

# Trade turmoil as ships bypass China



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Many export sailings from China to consumers in the US and in Europe have been cancelled since the emergence of the current Covid-19 crisis, with many smaller company importers in the US – typically online sellers – seeing their businesses under threat.



Elsewhere, other aspects of global shipping, including oil, gas and dry-bulk commodities are experiencing serious disruption.

An increasing number of vessels of all kinds are now idling. Exporters to China are also facing problems, because customers there have employed force majeure clauses to void contracts.

Caroline Bain, chief commodities economist at Capital Economics, told Bloomberg that “all the signs are that there has been a major dislocation in global supply chains and commodity trade as well”, adding that in some areas it was “only going to get worse in February data.”

Beyond the macro-impact in terms of production and energy requirements, at the micro level there is a basic lack of labour to sort out the necessary paperwork required for shipments. Hundreds of millions of people in China have been told to stay away from work. Where remote working is possible the convenience can be irritating but surpassable, but many parts of the shipping chain, even in the 21st century, still require physical paperwork to be put into physical folders.

For container vessels the number of blank sailings — where ships do not load at a planned location — has leapt since the beginning of the year. AP Moller-Maersk A/S alone has listed at least 27 blank sailings on its website this month alone.

Sea Intelligence CEO Alan Murphy told Bloomberg that almost 600,000 teus were currently out of action as a result of Covid-19, up from about half that amount about a week ago.

Murphy also noted that many containers listed as “active” might be on ships that are either be slowed down in the hope that demand improves in future weeks, or idled until things turn around.

A knock-on effect in the container world could be seen when the lack of liners hauling containers from Asia could mean that countries like the US face a shortage when it comes to exporting elsewhere.

There were also a reported 12 empty liquefied gas carriers sitting off the coast of Qatar.

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