

Consequences of COVID-19 pandemic on global maritime trade industry

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The coronavirus disease 2019 (COVID-19) pandemic caused by the recently discovered novel coronavirus has caused confusion and hysteria around the world, leading to daily activities such as work, walking outside, or leaving home in some countries, to cease. The maritime sector is also one of the areas affected by the pandemic. This crisis has forced the shipping and marine industries to go through the toughest times in the present day, as the work in these fields has been shut down for the protection and prevention of the COVID-19 outbreak.

Though COVID-19 has placed the world in a massive humanitarian crisis, the pillars of our globalised economy have also been destroyed by it. Perhaps any country, small or large, has been infected by this virus. This pandemic has led to profound disruptions in supply and demand, thereby upsetting world commerce and causing serious economic pain. Depending on how the situation unfolds, analysts at the World Trade Organisation plan world merchandise trade volumes to decline by 13% to 32% (the decline was 12% at the height of the 2008 crisis) [1].

This global pandemic has provided a major negative impact for not just the ports that are located in China (where the outbreak is said to arise) but also the ports for the shipping and maritime industry at the global level are equally affected.

Some of the maritime and shipping industry's problems include border restrictions for airlines and port shutdown, reduced demand for freight, disputes in laytime arbitration, disputes between owners and charters of such vessels due to lack of time and resources, bankruptcy due to reduced demand and the failure to control the company's finances during this era of decreased demand for shipping and freight [2].

In pandemic, the quarantine conditions and prohibitions, for workers crossing borders in certain countries that led to crew shifts and repatriations for mariners, especially those

operating on cruise ships and yachts, are critical issues that have a negative impact on the global maritime industry [3]. The study showed a large majority who preferred shore leave previously has decreased dramatically during the pandemic. The effect on the job and well-being of seaman was exposed when only one-fifth of them voluntarily negotiated to renew the deal. In the outbreak with many parameters, this analysis reported occurrence rates around 6 months: overdue resettlements (21.44%) including crew with contract extensions (12.48%), the crew with a completed contract pending repatriation (8.96%) and crew who had crossed 12 months of continuous operation (0.82%). Compensation, if given, is insufficient and has had the most effect on ratings. The survey also revealed the deprivation of medical assistance [4].

For the global maritime shipping, the pandemic has sent shockwaves and laid the ground for a changing industry and related supply chains management. United Nations Conference on Trade and Development (UNCTAD) predicts the momentum of economic growth to return in 2021.

But because of the enormous damage triggered by COVID-19 outbreak, the overall maritime trade will fall by 4.1% in 2020 worldwide. This prediction is done by UNCTAD in its Maritime Transport Assessment 2020 [5]. Figure 1 explains all the COVID-19 pandemic factors that are interconnected with each other that have resulted in the decline of maritime trade [6].

The study warns that new pandemic waves may cause a steeper downturn, further affecting supply chains and economies. The report claims that the pandemic caused a massive hindrance across supply chains, transport networks and ports, which led to a decrease in cargo volumes and stifled the prospects for expansion [7].

"The short-term prospect for maritime trade is poor", according to the report [5]. Moreover, the long-term consequences of a pandemic along with the timing and extent of the industry's recovery are difficult to predict [5].

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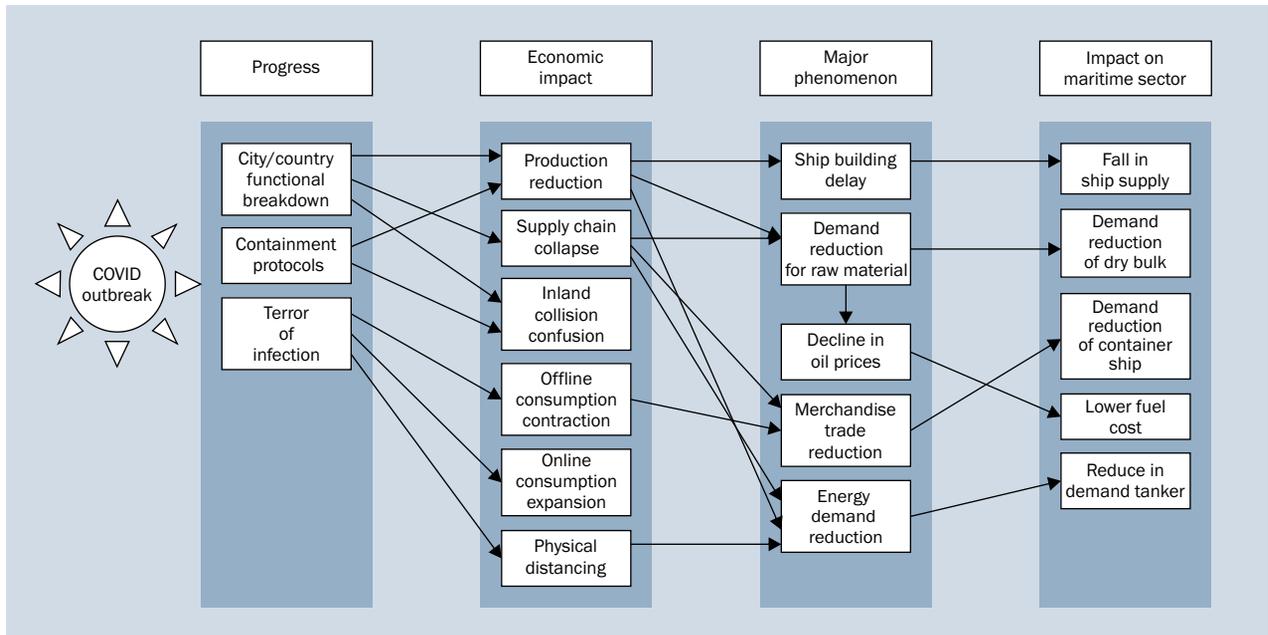


Figure 1. COVID-19 factors for decline in maritime trade [6]

“As a crucial enabler of the smooth running of international supply chains, the global shipping sector will be at the forefront of efforts for a sustainable recovery” [6]. UNCTAD Secretary-Kituyi said “The industry must be a key stakeholder to help adjust the logistics of ‘just-in-time productivity’ to ‘just-in-case’ preparedness”, UNCTAD has made the prediction that maritime trade development will recover its losses and increase by 4.8% in 2021 by assuming that global economic performance is recovering at a steady pace. However, they stress that there is a strong need to brace for transition in the maritime transport industry and be well-positioned for a changed post-pandemic environment [5].

In the near future as well, it is expected that COVID-19 will have a major impact not only in the maritime and shipping industries but also in the domain of the cruise ship industry, therefore reflecting its repercussions on world trade and tourism. It has been catastrophic in its effects on seaman worldwide, be it in the marine industries or port industries. The boundaries of collaboration have been demonstrated by government actions focused on their concerns about the welfare of people. By citing health and safety concerns, many countries have closed their naval facilities for seaman; however, seafarers are the forgotten heroes of the pandemic. The major takeaway from this scenario is

that the seafarers, who are not in sight or mind of anyone except their relatives, have to be better recognised as we are highly dependent on them for goods which are needed every day. They are the ones that make world trade possible.

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