Transpacific capacity injection is reversed

On April 9th, 2025, the US announced 145% tariffs on China, stifling Transpacific container shipping demand, and the shipping lines responded by reducing capacity on the transpacific. On May 12th, 2025, the US announced a 90-day pause on China tariffs, which led to an immediate container shipping demand surge. Since there was now insufficient capacity in the Transpacific market, spot rates started to increase sharply. Shipping lines reacted quickly to this situation, by reintroducing capacity onto the Transpacific.

It was initially expected that the tariff pause would push the traditional August peak season into June/July, with US importers trying to get volumes in before the tariff pause ends. However, during June, the US importers pulled back somewhat, seemingly in response to uncertainty regarding the future regulatory environment. This reduction in container demand, combined with the injection of capacity has led to plummeting spot rates.

Fig. 1: Planned Weekly Capacity for June & July (Asia-NAWC)

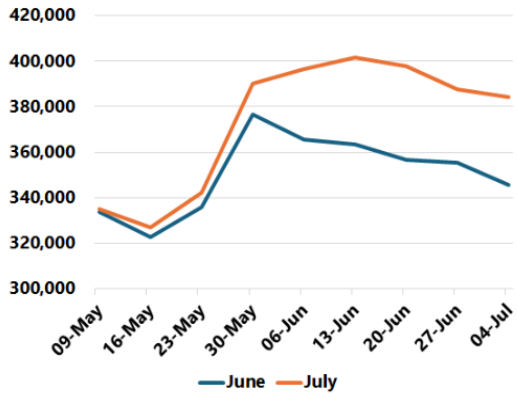

Figure 1 shows the planned capacity on Asia to North America West Coast (NAWC) for June and July, as it was at different points in time, and clearly shows how a June capacity injection at the end of May, quickly gave way to a capacity reduction during June. The planned capacity for July peaked in mid-June, and is now also on the decline again, as shipping lines cancel the planned sailings.

If we compare to the baseline of May 9th before the tariffs pause, by May 30th, the shipping lines had planned to inject another 770,000 TEU into the market, for the combined months of June and July. However, as of July 4th, this added capacity was already reduced to 590,000 TEU. In other words, over the month of June, shipping lines removed 23% of the planned capacity injection on Asia-NAWC, in response to importers suddenly reversing their position away from a sharp front-loading of Chinese cargo.

On Asia to North America East Coast, for the combined June and July, we find that shipping lines had planned to inject 348,000 TEU. As of July 4th, this has been reduced by 24% to an injection of 265,000 TEU.

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