

A trade war hurts everyone – and is clearly bad for shipping: BIMCO



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BIMCO has said that, although the recent US tariffs on steel and aluminium would have a limited impact on most international bulk trades, they could trigger something bigger that would negatively impact global shipping in a much wider way.

Since 2009, implementation of trade-restrictive measures amongst global trading partners has become more widespread according to World Trade Organisation (WTO), but trade-facilitating measures had kept up well, limiting some of the damage done.



The WTO has said that transparency and predictability in trade policy remained vital for all actors in the global economy. BIMCO's Chief Shipping Analyst Peter Sand said that free trade provided "prosperity and peace. It's a fundamental principle to cherish and safeguard. All trade-restrictive measures are in principle bad for shipping. Open economies are all better off from trading, as they make use of their resources in the most optimal way. The result of a trade war is more expensive goods of lower quality and little variety. This goes for all products and commodities."

BIMCO said that major trade action against China was also likely to come from the US. It noted that the US had good reason – China's violation of intellectual property rights – but the result was still damaging for the countries involved.

BIMCO warned that, while steel and aluminium import barriers were set by the US, trading partners like the EU, Japan and China, might set their own import barriers against e.g. agricultural products (soybean, corn, wheat) in general or more politically targeted products like the European Commission going for Kentucky bourbon, Harley-Davidson motorcycles and Levi's jeans – all hitting Trump's political constituencies.

"The international atmosphere is full of threats of retaliation and it appears likely that major trading partners with the US like the EU and China will hit back to draw a line in the sand for the US Administration and President Trump", said BIMCO.

"Overall we are seeing more trade-restrictive measures introduced. Some more high profile than others. This is a worrying trend that limits demand for shipping globally. Even worse for shipping could be short-sighted political positions that may have lasting consequences for everyone involved in global industries like shipping if a largescale trade war emerges", Peter Sand

concluded.

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