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## Harris or Trump? The effects on each shipping segment

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As Americans head out to vote today, *Splash* identifies the potential effects on the main shipping segments.

“The link between elections, and how they could harm or assist the global economy, depending on who is the victor, are important, and impact shipping, therefore it behooves us to follow the many elections that are taking place in the world during 2024, the most important of which is the USA Presidential elections,” states a markets roundup contained within the Q3 results from Thai-listed dry bulk owner, Precious Shipping, today. “Many populist leaders are promoting deglobalization, near-shoring, friend-shoring, and other market-distorting policies. If such leaders get elected, they could have a significant negative impact on shipping demand while increasing inflation through their deglobalization policies.”

Graham Porter, chairman of Tiger Group Investments, and one of the co-founders of Seaspan, told delegates attending last month’s Maritime CEO Forum held at the Monaco Yacht Club: “The world is breaking apart. I think that’s what’s causing all this chaos. We’re on a very different trend. It’s no longer collaboration, it’s independent pull. Pull your resources and hold them yourself.”

Discussing today's "fragmented" world, Porter said: "I think we're going to get more and more regulation, more and more tariffs, more and more anti-trade positions and probably more and more national fleets carrying their own cargo, protected by their own navies."

### **Containers**

The liner business is usually considered to be the most exposed out of all the major shipping markets to geopolitical disruption, relying as it does on consumer spending for much of its cargo demand.

Both US presidential candidates – Donald Trump and Kamala Harris – are in favour of import tariffs and budget deficits. Trump, in particular, has made it very clear that he intends to drastically increase tariffs.

"For container shipping, this would mean a short-term demand boost into the US, as some importers would try to get goods in prior to any new tariffs. In the medium- to longer-term it would likely shift some of the trade patterns, as importers find ways to adjust their sourcing patterns, to minimise any tariff impact," analysts at Sea-Intelligence wrote on Sunday, arguing that this was not necessarily bad news for the shipping lines. "It merely implies the need to perhaps adjust the shipping networks to accommodate different trade flows," Sea-Intelligence suggested.

"Cargoes will move in different ways but ultimately they will end up in the hands of the end consumer," said Jeremy Nixon, CEO of Japanese liner giant Ocean Network Express (ONE), speaking at September's Marine Money event in Singapore.

Nixon said that while this might mean less business on the China-US tradelane, other routes such as China-Mexico were picking up the slack.

"Things move around," Nixon said. "We are the servants of global trade, we have to pick up those trends very quickly and adapt very quickly."

### **Gas**

Turning to the gas markets, broker SSY noted in a recent report: "Whoever wins the battle later in the year will have a profound impact on LNG, whether it be banning future export projects or implementing trade tariffs, it is all very relevant. With Kamala Harris reversing her rhetoric on US fracking, it just goes to show that winning votes is what counts, not necessarily staying true to one's beliefs or manifesto."

China is a major importer of US LPG and LNG and any threat to these flows would likely "upend" LPG and LNG tanker markets, states a recent report from broker BRS.

### **Tankers**

The potential for Trump to win and what this means for the tanker trades was discussed at September's Singapore edition of the Maritime CEO Forum, with Mark Cameron, chief operating officer of Ardmore Shipping, suggesting the Ukraine war could end, a negative for tankers, while the potential new administration could prove to be much tougher on Iran, something he saw as a positive for the tanker trades.

"Over the last few years what's been quite bad for the world has generally been quite good for shipping. So maybe I'll let you draw your own conclusions [on Trump]," said Alan Hatton, the CEO of Foreguard Shipping.

Greater “operational complexity” is something shipping should anticipate with Trump’s possible return and a subsequent ratcheting up of trade tiffs with China, predicted Henrik Hartzell, a senior advisor to GSB Tankers.

Iranian crude and condensate exports recently hit 1.6m barrels per day, their highest since 2018, according to analysis from BRS who expects that if Trump was to be elected his administration would rapidly tighten enforcement of the existing sanctions on Iran’s oil industry, including the network of grey tankers on which it exports its oil.

### ***Dry bulk***

Turning to dry bulk, shipping’s largest sector, and the risks posed by a possible trade war between China and the US. In the first Trump trade war, the Chinese targeted US farmers and reduced imports of US grain. China is able to substitute this with more imports from Brazil, with minimal net tonne-mile impact.

According to data from Clarksons Platou Securities, dry bulk, particularly grain and steel products, was the most impacted from the first Trump trade war with China, followed by LNG and LPG.

Overall shipping tonne-mile growth fell 0.5% in 2018, then again by 0.5% in 2019, according to Clarksons data

The US presidential election was also discussed at length at this year’s Geneva Dry, the world’s premier commodities shipping conference.

Saad Rahim, chief economist at Trafigura, suggested that regardless of the outcome, stringent anti-China policies are likely to continue. He raised concerns about the potential for the development of two commodity blocks, with Russia, Iran, India and China on one side and Europe, the US and Latin America on the other.

Shamika Sirimanne, director of the UN Trade and Development’s division on technology and logistics, pointed out that since the onset of the tariff war in 2017, trade between China and the US has been declining, with China’s imports from the US down by 8%. She cautioned that diversification of supply chains based on geopolitical reasons rather than economic reasons could lead to a loss of trade efficiency and longer supply chains.

### ***Car carriers***

Another sector looking nervously on at the results from today’s American poll is the car carrier business, a segment that has enjoyed record profits during the current Joe Biden administration with China flooding the world with electric vehicles, something Trump has vowed to tackle.

### ***Decarbonisation***

One final area that could face headwinds depending on the outcome of today’s vote is in shipping’s decarbonisation path.

“If we do get a second Trump term, the work currently ongoing at the International Maritime Organization to get new regulations and set targets globally might hit a dead end,” warned analysts from Sea-Intelligence. “This, in turn, would accelerate a trend, where regulation regarding decarbonisation of shipping, would have to be made locally, and not globally.”

Summing up the prospects for shipping under a potential second Trump administration next January, analysts at broker Hartland Shipping wrote: “The most confident conclusion we can make is that the volatility and uncertainty in today’s shipping markets is only going to increase under Trump 2.0.”

