Shipping readies to navigate new Trump era

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White House Archives

Today marks the end of the Joe Biden administration in the US, one of the most profitable four-year periods for shipping. With the return of Donald Trump to the White House, the shipping industry has many questions about what the future of global trade holds, some of which could be answered swiftly with the incoming American president vowing to sign many executive orders immediately after being sworn in.

The offshore wind sector is expected to be one of the big losers during Trump's second tenure, while many are watching to see how the 47th president delivers on campaign promises for tariffs, a more tough line with Iran, as well as claims the war in Ukraine can be brought to a quick end.

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

"Trump's tariff wall might be a stage in that, but like walls to keep out migrants, it is difficult to achieve much in four years," Martin Stopford, the world's most famous maritime economist, told *Splash* in the wake of Trump's election win last November.

Burak Akdemir, managing director of London-headquartered dry bulk owner Range Shipping, told *Splash* last week: "A peacemaker Trump in a second term could lead to a recalibration of US-China relations, which would significantly impact global trade. If tensions ease, it might restore confidence and boost trade volumes, potentially benefiting dry bulk trade flows tied to Chinese imports of iron ore, coal, and grain."

Conversely, though, Akdemir warned if protectionist policies or geopolitical uncertainties persist, trade disruptions could restrain growth, shifting flows to other emerging markets.

"The dry bulk sector's response will hinge on the balance between cooperation and competition under Trump 2.0," Akdemir said.

In conversation with *Splash* earlier, Khalid Hashim, managing director of Thailand's largest dry bulk owner, Precious Shipping, said he was sanguine about Trump and tariffs.

"Trade flows under Trump 1.0 and Biden's continuation and increasing Trump's 1.0 into Biden 1.0, have increased, not decreased, trade flows into the US," Hashim said. "If the past is any predictor of trade flows, then as we have seen all such disruptions tend to have an immediate, but extremely short-term impact, before leading to increased tonne-mile and increased trade."

One area that could face headwinds from Trump's second term is in shipping's decarbonisation path.

"The work currently ongoing at the International Maritime Organization (IMO) to get new regulations and set targets globally might hit a dead end," warned analysts from Sea-Intelligence in a recent report. "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 with Trump back in the Oval Office, analysts at broker Hartland Shipping wrote recently: "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."