maritime Alliance, charging employers were trying to force dockside automation technology into a new contract that would eliminate union jobs.

The USMX denied it was looking to cut jobs but instead wanted to modernize port operations.

As the value of U.S. imports has soared, ports authorities, ocean carriers and terminal operators at East Coast ports in recent years have spent billions of dollars in a container arms race meant to accommodate growing demand. Maritime stakeholders have voiced concerns that, despite longer lead times and higher costs, recurring labor issues will lead shippers to opt for friendlier connections through West Coast or even Mexican ports.

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