



AUG 2025

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This edition of WPS Intel - Aug 2025 highlights five significant developments reshaping global supply chains. From the Panama Canal drought crisis to shifting U.S. tariff policies, freight market realignments, and aviation measures between the U.S. and Mexico, logistics leaders face a rapidly evolving landscape. Rising costs, changing trade routes, and regulatory adjustments are redefining global cargo flows and operational strategies.



The Panama Canal and the Drought Crisis: What to Know

Climate pressures disrupt one of the world's most critical trade routes

- Handles 6% of global maritime trade; operates via freshwater from Gatun Lake.
- Each ship transit uses ~200,000 tons of freshwater. 2023–2024 droughts cut
- 2023–2024 droughts cut water levels, causing:
 - Reduced ship capacity and transit limits.
 - Slower trade flows, higher delivery times/costs.
 - 20–40% rise in freight rates.
 - Diversions via the Suez Canal, Cape Horn, Canada, and Mexico.
- Panama faced lower Canal revenue, urban water shortages, and agricultural stress.
- Proposed solutions: water-efficient locks, smart sensors, new Indio River dam (approved Jan 2025), additional reservoirs, and climate action policies.



Lessons and Actionables

Water scarcity is now a systemic supply chain risk. Monitor alternative routes and long-term infrastructure investments when planning transits through Panama.

2. New U.S. de minimis policy **could trim DHL profit by 3%**

Tariff policy shifts disrupt express logistics and cross-border e-commerce

- DHL Express U.S.-bound B2C shipments down 20% after loss of duty-free access on low-value parcels from China and Hong Kong.
- Worst-case impact: up to \$231M hit (3.3% of 2025 profit).
- UPS harder hit: 35% volume decline on the China-U.S. lane.
- Reduced ship capacity and transit limits.
- Cost actions:
 - \$1.1B cost cuts by 2026 ("Fit for Growth").
 - A 7% reduction in airfreight capacity lowers costs by 8%.
- Full-time Express staff cut 3.2%.
- Pickup/delivery costs are reduced by 5%.
- Strategic actions: flexible leases, seasonal surcharges, global expansions (Frankfurt air hub, Saudi JV, U.S. IDS Fulfillment, CryoPDP acquisition).

Lessons and Actionables

Tariff-driven demand shifts are reshaping express parcel flows. Build flexibility into networks, and track carrier cost adjustments to anticipate service/pricing changes.

- Challenges: Canadian labor disputes, weaker Global Forwarding & Freight performance.

Freight Market Update | Week 30 | 2025

Tariffs, sourcing shifts, and port congestion reshape global trade lanes

- U.S. imports from China down 28.3% YoY; China's share dropped to 28.8% (from 40% in 2024).
- Southeast Asia gains: imports up 15.6% (Thailand), 27.6% (Vietnam), 57.5% (Indonesia).
- Drivers: tariff deadlines (Aug 1 for non-China, Aug 12 for China-specific); frontloading before expiration.
- Carriers blanked 175,000 TEUs (~11%) in July (vs 9% in June).
- Service suspensions are cutting Asia–U.S. capacity.
- Port congestion in Northern Europe (Rotterdam delays with 100+ mega-ship calls) and Mexico's Manzanillo.
- Mitigation: off-peak cargo shifts, better barge corridors, digital coordination.



Lessons and Actionables

Tariff timing and blank sailings are pushing sourcing diversification to Southeast Asia. Anticipate ongoing delays and reconfigure lead times accordingly.

U.S. DOT Enforces America First Aviation Measures with Mexico

Bilateral tensions drive regulatory changes in air cargo operations



- Target: operational barriers impacting U.S. carriers under the 2015 U.S.–Mexico Air Transport Agreement.
- Trigger: slot reductions and cargo restrictions at Mexico City’s Benito Juarez International Airport.
- Actions:
 - Mexican carriers must file all U.S. schedules under Part 213.
 - Charter flights need prior approval under Part 212.
 - U.S. proposes withdrawal of antitrust immunity for Delta–Aeromexico joint venture.
 - Next steps: U.S.–Mexico services continue; further reviews ongoing.

Lessons and Actionables

Cross-border aviation rules may tighten, with direct impacts on cargo capacity. Monitor bilateral negotiations and assess exposure to Mexico City slot restrictions.

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