

# The Vulnerability and Resilience of the Global Container Shipping Industry



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***The COVID-19 pandemic has shed a light on the recent vulnerabilities in the international shipping economy. Accordingly, this paper highlights these vulnerabilities, and discusses the future of the global shipping industry.***

## **APPROACH:**

This paper uses a descriptive approach that highlights the key vulnerabilities in the global shipping industry.

## **MAIN FINDINGS:**

- Maritime shipping must learn to contend with several key vulnerabilities. The pandemic highlighted the extreme importance of key passages, canals, and ports which have no replacements in the events of massive disruptions.
- Mitigation systems for major disruptions are limited, as capacity cannot be readily created for transport systems as capital-intensive as containerized shipping.
- As a consequence of the vulnerabilities in global shipping becoming so visible, it is expected that the future will see several outcomes that may improve the resilience of maritime shipping. These include:
- Regulatory responses will be implemented in the short-term as governments and regulatory agencies will feel compelled to act. These might include temporary abatements for environmental regulations to allow more hinterland capacity to be brought forward or ramping up port operating hours to hasten trade.
- Cargo owners will be undertaking an ongoing reassessment of their procurement and distribution strategies to limit vulnerabilities in their own supply chains. The largest cargo owners may seek more direct control, such as chartering their own ships.
- Because of significantly higher rates that are expected to remain elevated for the next couple of years, the shipping industry will be in a position to convert windfall profits into capital investment in additional capacity, better processes, and transition the industry toward decarbonization.