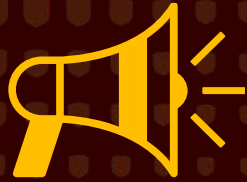




UPS Supply Chain Solutions®

2026 Supply Chain Outlook

December 11, 2025



At the date of this publication, polices are evolving. This presentation is for informational purposes only.

It does not constitute legal advice - please consult with your own legal counsel for such advice.

Do not rely on this information without performing your own research.



Meet our Speakers



Host

**Michelle
Rodriguez**

Marketing
Manager



Panelist

Joe Greene

Global Business
Planning Manager



Panelist

Vito Losurdo

Vice President,
Global Air Freight



Panelist

Steve McMichael

Vice President,
Global Ocean
Freight Services



Panelist

**Stephen
Kronenthal**

Managing Director of
UPS Global Logistics
& Distribution



Panelist

Catherine Mellor

Vice President, Global
Public Affairs



Today's Agenda

2026 Economic Snapshot &
Freight Market Outlook

1

Automation & Digital Transformation

2

Navigating Regulations & Compliance

3

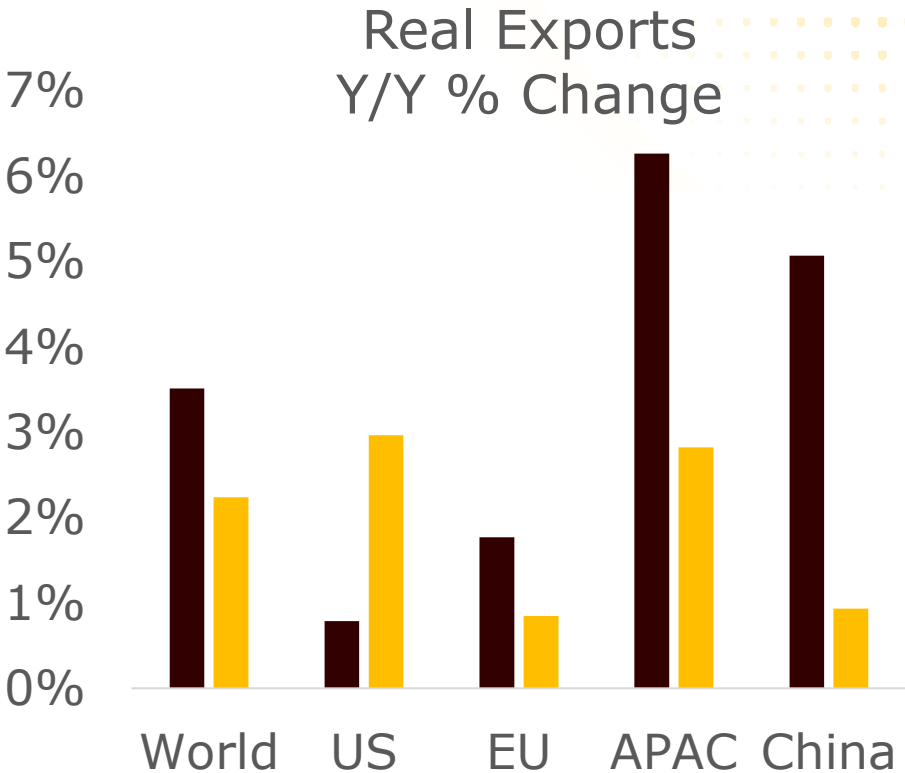
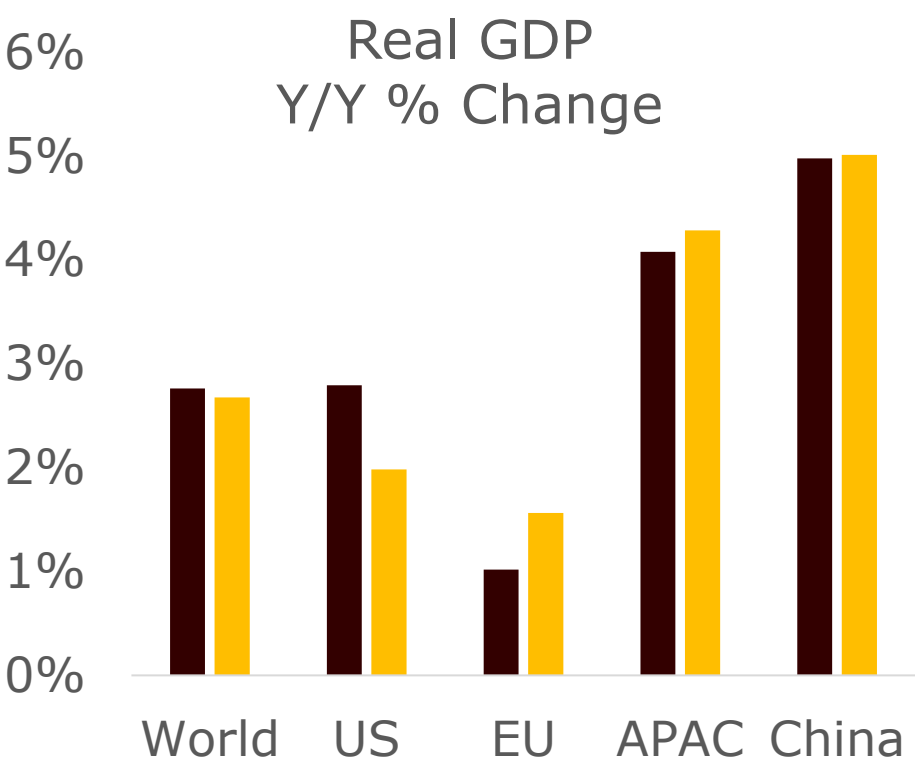
ANY QUESTIONS?
Ask our panelists using the
"Q&A" function

Q&A

4

Global Macroeconomic Snapshot

Growth is expected to modestly slow in 2026, driven by easing global trade...



Source: [S&P Global November](#)

Global Airfreight Outlook 2026

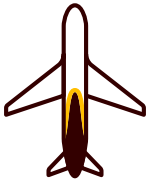
Moderate growth expected with continued e-commerce development

Demand Growth Drivers



- Muted demand growth vs. 2025, +2.7% globally¹
 - APAC exports and intra-APAC trade, (+3.2% and +3.5%) with US outbound growth +2.2% primarily on US-EU lane¹
- Realignment of dominant global trade lanes
 - Volume shift to “Silk Road” lanes from Transpacific regional lanes
- High Tech, particularly AI related infrastructure, and eCommerce verticals drive demand – despite regulatory changes to eCommerce globally

Capacity and Rate Trends



- Overcapacity as demand growth expected to trail supply growth²
- Downward rate pressure, trade lane dependent
- Freight demand remains high, with utilization at record levels³
- Network reallocation to high growth/yield segments

Disruptions and Impacts to Monitor



- Impacts of regulatory changes, tariff updates and global trade negotiations
- Rising supply chain costs amid global trade uncertainty
- Sustainability and emissions initiatives
- Moderate macroeconomic outlook



Source: 1) [Accenture Cargo](#) 2) [Air Cargo News](#) 3) [Air Cargo News](#)

North American Air Freight Outlook 2026

Supply chain resilience will be a 'must have' competitive advantage

Supply Chain Trends

- Supply chain decision makers expect tariffs to remain volatile through 2026¹
- Businesses adopt 'US Plus One' strategy introducing a new era of trade diversification within the US²
- Mexico emerging as strongest nearshoring leader with FDI (foreign direct investment) opening to maintain access to the US market³

Growth and Capacity

- S&P Global Market Intelligence forecasts 2.3% growth in the US for 2026⁴
- TL and LTL freight markets are showing early but tentative signs of rebalancing and fleet capacity is beginning to contract⁵
- TD Cowen/AFS Freight Index forecasts LTL carriers to continue cost-effective rate implementation and optimize network efficiency to endure a soft market⁶

Disruptions to Monitor

- Foreign Direct Investment increase negotiated by the current administration; 2Q2025 FDI increased 137% over Q1 or \$102B⁷
- Inflation hinges on Supreme Court upcoming ruling on IEEPA tariffs⁸
- US tariffs on heavy duty trucks, steel, and aluminum⁹
- Businesses should view 2026 as a year to embrace supply chain flexibility¹⁰



Sources: 1) [Cassinfo.com](https://www.cassinfo.com) 2) [msn.com](https://www.msn.com) 3) [SCMR.com](https://www.scmr.com) 4) [spglobal.com](https://www.spglobal.com) 5) [actresearch.net](https://www.actresearch.net) 6) [afs.net](https://www.afs.net) 7) [FederalReserve.gov](https://www.federalreserve.gov) 8) [Brookings.edu](https://www.brookings.edu) 9) [reuters.com](https://www.reuters.com) 10) [Logisticsmgmt.com](https://www.logisticsmgmt.com)

12/11/2025

Proprietary and Confidential: This presentation may not be used or disclosed to other than employees or customers, unless expressly authorized by UPS. © 2025 United Parcel Service of America, Inc. UPS, the UPS brandmark and the color brown are trademarks of United Parcel Service of America, Inc. All rights reserved.

Global Ocean Outlook 2026

Capacity growth driving fundamental market oversupply



Global Market Trends

- Carrier financial instability and negative outlook
- Inflationary worries and CPI increases
- Geopolitical tension in key ocean corridors
- Ongoing global trade negotiations



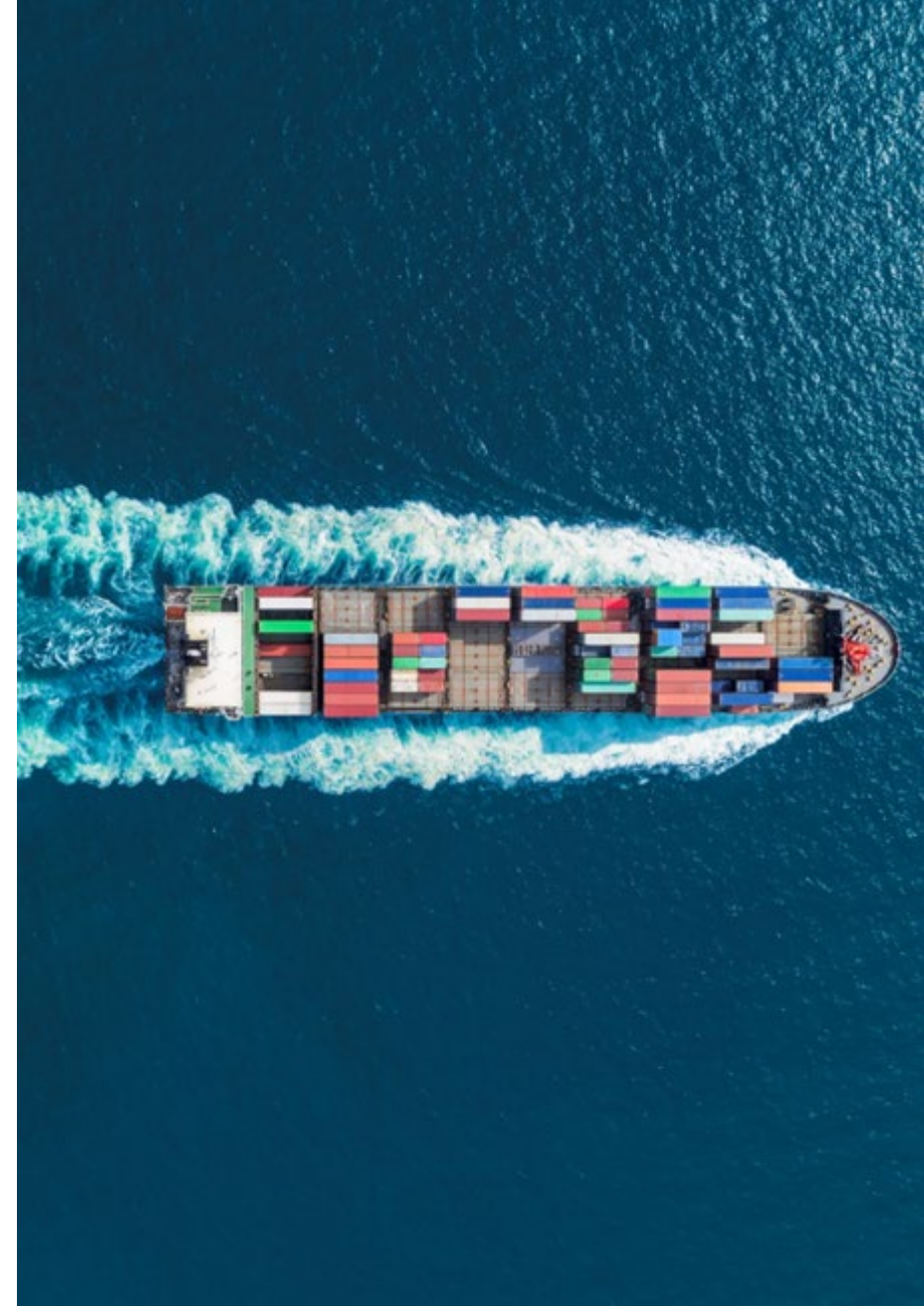
Demand, Capacity, and Rates

- 6.9% fleet growth in 2025, pushing total capacity to 32.3M TEU¹
- Orderbook now +10M TEU (+30% of active fleet)¹
- Demand forecasts vary by trade: Transpacific Eastbound contracting; other east-west trades expanding YoY¹
- Rate declines expected in 2026, driven by a fundamental overcapacity in the global market:
 - 1Q26 East-West trades: -6% QoQ; -22% YoY¹



Disruptions and Impacts to Monitor

- Return to the Suez Canal seeming more likely
- Congestion and berthing delays have impacted global trade throughout 2025, particularly at terminals in North Europe and Asia
- Tariff driven demand spikes and their impacts to capacity, congestion, and inland operations



Source: 1) [Drewry - Maritime Research Products - Container Forecaster](#)



Today's Agenda

2026 Economic Snapshot &
Freight Market Outlook

1

Automation & Digital Transformation

2

Navigating Regulations & Compliance

3

ANY QUESTIONS?
Ask our panelists using the
"Q&A" function






Q&A

4

Key Trends Driving AI, Robotics, and Warehouse Efficiency

2026 Outlook for Logistics Technology Investments

In 2026, logistics firms are expected to ramp up investments in AI, robotics, and warehouse automation as these technologies become essential to increase resiliency

	TECHNOLOGY	IMPACT	KEY BENEFITS
	Artificial Intelligence (AI) ¹	Predictive analytics, autonomous decision-making	Efficiency gains, Cost reduction
	Robotics & AMRs ²	Automated picking and material handling	Improved accuracy, scalability
	Software-Defined Warehouses	Integration of ERP, WMS, IoT, robotics	Real-time adaptability, streamlined operations
	Robotics-as-a-Service (RaaS)	Subscription-based automation	Lower upfront costs, scalable deployment
	Generative AI & Digital Twins ³	Simulation and visibility tools	Faster decision-making, enhanced resilience

Sources: 1) [Capgemini Research Institute](#), 2) [Reeman](#), 3) [Intellify.com](#)

Managing Supply Chain Challenges Requires Visibility

The first step to supply chain orchestration is establishing a visibility framework

Did you know?

Only 60% of companies have full visibility into their tier-one suppliers, and visibility beyond tier-one is declining.

According to McKinsey, this blind spot exposes businesses to compliance risks, delays, and costly disruptions, making end-to-end supply chain visibility a critical priority for resilience and growth.



Supply chain visibility is vital to business success, but few companies achieve it



Poor supply chain visibility contributes to poor customer service and lower profitability



Identifying, capturing and maintaining accurate and timely data is challenging



Accessing information from multiple systems is a struggle

Source: [McKinsey Global Supply Chain Leader Survey 2024](#) | McKinsey

Meet the UPS Supply Chain Symphony™ Platform

A new way to digitally manage your supply chain activities, gaining broader oversight and control



Increase Agility



Collaborate Easily



Make Smarter Decisions



Mitigate Delays



Cut Manual Work



Improve Forecast Accuracy



Improved customer service

What is UPS Supply Chain Symphony?

UPS Supply Chain Symphony is UPS's flagship digital platform for connecting, managing, and integrating data across the end-to-end supply chain.



Today's Agenda

2026 Economic Snapshot &
Freight Market Outlook

1

Automation & Digital Transformation

2

Navigating Regulations & Compliance

3

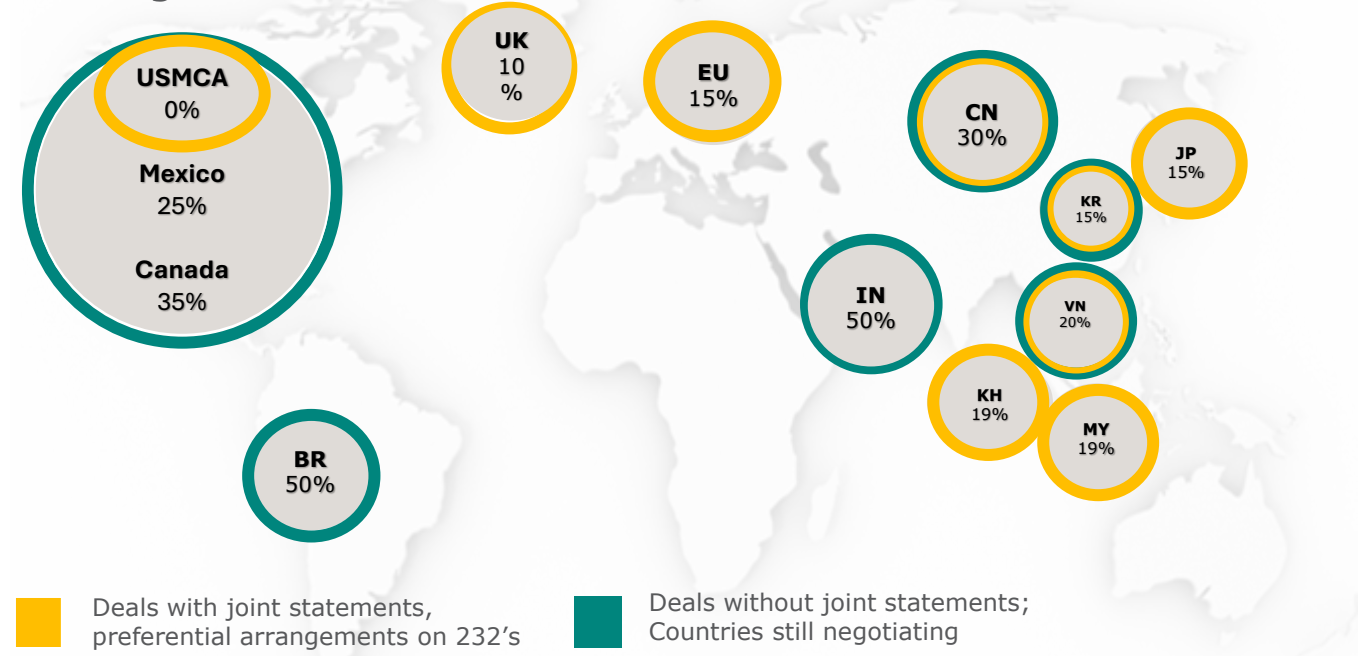
ANY QUESTIONS?
Ask our panelists using the
"Q&A" function

Q&A

4

Trade & Customs Update

Existing IEEPA Tariff Rates



Section 232 Tariffs: *in effect* Steel and Aluminum (50%), Autos and Parts (25%), Copper and derivatives (50%), Softwood Lumber and Furniture (25%), Trucks (25%), ***proposed*** Semiconductors (100%), Patented Pharmaceuticals (100%), Critical Minerals, Medical Consumables and Devices, Unmanned Aircraft, Robotics, Wind Turbines, Foreign Movies.

- **US-China:** Tentative trade truce dependent on lower tariffs, rare earth export cooperation, and increased purchases of US agriculture. Outstanding issues remain around new standards for Rule of Origin and transshipments.
- **USMCA Review:** 72% of goods eligible for 0% under USMCA, 24% impacted by Section 232. 2026 trilateral review underway.

Customs and Compliance Challenges

Additional customs requirements are challenging ports of entry across the country.

- i) new data and clearance requirements for formerly de minimis goods;
- ii) increase in sector specific tariffs for derivatives.



MFN Tariff + IEEPA Tariff + Steel & Aluminum derivative COO and Tariff



MFN Tariff + IEEPA Tariff + Steel & Aluminum derivative COO and Tariff + FDA Clearance

*Sectoral tariffs are set to dramatically increase with the introduction of new derivative tariffs on semiconductors and other manufacturing inputs.

IEEPA Litigation

- Oral arguments heard November
- Supreme Court decision expected end of 2025, early 2026.
- Refund total close to \$100 billion if struck.

Navigate Every Shift in the Supply Chain with UPS

For decades, UPS has helped businesses navigate complexity, scale with confidence, and stay resilient through every shift in the global landscape.

Whether you're optimizing your network, adapting to market changes, or preparing for what's next, our team is here to support you with the solutions, experience, and global reach you need.

Air Freight

From urgent, next-flight-out service to door-to-door service within 1-5 business days

Ocean Freight

Full Container Load (FCL) and Less than Container Load (LCL) options for smooth transit across major trade lanes

Ground Freight

Extensive North American network offering multiple transit options, from next day to three days plus, and deferred options for additional cost savings

Warehousing & Distribution

End-to-end solutions for storing, picking, packing, and shipping, with robust value-added services

Customs Brokerage Services

Efficient export filing and streamlined documentation to help ensure shipments clear customs quickly and accurately

Healthcare Complex Shipping

Cold chain solutions for temperature-sensitive healthcare shipments

Questions?



THANK YOU