

## Environmental concerns and geopolitics top senior maritime leaders' agenda

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Based on a survey of maritime industry decision makers worldwide the 2022 Global Maritime Report has found that the top global issues identified by survey respondents in terms of likelihood, impact, and preparedness were environmental concerns and geopolitics.

Jointly published by the Global Maritime Forum, Marsh and the International Union of Marine Insurers, the survey asked:

- Which events are seen as the most likely to occur?
- Which could have the most impact on the maritime sector?
- How prepared is the industry should these events unfold?

In 2022 including the war in Ukraine, fuel price increases, and issues related to the environment and digitalization, featured heavily in the experts' discussions. Workforce and skill shortages were also once again prominent concerns.

Senior maritime decision-makers believed that over the next decade the maritime industry would be most impacted by the decarbonization of shipping and new environmental regulations. At the same time, geopolitical issues and workforce and skill shortages would rise in prominence as an area of concern.

Fuel price increases and geopolitical tensions rose to the top positions in terms of likelihood, reflecting the realities of early 2022 and the outbreak of war in Ukraine. Respondents also placed geopolitical tension at the number three spot in terms of impact, a sharp rise from number nine last year.

At the same time, they saw the industry as relatively well-prepared to handle those tensions.

Environmental concerns and geopolitics were joined by infrastructure failures, digitization and cyber risks, and workforce and skill shortages as areas of particular concern.

Fuel price increases placed fifth on the issues list, up from 10th spot in 2021. Pandemics dropped from the number four spot in impact in 2021 to 13th in 2022. Another pandemic was also seen as less likely, and the industry was seen as better prepared to manage one.

The report found that the decarbonization of shipping and new environmental regulations were the most impactful issues for the second year in a row. Geopolitical tension and fuel price increases top the rankings in terms of likelihood. The industry felt least prepared for autonomy technology and failure or shortfall in infrastructure.

Following the war in Ukraine, geopolitical tension has become one of the top concerns in the industry. The industry's preparedness to face these tensions, however, was still rated as high. Compared to last year's results, the expected impact of changing trade patterns increased. Conversely, the survey respondents felt that the industry was less prepared to tackle failure and shortfall in infrastructure.

"The maritime industry has a long history of facing disruptions and uncertainty. The industry's relative preparedness in the face of recent upsets can likely be linked to its long-standing experience and ability to react to route disruptions and changes in the geopolitical environment, though supply chain uncertainties continue to be a concern," said Marcus Baker, Global Head of Marine & Cargo, Marsh Specialty.

Issues linked to decarbonization and climate change – decarbonization of shipping, new environmental regulation, failure of climate change mitigation and adaptation – continued to rate highly across impact and likelihood. For the first time, the industry's perceived level of preparedness for these issues has increased. "This year's findings confirm last year's trend: decarbonization is a top issue for the maritime industry. Decarbonizing shipping is an enormous challenge, but it is encouraging to see that the industry's confidence in its ability to overcome this challenge is growing," commented Richard Turner, outgoing President of the International Union of Marine Insurance.

Although rated high, new environmental regulations and decarbonization of shipping dropped from the number one and two spots in likelihood in 2021 to third and fifth respectively.

When asked to comment on the findings of the survey, many observers expressed concern that the war between Russia and Ukraine, with its high impact on energy use, was drawing attention away from climate issues.

Overall, attracting and retaining talent was seen as the most important issue on the topic of human sustainability in the maritime workforce. At the same time, it ranked next to last in terms of expectation that companies would address it. Workforce and skill shortages, an issue in the main part of the survey, moved up in impact and down in preparedness.

“Industry leaders are getting more involved in improving overall human sustainability across the maritime industry, particularly on diversity, equity, and inclusion. Making this a strategic focus is crucial if wanting to attract and retain the workforce of today and the future,” observed Susanne Justesen, Project Director, Human Sustainability, Global Maritime Forum.

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