THE SHIPPING STANDARD

OUR EXPERTISE · YOUR ADVANTAGE

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Shippers Should Take Tariff Threats Seriously, Yet Remain Cautiously Optimistic

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SHIPPERS SHOULD TAKE TARIFF THREATS SERIOUSLY, YET REMAIN CAUTIOUSLY OPTIMISTIC

Recent tariff threats issued by the Trump administration against several European countries – and the subsequent decision not to follow through – have continued to generate concern and frustration among shippers.

For shippers that depend on stable transatlantic trade corridors, the recent threat of tariffs raised serious concerns about their ability to absorb additional costs.

These concerns intensified after the Trump Administration signaled plans to impose new import tariffs on goods from Denmark, Norway, Sweden, France, Germany, the Netherlands, Finland, and the United Kingdom if the diplomatic dispute over Greenland remained unresolved.

Like other past tariff threats, this most recent threat rattled global financial markets, upset the logistics industry, and angered international leaders. Yet, it seems like a pattern has emerged, where the administration uses tariffs as a way to bring certain parties to the bargaining table in order to discuss issues the administration finds important.

> ***"While this has proven to be an effective strategy for initiating conversations many would prefer to avoid, the unfortunate reality is that shippers are being caught in the crosshairs. As a result, many are hesitant to move cargo in what they perceive to be a volatile market," said Anthony Fullbrook, president of OEC Group's North American region. "Shippers should understand that tariffs are largely used as a negotiation tactic, and that the Trump administration is generally seeking to secure more favorable agreements in the best interests of the United States – not to disrupt commerce, which would run counter to the administration's values."***

While some shippers appear to understand the Trump Administration's broader strategy, the reality is that the unpredictable nature of recent tariff actions has led many to hesitate to move cargo. However, there may be some hope for shippers as the U.S. Supreme Court is expected to soon issue a ruling on the legality of the Trump Administration's use of the International Emergency Economic Powers Act (IEEPA) to impose tariffs.

If the Court rules against the administration, then the use of tariffs under IEEPA to compel other countries to makes deals with the United States would disappear, although it is likely that the administration would seek another mechanism to assess tariffs. Conversely, if the Court upholds the administration's authority to impose reciprocal tariffs under IEEPA, shippers may still have reason for cautious optimism that any newly implemented tariffs will be, in all likelihood, temporary.

Historically, the Trump Administration has relied on tariff threats as leverage during negotiations, with initial positions often giving way to negotiated outcomes. This dynamic reflects what is often described as an "art of the deal" approach, in which negotiating partners' resolve is tested before a mutually acceptable solution is reached. Shippers who recognize this pattern may be better positioned to balance risk management with operational stability.

> ***"Every tariff threat from this administration should be taken seriously, yet history suggests that the most likely outcome is resolution through negotiation," said Frank Costa, vice president of sales for OEC Group. "Ultimately, shippers need to stay informed about geopolitical developments and understand how they impact the logistics industry. Those who remain aware will be far better equipped to navigate the market than those who underestimate how global issues affect their businesses."***

VIEWPOINT

ZIM'S POTENTIAL SALE COULD BE A TURNING POINT FOR GLOBAL SHIPPING

ZIM Integrated Shipping Services, the Israeli-based container carrier, is weighing acquisition bids after the company's board rejected a buyout offer from CEO Eli Glickman. The carrier's board confirmed that it is evaluating multiple acquisition proposals, including unconfirmed interest from global shipping giants such as Hapag-Lloyd, Mediterranean Shipping Company (MSC), and Maersk.

While this may sound like just another "run-of-the-mill" corporate merger story, rest assured it is not. ZIM is not just another carrier it is a key player and a pioneer in digital shipping solutions, and a key player in certain niche markets.

In an industry dominated by mega-carriers, ZIM has held its own. Its sale could reshape competitive dynamics, accelerate consolidation, and influence pricing power across global container shipping.

If ZIM is absorbed by a larger competitor, expect further concentration in an already highly consolidated market where the top five carriers currently control nearly 70 percent of global container capacity. Adding ZIM's network to a major carrier's portfolio would further strengthen their dominance and squeeze smaller regional carriers. While consolidation can drive efficiencies and stabilize rates, it also raises concerns about reduced competition and higher costs for shippers.

Needless to say, if ZIM is sold to one of the shipping giants, the short-term impact may include service realignments, renegotiated contracts, and shifts in alliance structures. In the long term, this will most certainly lead to fewer but stronger carriers, where shippers will likely choose from an array of standardized offerings, but with much less flexibility. Shippers could also see rates stabilize (a good thing), but at levels favoring carriers rather than shippers (a bad thing).

ZIM's potential sale is far more than a corporate headline, it is a pivotal moment that could redefine the global container shipping landscape. Whether the carrier remains independent or becomes part of a larger entity, the ripple effects will be felt across trade lanes, pricing structures, and competitive dynamics. For shippers, the message is clear if ZIM is sold prepare for a market where efficiency and scale dominate, but flexibility comes at a premium. In an industry already shaped by consolidation, ZIM's next move could set the tone for the future of global shipping.

large, outsourcing transportation to a compliant, asset-based logistics partner isn't just smart – it's essential. Now is the time to review your transportation strategy and partner with a logistics provider that prioritizes compliance and safety, because ignoring this law could put your company in either a major economic hole, or worse, out of business.

There seems to be a lot of uncertainty in the market, even for carriers. It seems to me that at some point there could be a rush of cargo into the U.S. market. How do carriers prepare for spikes in demand if a rush of cargo does occur?

– Curious Carrier

Dear Curious Carrier:

Carriers prepare for cargo volume spikes through proactive capacity management, schedule adjustments, and strategic network planning. One of the primary tools carriers use is capacity management, which includes reinstating blank voyages, deployment of larger vessels, and adding extra loader ships.,

If the rush is predictable, such as peak season or pre Lunar New Year rushes, carriers will look to adjust schedules and reposition vessels.

These strategies allow carriers to maintain operational control and protect rate stability during sudden demand spikes.

I have been hearing about blank sailings for the past couple of years and am now wondering how blank sailings affect rates?

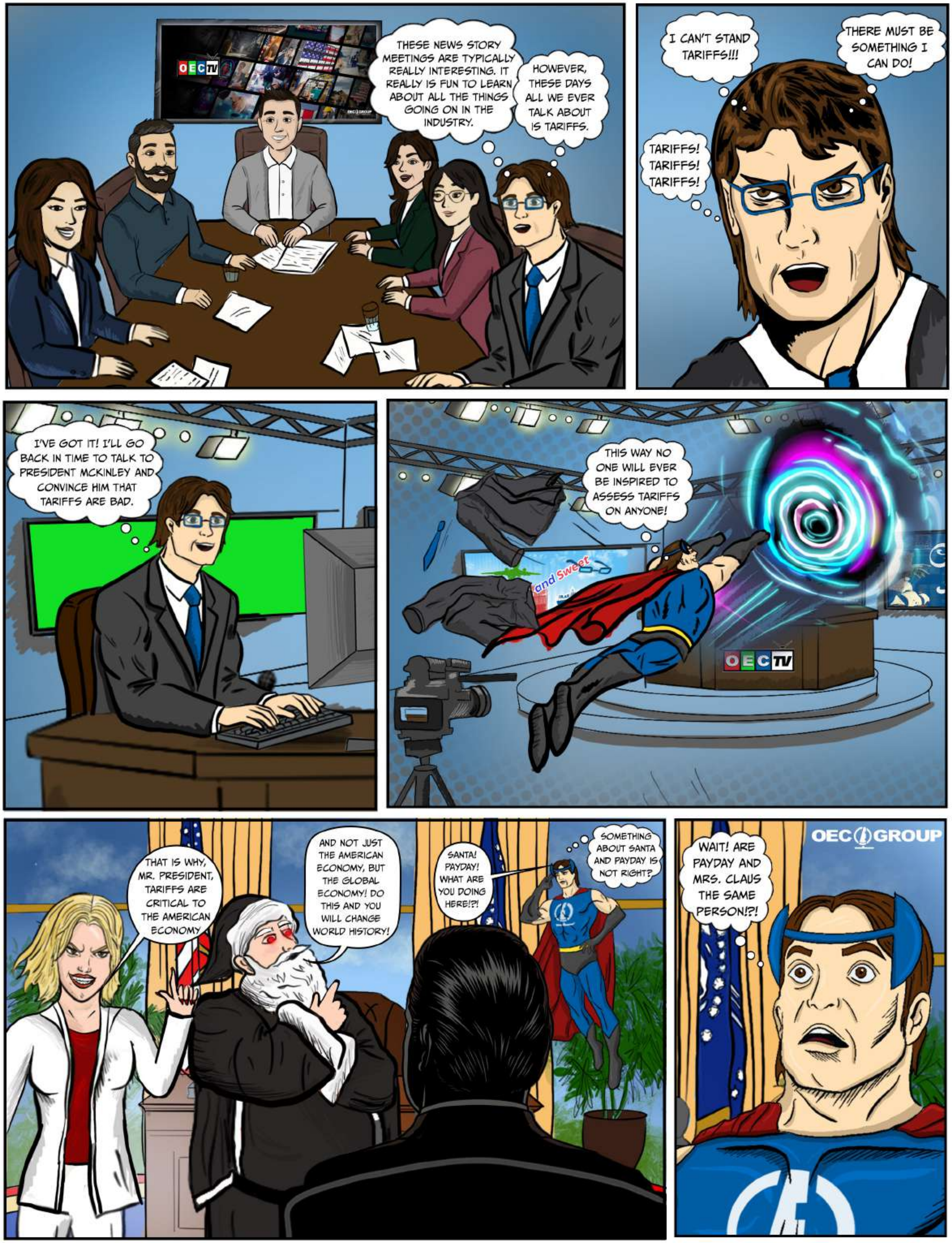
Don’t Know Blank

Dear Don't Know Blank:

Let’s first understand what blank sailings are. Blank sailings are when carriers remove voyages that have poor loading to eliminate losses. That’s because when a carrier removes sailings, it reduces space in the market, even if demand hasn’t risen.

This artificial tightening helps prevent oversupply, which is one of the biggest downward pressures on freight rates. Carriers strategically increase blank sailings, especially during volatile demand periods when volume demand is low, to preserve pricing power and reduce carriers’ loss.

In addition to keeping rates from sinking too low, blank sailings can, unfortunately, also create short term congestion and shipment delays, which further increases rate pressure as shippers compete for reduced space. In essence, by removing capacity, carriers can prevent rate erosion from reaching disastrous levels and position themselves to maintain capacity on the next demand upswing.


OECTV
THESE NEWS STORY MEETINGS ARE TYPICALLY REALLY INTERESTING. IT REALLY IS FUN TO LEARN ABOUT ALL THE THINGS GOING ON IN THE INDUSTRY.
HOWEVER, THESE DAYS ALL WE EVER TALK ABOUT IS TARIFFS.
I CAN'T STAND TARIFFS!!!
THERE MUST BE SOMETHING I CAN DO!
TARIFFS! TARIFFS! TARIFFS!
I'VE GOT IT! I'LL GO BACK IN TIME TO TALK TO PRESIDENT MCKINLEY AND CONVINCE HIM THAT TARIFFS ARE BAD.
THIS WAY NO ONE WILL EVER BE INSPIRED TO ASSESS TARIFFS ON ANYONE!
OECTV
THAT IS WHY, MR. PRESIDENT, TARIFFS ARE CRITICAL TO THE AMERICAN ECONOMY
AND NOT JUST THE AMERICAN ECONOMY, BUT THE GLOBAL ECONOMY! DO THIS AND YOU WILL CHANGE WORLD HISTORY!
SANTA! PAYDAY! WHAT ARE YOU DOING HERE!?!
SOMETHING ABOUT SANTA AND PAYDAY IS NOT RIGHT?
OEC GROUP
WAIT! ARE PAYDAY AND MRS. CLAUS THE SAME PERSON!?!

LAUGHS OVER LOGISTICS

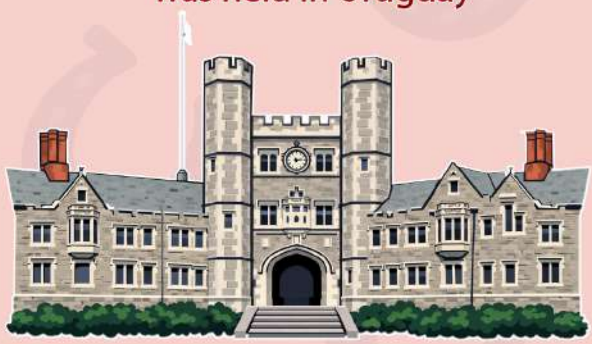
OEC GROUP

FUN FACTS THAT HAPPENED DURING THE YEAR OF THE HORSE

The first McDonalds opened in the Soviet Union

The inaugural FIFA World Cup was held in Uruguay

The discovery of the Polio vaccine



Princeton University received its official charter

The premier of Mozart's Marriage of Figaro

Washington D.C. was incorporated

The premier of the classic movie Casablanca

On The Waterfront won the Oscar for best picture

Word Wheel

OEC GROUP

Directions:

Insert the missing letter to complete the ten-letter word reading either clockwise or counterclockwise.

ABOUT

As an industry pioneer, OEC Group has become one of the world's leading logistics companies. We leverage in-house expertise, carrier partnerships, connections with ports and transportation hubs, and our network of offices in North America, Europe, Asia, India, South America, Australia, and the Middle East, to provide freight transportation, logistics, information, customs and brokerage, insurance, and technical services to over 50,000 customers of various sizes and industries.

We are also highly sought after for the advice we give shippers on how to optimally manage their supply chains. The guidance we provide is based on data analytics, best practices, and decades of industry knowledge.

We believe that relationships matter and treat your cargo as our own. Our experts are always investing in efficient, cost-effective, and cutting-edge services to evolve with the ever-changing market, address the complexities of any client's supply chain, and consistently perform at the highest level for our customers.

Our business is making our logistics expertise, your competitive advantage.

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