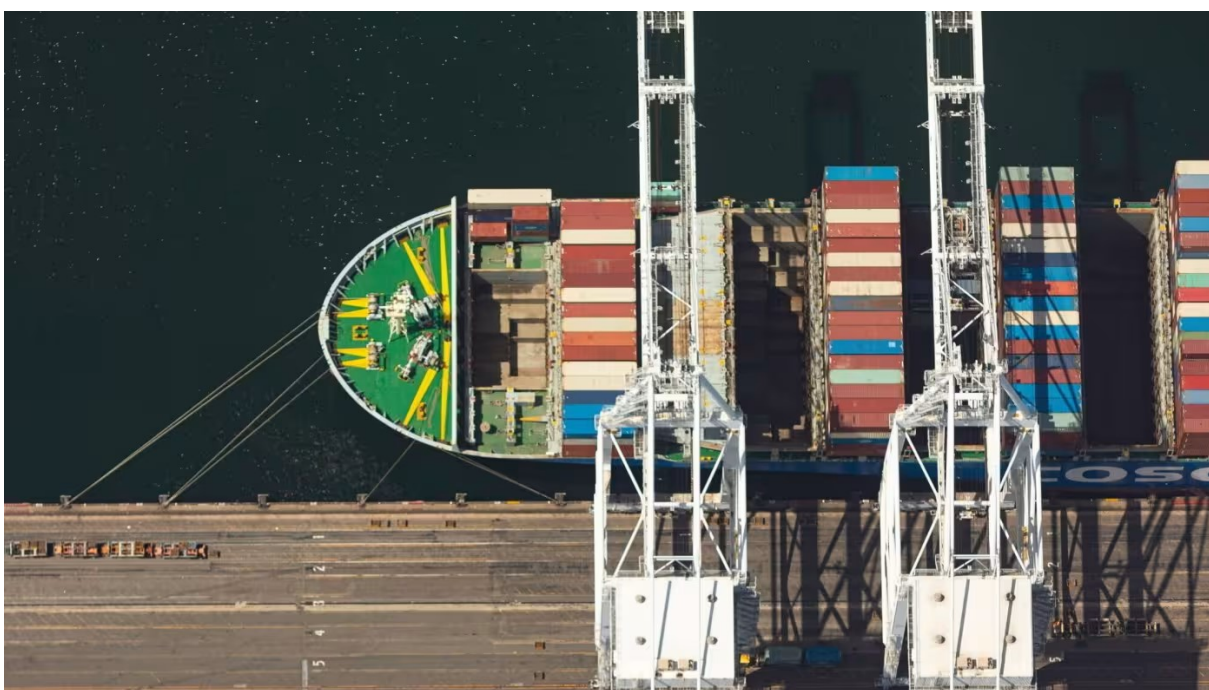


Container shipping

Biden and Trump tariffs would push up inflation, warn freight bosses

Presidential rivals' protectionist plans will also pile pressure on struggling logistics sector



Unemployment in the transportation and warehousing sector rose from 4.7% to 5.5% between April and May, according to the US Bureau of Labor Statistics © Bloomberg

Martha Muir in Washington YESTERDAY

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New tariffs announced by Joe Biden and proposed by Donald Trump would push up inflation and damage the US freight sector, industry executives have said, as the presidential candidates ratchet up protectionist rhetoric ahead of November's election.

President Biden last month introduced sweeping new tariffs on [Chinese imports](#), including a 100 per cent levy on electric vehicles, while his Republican rival Trump has pledged a 60 per cent charge on all goods coming from China and 10 per cent from the rest of the world.

[Freight](#) executives said they would add to the burden on US consumers and businesses.

“Any time you reduce what’s coming into the country and what we ultimately ship it will have a negative impact on the business,” said Tim Vander Pol, president of Peninsula Truck Lines. “It’s an inflationary cost that’s pinching the margins.”

1 CHINA'S TRUCK LINES. IT'S AN IMMENSELY COSTLY PUNISHING THE MARGINS.

With just over four months until November's presidential election, Biden and Trump have vowed to protect manufacturing jobs from foreign competition as they court blue-collar workers in electoral swing states such as Michigan and Wisconsin.

Biden said in May that new tariffs would "ensure that our workers are not held back by unfair trade practices", as he unveiled new tariffs on Chinese goods, including a 25 per cent charge on some steel and aluminium products. Trump has said he is "a big believer in tariffs" on the campaign trail this year, and launched a trade war with China during his time in office.

Freight industry leaders said the tariffs would end up punishing US consumers and raise shipping costs.

"It's a tax on consumers, which certainly hurts the industry," said Bob Costello, chief economist and senior vice-president at American Trucking Associations. "Not only that, we've seen prices on the trucks and trailers we buy go up because of tariffs."

The warnings from industry come just two weeks after Federal Reserve officials predicted inflation could rise again this year, prompting them to trim back expectations for rate cuts in 2024. Supply chain disruptions helped push US inflation to a multi-decade high in 2022.

According to many economists and bodies such as the Congressional Budget Office, tariffs raise domestic prices and decrease the purchasing power of US consumers.

Freight businesses also say US efforts to "nearshore" global supply chains — a strategic aim of Washington as it tries to curb dependence on Chinese manufacturers — would reduce import volumes in the short term, as importers are forced to adjust.

"That isn't something a company can do super fast," Rick LaGore, chief executive of InTek Freight and Logistics, said of the effort to reorient supply chains.

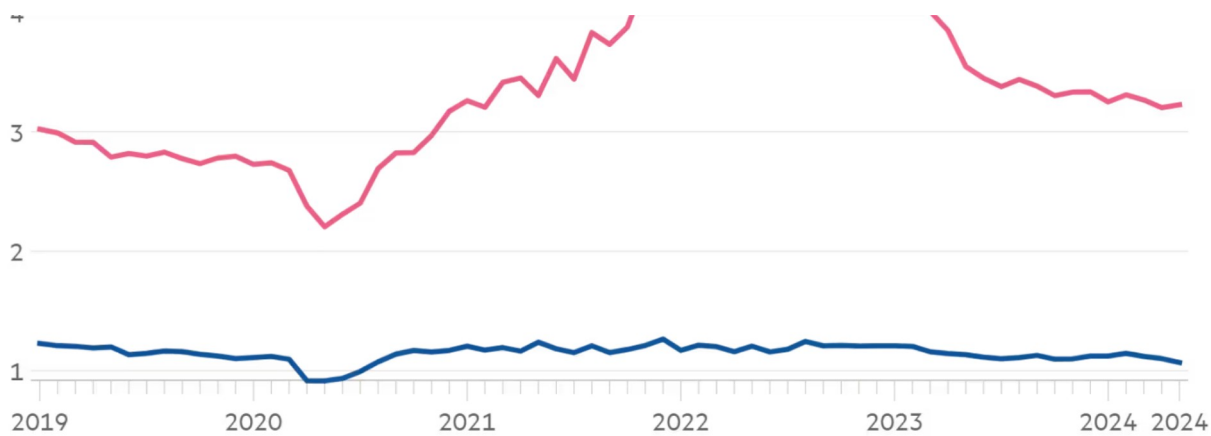
American Railroad Association spokesperson Jessica Kahanek said the organisation "opposes policies — including tariffs — that restrict access to global markets".

Freight shipments and expenditures are in decline

Cass freight index

— Shipments — Expenditures





The Cass freight index measures monthly freight expenditures and shipment volumes from a statistically representative sample of companies.

Source: Cass Information Systems

Freight bosses' anxiety over new tariffs comes after the Cass freight shipments index, a measure of shipments within North America, fell to a nearly four-year low in May. The company's expenditure index, which measures total dollars spent on freight transportation, has declined by nearly 30 per cent since peaking in August 2022.

According to data from the American Railroad Association, total US carload traffic for the first five months of 2024 was down 5 per cent compared with the same period in 2023.

"We're in what we in the industry call a 'freight recession'," said Dave Broering, president of Integrated Logistics. Although investment in chip production is booming, the US is experiencing a manufacturing slump in other sectors.

US manufacturing contracted in May for the second month in a row

— US ISM Manufacturing PMI



Source: YCharts

Falling demand is also putting pressure on companies, with a measure for consumer spending on goods in April 2024 showing a month-on-month fall of 0.4 per cent.

Unemployment in the transportation and warehousing sector rose from 4.7 per cent to 5.5 per cent between April and May, according to the federal Bureau of Labor Statistics.

“During the pandemic there was so much demand out there that a lot of people started up freight companies, and larger companies put more assets online,” said LaGore. “We’ve seen demand diminish a lot this year, so we would expect to see more companies drop out of the market before things get better.”

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