XChange Customer Advisory: Trump 2.0, tariffs and trade

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The recent inauguration of Donald Trump as the 47th President of the United States on January 20, 2025, marks the beginning of a new chapter in global trade.

“With a renewed emphasis on the “America First” agenda, Trump’s administration is poised to introduce structural changes to trade relations worldwide. These shifts are expected to impact key trade routes, tariffs, agreements, and supply chain dynamics, prompting businesses across industries to adapt to rapidly evolving logistics costs and productivity.” Shared **Christian Roeloffs, cofounder and CEO of Container xChange.**

“Increased tariffs, stricter trade agreements, and a potential reorganization of key trade routes—especially amid geopolitical tensions like the Panama Canal controversy—will challenge global supply chains and force container traders and shipping companies to adapt.”

“At the same time, these shifts could create *opportunities for regional trade growth, alternative trade corridors,* and stronger collaboration between emerging markets. While the omission of anticipated tariffs on China, Canada, and Mexico brings short-term relief, the impact of the 25% tariff on Mexico and Canada, anticipated to take effect in February, remains uncertain,” Roeloffs concluded.

To help container traders and logistics professionals prepare for the aftermath of these changes, we've summarized the most critical takeaways from President Trump's inaugural speech and the memorandum issued on January 20, 2025:

1. Overall, as we can understand from Trump's inaugural speech on 20th January and followed by the memorandum outlining the "America First Trade Policy" under President Trump, it becomes clear that the ***trade policy is a critical component of national security***, aiming to reduce dependence on foreign countries and ensure that trade practices benefit American workers and industries. This aligns with Trump's commitment to an "America First" approach, which prioritizes domestic economic interests.
2. **Investigation of Trade Deficits:** The Secretary of Commerce is tasked with investigating the causes of persistent trade deficits and recommending measures such as global supplemental tariffs to address these issues. This proactive stance indicates a potential for more aggressive tariff policies in the future.
3. **Establishment of an External Revenue Service.** The proposal to establish an External Revenue Service (ERS) aims to streamline the collection of tariffs and duties, reflecting a significant shift in how the U.S. manages trade revenues. This could lead to increased enforcement of tariffs and duties on imports, impacting global supply chains and pricing strategies.
4. **Review of Trade Agreements.** The United States Trade Representative is directed to review existing trade agreements, including the USMCA, to ensure they are beneficial to American interests. This may lead to renegotiations or changes in how these agreements are implemented, affecting international partners.
5. **Currency Manipulation and Competitive Practices.** The memorandum includes directives for assessing currency manipulation by trading partners, which could lead to sanctions or tariffs against countries deemed to have unfair practices. This focus on currency issues reflects ongoing tensions in international trade dynamics.
6. **Panama Canal controversy.** During his recent inauguration speech, President Donald Trump made a controversial statement regarding the Panama Canal, asserting that the United States would be "taking back" the canal, which he claimed is currently under Chinese control. He stated, "We didn't give it to China; we gave it to Panama, and we're taking it back," highlighting his belief that Panama has violated agreements related to the canal's operation and neutrality. Trump's comments have sparked significant backlash from the Panamanian government, which firmly rejected his claims and reaffirmed its sovereignty over the canal.
7. **Focus on Reducing Energy Costs:** Trump highlighted that high energy prices are a significant contributor to inflation, asserting that his administration would take decisive actions to lower energy costs. This includes promoting domestic energy production and reducing reliance on foreign sources, which he believes will help stabilize prices and alleviate the financial burden on consumers.
8. **Reversal of EV Policies:** Trump stated that by revoking the electric vehicle mandate, he aims to protect American autoworkers and restore consumer choice in the automotive market. He criticized the previous administration's push for electric vehicle sales targets and subsidies, asserting that his administration would prioritize traditional fossil fuel production and allow consumers to buy the vehicles of their choice without government restrictions. This move aligns with his broader agenda to enhance domestic energy production and reduce reliance

on electric vehicle mandates that he views as detrimental to the auto industry and consumer freedom.

What This Means for Container Traders and Lessors

- **Prepare for Rising Costs (near term):** Increased tariffs could elevate the costs of importing containers or goods to United States. Adjust pricing strategies accordingly.
- **Anticipate Trade Shifts (long term):** Renegotiations and stricter agreements might redirect container flows to new and emerging trade lanes.
- **Monitor Geopolitical Developments:** The Panama Canal dispute and U.S. currency policies could impact container availability and lead times globally.

Outlook 2025 and Beyond, in context of Trump, tariffs and trade

The strategic sourcing strategy is a primary concern for many businesses worldwide, a trend that became particularly clear during the pandemic and has continued to grow in importance due to increasing geopolitical tensions that impact trade in various ways. Some businesses are considering reshoring or relocating production to countries with favourable trade agreements to minimize tariff exposure. For instance, importing components for final assembly rather than finished goods can help reduce or eliminate tariff burdens.

"Supply chain dynamics are now at the forefront of global business strategies," Roeloffs noted.

"The current global geopolitical environment poses challenges for trade routes and supply chains. Majority of our customers globally are divided in their opinions about container price developments, current macroeconomic scenarios and its potential implications on their operations. We recommend expanding supplier networks, diversifying sourcing, and proactive vigilance into global events impacting supply chains." — Roeloffs concluded.

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