

An aerial photograph of a large container ship docked at a pier, with several tugboats nearby. The ship is loaded with colorful containers (red, yellow, blue). The water is dark, and the sky is overcast. A large yellow banner is overlaid on the right side of the image.

# Trade War: The Impacts on the Maritime Sector

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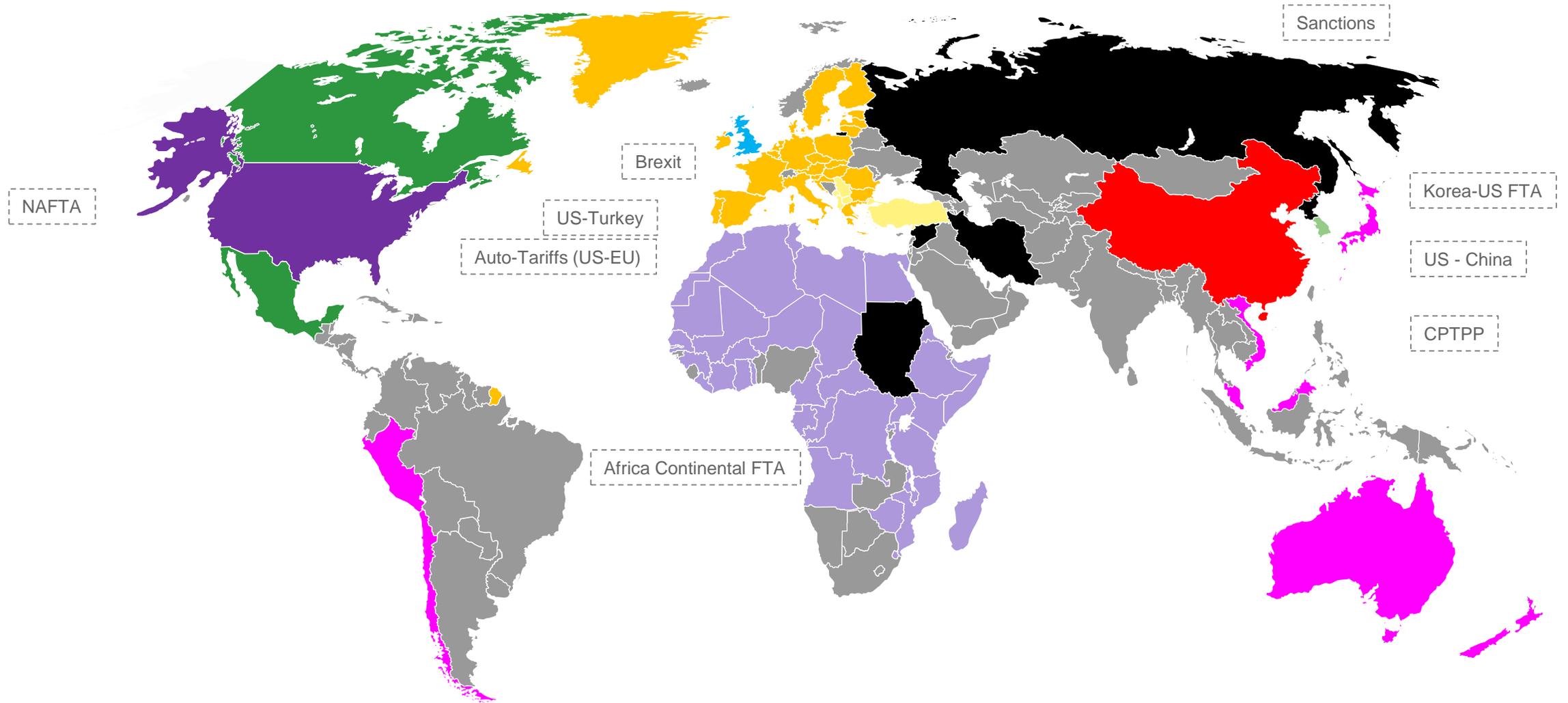
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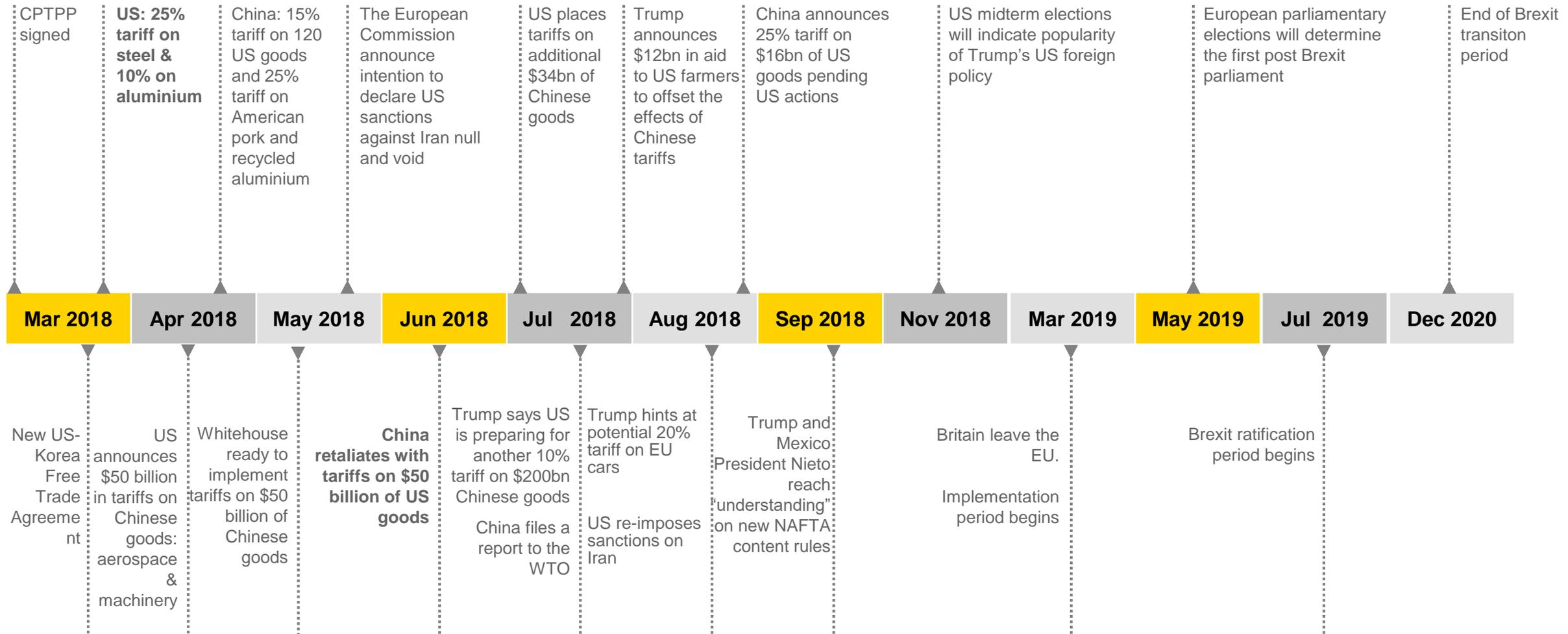
# Turning against trade: Politics is the new economics



# Major trade fault lines: overlapping, complex and global



# Trade War Timeline: global events that will impact global trade



# Trade War: modelling best case, most likely, and worst case



## De-escalation

- Reversal of current tariffs
- Amicable resolution of Brexit:
- Amicable conclusions to NAFTA negotiations
- Expected global growth realised
- Gradual decline of populism and protectionist parties

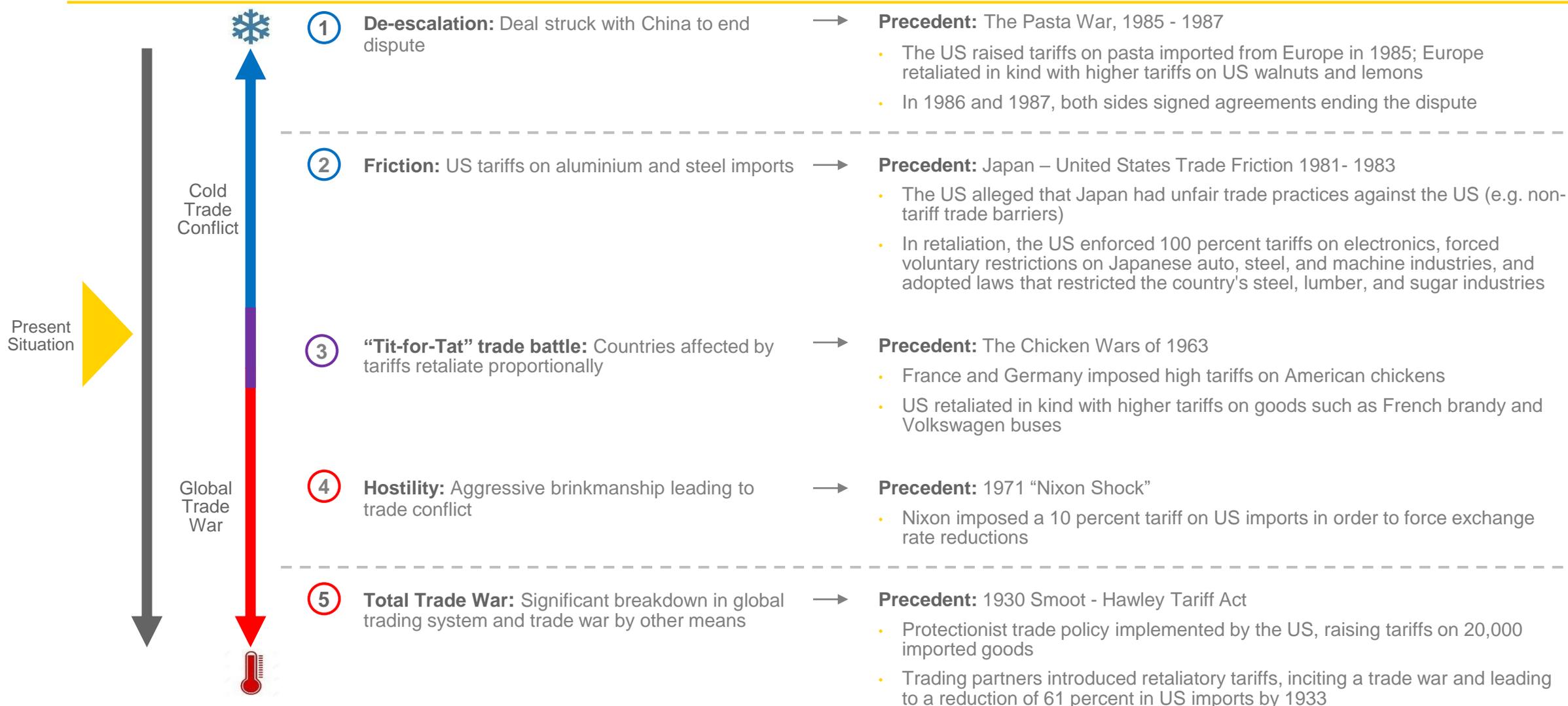
## Continued Uncertainty

- Continued proportional response
- US imposes further \$200bn tariffs on China, at 10-25%
- NAFTA talks drag on
- US-EU relations worsen, 20% tariff on EU cars
- No sustainable conclusion to Brexit

## Global Trade War

- Blanket tariffs
- US goes through with threat to leave WTO
- Reduction in global trade spilling over to GDP
- Market and consumer confidence significantly hit
- WTO replaced by regional alliances

# Trade War Thermometer



# Trade War Thermometer: Drivers and Impacts

	Political Driver	Business Landscape	Financial and Market Sentiment	Maritime Sector
① <b>De-escalation</b>	Backlash from consumer groups and businesses; base turns on Trump	Back to rules-based international order but other risks remain	Return in market confidence but other risks remain, particularly in emerging markets	Status quo
② <b>Friction</b>	Popular and ideological support for protectionism - jobs, income disparities and security	Unpredictable trading environment but no major impact on business activity	Some risk aversion and ongoing uncertainty	Minor impacts on demand
③ <b>'Tit-for-Tat'</b>	Continued support post mid-term elections; strong Chinese response popular domestically	Growing uncertainty with possible trade diversion and re-localisation; investment held	FX volatility particularly in Asia; stagflation risks; fears it will merge with other financial troubles	Protracted uncertainty weighs on demand; starting to see re-localisation of supply chains; logistic and admin costs increase
④ <b>Hostility</b>	Positions entrenched; little backlash from US consumers; Trump convinced he can win trade war; China cannot be seen as weak	Great uncertainty as traditional allies targeted i.e. EU cars; investment put on ice; business reconsider footprints	FX volatility; high investor risk aversion; increased fears over non-trade repercussions including currency wars. Global GDP and consumer spending hit.	Demand for freightage dampened; If protracted major supply chain relocation; logistics costs increase
⑤ <b>Total Trade War</b>	Positions entrenched and dysfunctional politics in multiple countries	Severe uncertainty and loss of business confidence; big footprint moves; pulled investment	FX and market volatility; consumer spending plummets; monetary policy derailed	Significant drop in global trade activity with corresponding drop freightage demand

# Impacts on the Maritime Sector to watch out for

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**1** Friction and deadweight costs

**4** Repatriation of supply chains

**2** Oversupply of ships

**5** Technology and automation

**3** Consumer confidence

# Opportunities for the Maritime sector

New Regional Alliances	Trade Lane Changes	Localisation of Supply Chain	Spotting the right Goods	Internal Investment
<b>Driver</b> <p>The break-down in multilateral trust could force new, unexpected alliances with new trade routes i.e. Britain and TTP</p>	<b>Driver</b> <p>Less distance in terms of tonne mileage, but more activity on a different trade route could bring new opportunities</p>	<b>Driver</b> <p>Switching to more locally sourced goods</p>	<b>Driver</b> <p>If one product is hit by tariffs and another isn't, there may be changes in the competitive landscape</p>	<b>Driver</b> <p>China may invest in physical infrastructure to prop up its economy if a trade war escalates.</p>
<b>Opportunity</b> <p><i>Preparing for changes in supply chain localisation and engagement with government could give a first movers advantage</i></p>	<b>Opportunity</b> <p><i>New opportunities for dry bulk shipping; or China could be looking to West Africa for sweet crude oil.</i></p>	<b>Opportunity</b> <p><i>Greater domestic shipping arrangements, e.g. US increasing internal steel production, leading to more internal trade routes.</i></p>	<b>Opportunity</b> <p><i>Spotting goods with a stronger competitive position i.e. German washing machines, Japanese cars</i></p>	<b>Opportunity</b> <p><i>Investment on infrastructure could accelerate, rather than slow down flow of cargoes; dry bulk materials for building would be in high demand and short distance voyages combined with road haulage may prove more profitable.</i></p>