

SUPPLY CHAIN MARKET UPDATE

North America and Europe

January 2026

KEY TRENDS AND CHALLENGES IN U.S. SUPPLY CHAIN MANAGEMENT

1

CHINESE EXPORTS TO THE U.S. REMAIN UNDER PRESSURE AS SE ASIA, MEXICO, AND INDIA CONSOLIDATE SHARE GAINS

- China's exports to the U.S. are down sharply year-on-year, even as its overall trade surplus exceeds \$1T, reflecting ongoing tariff and geopolitical drag
- Vietnam, India, Mexico, and Canada have captured meaningful share across key categories, with Mexico now exceeding China as the largest U.S. import base in value terms

2

OCEAN AND AIR FREIGHT SEE TACTICAL RATE STRENGTH, BUT UNDERLYING FUNDAMENTALS STAY WEAK

- Transpacific spot rates spiked into early January on annual General Rate Increases, spot market resets, and Lunar New Year positioning, yet structural overcapacity and soft demand limit the durability of recent gains
- Global air freight volumes rose about 5-6% YoY into late 2025, but average spot rates remain below prior-year levels and are driven largely by seasonal and e-commerce dynamics rather than broad demand recovery

3

U.S. DOMESTIC FREIGHT SHOWS SIGNS OF TIGHTENING AMID COST INFLATION AND CAPACITY EXITS

- Truckload spot rates experienced a notable December uptick as load-to-truck ratios rose and capacity exited the market, but contract rates and overall demand remain subdued
- Carriers are emphasizing cost reduction, automation, and consolidation as rising operating costs and weak freight demand compress margins and set the stage for more M&A in 2026

FEATURED TOPIC

Santa's Got a New Sleigh: How Regional Parcel Carriers Reshaped Last-Mile Delivery During the 2025 Holiday Season

[ACCESS THIS ARTICLE FOR MORE DETAILS HERE](#)



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If it felt like more delivery trucks (and cars!) rolled down your street this past December than ever before, you're not imagining it. The 2025 holiday season became a watershed moment for parcel logistics, and the traditional big three (UPS, FedEx, USPS) are no longer driving all the traffic. Regional and alternative carriers such as OnTrac, Veho, UniUni, Spee-Dee, and GOF0 are being used more than ever for e-commerce deliveries and are no longer supplemental players – and that's not to mention Amazon, who has surpassed both UPS and FedEx in deliveries!

The numbers tell a compelling story. With an estimated 2.3 billion packages delivered during peak season 2025, up 5% year-over-year, the major carriers are managing volume flat or near-flat. In contrast, alternative and regional carriers are scaling rapidly, for example, Veho has doubled parcel volume year-to-date in 2025, while UniUni reported more than a tenfold (~1,073%) increase in domestic volume from 2024 to 2025. For supply chain and retail executives, this shift represents a fundamental reshaping of the carrier ecosystem and a crucial moment to rethink network strategy.

CONTENT SUMMARY



- **Regional and alternative parcel carriers surged during the 2025 holiday season**, gaining significant share from national carriers as total U.S. package volume hit an estimated 2.3B parcels (+5% YoY). Carriers like Veho and UniUni posted explosive growth, signaling a structural shift in the market
- **National carrier constraints and surcharge volatility pushed retailers to diversify**, as major carriers' capacity reduced and rates increased, making multi-carrier strategies more attractive and necessary
- **Delivery experience is becoming a competitive differentiator**, with retailers prioritizing reliability, real-time visibility, and brand-aligned delivery quality rather than simply on-time arrivals
- **The shift is structural rather than seasonal** – regional and alternative carriers have matured into credible, scalable competitors, redefining last-mile strategy for 2026 and beyond

TARIFF MARKET UPDATE

De Minimis tightens for small parcels; new 232 duties on trucks/buses; China deal extensions + 301 actions; India/Brazil rate volatility drives repricing and sourcing shifts

1

WHAT'S ACTIVE NOW & KEY DATES



- **Small-parcel/e-commerce:** *De minimis* suspended globally since August 29, 2025; postal flat-rate duty (\$80–\$200/item) allowed through Feb 28, 2026 → then ad-valorem only
- **India:** +25% Russian-oil add-on (often stacking to ~50% total); U.S. Administration warned January 5, 2026 of potential further hikes
- **Brazil:** additional tariffs continue but select agricultural items exempt retroactive November 13, 2025 (refunds)

2

TARGETED SECTORS & COUNTRIES



- **Vehicles:** Section 232 duties since November 1, 2025—25% on medium/heavy trucks & many parts; 10% on buses; CBP issued entry + drawback guidance
- **China (deal):** IEEPA fentanyl duty 20% → 10% effective November 10, 2025; China “reciprocal” rate held at 10% through November 10, 2026
- **Semiconductors:** new Section 301 action—additional duty 0% now; scheduled increase June 23, 2027 (rate TBD ≥30 days prior)

3

BUSINESS & CONSUMER IMPACT



- **Parcel disruption:** many foreign posts paused/restricted U.S. parcels; UPU reported >80% traffic drop after the August 29 change in early weeks.
- **Ops shifts:** more DDP/checkout duty collection, tighter HS/origin/value data, and consolidated freight + U.S. fulfillment to cut per-order entry cost.
- **Commercial response:** rapid repricing, SKU rationalization, and supplier diversification in India/Brazil-exposed categories

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LEGAL & TRADE DIPLOMATIC DEVELOPMENTS

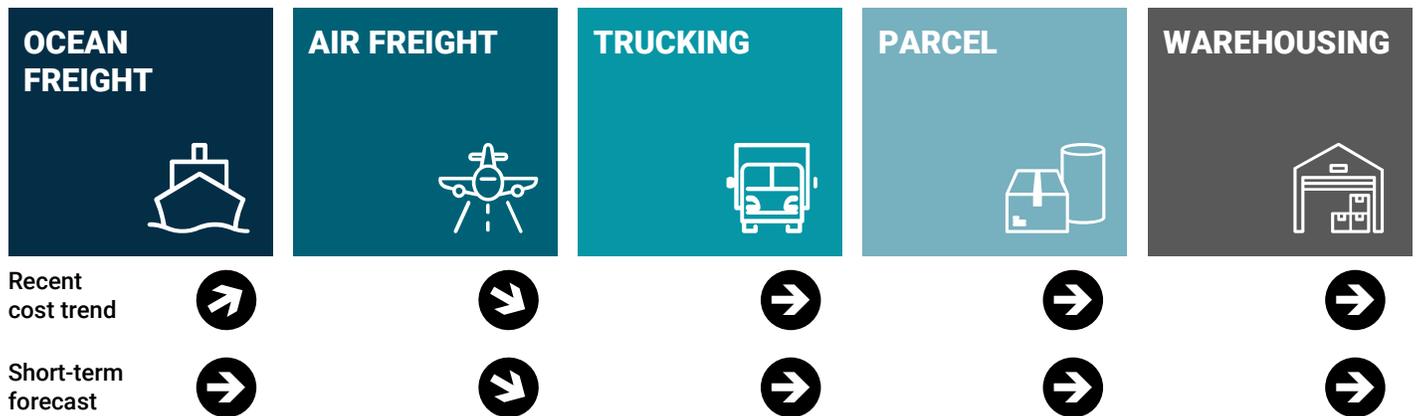


- **Anti-evasion:** punitive 40% ‘transshipment’ duty + penalties; no mitigation/remission; semiannual public lists.
- **China:** 178 Section 301 exclusions extended to November 10, 2026; new semiconductor 301 action sets a 2027 tariff path.
- **Legal risk:** courts have scrutinized broad IEEPA-based tariffs – watch appeals for changes to executive authority.



FREIGHT COSTS

Fallout from U.S. administrations application of tariffs has maintained an environment of near-term uncertainty throughout 2025, with similar sentiment starting 2026



WHAT IS MOST IMPORTANT TO KNOW?

Tariff uncertainty is driving short-term market volatility, with prices falling due to overall softness in demand

- Ocean spot rates increased ahead of Lunar New Year driven by carrier GRIs, with durability dependent on demand support amid persistent overcapacity
- Global air freight rates increased modestly, though demand remains mixed and below prior-year levels, suggesting limited momentum beyond seasonal effect

Major parcel players are facing volume declines and changes to service models

- Legacy parcel carriers are seeing mixed volume trends, with U.S. domestic growth and yield improvement offsetting continued softness in certain international lanes and e-commerce flows
- Carriers continue to rely on yield management levers, including accessorial fees and delivery area surcharges, to offset pricing pressure and selective discounting for high-volume shippers
- USPS transportation expenses declined due to network optimization, but operating costs increased on higher compensation and retirement incentives, highlighting ongoing margin management challenges

Companies need to be adaptive and ready to reconfigure its supply chain to meet the changing trade environment

- Companies have been focusing on reconfiguring their supply chain by adopting a total-cost-of-ownership-driven approach, accounting for factors such as cost structure, tariff impacts, and logistics consideration

WHAT ACTIONS CAN WE TAKE?

Strategically review the network & proactively plan with agility in mind

- Shippers should leverage this time of available capacity to tackle strategic initiatives
- Develop and strengthen key internal capabilities along with strategic external carrier/ logistics provider relationships to prepare for the next growth period and future uncertainty

Review tariff impacts and corresponding inbound freight plans

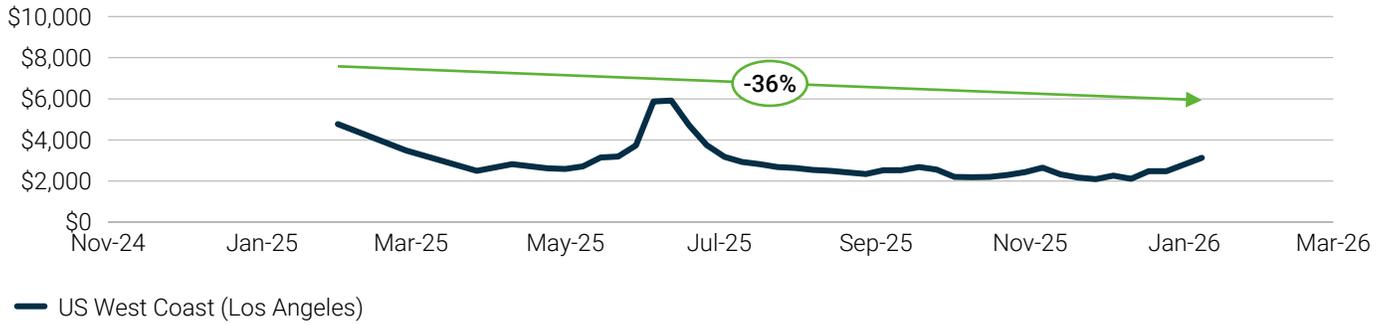
- Review impacts and create mitigation strategies, both short and mid term to optimize for trade implications
- AlixPartners [Global Trade Optimizer \(GTO\)](#) can help accelerate these analyses on tariff and inbound freight impacts. We see this being extremely useful in this type of environment

Source: AlixPartners analysis

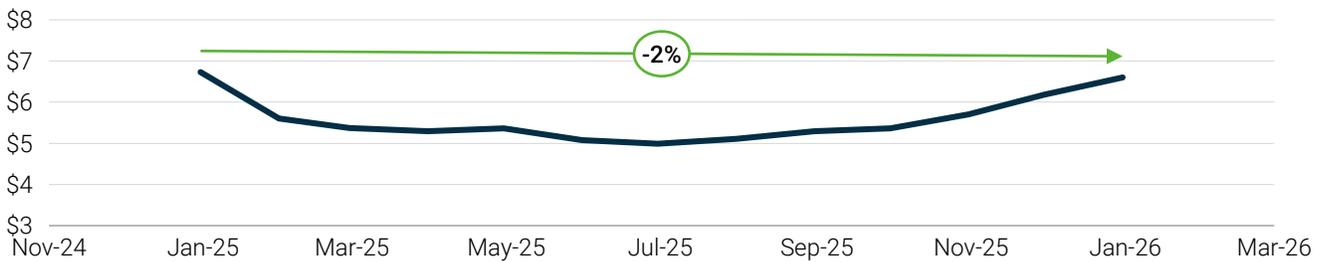
FREIGHT TRENDS

Spot rates on Shanghai to Los Angeles surged 26% to \$3,132 per 40ft container; Domestic trucking seen a recent uptick in rates at end of year

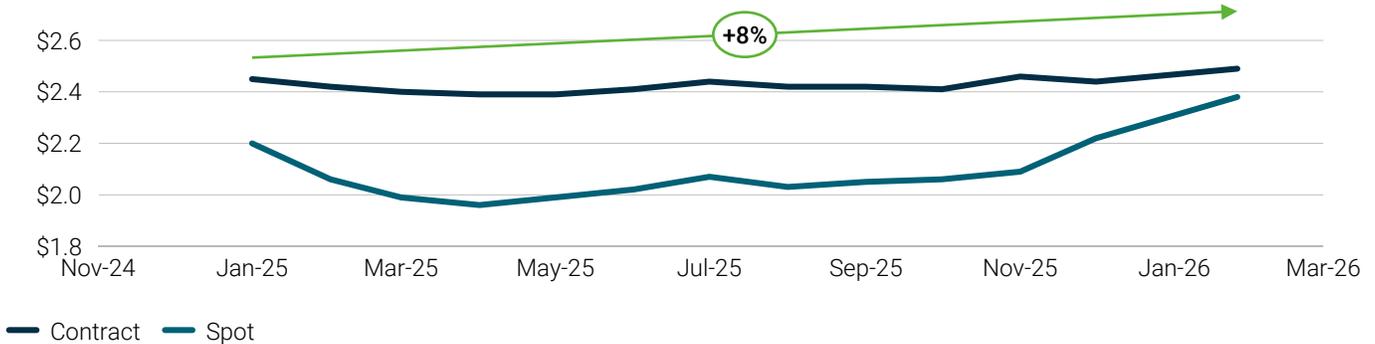
OCEAN FREIGHT – SHANGHAI TO U.S. (\$/40FT)



AIR FREIGHT – HONG KONG TO U.S. (\$/KG)



TRUCKING – DRY VAN (\$/MILE)



KEY TRENDS AND FACTS



KEY DRIVERS CAUSING RATE CHANGES ARE:

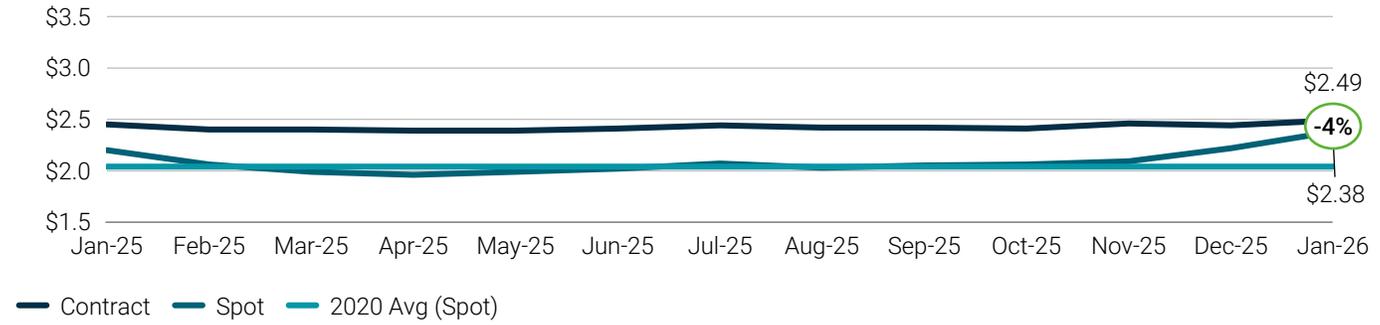
- January 2026 ocean spot-rate increase is being driven primarily by carrier-led GRIs/FAK resets ahead of Lunar New Year
- Air freight rates have declined slightly YoY even though overall demand was up 5%
- Trucking spot rates experienced an uptick as capacity was strained over the holidays

Source: DAT, Drewry, TAC database, AlixPartners analysis

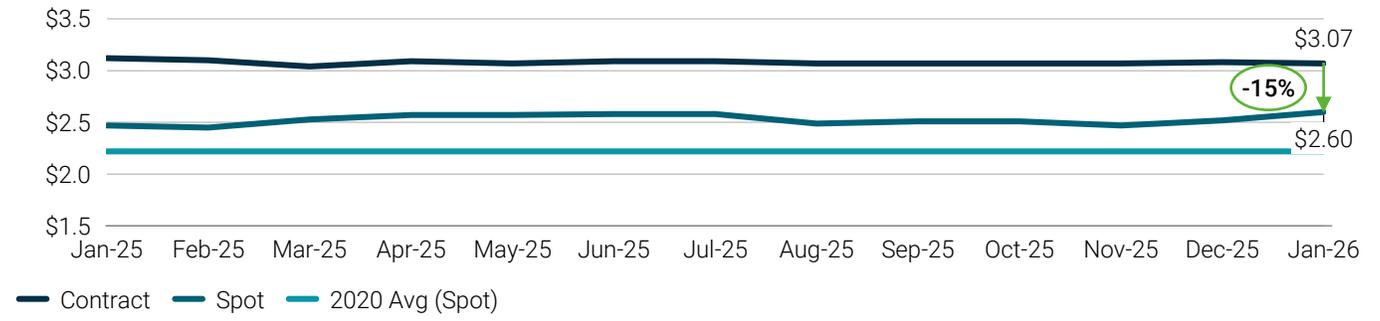
TRUCKING FREIGHT

Spot rates experienced a significant uptick in December amidst tightened capacity; contract rates remained relatively flat

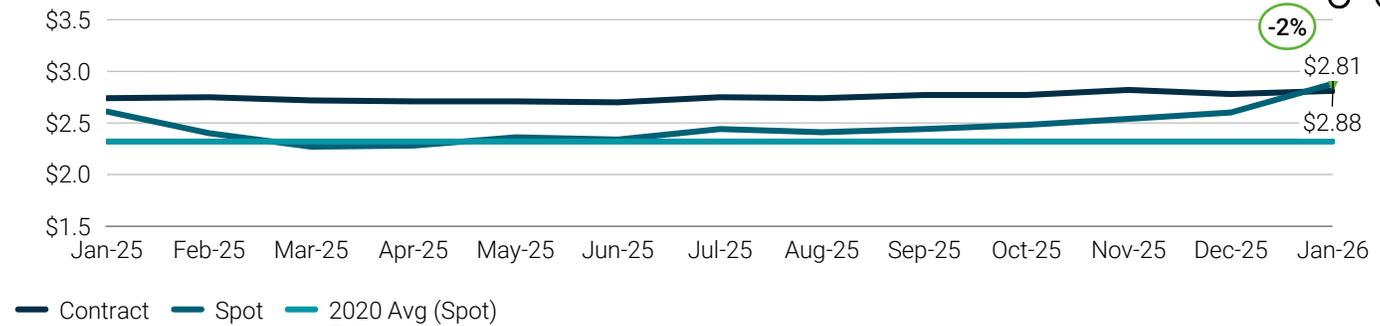
DRY VAN – U.S. DOMESTIC FREIGHT RATES, INCL. FUEL (UNIT:\$ PER MILE)



FLATBED – U.S. DOMESTIC FREIGHT RATES, INCL. FUEL (UNIT:\$ PER MILE)



REEFER – U.S. DOMESTIC FREIGHT RATES, INCL. FUEL (UNIT:\$ PER MILE)



KEY TRENDS AND FACTS



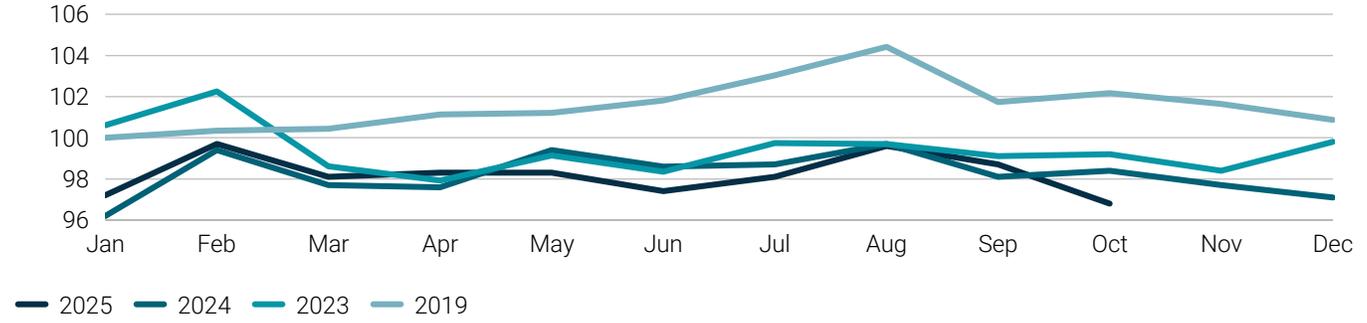
- Reefer spot rates have exceeded contract rates, as load-to-truck ratios increase and capacity continue to tighten
- Rate increases are attributed to reduced capacity driven by weather conditions and lower driver availability during the holidays. Demand is expected to remain soft throughout the first half of the year ([S&P JoC](#))
- While rates are expected to increase by a few percent (2-4%) in 2026, marginal increases will likely not be enough to offset rising operational costs and soft demand ([TTNews](#))

Source: DAT, Freight Waves, AlixPartners analysis

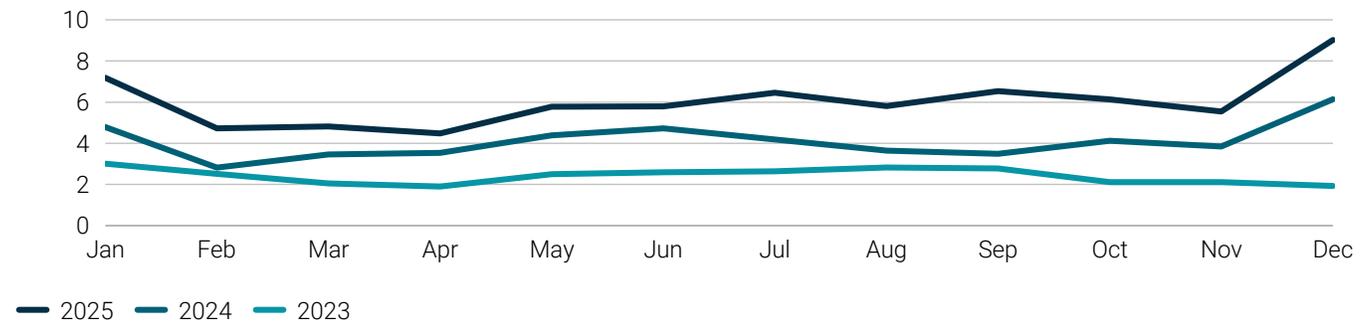
TRUCKING FREIGHT

Truckload market has not yet recovered, with rising costs and weak demand continuing to challenge trucking margins

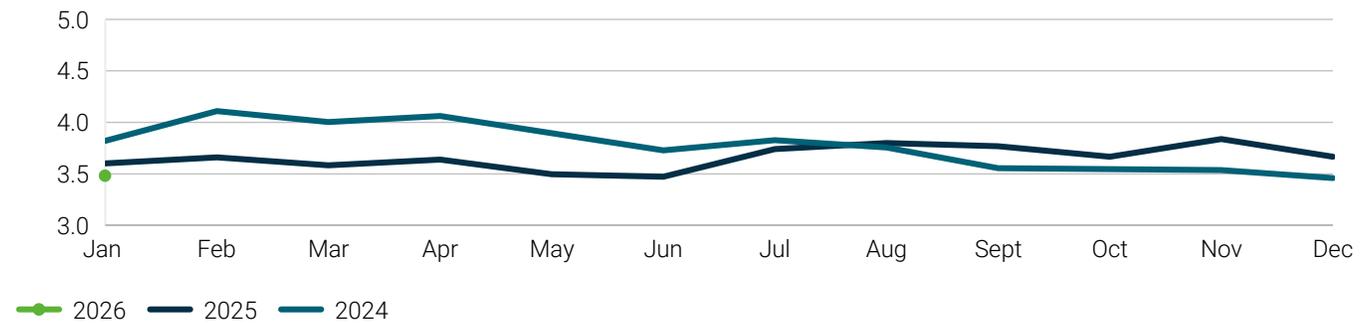
TRUCK DEMAND – TONNAGE, YEAR OVER YEAR, INDEX (100)=JAN 2019



VAN LOAD-TO-TRUCK RATIO – YEAR OVER YEAR



DIESEL – \$ PER GALLON



KEY TRENDS AND FACTS



- Truckload market appears to be tightening as trucking capacity rapidly declined in December and truckload rejection rates inflated, exceeding 10.0 ([Freight Waves](#))
- Few large deals took place in 2025 but 2026 is expected to bring M&A opportunities as freight volumes stabilize and interest rates ([Freight Waves](#))

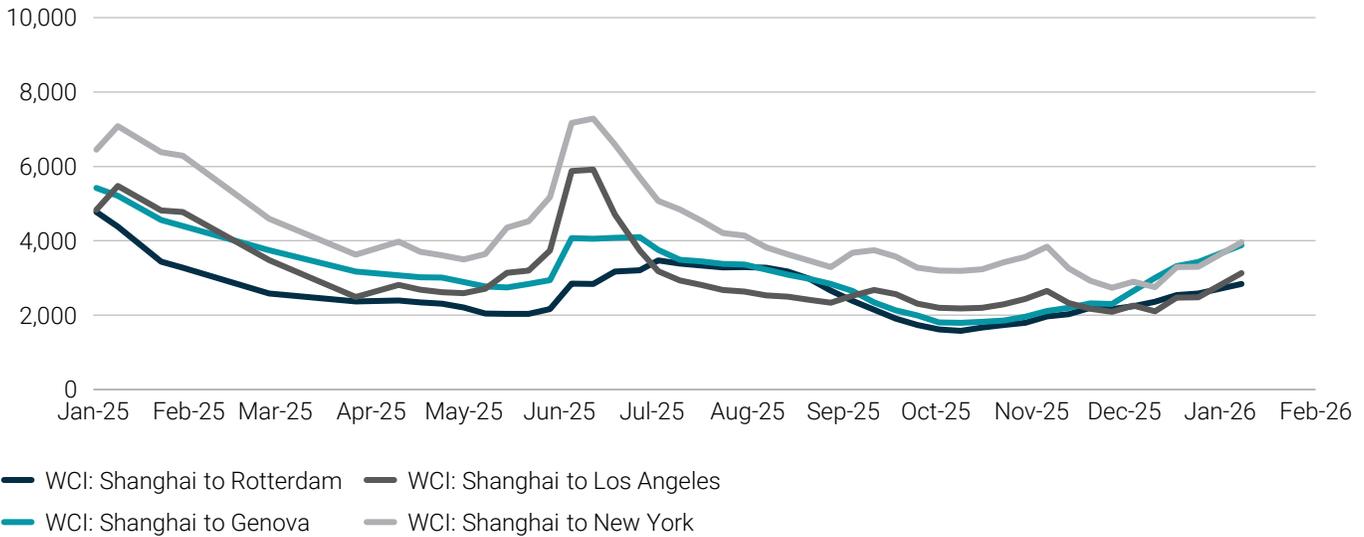
Source: DAT, Freight Waves, FRED, AlixPartners analysis

OCEAN FREIGHT

Early-January 2026 ocean spot-rate gains reflected short-term, carrier-driven pricing actions ahead of Lunar New Year

TRANSPACIFIC – CENTRAL CHINA (SHANGHAI) TO U.S. MONTHLY SHIPPING RATE FOR 40FT CONTAINER EVOLUTION (UNIT: \$)

Drewry: Trade Routes from Shanghai (U.S.\$/40ft)



Shanghai Container Freight Index (U.S.\$/40ft)



KEY TRENDS AND FACTS



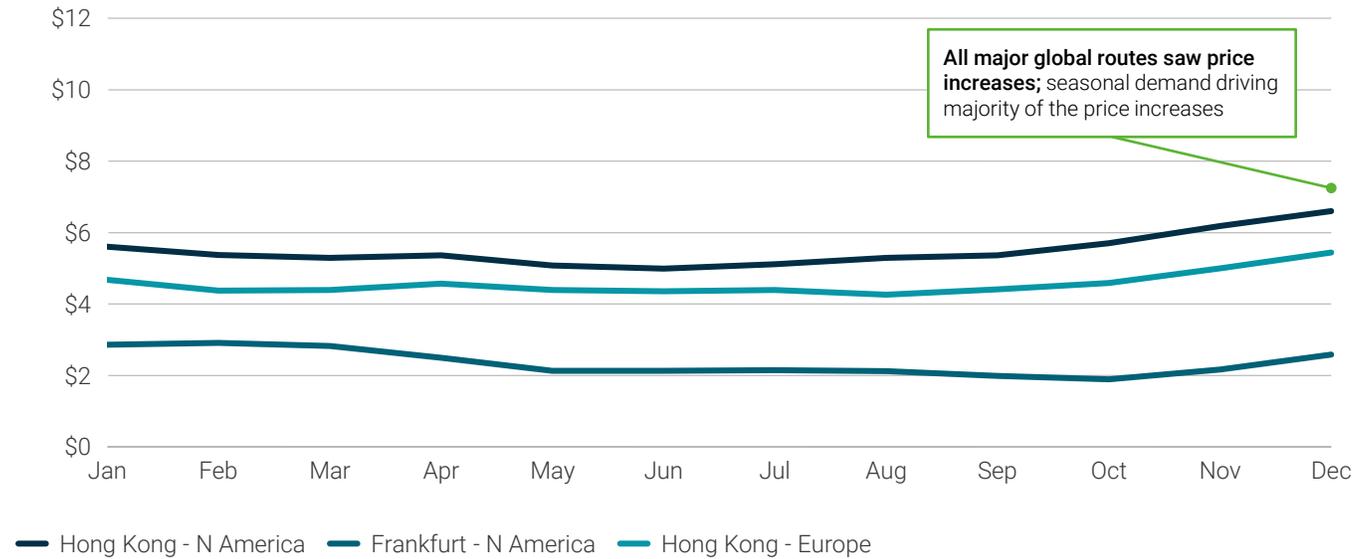
- The primary driver of the rate change has been carrier-initiated GRIs and FAK rate resets ahead of Lunar New Year, temporarily reinforced by selective blank sailings and service adjustments, while underlying demand indicators remain seasonally soft ([Drewry](#))
- Both indices signal that the current rate strength is tactically driven and potentially fragile, as capacity availability is improving and the increases are not yet supported by sustained volume growth, suggesting elevated volatility through the Lunar New Year period ([Supply Chain Dive](#))

Source: Drewry Ocean report, Freight Waves, Xeneta, ICIS, AlixPartners analysis

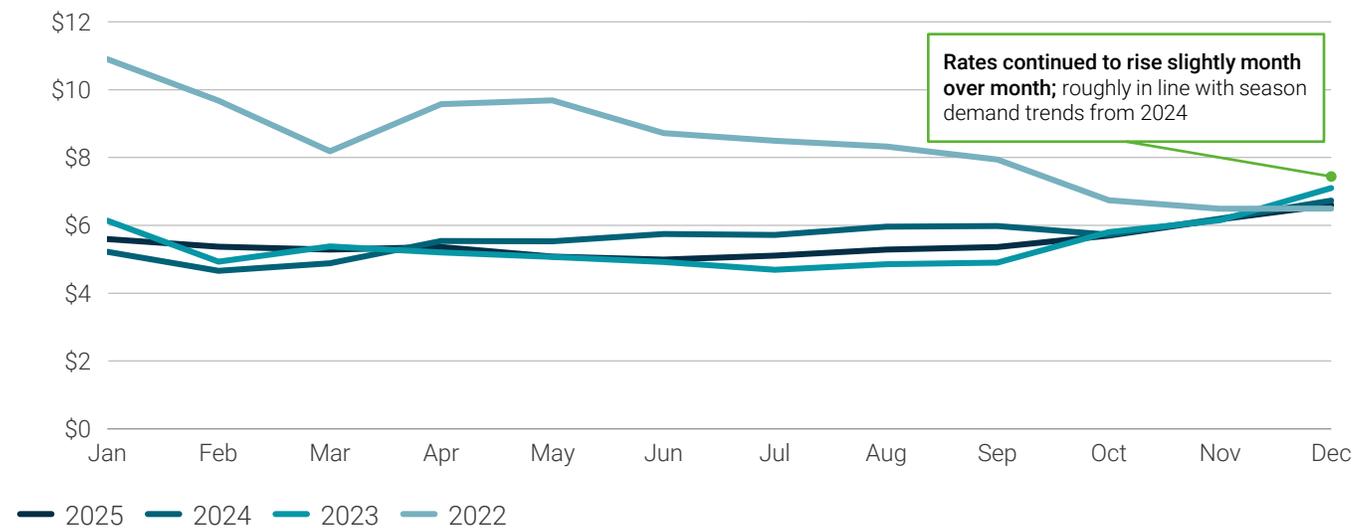
AIR FREIGHT

Global air freight average spot rate increased moderately to \$2.83/kg; remain down 4% YoY

KEY INTERNATIONAL ROUTES (UNIT:\$ PER KG)



HONG KONG TO NORTH AMERICA HISTORY (UNIT:\$ PER KG)



KEY TRENDS AND FACTS



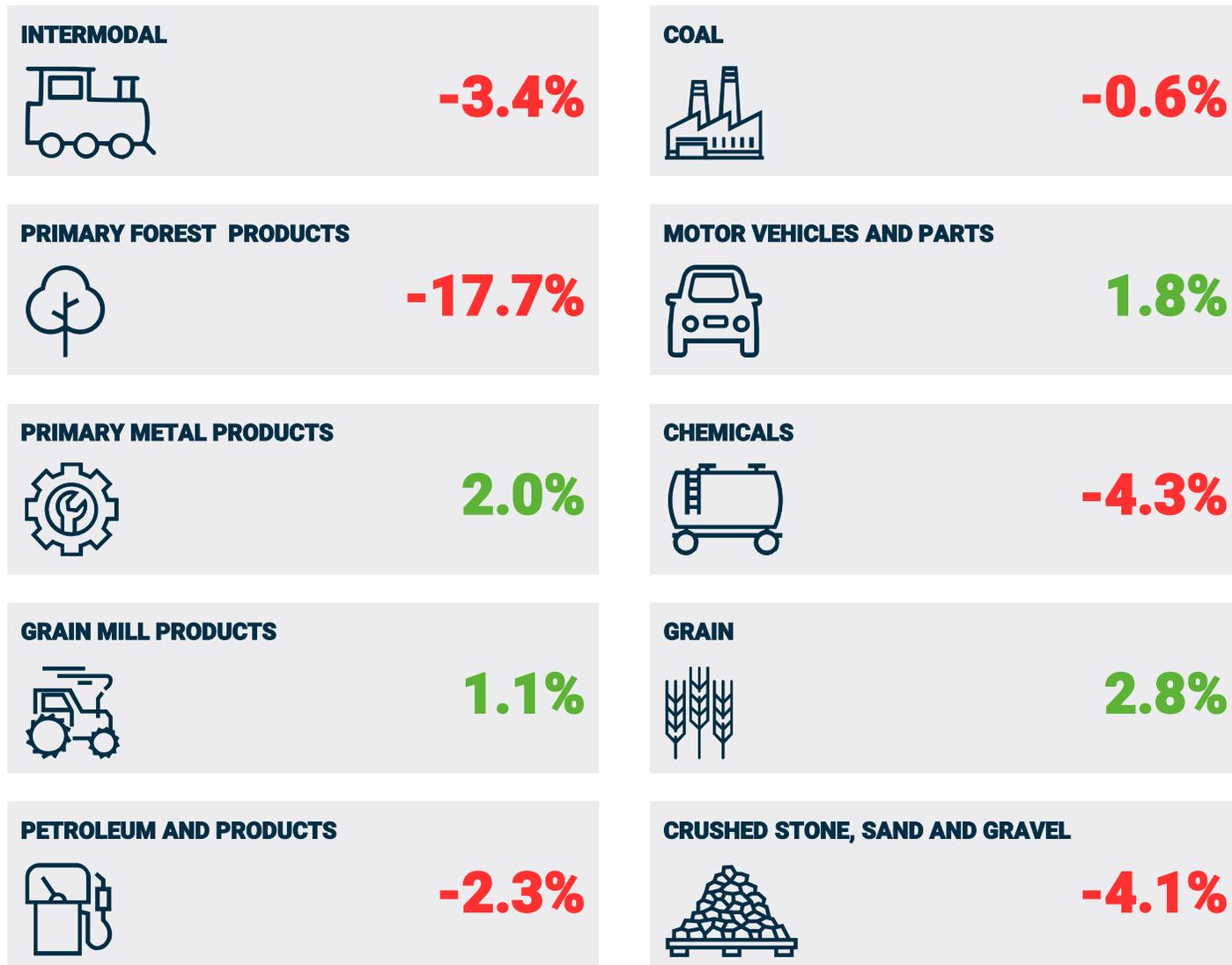
- China has implemented additional trade policies that will impact e-commerce retailers like Amazon, Temu, and eBay which could add additional pressure to outbound shipping ([Xeneta](#))
- The EU has implemented a similar policy to the U.S. on low value shipments beginning in July of 2026; additional countries such as Japan and Thailand are also exploring similar rules to cut down on tariff avoidance ([Xeneta](#))

Source: Baltic Exchange Air Freight Index – TAC database, Air Cargo News, American Journal of Transportation, AlixPartners analysis

RAIL FREIGHT

U.S. rail intermodal volume declined 3.4% in December for the 4th consecutive month. Total carloads declined 2.3% in December; Carloads excluding coal were down 3%

U.S. RAIL VOLUME BY COMMODITY – DECEMBER '25 VS. DECEMBER '24



Source: Association of American Railroads

KEY TRENDS AND FACTS



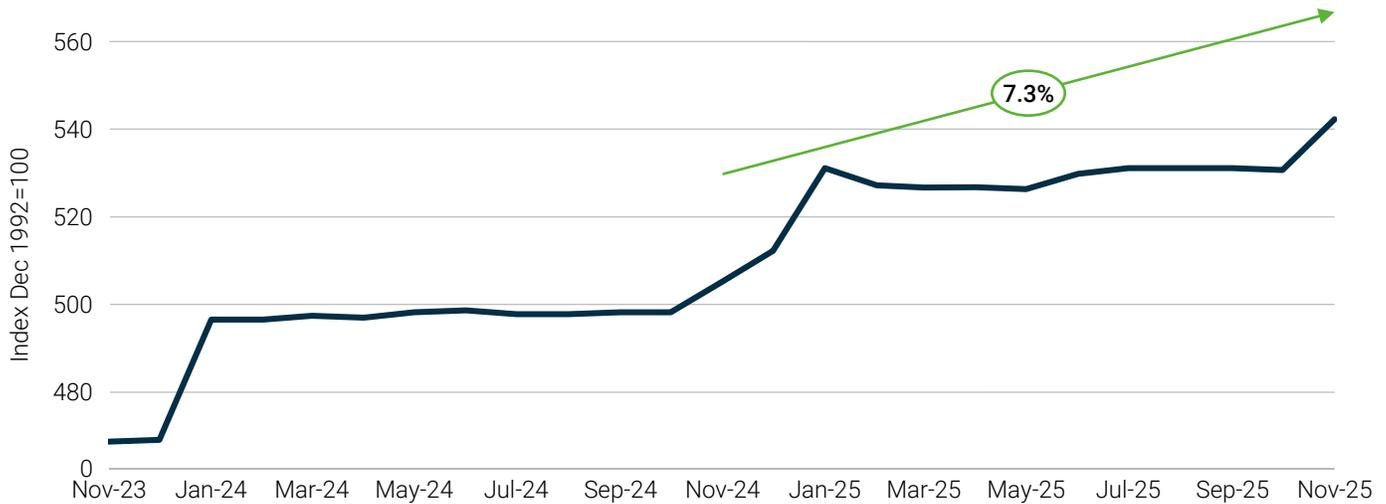
- The Surface Transportation Board (STB) rejected the UP and NS's merger application as they reported it was missing key pieces – full market impact analysis, forward looking projections showing how the combined railroad would compete, and details on the \$2.5B breakup fee. UP now will respond to the STB by mid-February as to whether they plan to re-file, but it's expected that timeline will be further extended
- Since start of merger talk this summer, there has been significant focus on interline intermodal – with other railroads announcing new services and discussions around what volume might be unlocked through a merger. Meanwhile, JOC reports that “intermodal cooperation has declined amid cost pressures. Cooperation in the form of steel-wheel interchange has fallen out of fashion as railroads have become less willing to do the necessary work that is intrinsic in the swap of volume on rail”

Note: Carloads are traffic classified into 20 major commodity categories. Rail intermodal units are shipping containers and truck trailers moved on railcars
 Source: AAR, STB, JOC, Reuters

USA PARCEL

FedEx beat top and bottom line estimates for its 2nd quarter and increased low end forecast for 2026, driven by package yields and U.S. domestic volumes

PRODUCER PRICE INDEX – STANDARD COURIER SERVICES INDEX¹



1. Measures the average change over time in the selling prices received by domestic producers for their output. For e.g.: If a 1 kg package average parcel selling price in U.S. was \$5 in Dec 1992, today it is about $5 \times 530 / 100 = \$26.50$

FEDEX FINANCIAL RESULTS Q2 FY2026 (ADJUSTED, NON-GAAP)²

METRIC	FEDEX Q2 FY26	FEDEX Q2 FY25
Revenue	\$23.5B	\$22.0B
Operating income	\$1.61B	<u>\$1.38B</u>
Net income	\$1.14B	\$0.99B
Diluted EPS	\$4.82	\$4.05
Strategic Focus	Network optimization and cost reduction	

2. Adjustments include business optimization costs and FedEx Freight spin-off
Source: [FedEx](#)

KEY TRENDS AND FACTS



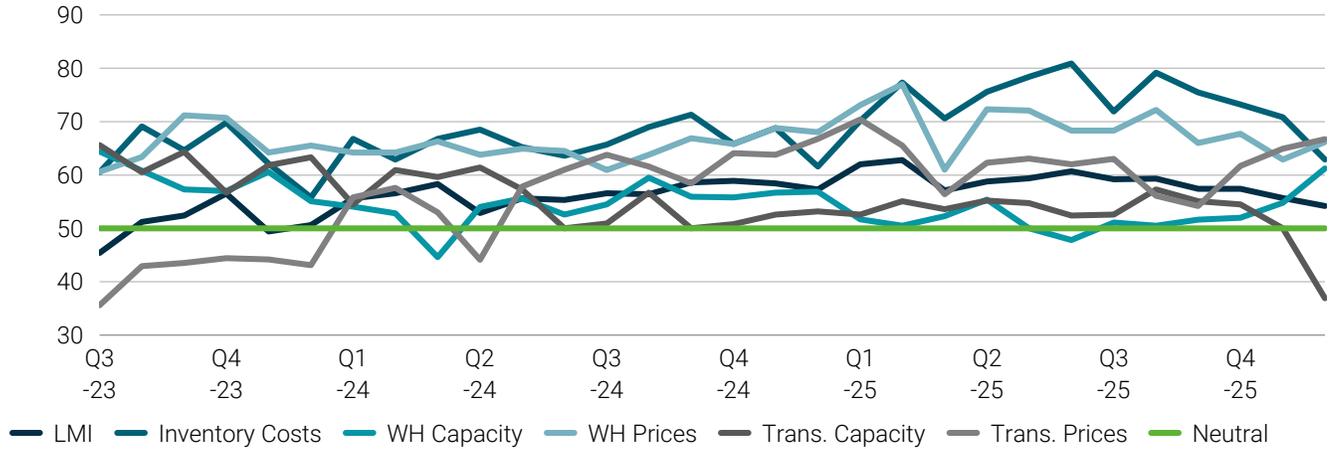
- FedEx reported Q2 2026 earnings per share of \$4.82, beating analyst estimates of \$4.07
- Revenues of \$23.4B beat consensus estimates of \$22.8B
- FedEx demonstrated strong operating leverage, with operating margin increasing to 5.9% from 4.8% in the prior year
- While FedEx saw reductions in U.S.-China volumes, they saw volumes shift to other lanes, resulting in higher International Priority package yields
- U.S. domestic package volume and yields both increased for FedEx

Sources: Federal Reserve Economic Data ([FRED](#)); [Yahoo Finance](#); [CNBC](#)

WAREHOUSING TRENDS

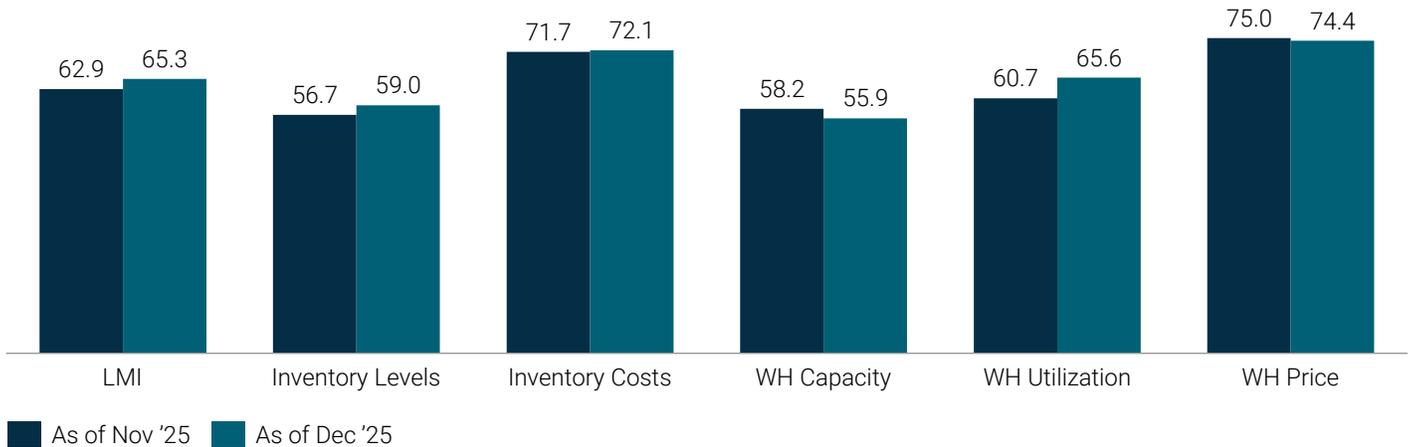
Logistics Manager's Index in December fell to 54.2 (-1.5) from November, with greatest changes in inventory levels and transportation capacity

FLUCTUATION OF LMI INDICES



Logistics Manager Index (LMI) Legend: +50 = Increasing -50 = Decreasing

LMI SURVEY – NEXT 12-MONTH PREDICTION¹



1. LMI respondents' predictions for movement in LMI metrics 12 months from now

KEY TRENDS AND FACTS



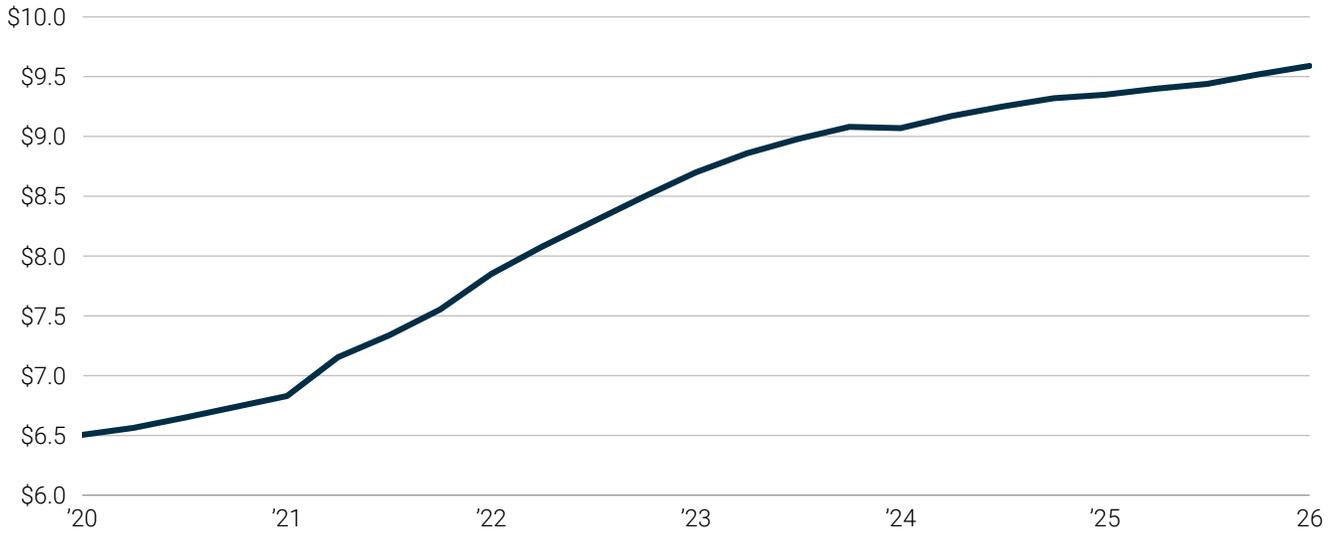
- Overall Logistics Managers' Index December reading came in at 54.2 (-1.5). The largest shifts were in Inventory Levels (-17.4), Transportation Capacity (-13.1), and Inventory Costs (-8.1) ([LMI](#))
- Inventory Levels fell into "extreme contraction" at 35.1 (-17.4), the lowest reading in the index's history. This drove Warehousing Utilization down to 42.9, a second consecutive all-time low, while available Warehousing Capacity surged to 61.2 (+6.4). This combination means inventories are running very lean ([LMI](#))
- Transportation Capacity tightened severely, dropping 13.1 points to 36.9 while prices rose 1.8 to 66.7 leading to more of a "carrier market" ([LMI](#))

Source: Logistics Managers' Index, AlixPartners analysis

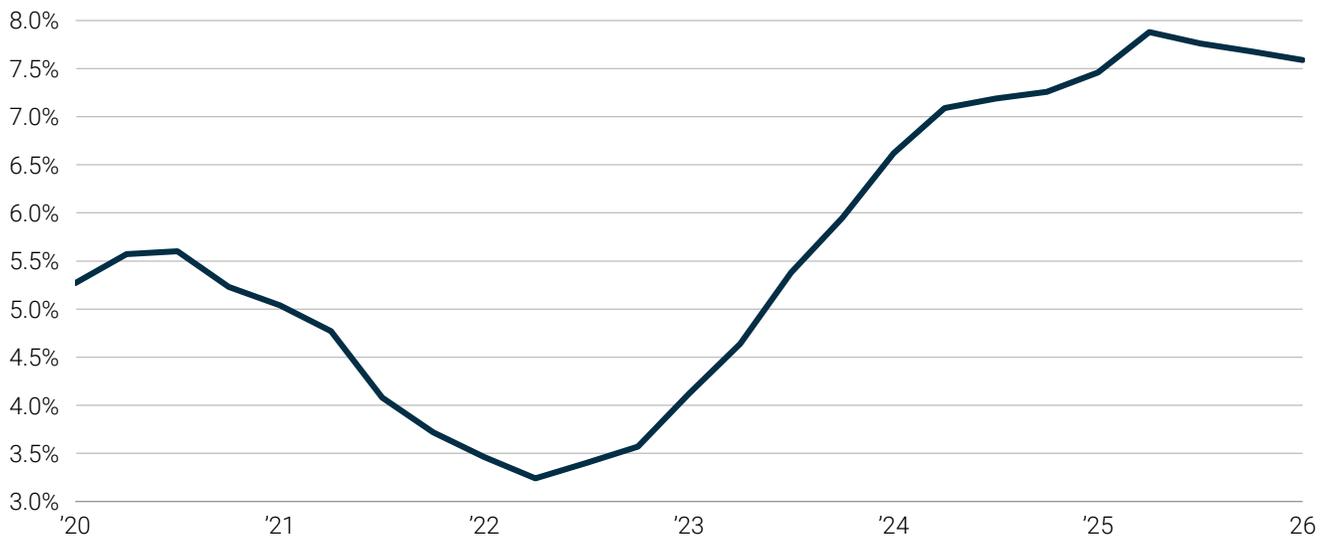
WAREHOUSING TRENDS

National average rents for industrial logistics space edge up slightly while vacancy dropped slightly

NATIONAL AVERAGE MARKET RENT/SQ FT (\$)



NATIONAL AVERAGE VACANCY RATE (%)



KEY TRENDS AND FACTS



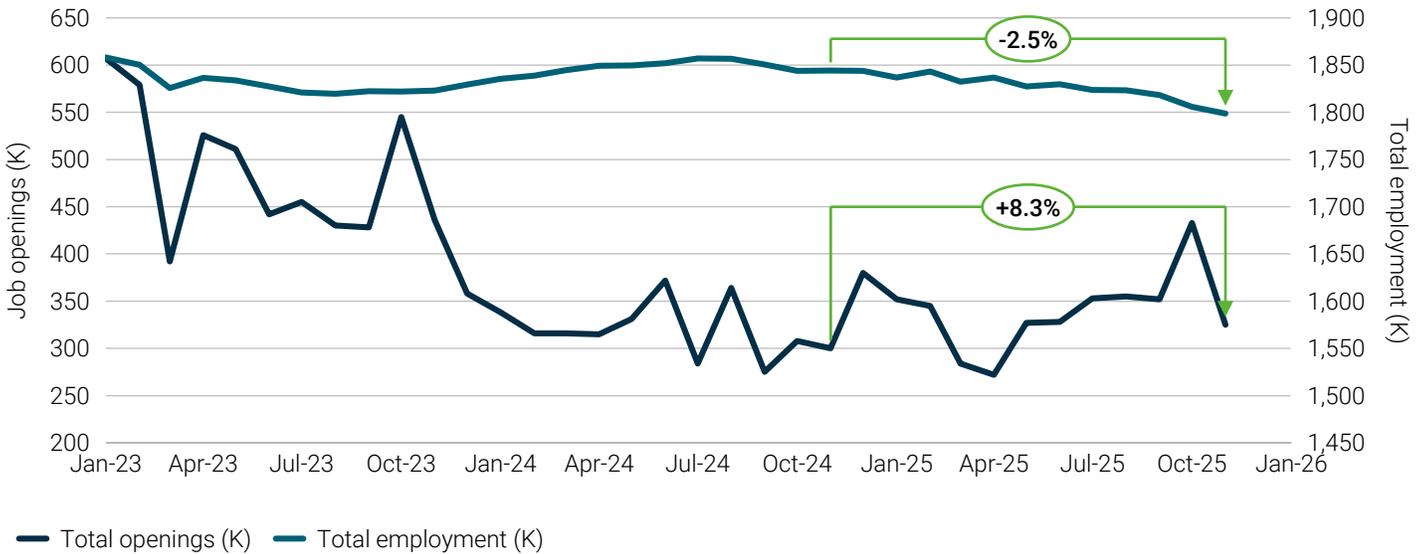
- **Quarterly rents rose** gradually to an estimated \$9.59 per square foot in Q1 2026 while **vacancy rates** dropped slightly to ~7.6%
- Phoenix, AZ is seeing a logistics real estate boom with Walmart and other companies making large investments in the area ([Freight Waves](#))
- Warehouse real estate supply and demand is starting to come into balance after a tumultuous few years ([CNBC](#))

Source: AlixPartners & Mohr Partners, Freight Waves, SCD, AlixPartners analysis

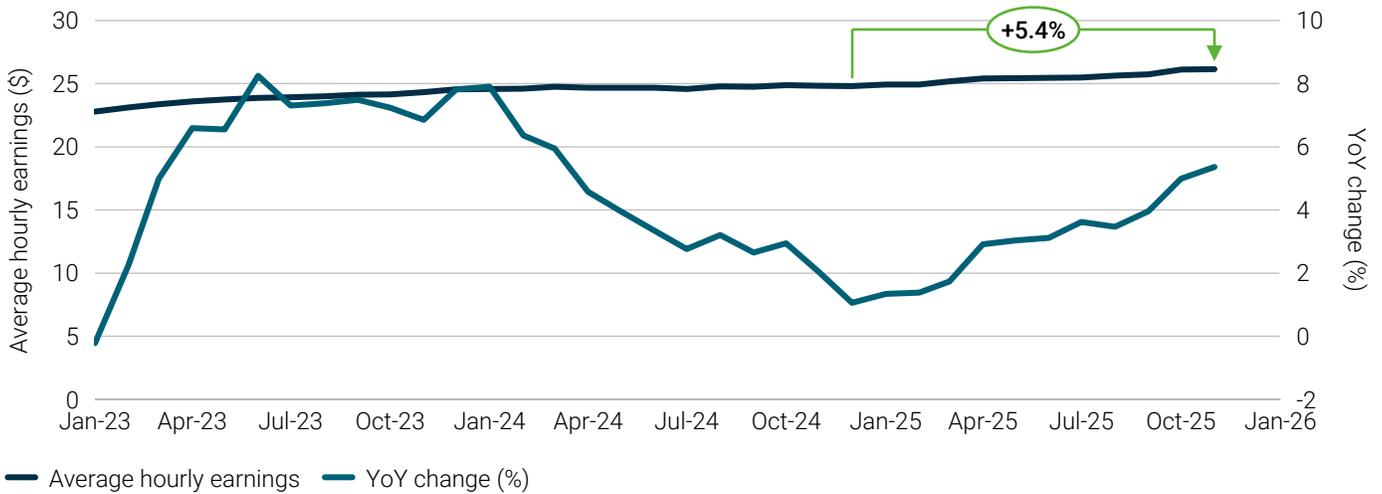
LABOR

Job openings declined 25% MoM in November, total employment dropped 0.4% MoM, while average hourly earnings remained flat MoM and rose 5.4% YoY

JOB OPENINGS AND TOTAL EMPLOYMENT¹



AVERAGE HOURLY EARNINGS¹



1. Job Openings and Labor Turnover Survey used the Transportation, warehousing, and utilities industry group. Total Employment and Earnings used warehousing and storage industry group from the Current Employment Statistics survey. Data is seasonally adjusted

KEY TRENDS AND FACTS



- The BLS has started publishing some of the data delayed because of the Government Shutdown. JOLTS was updated in September and October while Total Employment was updated in September. Average Hourly Earnings has not been updated since August.
- Layoffs slam transport, logistics, manufacturing sectors ahead of the holidays ([Freight Waves](#))
- AI is turning peak season challenges into opportunities ([Freight Waves](#))

Source: U.S. Bureau of Labor Statistics seasonally adjusted data, Freight Waves

IMPORT TRENDS

China had been a go-to hub for U.S. manufacturers, but U.S./China relations and tariffs have been pushing trade towards other countries (Vietnam, India, Mexico, Canada gained most)

CATEGORIES	TOTAL U.S. IMPORTS			COUNTRY WISE CHANGES (2018 VS. LTM OCTOBER 2025)				
	2018 (\$B)	LTM OCT 2025 (\$B)	CHANGE (%)	CHINA	VIETNAM	INDIA	MEXICO	CANADA
				CHG. %	CHG. %	CHG. %	CHG. %	CHG. %
Apparel & Textiles	\$116	\$111	(4%) ▼	(47%) ▼	38% ▲	31% ▲	(1%) ▼	(26%) ▼
Automotive & Transportation Parts	\$340	\$381	12% ▲	(26%) ▼	255% ▲	(8%) ▼	36% ▲	(5%) ▼
Chemicals & Allied Industries	\$233	\$406	74% ▲	5% ▲	255% ▲	117% ▲	47% ▲	8% ▲
Computer & Electronics	\$363	\$493	36% ▲	(43%) ▼	391% ▲	1500% ▲	43% ▲	43% ▲
Food & Beverage	\$151	\$232	53% ▲	(24%) ▼	36% ▲	31% ▲	66% ▲	61% ▲
Footwear, Headgear & Others	\$32	\$33	2% ▲	(41%) ▼	60% ▲	20% ▲	73% ▲	(9%) ▼
Furniture	\$67	\$63	(6%) ▼	(60%) ▼	172% ▲	46% ▲	16% ▲	5% ▲
Leather Goods	\$15	\$14	(4%) ▼	(70%) ▼	47% ▲	40% ▲	23% ▲	12% ▲
Mechanical & Electricals	\$379	\$611	61% ▲	(53%) ▼	1613% ▲	125% ▲	123% ▲	28% ▲
Metals, Parts and Products	\$139	\$158	13% ▲	(28%) ▼	129% ▲	103% ▲	25% ▲	7% ▲
Misc. Goods & Manf. Products	\$476	\$610	28% ▲	(23%) ▼	416% ▲	(20%) ▼	21% ▲	45% ▲
Plastics & Rubber products	\$86	\$105	22% ▲	(23%) ▼	437% ▲	116% ▲	59% ▲	9% ▲
Special Classification Provision	\$85	\$115	34% ▲	102% ▲	921% ▲	176% ▲	66% ▲	14% ▲
Temporary Legislation	\$18	\$28	56% ▲	112% ▲	483% ▲	85% ▲	18% ▲	2% ▲
Wood & Pulp Products	\$47	\$51	8% ▲	(46%) ▼	364% ▲	166% ▲	59% ▲	(0%) ▼
TOTAL	\$2548	\$3411	34%	(39%)	264%	88%	53%	23%
LTM OCT 2025 U.S. imports (\$B)				\$333	\$186	\$103	\$528	\$392

Key nearshoring trends:

- Over the past seven years (2018 to last twelve months ending October 2025), overall imports into the U.S. increased by 34%. However, imports from China decreased by 39% from \$543B to \$333B
- **Vietnam, India, Mexico and Canada** have been the biggest gainers
 - Vietnam has seen 264% increase to reach \$186B; All categories have grown in imports from Vietnam
 - Imports from Mexico increased by 53% to \$528B (which is now more than China); 'Mechanical & Electricals' have seen biggest increase in Mexico
 - Imports from India have seen a consistent growth across all industries except 'Automotive & Transportation Parts' and 'Misc. Goods & Manf. Products', overall increase of 88% in imports into U.S. to \$103B
 - Imports from Canada have seen a steady growth across industries except for 'Apparel & Textile', 'Automotive & Transportation Parts' and 'Footwear, Headgear & Others'. Overall increase of 23% in imports into U.S. to \$392B



Mexico is now the biggest vendor base for U.S. based corporation; Vietnam and India have seen the fastest growth since 2018

ALIXPARTNERS SUPPLY CHAIN EXPERTS – REACH OUT TO LEARN MORE



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