The OOCL Violet, docked at the Port of Long Beach, Calif. on April 25, is one of the first ships to arrive in the US with Chinese cargo subject to a 145% tariff. *Photographer: Eric Thayer/ Bloomberg*

One Ship, $417 Million in New Tariffs: The Cost of Trump’s Trade War

By Andre Tartar, Denise Lu, Raeedah Wahid and Aaron Gordon
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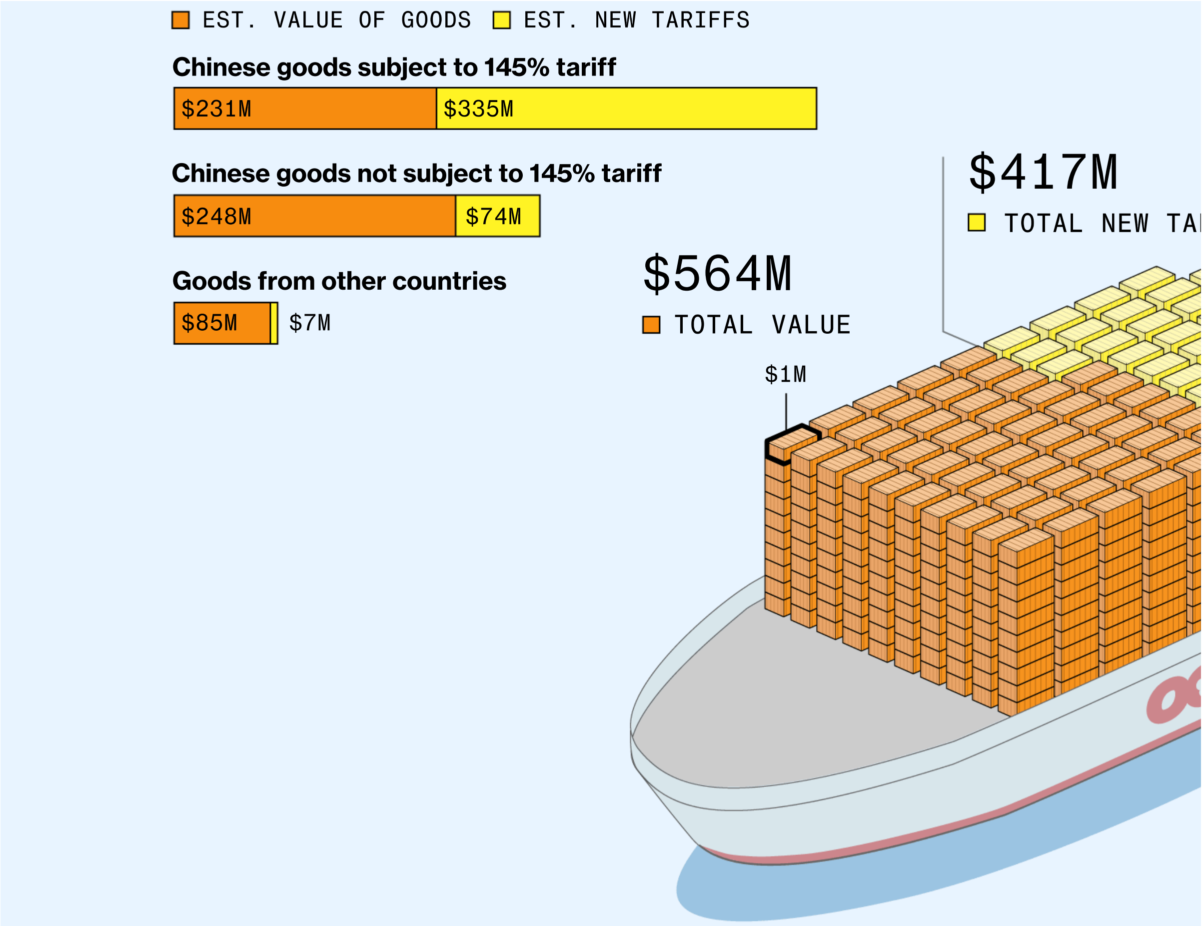
On April 24, against the backdrop of towering cranes, dockworkers at the Port of Long Beach began unloading the OOCL Violet, a hulking shipping vessel carrying thousands of containers full of goods bound for the US. The Violet is one of the first ships confronting a harsh, new reality: a steep 145% tariff rate on nearly half of its Chinese cargo, brought on by President Donald Trump’s ongoing trade war with China.

The ship had already begun loading goods bound for the US prior to Trump’s April 2 tariff announcement. When the ship reached California, it carried cargo with a total estimated value of at least $564 million, according to detailed bills of lading data from IHS Markit. About 40% of the goods were likely subject to the new 145% rate, according to Bloomberg News estimates. The data suggests importing companies face at least $417 million in new tariffs for all goods on the ship. That’s on top of preexisting import fees.



Source: Bloomberg analysis of bills-of-lading data and estimates from IHS Markit, White House tariff announcements and US Customs and Border Protection guidance

Note: Data as of May 2. Estimated values and tariffs are rounded.

"It's definitely affecting business," said Tino Muratore, general manager of Worldlawn Power Equipment in Beatrice, Neb., which had lawnmowers and parts on the ship. "We don't know if this is permanent [or] temporary... so we're all in kind of a fog, if you will, and exploring other options."

The cargo on board the Violet represents a microcosm of consumer goods and industrial supplies: fish, sneakers, forklifts, latex medical gloves, car windshields, pasta, wheelchairs and bras.

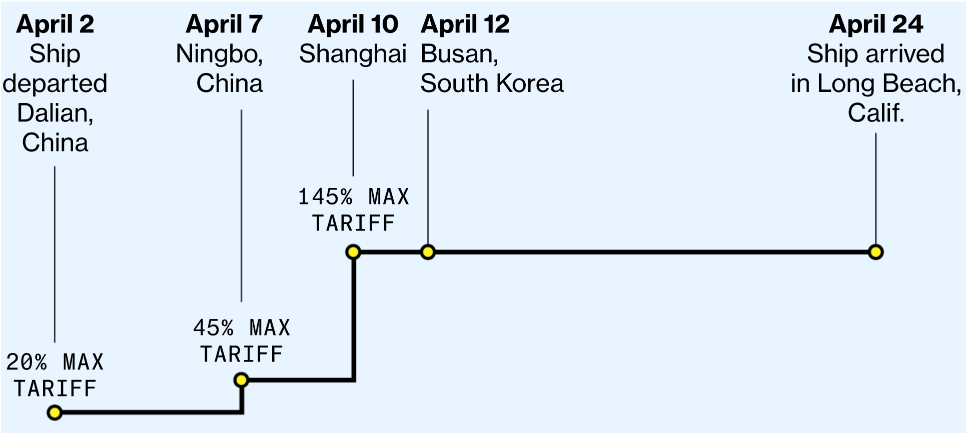
Calculating tariffs involves a complex set of factors including the type of product being imported, where it originated, and – for goods shipped in the week after Trump's announcement – when the ship left each port prior to arriving in America.

The Violet first began loading cargo in Dalian, China, a major seaport located north of the Yellow Sea. At that time, most Chinese goods faced an additional 20% US tariff rate, originally stemming from Trump's concerns about China's role in the fentanyl crisis. Mere days later, as the ship left Ningbo, China, the top new rate had already risen to 45% for cars and some aluminum and steel products.

In the biggest blow to the Violet's customers, a final tariff hike took effect just hours before the ship left Shanghai, pushing new duties on Chinese goods to a staggering 145%. This last-minute increase alone likely added $220 million to the import costs of US companies with cargo aboard the ship.

Tariff Rates Changed During the OOCL Violet's Voyage

Estimated highest new tariff paid on goods loaded at each port



Source: Bloomberg analysis of bills-of-lading data and estimates from IHS Markit, White House tariff announcements and US Customs and Border Protection guidance

Note: Data as of May 2.

Many companies with cargo on the Violet – including Worldlawn Power Equipment – had limited time to react to the sudden tariff increases. "We had some things on the water that were already in motion," Muratore said. "So yeah, we're just trying to figure out how to navigate this just like everybody else."

Bloomberg News estimated the cost of new White House tariffs for cargo on the Violet by consulting experts in international logistics, along with recent executive orders and US Customs and Border Protection guidance. The exact duties paid may differ from these estimates depending on the details importers provided to customs officials. Importers storing goods at the Port of Long Beach might face a different tariff amount if rates change before the cargo's release.

A closer look at the Chinese cargo aboard the Violet highlights the wide-ranging impact of Trump's trade war with the world's second-largest economy:

Chinese Goods Alone Totaled At Least $409M in New Tariffs

Source: Bloomberg analysis of bills-of-lading data and estimates from IHS Markit, White House tariff announcements and US Customs and Border Protection guidance

Note: Estimated values and tariffs are rounded. "Other" also includes the miscellaneous manufactured goods category, which has total estimated new tariffs of more than $2 million. Data as of May 2.

In the short term, the new tariffs should generate billions of dollars in immediate revenue for the US Treasury – a cost that falls on American importers, who can choose to pass that onto consumers. The windfall, however, could be temporary. The number of cargo ships headed from China to the US has plummeted in recent weeks.

A White House spokesperson said Trump administration policies are "laying the groundwork for a long-term restoration," citing rising gross domestic investment and March data that showed cooling inflation. The spokesperson did not address Bloomberg's findings about costs to importers and the impact of new tariffs, including the 145% on Chinese goods, which went into effect on April 10.

Underscoring this trend, the Port of Long Beach projects a roughly 40% reduction in both vessel calls and import volumes between mid-April and mid-May, according to forecasts published by the port. This reflects the typical delay before supply-chain shifts impact the global economy.

China will release April trade data on Friday, which will give the first comprehensive look at how exports from China have changed and how importers in the US have reacted to the jump in tariffs.

For businesses such as Arctic Fisheries, dealing with the new tariffs is the latest challenge after years of turmoil. The company's president said he expects he'll need to borrow money – incurring interest charges – to pay the tariff bill for his fish shipment on the Violet, although he hasn't yet received the invoice. This comes after constant disruptions since 2018, including tariffs imposed by the first Trump administration, pandemic-related supply chain chaos, and sourcing issues due to the Russia-Ukraine war.

While Kotok said he intends to pass the tariff costs onto his customers, existing fixed-price contracts limit his ability to do so.

"In the administration's attempt to put the screws to other nations, they put the vise on American businesses," Kotok said, "many of whom will not survive."

Edited by: David Ingold and Alex Newman

With assistance from: Kyle Kim, Sam Hall and Jinshan Hong

Methodology

Tariff amounts were calculated based on the estimated value for approximately 6,000 bills-of-lading entries for goods that the OOCL Violet offloaded in Long Beach last month, according to data from IHS Markit. This story focuses on tariffs tied to the following White House executive orders: fentanyl-related China tariffs; Section 232 tariffs on aluminum, steel, cars and car parts (not yet in effect at the time that the Violet arrived in Long Beach); the baseline 10% global retaliatory tariff that went into effect on April 5; and the China-specific retaliatory tariff that went into effect on April 10. Available documentation, including technical annexes and US Customs and Border Protection guidance, were used to create lists of relevant HS commodity codes, according to the Harmonized Commodity Description and Coding System, as well as those excluded from any of the above tariffs.

The specific rate for each shipment was determined based on the listed country of origin, the date and time the ship left the port where it was loaded and the 6-digit commodity code provided by IHS Markit (in 6% of cases only a 4-digit or 2-digit code is available). Where a given commodity code encompasses goods facing different tariff rates, the lower possible rate was applied except where the overwhelming majority of the goods would be eligible for the higher rate, based on an analysis of historical Census import data.

Actual tariffs paid will depend on detailed information provided to US Customs and Border Protection, including the actual customs value, the specific time of departure, whether a product’s inputs are tariffed at lower rates, as well as any amendments to the customs paperwork. Changes to tariff rates may also be made retroactive, in which case importers can request a refund.

The estimated tariffs assume duties are paid right away. Some importers will put their goods into bonded warehouses where they can sit for weeks or months and during this period tarriff rates may change, altering the actual duties paid.

All data and tariff rules are as of May 2.

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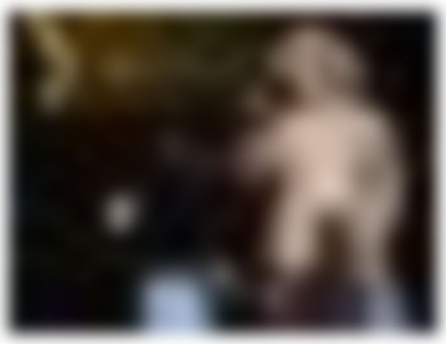

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