Shipowners must stick together — for the many, not the few

Increased teamwork on a global scale should not focus on resisting progressive policies

A memorandum of understanding (MOU) signed this week by three of the largest shipping groups makes a lot of sense in a fragmenting world. The International Chamber of Shipping (ICS), the Asian Shipowners' Association (ASA) and the European Community Shipowners' Association (ECSA) need to cooperate more closely.

One of the biggest threats to the free movement of shipowners is the growth of nationalism, protectionism and trade wars.

Within 24 hours of the memorandum being signed, US President Donald Trump threatened $11bn-worth of threatened tariffs on European wine, cheese and aircraft. Like the US spat with China, this will do nothing to help global shipping flows and undermines the scope for global governance of any kind. Critics will say that MOUs such as the one signed in Singapore are just words on paper, like old Soviet five-year plans to build so many hundred thousand trucks. But these declarations can also be important symbols of change and of determination to act as well as talk together.

It is not surprising to hear Esben Poulsson, the ICS chairman, say the trio will stand up for “a global industry requiring global rules”. He knows that those global rules are under assault like never before, not least because of a trend towards nationalism and protectionism.

It is also right to hear Poulsson stress the importance (and growing dominance) of Asian shipowners, particularly in China. But there is also a clear message to the European Union, which is singled out for special treatment. For the many — especially in the developed world.

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Brunel’s letters show fears over shipping are nothing new

Concerns over shipping’s impact on the environment are nothing new, as a recently discovered cache of letters has illustrated. Writing 175 years ago, British engineer Isambard Kingdom Brunel noted his fears that ships, trains and factories were harming the natural world.

The top-hat-wearing polymath worried that factory waste was polluting water supplies, but seemed to be more concerned over how Bristol docks were becoming clogged with mud, causing large vessels to run aground.

Writing in 1842, Brunel said the port’s floating harbour was being used as a receptacle for rubbish. And he acknowledged that his Great Western Railway was harming the environment, as were a local cotton mill, iron merchants and shipyards.

He also criticised the “general abandonment of care” shown by the directors of Bristol docks while the SS Great Britain, the world’s largest, was being built there.

UK newspaper the Guardian reports that Brunel claimed the directors failed to act on his recommendations to prevent ships getting stuck in the mud, leading to “monstrous abuses by which the Channel of the upper part of the Float has been wilfully and wantonly choked up”.

Nick Booth, head of collections at the SS Great Britain Trust, said: “It would be going too far to suggest Brunel was an environmentalist. His concerns are foremost about the implications for trade.”

The IMF and World Bank spring meetings begin in Washington DC this Friday and a further cut in estimates is expected. But Christine Lagarde, the IMF managing director, says she does not see a recession in the short term.

Meanwhile, there is a glimmer of hope that the US-China trade stand-off is heading for calmer waters, with Washington halting the planned imposition of higher tariffs.

It is even possible that a more sensible Brexit strategy can be agreed to stop the UK crashing out of the EU with no trade deal this Friday. There have been growing demands for politicians to support a compromise based on the UK remaining inside a customs union with Europe. But who would bank on sense prevailing, given the recent upheaval.

The upsurge in populist nationalism in the US, UK, Italy, Brazil and even Japan will not be contained easily. The liberal consensus on which globalisation was built has been fatally undermined by the benefits being confined to the few, not shared out among the many — especially in the developed world.

It is a good time for shipowners to stick together. But it must be about purpose, not just a pose.

Brunel was an environmentalist. His concerns are foremost about the implications for trade. But this does provide a glimpse of genuine concern about pollution and is perhaps another way Britain’s greatest engineer was ahead of his time.

Viking Line is launching a competition to find a name for a new Chinese-built cruise ferry that will operate from Finland in 2021. The prize is a “luxurious trip on the virgin voyage” of the ship.

What could possibly go wrong?

Two words: Boaty McBoatface.

ON WATCH

TradeWinds staff

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One of the biggest threats to the free movement of shipping is the growth of nationalism, protectionism and trade wars.

Within 24 hours of the memorandum being signed, US President Donald Trump announced tariffs worth of $34 billion on Chinese trucks, wine, cheese and aircraft. Like the US spot with China, this will do nothing to help global shipping flows and undermines the scope for global governance of any kind. Critics will say that MOUs such as the one signed in Singapore are just words on paper, like old Soviet five-year plans to build so many hundred thousand tractors that you know will never be delivered. They just make bureaucrats feel good when they stand together in the photographs that always accompany such events, some observers will mean.

Important symbols of change

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It is also right to hear Poulsson stress the importance (and growing dominance) of Asian shipowners, particularly in China. But there is also a clear message to the European Union, which is singled out for mention, perhaps because of its strong stance on environmental regulation.

ECSA president Panagiotis Laskardis has been a critic of the EU over a range of its transport policies. He said at the MOU ceremony that working with the ASA “allows us to enhance our joint efforts to represent the best interests of shipowners, whether at bodies such as the IMO or when dealing with the EU institutions”.

So let us hope the trio uses this link-up in a constructive way — and not just to try to thwart some of the EU’s more progressive policies.

There is enough for shipowners of all stripes to worry about, such as the growing breakdown of international cooperation over trade.
And while Lackenbacher and other shipowners may chafe at the way sulphur limits and other environmental rules are developing or being implemented, there is an acceptance at the IMO and EU that global rather than local governance is vital wherever possible.

Shipowners certainly will have no influence on what comes next between Trump and his Chinese counterpart, Xi Jinping, or in the new battle with Europe.

Yet already the maritime industry has been feeling the financial impact of American protectionism.

The International Monetary Fund (IMF) has twice cut its global growth forecasts since last October, blaming the trade war, the slowing Chinese economy and financial worries in emerging markets.

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