iXRT

Air Market News by Xeneta

June 13, 2025

The Xeneta Air iXRT provides an overview of market movements, the key risks and issues to be aware of and insight on how these may develop in the coming weeks and months.

Topics covered in this iXRT Report include:

- Tariff update and impact
- E-commerce demand update
- Air cargo rate update
- Advice for shippers - be ready for further volatility

Tariff pendulum continues to swing

May has been another rollercoaster for the global cargo market as the tariff pendulum swings back and forth.

On 14 May, the US reduced tariffs on air freight shipments from China and Hong Kong to 30% - a marked drop from the severe 145% tariffs enacted following 'Liberation Day' on 2 April.

The reduction, however, is temporary and will expire after 90-days unless further trade agreements are reached. US-China officials have held talks in London, but the negotiations will now need approvals from presidents Donald Trump and Xi Jinping.

There is also added complication following the decision by the US Court of International Trade to deem Trump's sweeping tariffs as unlawful.

For now, tariffs remain in place and appeals against the court ruling could be prolonged, but it is yet another layer of uncertainty in an already-confusing picture.

Added into this tariff puzzle is the removal of de minimis exemptions in early May. While this has obvious implications for e-commerce platforms such as Temu and Shein, it has global implications as it impacts the phenomenal growth in low-value goods being shipped from China to the US in recent years.

E-commerce demand update

April figures from China Customs show overall cross-border e-commerce volumes surged 4.5% year-on-year. More specifically, shipments to the US grew 30% year-on-year, pushed by a pre-emptive cargo rush ahead of the removal of de minimis exemptions on 2 May. The April figure outperforms the modest 6% growth for inbound US e-commerce volumes in first-quarter.

Despite the US 145% tariffs in April, Hong Kong International Airport, the world's busiest cargo hub with high e-commerce volumes, posted a 2.6% year-on-year increase in air cargo volumes in April, down slightly from 3.2% in Q1. So far, higher tariffs have yet to push China and Hong Kong export volumes into negative territory.

May is telling a different story. The removal of de minimis exemptions and a new tariff structure - 30% on general air freight and 54% or a flat $100 on low-value postal items - will impact cost structures for cross-border e-commerce giants such as Temu and Shein.

These firms typically rely on commercial carriers for bulk air freight, routing final delivery through local delivery networks. This operational model largely shields them from the higher postal tariffs (54%) meaning the 30% rate for general air freight comes into play.

Xeneta previously analyzed that incremental taxes above 40–50% could erode cross-border e-commerce competitiveness. For now, the lowering of tariffs from 145% down to 30% appears to offer some breathing room. Following US-China trade talks on 11–12 May, Temu reportedly instructed its merchants to replenish stock in anticipation of more favourable trade terms.

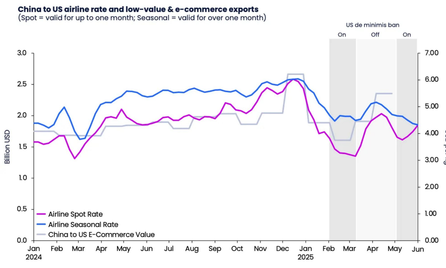
There are numerous sub-plots to the tariff story and shippers will have their work cut out trying to understand the many permutations. This includes nuances across goods and industries, for example. Apple may be hit with a 25% US tariff if it fails to shift iPhone production back to the US. Presently, most of its devices are made in China and India.

Air cargo rate update

The global air cargo spot rate fell 4% year-on-year in May to USD 2.44 per kg - the first such decline since April 2024. However, the spot rate remains above the seasonal rate average.

In the week ending 11 May - shortly after the US removed de minimis treatment - spot rates for air cargo from China to the US dropped over 22% from four weeks prior and 17% year-on-year. Seasonal rates fell 15% month-on-month and 24% year-on-year, pointing to a bleak medium-term outlook.

US-China trade war puts tremendous pressure on China-US air cargo rates



Source: Xeneta, Trade and Transport Group analysis of China Customs Data

The 90-day lowering of tariffs is prompting a tentative recovery. By the week ending 1 June, China-US air spot rates had risen 15% from its trough in the week ending 11 May to USD 4.31 per kg. This means the market avoided a repeat of the sharp slump seen in February when de minimis exemptions were removed, only to be reinstated while the required processes were put in place. Spot rates fell to USD 3.15 per kg during this period.

Ocean update

The effects of the volatile US trade policy are rippling through other freight sectors. Ocean container spot rates, which often serves as a leading indicator for air cargo demand, are climbing as shippers frontload goods during the 90-day window of opportunity.

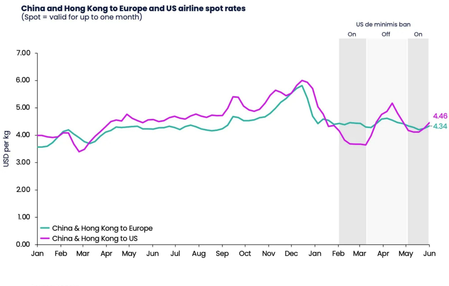
With the window of opportunity set to expire on 13 August, this cargo rush will see an early arrival of the traditional Q3 peak season. Ocean freight spot rates are projected to rise above USD 6000 per 40ft container by 1 June, with carriers reducing blank sailings and shifting capacity back to Transpacific trades as quickly as possible.

Air freight, with its shorter lead times when compared to ocean transport, is more likely to see a late-cycle surge as the 90-day deadline nears.

Air freight capacity adjustments in response to tariffs

The lowering of tariffs may have prevented a more dramatic shift in freighter deployment. On the Transpacific market, spot air freight yields returned above their levels on China to Europe corridors. According to Rotate, the end of de minimis exemptions led to a 40% drop in freighter capacity on Asia-North America routes. Capacity has only partially recovered, remaining 19% below April levels.

90-day US-China truce prevents excess capacity spillover into other regions



Source: Xeneta

Europe-US trade also impacted

Transatlantic shippers have been granted a temporary reprieve, with the US delaying imposing 50% tariffs on European goods until 9 July.

Europe-North America air freight, which comprises over 13% of global volumes, could face renewed pressure if these tariffs take effect. While the situation remains uncertain, many shippers could move to mitigate the risk of higher tariffs coming in by ramping up imports, which would likely drive up charter rates once more.

EU follows US lead on tackling e-commerce

The EU is pushing back against the flood of Chinese e-commerce parcels. Brussels is proposing a EUR 2 handling fee on non-EU shipments valued under EUR 150, falling to EUR 0.50 for items routed through EU warehouses.

With Temu's average order size at around EUR 35 (source: Backlinko), the fee could raise prices by roughly 6%, but likely not enough to derail competitiveness.

The numbers are staggering. The EU handled 4.6 billion small parcels in 2024, 91% of which originated from China - double the 2023 figure. The fee aims to recoup customs processing costs, reinforce sustainability and safety and reduce negative impacts on the competitiveness of European retailers.

The proposal, which still requires approval, would also eliminate duty-free treatment for low-value imports by 2028. In France, new legislation targeting fast fashion, including penalties on major Chinese e-commerce platforms, could inflate prices by up to EUR 12 per item, according to Shein.

Shippers must be ready for further volatility

For now, the global air freight market is taking a breath. With tariffs paused and demand tentatively recovering, shippers are embracing a cautious "wait-and-see" approach.

The ongoing geo-political volatility and potential for the US-China trade was to continue burning means shippers must be ready to act decisively against the many possible scenarios.

The below sets out actions for shippers to manage freight spend and supply chain resilience against this volatility.

Recommended strategic adjustments from Xeneta

ACTION ITEMS	
COST MANAGEMENT	• Build pallets to minimize chargeable weight based on the load's dimensions (dense/volumetric) on key trade lanes • Distribute shipment volumes across several weeks (level loading) to avoid large swings in weekly volumes going beyond RFQ volumes • Consider more flexible transit times, utilizing deferred air services (extended transit time to leverage lower rates) • Explore alternative routes, using indirect routing when possible • Leverage alternate modes, convert Air to Ocean, Rail over Truck
PRICING	• Level set RFQ rates in accordance with market • In-depth understanding of your forwarders' buy rates and locking-in rates at the start of market upswings • Proactive rate renegotiations
SOURCING	• Evaluate sourcing mix, expanding to Southeast Asia and South Asia markets • Leverage bonded warehousing to improve cash flow
STRATEGIC PARTNERSHIP	• Scale and strengthen strategic LSP partnerships • Maintain options and competitive dynamics among LSPs

Source: Xeneta