WPS Intel

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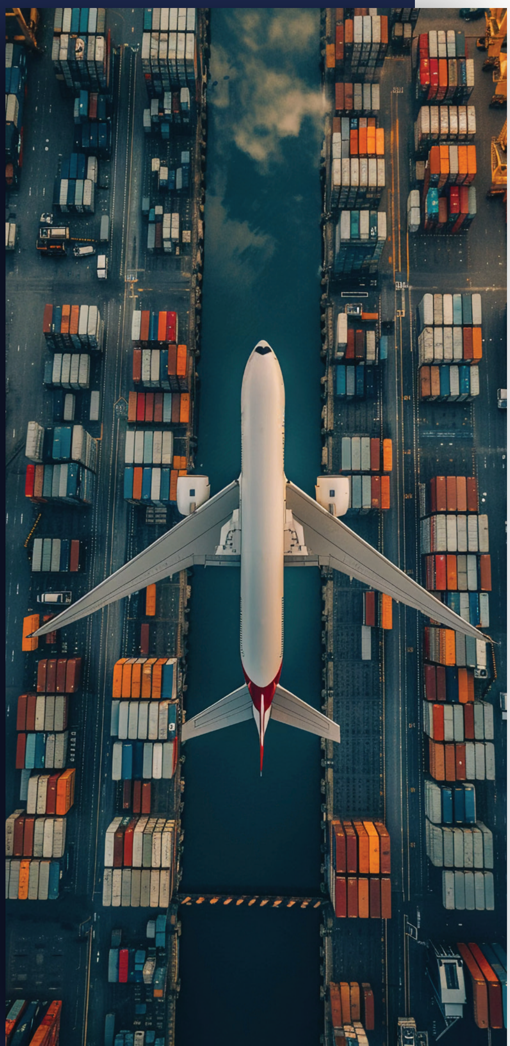
This edition of WPS Intel captures pivotal developments in global supply chains and trade. From new air cargo hubs in Europe to final-mile consolidation in the U.S., parcel fee hikes, and transatlantic trade deals, the logistics industry faces a shifting environment shaped by regulation, infrastructure, and geopolitics. Leaders must adapt to rising costs, evolving trade frameworks, and competitive pressures while ensuring resilience across networks.

FedEx and DHL Relocate to Larger Air Facilities on Europe's Edge

New air hubs strengthen global cargo flows

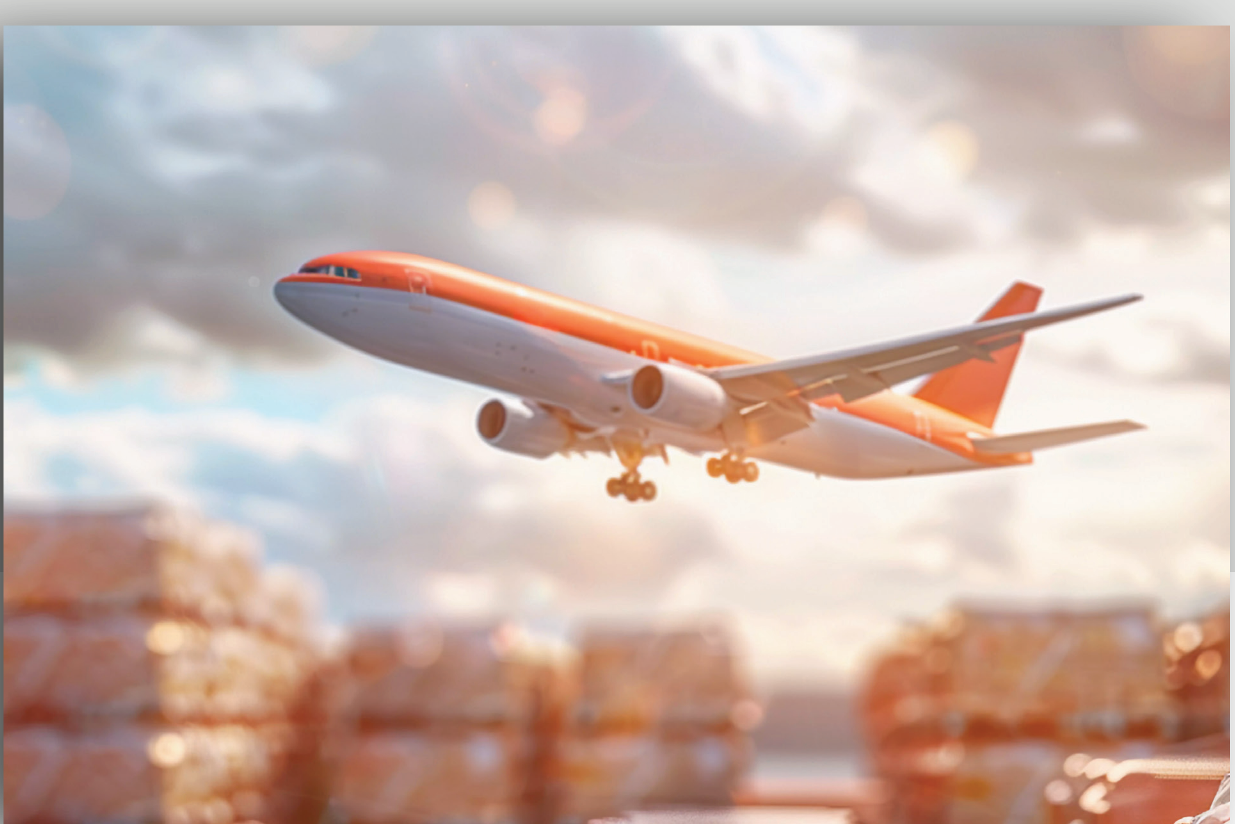


- FedEx – Istanbul Air Hub
  - 272,300 sq. ft. cargo terminal at Istanbul International Airport, 4x larger than previous.
  - 2 aircraft parking spots, +70% truck trailer capacity.
  - Sorting capacity: 7,000 pieces/hour, with AI-enabled x-ray machines.
  - Operates 30 flights/week across Turkey, U.S., Europe, and Middle East.
  - Strengthens global air/ground integration.

- DHL – Helsinki Air Gateway
    - €100M ($117M) investment, 172,200 sq. ft., 3x larger than prior site.
    - Automated sorting: 6,500 packages/hour (up from 1,500).
    - Direct apron access, 90 vehicle bays with EV charging.
    - Geothermal heating, solar power, advanced scanning.
    - Supports Finnish companies' global reach.

Lessons and Actionables

Strategic European air hubs expand efficiency, sustainability, and regional connectivity. Integrate new capacity nodes into global planning models for resilience.



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ADL Final Mile Acquires DMC Logistics

Consolidation reshapes U.S. final-mile delivery landscape

- ADL Final Mile acquires DMC Logistics, expanding into the U.S. Southwest.
- DMC operates in NM, AZ, CO, NV, TX, UT, focused on customized/final-mile logistics.
- ADL Final Mile now covers 27 states with 88 distribution locations.
- Leadership: DMC founder Steve Griego becomes President, Southwest Region.
- Backed by RD Last Mile Holdings, with support from Red Dog Equity, Monroe Capital, and Tom Pritzker's family interests.
- ADL formed in 2022 from merger of ADL Delivery and Capital Express.

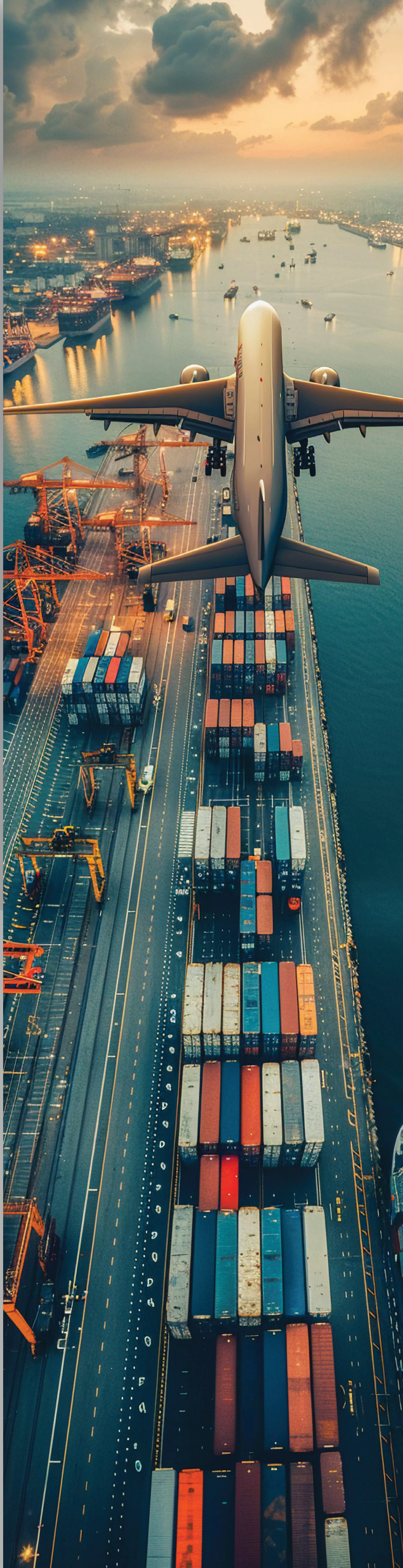
Lessons and Actionables

Final-mile consolidation is accelerating. Watch for regional specialists joining larger platforms, reshaping competition and service options.

UPS Adds New Fees on U.S. -Bound Imports

New surcharges follow elimination of de minimis exemption

- From Sept. 8: UPS applies $2.50 international processing fee on U.S.-bound shipments (Worldwide Express, Express Plus, Express NA1).
- From Aug. 29: new Canada-to-U.S. entry prep charges:



- $10 for duty value up to $200.
- $20 for duty value $200.01–$800.

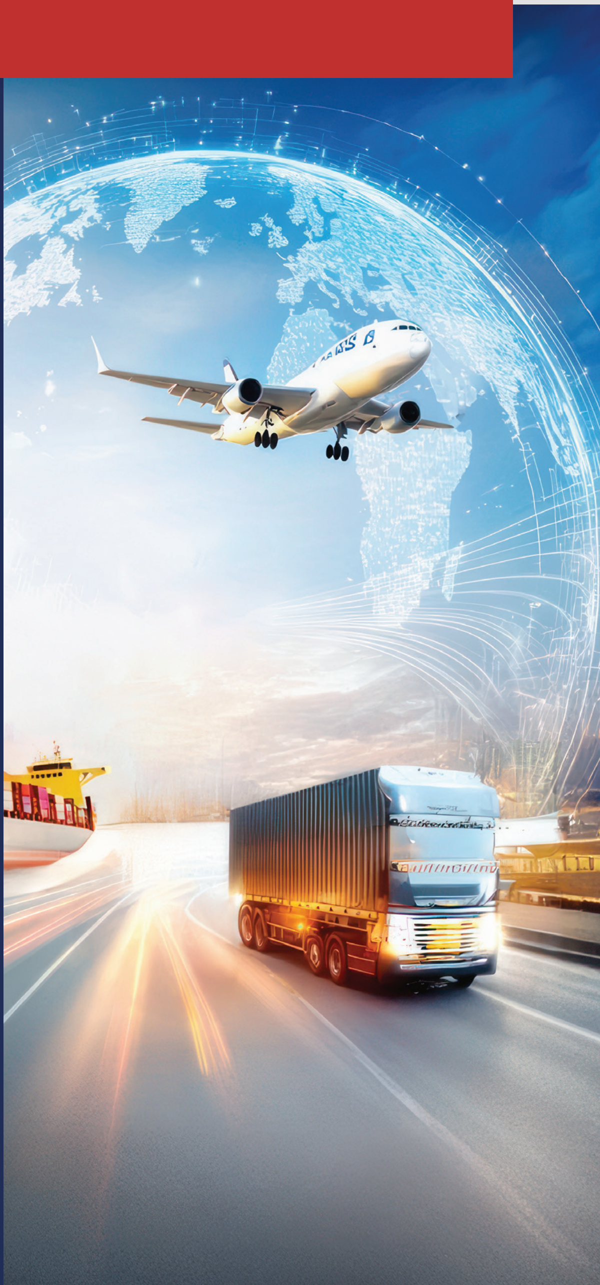
- Triggered by U.S. elimination of de minimis exemption (imports <$800).

- Competitive backdrop: FedEx raised inbound fee from $1.50 to $2.50 a week earlier.

- Industry impact: cumulative surcharges raising parcel delivery costs.

Lessons and Actionables

Expect rising import costs as carriers align fees post-de minimis. Build surcharge monitoring and negotiation into logistics planning.



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U.S.–EU Trade Deal Establishes New Framework Agreement

Boosting transatlantic ties with reciprocal concessions

- EU removes tariffs on U.S. industrial goods; preferential access for U.S. agriculture.
- U.S. caps tariffs at 15% on most EU goods (exceptions under MFN).
- EU commits ~$750B purchases of U.S. energy and $40B in AI chips by 2028.
- Mutual recognition of auto standards; digital trade rules (no customs duties on e-transmissions).
- EU to invest $600B in U.S. strategic sectors, boost defense procurement.
- U.S. officials hail deal as worker/industry win; EU critics warn of autonomy risks.
- Agreement framed as first step with further negotiations expected.

Lessons and Actionables

The deal stabilizes transatlantic trade but signals deeper interdependence. Monitor follow-up rounds for shifts in tariffs, tech flows, and compliance standards.

Freight Market Update | Week 33 | 2025

Transpacific softness, tariff shocks, and East China port congestion

Transpacific Trade & Seasonal Outlook

- August transpacific volumes remain sluggish with no clear sign of peak season.
- 2025 full-year U.S. container port imports projected 5.6% below 2024.
- Some analysts expect September to be the busiest tied to holiday demand, but overall outlook is soft.
- Early-year front-loading has disrupted seasonal patterns, possibly creating a Q4 volume gap.

Tariff Impacts on Q4 Imports

- Higher tariffs are increasing consumer prices; importers are cutting back on low-value categories (e.g., furniture).
- Smaller businesses are struggling with added costs, leading to smaller orders or shipment delays.

- New Executive Order adds 25% duty on certain Indian-origin goods (linked to Russian imports), raising total duty to 50% from Aug 27, 2025.
- Reciprocal tariffs are expected; some bookings already cancelled or on hold.
- Separate Executive Order extends suspension of additional IEPPA tariffs on Chinese-origin imports through November.

Port Congestion in East China

- **Typhoon disruptions caused major delays in Ningbo and Shanghai:**
  - Ningbo MSICT: 3+ day waits, 16 vessels anchored.
  - Shanghai Yangshan (YS1): 3–4 day delays, 16 vessels waiting.
  - Shanghai Waigaoqiao: 2–3 day delays; 13 vessels at WGQ2, 17 at WGQ5 (as of Aug 6).
- **Backlog clearance expected to take additional time despite carriers adjusting schedules.**

Lessons and Actionables

- Front-loading has altered seasonality — prepare for a potential Q4 volume gap.
- Tariff shifts and new duties (Indian-origin 25% → 50%) are prompting booking cancellations; review orders in low-value categories and stress-test suppliers.
- East China port congestion from typhoon impact will lengthen lead times; build buffer time and seek alternative routings where viable.

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For inquiries & market intelligence:

info@webpackagingsolutions.com

11200 Westheimer Rd #505,
Houston, TX 77042, United States

+1 832-341-1222

info@webpackagingsolutions.com

Sources: FreightWaves, SupplyChainDive, GreenWorldWide