

News / US tariffs and trade war will result in 'Covid-like' shortages and layoffs

DESK ONE (PO: TOP PERFORMER WTC: RALLYING DSV: 'THE KING ENTERS THE CASTLE' CHRW: DYNAMICALLY MANAGING THE HEADCOUNT CHRW: COI



Photo: © Paulus Rusyanto

By [Ian Putzger](#) Americas correspondent 01/05/2025

As the suspense over tariffs and the trade war between Washington and Beijing drags on, keeping firms in limbo, the prospect of major supply chain shocks is growing.

US consumers could find empty shelves in stores and elevated prices, possibly followed by supply chain paralysis when pent-up trade flows overwhelm transport infrastructure and capacity.

The sharp drop in sailings between China and the US, exacerbated by order cancellations that left ships heading across the Pacific with less freight than planned, augurs a drastic reduction in Chinese goods reaching the US market. The port of Los Angeles expects a “precipitous drop in volume” next week, executive director Gene Seroka told American business news channel *CNBC*, forecasting a slump of 35%.

NVOs in the transpacific trade. Several major US retailers stopped all shipments from China owing to the tariffs, added Mr Seroka.

Volume from China will remain will be light until some agreement is reached between the US and Chinese governments, he predicted. The port of LA projects a decline of at least 10% in imports in the second half of the year.

The latest market update from Freightos shows US-bound traffic from Vietnam has increased, presumably making up some of the decline in China-US shipments, but US consumers will soon experience the fallout.

The large US retailers met President Trump and predicted shoppers would see empty shelves and higher prices unless inventories were replenished soon –which hinges on a settlement of the trade stand-off with China.

Indeed, Torsten Slok, chief economist of asset management firm Apollo Global Management, predicted “Covid-like” shortages, as well as layoffs in the retail, trucking and logistics sectors.

And another round of Covid-era deja vu could follow the shortages once tariffs get settled and shipping resumes. Importers scrambling to replenish depleted inventories would likely trigger a surge in shipments that would overwhelm supply chains. Mr Slok pointed out that the shipping industry had reduced capacity, so such a rebound would result in delays and drive up costs.

OEC's Mr Firrincieli warned of serious disruption. He said even if the tariffs were settled this week, there was a lot of backlog [cargo] to ship, and 'back-to-school' merchandise should be shipped shortly.

If it took until June, or even July, to come to a resolution, the stock replenishment would play out during the peak shipping season, resulting in a space crunch and equipment shortages, causing massive backlogs.

“It could be Covid all over again,” he said.