

Views from a Logistician

~ "Real artists ship" - *Steve Jobs* ~

Logistics is a critical component of modern business and society, enabling the movement of goods, services, and information from origin to consumption. As global trade and e-commerce expand, logistics plays an increasingly essential role in shaping economies, supply chains, and customer experiences.

At its core, logistics involves planning, implementation, and control of the efficient flow and storage of goods, services, and related information. It encompasses activities such as transportation, warehousing, inventory management, order fulfillment, distribution & information flow, etc. Effective logistics ensures that products are delivered to the right place, at the right time, in the right quantity, and at the lowest possible cost. Logistics underpins global trade by connecting producers, suppliers, and consumers across vast distances. Efficient logistics reduce transit times, lower costs, and enhance customer satisfaction. In sectors such as e-commerce, manufacturing, healthcare, and retail, logistics is a competitive differentiator, directly impacting profitability and reputation.

The global logistics sector has experienced significant turbulence and transformation during 2024 – 2025. Major incidents, shifting geopolitical dynamics, and the ongoing trade war between China and the United States have all shaped the landscape for international trade and supply chains.

Labor disputes at major US West Coast ports, including Los Angeles and Long Beach, resulted in prolonged strikes in mid-2024. The strikes created backlogs, delayed shipments, and forced some companies to reroute cargo through Mexico and Canada. In September 2024, Typhoon Haikui made landfall in Southern China, severely damaging port infrastructure in Shenzhen and Guangzhou. Recovery took weeks, impacting exports of electronics and machinery. Cyberattacks targeting rail logistics networks in Germany and Poland in late 2024 temporarily halted freight movement across the continent, highlighting the vulnerability of digital infrastructure. In early 2025, renewed unrest and piracy in the Red Sea led to temporary closures and increased

insurance costs for cargo ships transiting the Suez Canal. Shipping lines diverted vessels around Africa's Cape of Good Hope, causing delays of up to two weeks and raising freight rates worldwide.

In response to these disruptions, logistics firms accelerated the adoption of technology. AI-powered predictive analytics, autonomous delivery vehicles, and blockchain-based shipment tracking systems gained traction. Companies also doubled down on green logistics, introducing electric fleets and carbon offset programs to improve sustainability and resilience.

Policy Responses and the Future Outlook Governments worldwide responded with new trade agreements, increased investment in logistics infrastructure, and enhanced cybersecurity measures. The G20 Logistics. Summit in August 2025 saw leaders commit to greater supply chain transparency and cooperation, aiming to reduce the impact of geopolitical tensions and major incidents.

Escalating tensions of the trade war, which began in 2018, entered a new phase in 2024. The US government imposed fresh while ridiculously high tariffs on Chinese electronics, automotive components, and green technologies, citing national security and competitiveness concerns. In response, China retaliated with its own tariffs and restrictions on American goods, intensifying the standoff. The ongoing trade war between China and the US has continued to reshape global commerce in 2024 – 2025. Tariffs, export controls, and politicized economic measures have created new challenges for Chinese factories and Original Equipment Manufacturers (OEMs), forcing them to adapt rapidly or risk losing market share. The timeline of the China – USA trade war reflects a complex and evolving conflict that has shifted from tariff battles to broader strategic competition. Its effects continue to shape global trade, technology policy, and international relations. Observers expect the rivalry to persist, requiring businesses and policymakers to remain agile and adaptive in a changing world economy.



There are major impacts to almost all China factories who deal with US customers, directly or indirectly. Many Chinese factories, especially in electronics, textiles, and machinery, saw a significant drop in orders from US clients. The higher costs resulting from tariffs caused American companies to look for alternative suppliers in countries like Vietnam, India, and Mexico. There are also disruptions to the supply chain, export controls on advanced technologies and components, such as semiconductors, led to delays and increased costs for production lines in China. Factories reliant on imported American machinery or software were forced to seek alternative suppliers or develop domestic substitutes. Operation costs rise significantly, the imposition of tariffs raised the landed cost of Chinese goods in the US, squeezing margins for both exporters and OEMs. To stay competitive, many factories invested in automation and lean manufacturing but struggled with higher input prices and labor costs.

Facing declining US demand, Chinese factories pivoted to domestic and regional markets, leveraging the Regional Comprehensive Economic Partnership (RCEP)



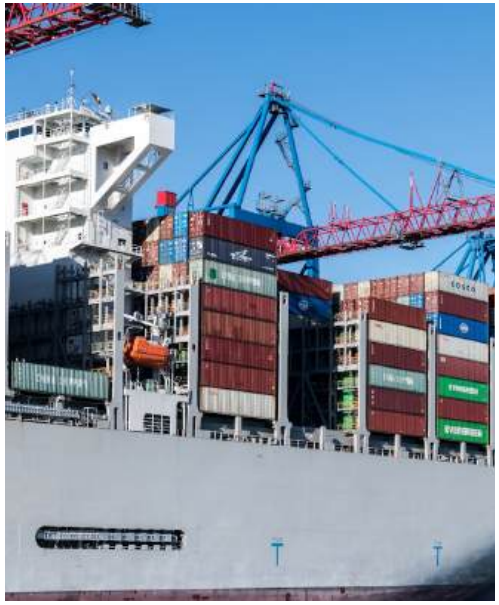
to access new customers in Asia. Nonetheless, replacing US export volumes has proven challenging for many sectors. The trade war spurred increased investment in R&D, as factories and OEMs sought to move up the value chain by developing proprietary technologies and high-end products. This trend has been especially pronounced in electric vehicles, renewable energy, and consumer electronics.



Recent years, logistical developments between China and Vietnam (2024 – 2025) have focused on improving efficiency and expanding land transport capacity via both road and rail. Significant changes include the removal of transshipment requirements at border crossings and major investments in new cross-border rail lines. Despite these advancements, persistent challenges remain, including customs and regulatory hurdles, labor shortages, and rising costs.

In May 2025, a new international road transport route was officially launched, allowing freight trucks to travel directly between inland regions of both countries for the first time. Under the Greater Mekong Sub-region Cross-border Transport Facilitation Agreement (CBTA), Chinese cargo vehicles began using this route to travel directly into Vietnam's inland regions under the "single-container, single-vehicle" system, avoiding the need for transshipment at the border. This change is expected to significantly improve efficiency, reduce transit times by about one day, and cut costs by approximately $138 per truck. And while Dongxing border is an important crossing, but it is not yet officially part of the GMS CBTA route. The current status of Vietnam's M ó ng C ả i City and China's Dongxing City, are developing their cross-border connectivity, with plans to upgrade the M ó ng C ả i - Dongxing international border gate into a "smart border". There are also plans for a new international railway line and other transport connectivity projects to enhance cooperation at this crossing point. This indicates the border is still in a development phase for formalized cross-border transport agreements like the CBTA. But, while this is in place, it is still undergoing a maturation process; most transportation companies are still adapting a sit on a fence attitude before diving into the new policy.

August 2025 saw the opening of a new highway route connecting Chongqing, China, to Hai Duong, Vietnam, as part of the Western China New International Land-Sea Trade Corridor. This corridor provides a direct link for logistics between China's southwestern provinces



and Vietnam. New Vietnamese regulations came into effect in 2025, which introduced stricter driving hours for truck drivers. This is expected to increase logistics costs by nearly 20%, requiring companies to adapt their operational strategies.

However, there are challenges, including border disputes, differing political systems, and concerns over dependency on China's supply chains. There are pros and cons of China-Vietnam logistics & relationship:

PROS

Economic Growth:

Robust trade and logistics infrastructure foster economic development and regional integration.

Connectivity:

Improved infrastructure encourages investment, tourism, and cultural exchange.

Strategic Partnerships:

Collaboration in trade and infrastructure enhances regional stability and collective growth.

CONS

Dependency Risks:

Heavy reliance on China for trade and logistics may expose Vietnam to economic or political risks.

Border Tensions:

Disputes and security concerns can disrupt logistic activities and regional stability.

Environmental Impact:

Infrastructure projects may lead to environmental degradation and ecological concerns.

Nonetheless, Vietnam has sought to diversify its logistic sources and strengthen regional supply chains through ASEAN and other partnerships.



Although via the collaboration with Vietnam did help China Companies or factories to avoid the high imposed tariffs, but now they still face another major challenge when the Trump administration announced a preliminary trade pact with Vietnam on 2025 July 2 that includes a 20 percent tariff on Vietnamese exports, lower than what was previously threatened by US President Donald Trump. The deal also imposes a 40 percent tariff on transshipments, targeting China's efforts to avoid US tariffs. Now it will be another hassle and ongoing obstacles as in sourcing for local suppliers in Vietnam, or to encourage local Chinese suppliers for localization, the tale goes on.....

"Logistics is traditionally an unglamorous and underappreciated activity"

– Lt Gen William G. Pagonis, USA



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