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LIVE CUSTOMER WEBINAR

Tackling Tariffs, Trade Lane Shifts & Cost Pressure

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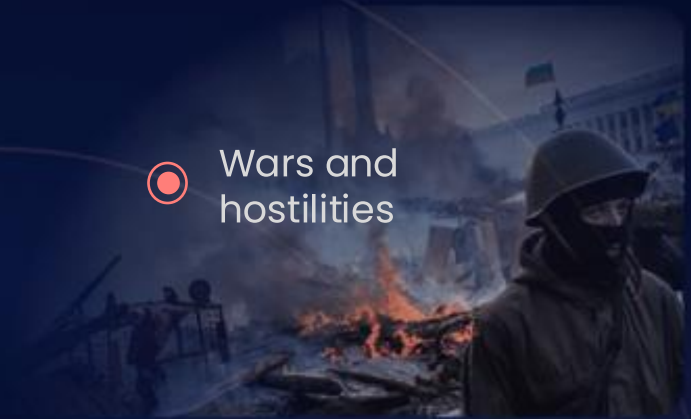
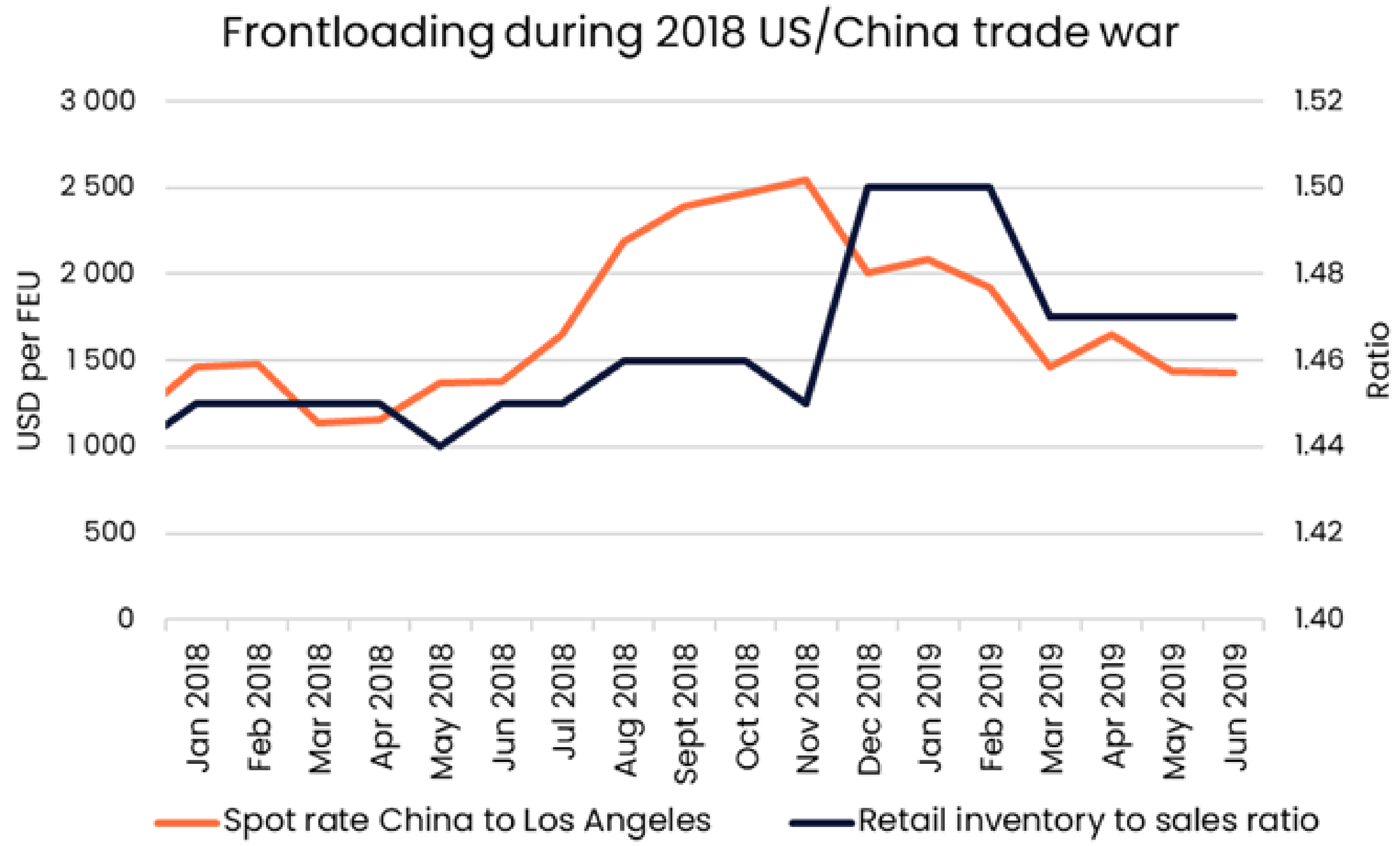
Navigating Shipping Volatility: The New Normal

Continued threats to business and supply chain continuity



Tariffs: Frontloading during 90-day pause could see rate spike on non-China export trades – similar to first trade war

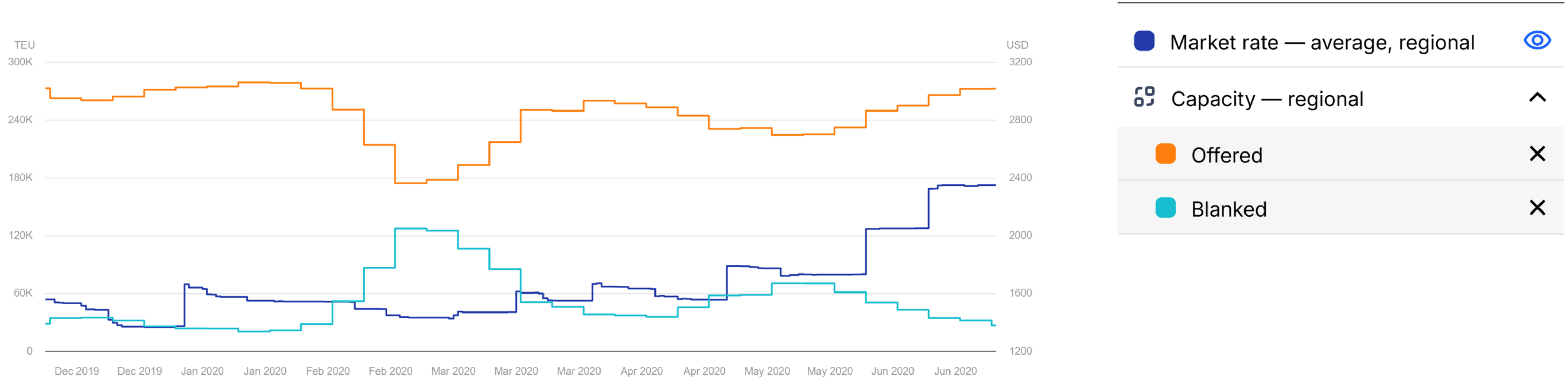


Source: Xeneta, US Census Bureau

Similarities to the first months of Covid-19 pandemic

Carriers blanked sailings to keep rates up as exports out of China collapsed

Market Average+ for Short-term+ contracts, 40′ DC+ container type and THC Destination+
from Far East Main+ to US West Coast+ trade lane
with Offered and Blanked + capacity for Far East Main to US West Coast trade lane.
Dec 01, 2019 - Jun 30, 2020 (CUST), 4 week rolling average

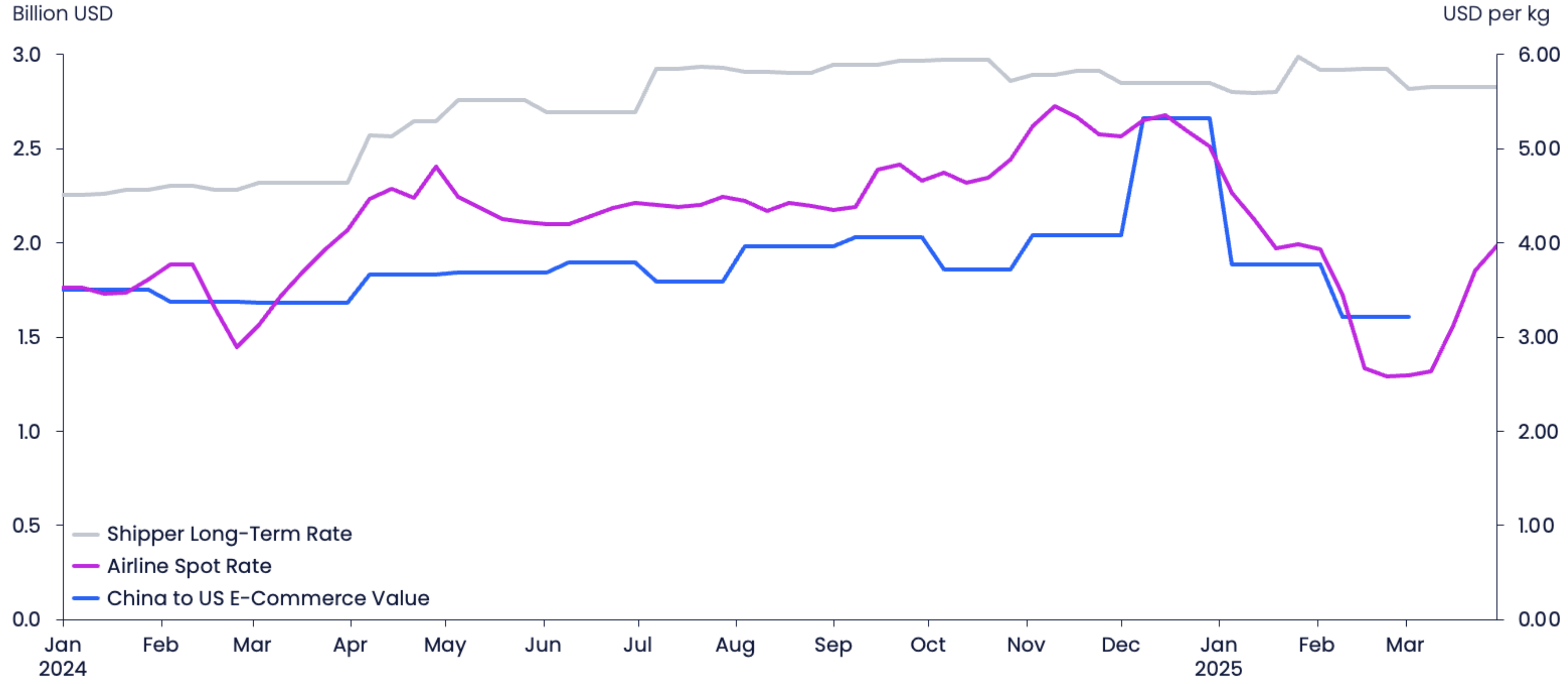


Source: Xeneta

E-commerce growth will shape air demand

Effective May 2, 2025, shipments previously under the de minimis exemption will face tariffs: 90% of the package value or a flat fee of $75 per item, increasing to $150 after June 1 . In 2024, nearly 1.4 billion such shipments entered the U.S., with approximately 60% originating from China

China to US air cargo rates and e-commerce exports
(Long-term = valid for 3 months or longer; Spot = valid for up to one month)



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

How are you adapting to the current environment?

Key concerns we're hearing from customers

Short-term

Internal disconnect
Finance is often ahead of Logistics in scenario planning, creating tension in procurement decisions.

How to de-risk supply chain impact
Trade disruptions are pushing shippers to consider whether to diversify suppliers and routes, pause POs, or move to airfreight.

Longer term

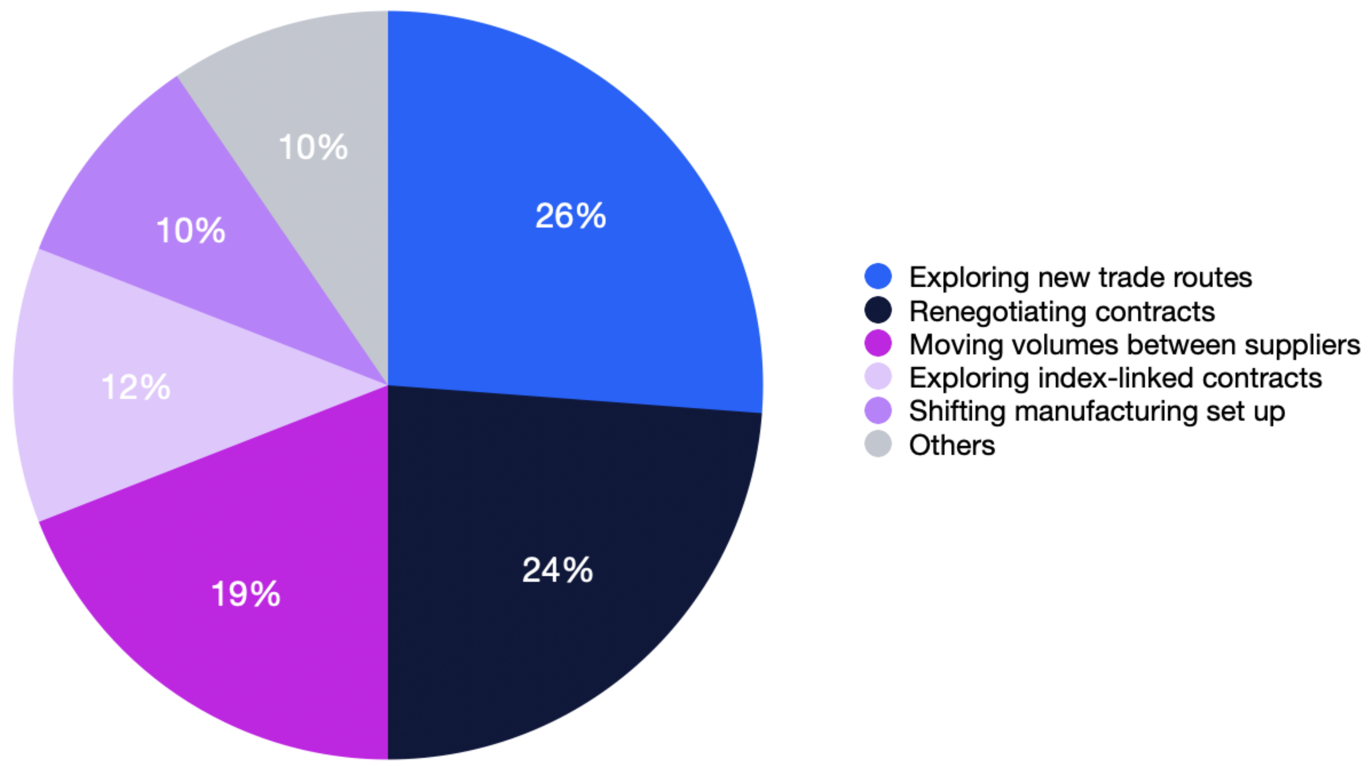
Volatility & unpredictability
Tariffs are creating planning chaos, with shippers struggling to forecast freight spend and volumes or set long-term strategies.

Fears about delays, service reliability and transit times.

Inflation fears
Many believe tariffs will drive up cost, especially for steel, aluminum, and consumer goods – affecting demand elasticity.

What actions are your peers planning?

In response to 'Liberation Day' Tariffs, what are you planning next?



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Response patterns in train

Short-term

Front loading, spot usage and re-routing
Pushing volumes into the US, increasing Air freight and rerouting via Mexico or EU.

Consolidating shipments and optimizing load efficiency.

Pausing of US-bound shipments ‘wait and see’.

Daily war rooms
Dedicated teams reviewing supply chain actions in real time.

Longer term

Scenario modelling
Finance lead reviews of alternatives across SKUs and sourcing flows.

Reassessment of contracts
Review of options to move to indexed linked or spot-based contracts.

Tariffs: what are different teams considering?

- Concerns that current Southeast Asia diversification may not be enough
- Thinking about how to create scenarios that de-risk supply chains
- Building resilience across teams, operations, technology and commercial
- Evaluating how much cost can be absorbed versus passed on

Sourcing

- Reviewing suppliers to reduce exposure to China
- Increasing inventories and stock levels

Operations

- Considering near-shoring and re-shoring options
- Network planning

Cost Management

- Review leverage with suppliers to cut costs
- Researching strategic changes in procurement and sourcing
- Planning supplier discussions to negotiate shared supply chain impact
- Expecting to increase prices

Tariff action plan: how Xeneta helps

1. Understand supplier strengths / weaknesses on trades you are considering diversifying to and from

2. Port-level data required to understand differences in rates and service levels within regions

3. Monitor short- and long-term market movements and delta as part of freight procurement and diversification strategy

4. Know the rates, transit times, and other key data points on alternative routes, ready for when you adapt your supply chain to market changes

5. Power of the Xeneta Network – connect with your peers to discuss best practices in the face of challenging market and geopolitical conditions

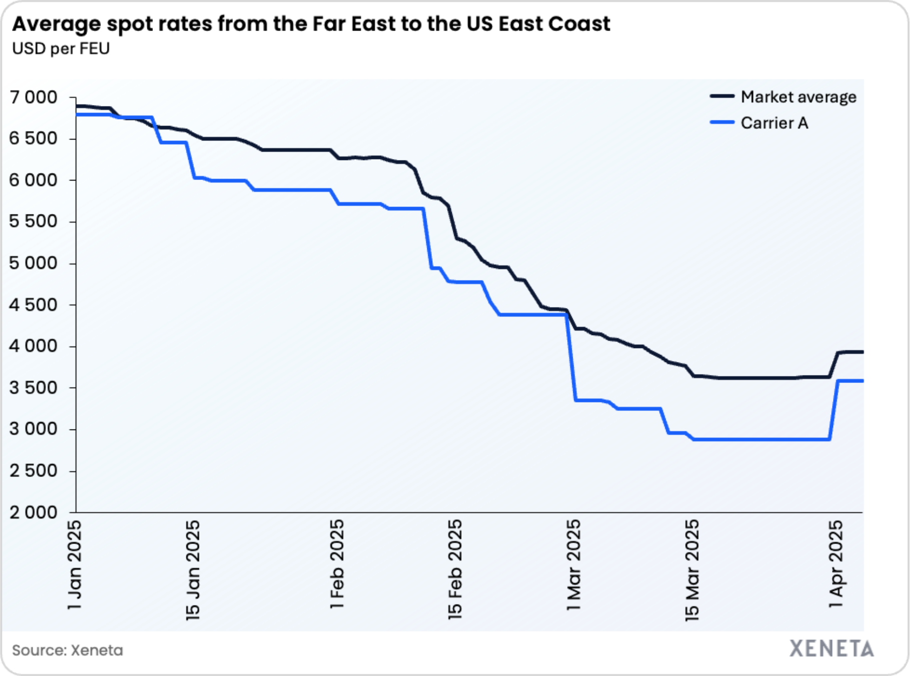
"If you switch sourcing, you need to consider volatility of cost and service on that route over multiple years"

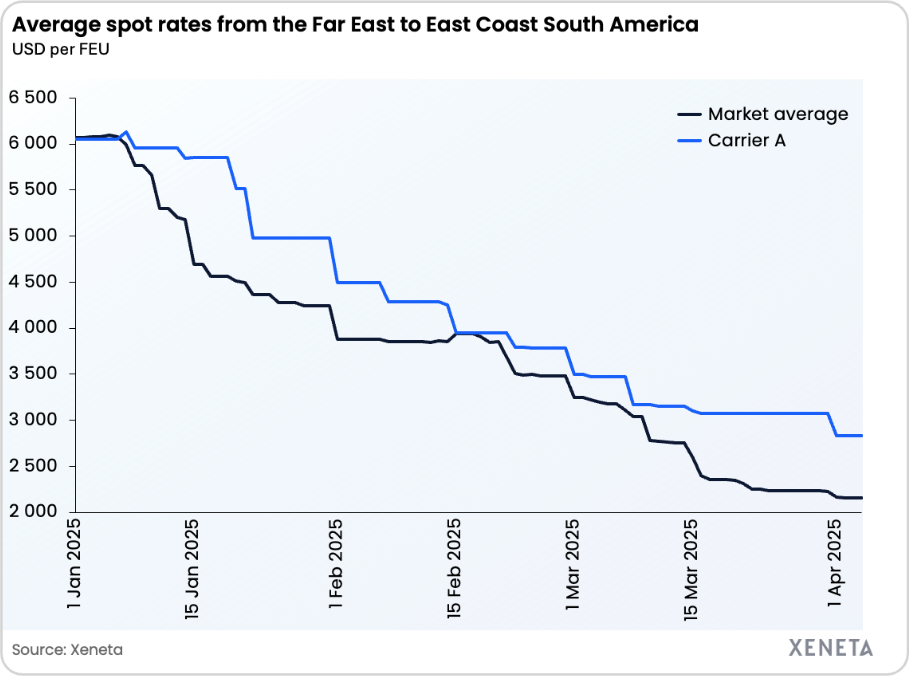
1

Understand supplier strengths / weaknesses on trades you are considering diversifying to and from

If you are modelling different scenarios, your current service provider may not be the best one going forward

- Example – this shipper is transporting goods from China to US East Coast but wants to model the option of sending goods to Brazil first
- Carrier A is below the market average on the direct fronthaul from Far East to US East – so may well be the shipper's preferred provider
- Carrier A is above the market average on the trade from Far East to Brazil, meaning the shipper may be paying too high if they continue with this supplier





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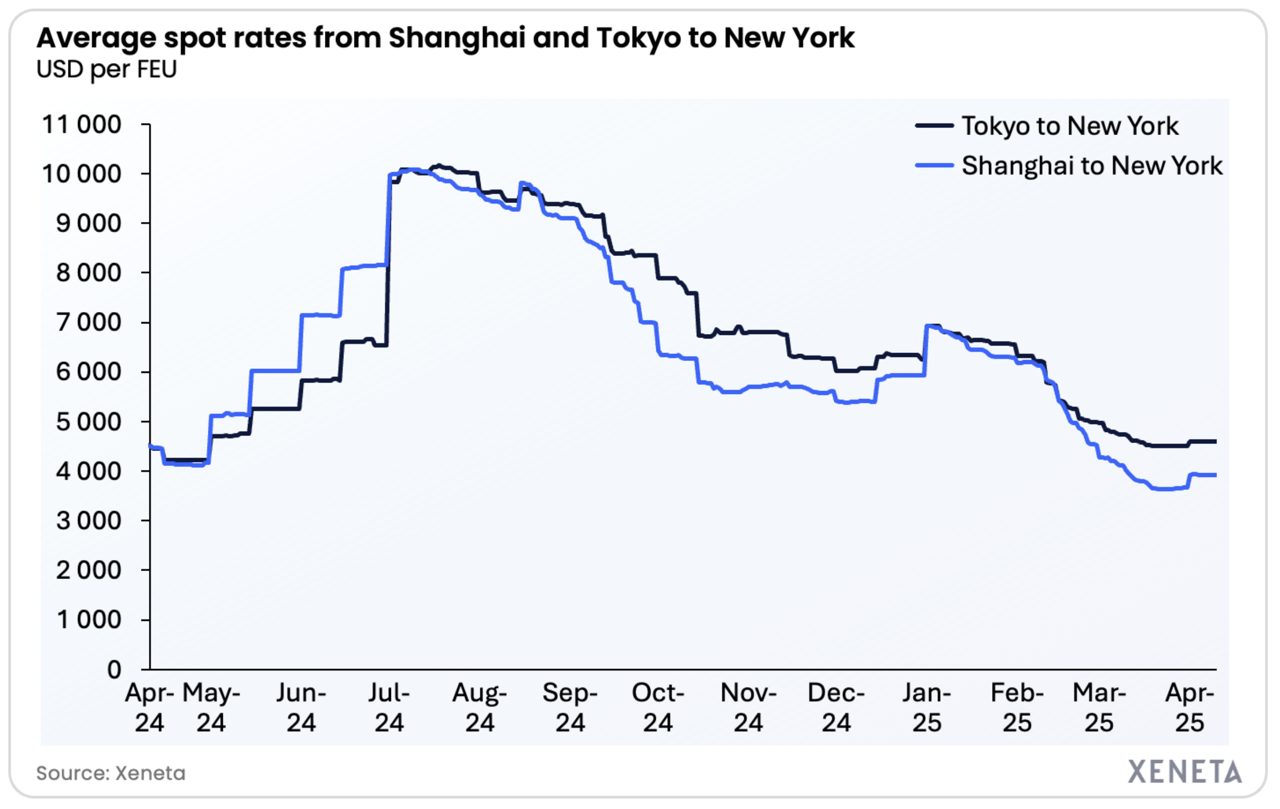
Port-level data required to understand differences in rates and service levels within regions

When considering diversified supply chains within the Far East region, there are significant market trends to be aware of, it's no longer enough to only have average spot rates from Far East to US.

Example:

- Start of the year, rates from Shanghai to New York were almost the same as Tokyo to New York.
- Rates from Tokyo are now higher, to be considered when diversifying supply chains.
- Important – the delta between these two trades is not static. In the spiraling market following the escalation of conflict in the Red Sea in H1 2024, the Shanghai to New York trade was more expensive than Tokyo.



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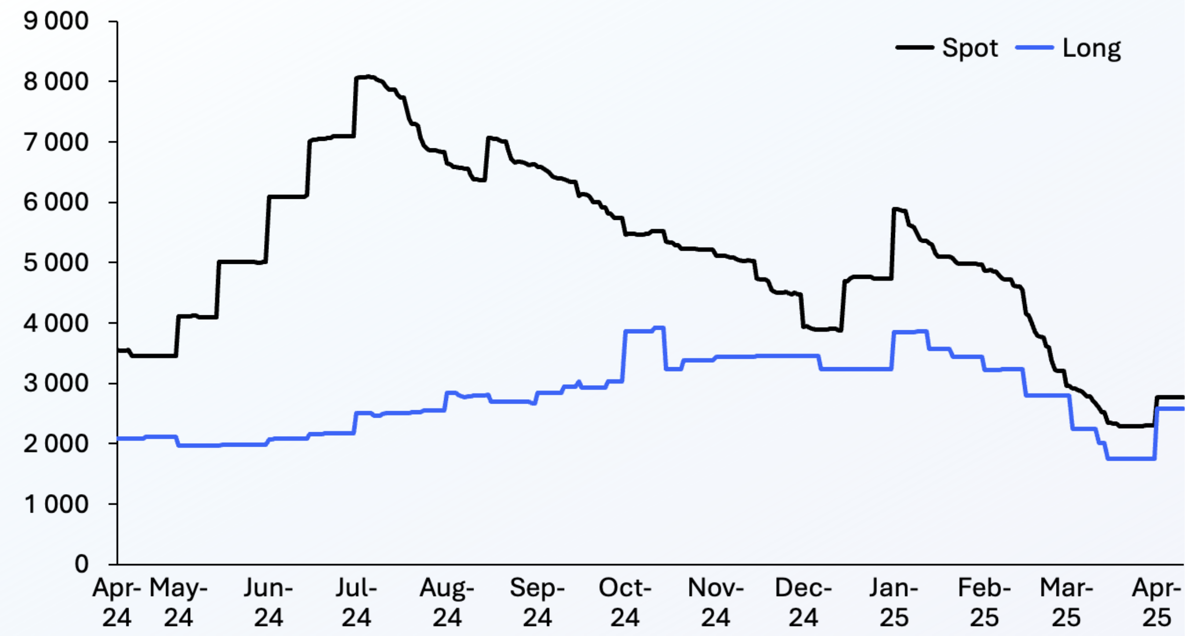
Monitor short and long-term market movements and delta as part of freight procurement and diversification strategy

Spot prices give a general view of the market, but shippers must understand its relationship with the long-term market when planning and negotiating

- For example, the spread between average long and short-term rates on the trade from Vietnam to Los Angeles, is USD 714 per FEU.
- 12 months ago, the spread was USD 1,455, meaning less upward pressure on long term rates if spot rates are generally softening.
- This means a shipper is in a very different (and potentially much stronger) negotiating position today compared to this time last year.

Average spot and long-term rates from Vietnam to Los Angeles ports
USD per FEU



Source: Xeneta

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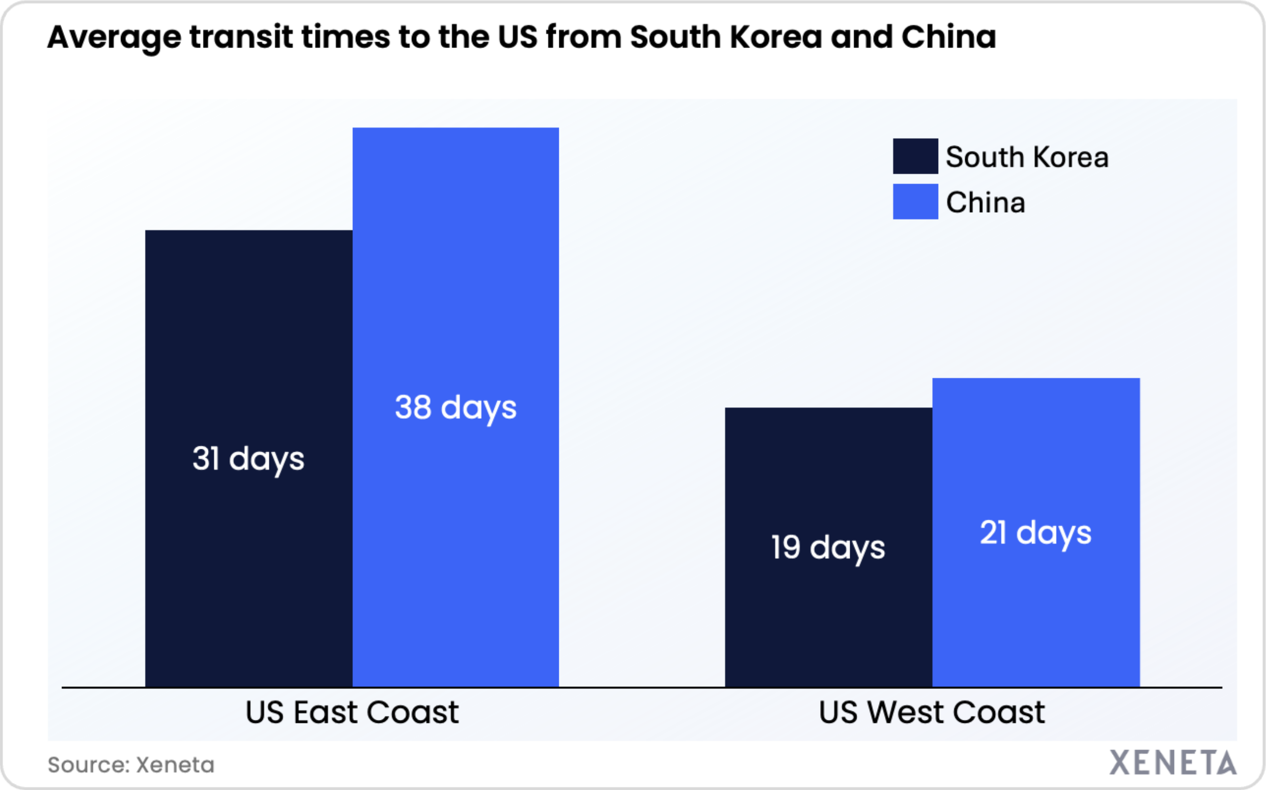
4

Know what the transit times are on alternative trades as / when you shift your supply chain in accordance with market developments

Diversifying supply chains isn't just about securing lower freight rates or tariffs – delays can cost even more. With transit time data, shippers can assess the real impact of diversification on reliability and performance.

- For example, a shipper currently sending goods from China to the US West Coast can expect a transit time of 21 days. If they diversify supply chains to South Korea they can expect a slightly shorter transit time of 19 days.
- The difference is even more profound if a shipper imports into the US East Coast, with a much shorter transit time from South Korea (31 days) compared to China (38 days).



Maximize Your Supply Chain Strategy. **Join a Xeneta Masterclass**:

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2. Port-level data required to understand differences in rates and service levels within regions

3. Monitor short- and long-term market movements and delta as part of freight procurement and diversification strategy

4. Know the rates, transit times, and other key data points on alternative routes

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Thanks!

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