

IUMI Policy Agenda

13. Cross border trade

Brief description

It has long been recognised that cross border trade needs cooperation to enable it to work and marine insurance plays its part in facilitating that trade amidst a well understood set of international trading rules and agreements. Since the recent escalation in tariff policies and port fees, international trade has been faced with new levels of uncertainty. When parties in the trade chain are targeted, questions of economics will force adaptation; supply and demand play their part as does the price of materials. When, in parallel, the freedom of navigation is also challenged, the situation quickly becomes very complicated.

Putting tariffs on certain ships or goods will obviously add costs and this has naturally led to a review of booking viability by traders, with corresponding reductions in scheduled voyages. This will feed through to port activity and its supporting road and rail distribution network as supply reduces.

The supply chain is based on consistency. With the elaborate structure being pulled in numerous directions, the overall outcome is likely to be increased costs through loss of efficiencies. Consumer appetite will combine with frictional costs to determine whether and how demand might change.

Insurers may be contingently affected but cannot directly influence state policy of this kind. IUMI will contribute to the debate, outlining likely consequences that can be envisaged. With its broad membership, IUMI is also cognisant that not all members will have the same views or be affected in the same way and it is therefore part of our role to also articulate that diversity as needed.