

Shipping sector significantly impacted by COVID-19



12 October 2020

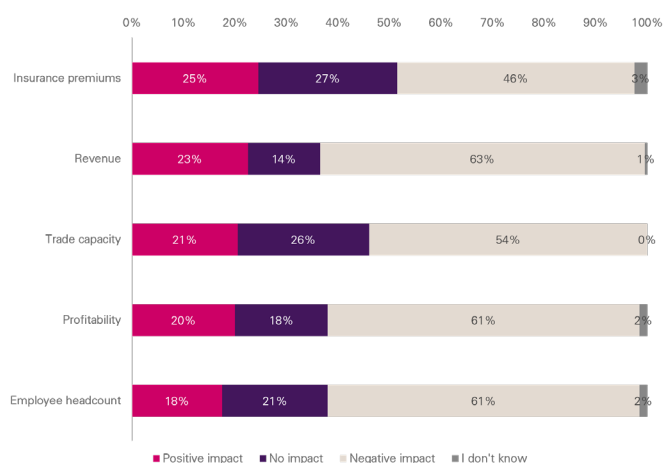
The majority of traders and operators in the shipping sector feel that COVID-19 has negatively affected their revenue, employee headcount, and insurance premiums. However, their prospects for the future are bright, with only a third citing concerns about the sector's ability to recover within the next two years, according to a new survey by DWF.



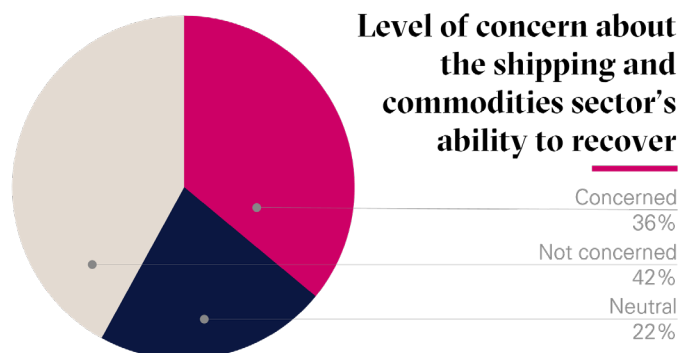
The survey, of 200 traders and operators working in the shipping and commodities sector, found that 63 per cent of respondents felt that COVID-19 and the subsequent lockdowns had a negative impact on their revenues. 60.5 per cent said that there was also negative impact on employee headcount, and 46 per cent said that there was negative impact on insurance premiums.

However, the outlook is more positive, with 42 per cent citing that they are not very concerned about the shipping and commodities sector's ability to recover from the economic effects of COVID-19 within the next 2 years, as opposed to 36 per cent citing concerns.

Impact of the pandemic and subsequent lockdown on respondent's businesses



Level of concern about the shipping and commodities sector's ability to recover



Jonathan Moss, Head of Marine and Trade at global legal business, DWF said, "Traders' and operators' confidence demonstrates the resilience of the shipping sector. The shape of globalisation is changing and international trade is sufficiently flexible to carry out the necessary adjustments to ensure that the sector will continue to thrive in the long term."

The research went on to uncover the issues that the traders and operators felt would have an impact on the sector in the future. The respondents highlighted that the biggest issues facing the sector in the next two years were, new environmental regulations (42.5 per cent), geo-political tension (42 per cent) and autonomous ships (41.55 per cent). Cyber-attacks came in last with only 35.5 per cent saying it would have a big impact. That said, 43 per cent of respondents cited that with the advancement of technology, cyber security attacks would be a bigger threat to the industry over the next 5-10 years.



With the advancement of technology, **43%** stated that cyber security attacks would be a bigger threat to the industry over the next **5-10 years**

Jonathan added, "Surprisingly those polled ranked new environmental regulations, geo-political tensions and autonomous shipping higher than cyber-attacks in their list of concerns over the next two years. This is despite the world's largest shipping companies being hit by cyber-attacks, which have seriously affected data centres and container booking systems. That said, with the advancement of technology, cyber security attacks will likely be a bigger threat to the industry over the next 5-10 years."

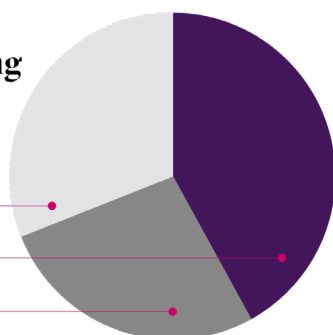
As for regulation, in light of recent high-profile insolvencies in the shipping and commodities world, with the likes of Hin Leong and Agritrade facing troubles, 42 per cent of respondents highlighted that more regulation is required, as opposed to 31 per cent who cited less regulation was required.

Extent of regulation required in the shipping and commodities sector

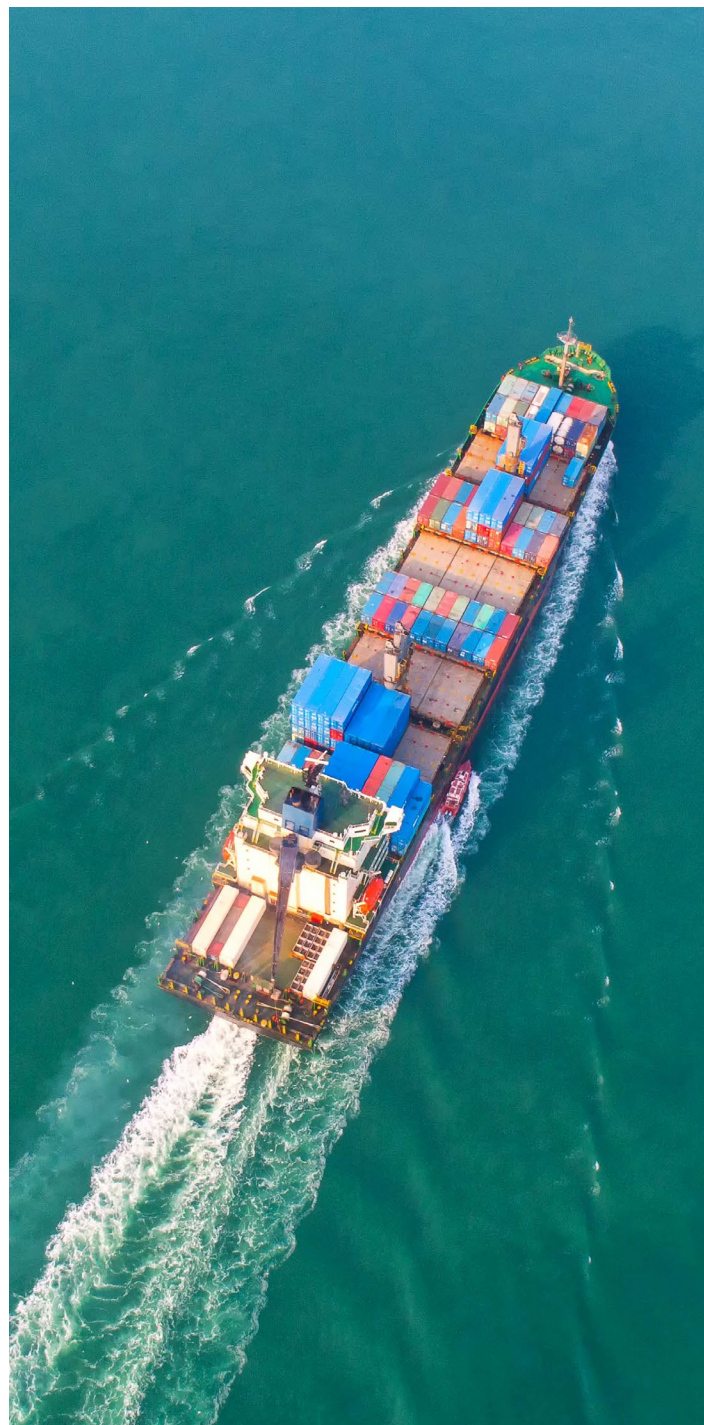
Less regulation
31%

More regulation
42%

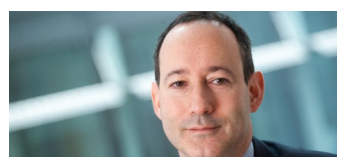
No change
27%



"The back and forth between regulation and deregulation is a feature of the shipping sector. Financial collapses and scandals often prompt demands for new regulation. Whilst those polled believe that new regulations will provide the necessary safeguards, there should be a concentration on making existing regulation more effective. Misunderstandings and misconceptions about the regulatory framework are key contributors to the current rise in litigation," concluded Jonathan.



Get in touch



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