

Volumes of maritime transport fell less than expected in 2020

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Maritime transport defied the pandemic-related global disruption of 2020, with volumes falling less dramatically than expected. Indeed, by the end of the year they had rebounded, says UNCTAD in its just published Maritime Report 2021.

The shock in the first half of 2020 caused maritime trade to contract by 3.8% in the year 2020. But in the second half of the year there was a nascent, if asymmetric, recovery. By Q3 volumes had returned, for both containerized trade and dry bulk commodities. However, there had yet to be a full recovery for tanker shipping.

Maritime trade performed better than expected partly because Covid-19 unfolded in phases and at different speeds, with diverging paths across regions and markets. The rebound in trade flows was also the result of large stimulus packages, and increased consumer spending on goods, with a growth in e-commerce, especially in the US. Later there was more general optimism in advanced regions from the rollout of vaccines. It was also partly due to unlocking pent-up demand for cars (for example) and to restocking and inventory-building. "The rebound was fairly swift because, unlike the global financial crisis of 2009, the downturn was not synchronized across the world", UNCTAD said.

Maritime trade was projected to increase by 4.3% year on year in 2021, in tandem with the recovery in merchandise trade and world output.

The medium-term outlook also remained positive, although it was subject to mounting risks and uncertainties, and moderated in line with projected lower growth in the world economy.

Over the past two decades, compound annual growth in maritime trade has been 2.9%. Over the period 2022–2026 UNCTAD expects that annual rate to slow to 2.4%.

While carriers generally managed to mitigate the shock and disruption caused by Covid-19, port and landside operations found it more difficult to adjust. Seafarers in particular were in a precarious situation. The pandemic triggered an unprecedented global crew-change crisis. Health risks and related travel restrictions meant that

hundreds of thousands of seafarers could not return home, while an equivalent number were unable to join their ships and to provide for their families.

Lockdowns, travel restrictions and production cuts served to compress the demand for fuel. In 2020, shipments of crude oil, refined petroleum products, and gas together fell by 7.7% year on year. The impact was less for dry bulk commodity trade: supported by strong demand from China for iron ore and grain, total dry bulk trade fell by only 1.5%. Containerized trade fell even less, by only 1.1%.

Global container port throughput fell at a similar rate. In 2020 it totalled 815.6m teus.

UNCTAD said that maritime trade weathered the storm in 2020 and the short-term outlook remained positive. However, it warned that the emerging multi-paced recovery was “inherently fragile”. Many countries and regions continued to lag.

In addition to new pandemic risks and the dangers of a two-track vaccination pattern where developing countries continued to fall behind, there were other risks emerging. “While not all countries had been able to deploy large stimuli packages and support measures, an untimely ending of the existing support measures in advanced economies could potentially stifle growth and hinder the nascent recovery”, UNCTAD said.

The nascent recovery had also been hindered by the highly publicized supply-chain bottlenecks. The rebound in trade, combined with pandemic-induced restrictions in logistics operations, had led to shortages in equipment and containers, along with less reliable services, congested ports and longer delays and dwell times. Soaring freight rates, surcharges and fees had led to massively increased profitability for shipping lines.

Freight rates increased further following the six-day closure of the Suez Canal in March 2021, caused by the grounding of the 20,150-teu container ship **Ever Given**. UNCTAD said that whether the recovery would last would depend critically on the path of the pandemic. It noted that fresh waves of infection, combined with low vaccination rates, especially in developing countries, had led to new lockdowns and border closures. It said that a broad-based recovery hinged to a large extent on a worldwide vaccine rollout.

Seafarers were increasingly being recognized as “key workers”, while also being at the front line of the health crisis. Since seafarers come predominantly from developing regions, UNCTAD said that industry and government “should move quickly to implement vaccine procurement and distribution plans”.

The report said that eventually the logistical hurdles caused by large swings in demand could dissipate, after global trade patterns normalized. “However, the pandemic has also accelerated megatrends that in the longer-term could transform the maritime transport landscape”, UNCTAD said.

“By exposing the vulnerabilities of existing supply chains, the Covid-19 disruption has sharpened the need to build resilience. Covid-19 emphasized the importance of ensuring continuity in supply chains and the need for them to become more resilient, responsive, and agile.”

IMN will be reporting in more depth on the individual topics contained in this thorough report.

https://unctad.org/system/files/official-document/rmt2021summary_en.pdf