

Why Shippers Around the World Are Suspending Deliveries to the U.S.

Miranda Jeyaretnam, Time, August 27, 2025

Shippers around the world have begun pausing some deliveries to the U.S. as a customs tax exemption for low-value goods will come to an end this Friday. President Donald Trump issued a July 30 executive order to close the de minimis exemption, a customs tax rule that has allowed millions of cheap shipments everyday to flow into the U.S., for all countries, effective Aug. 29, as part of his broader protectionist trade campaign. The exemption let parcels under \$800 enter the U.S. without customs duties, making the shipments cheaper and faster for businesses and consumers. Already, global shippers from dozens of countries have suspended U.S. deliveries as they anticipate the end of the exemption—a move that experts say could lead to higher prices for U.S. consumers, shipping delays, and in the long term a shift in global supply chains. While some speculate that the growing global response to the end of the de minimis exemption may persuade Trump to reverse course on yet another position, the “One Big Beautiful Bill,” which was signed into law in July, requires the exemption to be permanently eliminated by July 2027.

At least 25 countries suspend deliveries

Postal services in a growing number of countries have announced pauses to their deliveries to the U.S. Shippers in Europe said they would suspend most shipments to the U.S. this week. Australia’s postal service on Tuesday said it would be doing the same, as have postal services from India, New Zealand, Taiwan, and Japan. The United Nations’ Universal Postal Union said on Tuesday that postal operators of 25 member countries have suspended services to the U.S. “Key questions remain unresolved, particularly regarding how and by whom customs duties will be collected in the future, what additional data will be required, and how the data transmission to the U.S. Customs and Border Protection will be carried out,” DHL said on Aug. 22, announcing that Deutsche Post and DHL Parcel Germany will pause deliveries to the U.S.

Ashley Dudarenok, who runs a China and Hong Kong-based consumer-research consultancy, tells TIME many shippers aren’t equipped to handle the new duty collection requirements on the roughly four million packages that enter the U.S. duty-free per day. It “creates a massive bottleneck,” Dudarenok says, and the more that shippers suspend deliveries, the more there will be a “domino effect” as more shipments get pushed through private couriers like FedEx and UPS, leading to higher shipping costs. Dudarenok points to Chinese shippers, for whom the de minimis exemption ended in May—although new rules were introduced as part of the U.S.-China trade truce that month that effectively lowered the duties applicable to low-value goods from China and Hong Kong. Chinese e-commerce exports to the U.S. fell 65% in terms of volume in the first fiscal quarter this year in light of Trump’s tariff policies.

U.S. consumers will likely see higher prices very quickly, she says: “A \$12 children’s swimsuit from Temu now costs \$31 after duties, nearly tripling the price. Imported goods are expected to become 12-22% more expensive across the board.” “The suspension of U.S. deliveries by major global shippers is a clear signal that the trade system is under serious stress,” says Emil Stefanutti, CEO of Gaia Dynamics, an AI-powered trade compliance platform. As postal services pause deliveries because they “decide they cannot reliably move parcels across borders,” businesses around the world and those in the U.S. that manufacture overseas will be “left scrambling to manage expectations” from American consumers, he adds.

“Think of it like adding toll booths to a freeway that was built for free-flowing traffic,” Stefanutti says. “The road still works, but suddenly congestion builds, delays spread, and everyone pays more to get where they are going.” Stefanutti says it’s not just about rising costs due to the customs duties. Businesses must also contend with “mounting compliance expenses and clogged supply chains,” while facing shipping delays due to customs brokers handling a “flood of filings” at times with outdated systems. “For consumers, it means packages stalled in transit, surprise import charges, and rising checkout totals,” he says. “Unless new systems are built to handle the flood of filings, customs brokers and carriers will remain under strain for months, if not years,” Stefanutti says. “E-commerce volumes aren’t shrinking, yet the compliance load has suddenly multiplied. So while shoppers may feel sticker shock within weeks, the deeper structural pressure on trade and logistics is likely to persist well into the future.”

‘Could permanently reshape how Americans shop’

Sean Henry, CEO and co-founder of Stord, a third-party logistics provider focused on e-commerce and direct-to-consumer brands, says the change could lead to long-term shifts in U.S. consumer behavior. As consumers see new line items for “import duties” and “customs fees” on their purchases, they may “rethink the way they’ve shopped for years,” he says, pointing to additional trade policies, like high tariffs on countries that produce a bulk of the world’s apparel and footwear. “While the exact fees will likely fluctuate as other factors come into play in the future, consumers should accept that this is the new standard.” In the long term, that could also benefit businesses that manufacture within the U.S. or sell locally-

acquired secondhand products, which some have said is long overdue as the de minimis exemption has disproportionately benefitted fast fashion e-commerce giants like Shein and Temu.

"This is a complete restructuring of cross-border commerce that is going to level a playing field that has long been skewed," says Henry. "Small U.S. manufacturers may actually benefit as imports become less competitive, but import-dependent businesses face major disruption," Dudarenok adds. The latter includes Amazon Haul, Etsy sellers, and Shopify merchants that rely on international suppliers. "The convenience factor that drove the explosion from 134 million de minimis packages in 2015 to 1.36 billion in 2024 is disappearing," she says. "This could permanently reshape how Americans shop internationally."

Long-term shift towards regional supply chains

The end of de minimis, alongside Trump's broader tariffs on the rest of the world, could also lead to a long-term shift away from global supply chains, experts say. Many companies, including Shein, are already shifting from direct-to-consumer shipping to bulk warehouse models, Dudarenok says. Others are opting to source within the U.S. or from countries facing lower tariffs and fewer restrictions, like Mexico and Canada. "The reality is that cheap and fast always came with hidden costs, whether through labor exploitation, unsafe products, or environmental shortcuts," Stefanutti adds. "The de minimis exemption lets many of those gray areas persist. With that loophole closed, supply chains are being pushed to become more secure, more transparent, and more ethical."

Stord projects as much as a 75% drop in small-parcel shipment volume to the U.S. from 800-900 million packages annually down to around 200-300 million. "It's accelerating the shift toward regional supply chains—companies are establishing U.S. warehouses and sourcing closer to home to avoid international shipping complications entirely," Dudarenok says, though doubts persist about the ability of the U.S. manufacturing sector to fill the gap. At the same time, the U.S. market may lose its importance globally: Chinese exporters have redirected 28% more volume to Europe at the same time that U.S. shipments fell. "If not for the tax loophole, sending these international parcels would be slow, costly, and inefficient," says Henry. For many postal services around the world, especially as the volume of international shipping has grown, "it's easier to stop serving the American market entirely rather than deal with the new customs requirements," he adds. In any case, Dudarenok says, "The era of cheap, fast international shipping likely is over."

'Sneakflation': How Trump's tariffs are gradually raising costs for American consumers

By Alicia Wallace, CNN Business, Aug 24, 2025

When tariffs are tacked on to many imported goods, someone's got to foot the bill. According to President Donald Trump, foreign countries and overseas businesses are eating the cost. But evidence shows that American consumers and businesses are paying for the tariffs the administration has implemented as its go-to policy levers. "It been proven, that even at this late stage, Tariffs have not caused Inflation, or any other problems for America, other than massive amounts of CASH pouring into our Treasury's coffers," Trump posted on his social media site, Truth Social, earlier this month. "Also, it has been shown that, for the most part, Consumers aren't even paying these Tariffs, it is mostly Companies and Governments, many of them Foreign, picking up the tabs."

Trump's post did not include any substantiation for his claims. There is a growing field of evidence to the contrary: Economic data, academic research, businesses' expenses, and people's first-hand experiences are showing that it's American firms and consumers who are seeing increasingly higher costs due to the tariffs. That burden is expected to grow only heavier in the months — and, potentially, years — to come as more tariffs take effect, and others settle more deeply into supply chains.

What the latest data shows

If foreign exporters are absorbing tariff costs, one possible way to see that in US economic data is whether they're lowering their pre-tariff export prices. If that's the case, it would show up as lower or falling US import prices. Recent months' data, however, has shown that import prices (which exclude the costs of tariffs, insurance and shipping costs) have held mostly steady. They've risen by 0.5% since the November election and by 0.2% since March, after which the bulk of new tariffs were announced, according to a recent note from Pantheon Macroeconomics. "One argument that had looked plausible until recently was that import prices had been supported by pre-tariff stockpiling in [the last part of 2024 and the first three months of 2025], which saw goods imports soar to record highs," Pantheon economists Samuel Tombs and Oliver Allen wrote in an August 19 note. "That left foreign exporters flush with orders, providing little incentive to cut pre-tariff prices to remain competitive. But import prices have remained resilient despite goods imports dropping back very sharply in [the second quarter], suggesting a steep decline in prices ahead is unlikely."

A more granular look at import price data indicates that there's a slight dip in import prices from China; however, for the vast majority of countries, it's basically been flat, Olu Sonola, head of US economic research at Fitch Ratings, told CNN in an interview. "So that's telling you that all of that is paid by importers," he said. "It's now a question of, is it the manufacturer, is it the retailers, or is it the small business that's bringing it in? They now have to figure out, 'How much of this can I take on, and how much of this will I pass on?'" "It's very likely they will pass the bulk of it on," he added.

To this point, consumers have been mostly shielded from starkly higher prices. Through June, US consumers had absorbed 22% of tariff costs, but that share was expected to rise to 67% by October, according to an August 10 estimation from Goldman Sachs economists. That assessment led to a demand from Trump that the investment giant fire its chief economist. Goldman Sachs economists said they expect that about 70% of the direct costs of the tariffs will eventually fall on the consumer, and that the total could rise to 100% if including the spillover effects of domestic producers raising their prices (something that has already occurred and is expected to continue — more on that below). There's a laundry list of reasons why tariff-driven price hikes are a slow boil: Businesses loaded up their warehouses with pre-tariffed goods; higher costs have been split by entities along the supply chain, lessening the blow at the retail store; and Trump's fits-and-starts approach to tariffs has meant that the bulk of them did not go into effect for months, and many items are exempted (for at least now).

At the same time, inflation has remained relatively tame for both good and not-so-good reasons: Ongoing deflationary trends in key areas, marking a continued unwinding from pandemic-era shortages and price spikes; falling gas prices (they're down 9.5% from July of last year) amid global economic uncertainty; and then because of depressed consumer demand in areas such as travel. Still, recent Consumer Price Index inflation reports reveal increases in the cost of certain imports the United States relies on heavily, including household furnishings, linens, tools, toys and sporting goods.

Slow-bleeding, tariff-driven 'sneakflation'

As of August 8, imported goods cost 5% more than pre-tariff trends predicted and domestically produced goods are running 3% higher, according to newly released research from Harvard Business School professor Alberto Cavallo and colleagues. Cavallo, in an interview with CNN, said he expects that the passthrough will continue in steady increments but could be limited in some cases depending on the competitiveness of the product category and industry. "I think it could take over a year for us to see some of the effects of these tariffs," he said. "But a year from now, maybe two years from now, we'll notice that consumers ended up paying a significant amount of the tariffs even if they didn't notice the increases right away."

New research last week from the Federal Reserve Bank of Atlanta showed that businesses — those directly exposed to tariffs and those who are not — expect to raise prices this year. At the end of 2024, surveyed businesses anticipated increasing their prices by 2.5% during the year ahead. By mid-May, those estimates shot up to 3.5%, according to the Atlanta Fed, which found that little difference existed in the price growth expectations of firms with or without foreign exposure. However, the survey showed some starker increases expected among services, providing firms, which prompted questions around whether these price increases could deliver an inflationary impulse as was seen three years ago. "The chief concern regarding the impact of tariffs is whether we will experience the same phenomenon that we witnessed during the pandemic. That is, will price pressures spread beyond only the prices that are directly affected by increased import duties?" Atlanta Fed researchers wrote in the report.

But in the coming months, the expectations are for the tariff passthrough to be gradual and drawn out, Matt Bush, a US economist at Guggenheim Investments, told CNN in an interview. "Businesses say they're working both with suppliers and consumers to help share some of the cost burden," Bush said. "They do indicate that they're willing to eat some of the cost for now. But I think as the realization sets in that these tariffs are not going back down, they will start to pass more on to consumers." The world's largest retailer said as much on Thursday: Walmart CEO Doug McMillon said that the company's costs have risen every week because of tariffs but will aim to keep prices down "for as long as we can." Small increases over time could make it easier for some consumers to handle; however, to others — especially those with little to no wiggle room in their budgets — that slow burn could very well feel like a slow bleed.

"Lower-income Americans are sadly adept at juggling their expenses and trying to make every dime count," Heather Long, chief economist at Navy Federal Credit Union, wrote in an email to CNN. "They may go without meat or coffee one week in order to buy shoes for their kids. The next week, they may skip a car payment to cover their electric bill and a medical expense. It's a constant juggle where they allocate money to their most urgent need at that moment." Retailers and major brands know that many Americans live paycheck to paycheck, so they're using "sneakflation" to pass along the tariffs in small increments in hopes that consumers won't notice or will be able to better absorb it, Long added.