Ultraflash – Trade Wars and Danish Shipping

The new US administration has imposed punitive tariffs on several trading partners, which have led to proportional countermeasures on American exports. Shipping is by nature a mobile and agile industry, well-equipped to handle significant shifts in global trade flows that can create both challenges and opportunities. Danish Shipping takes a closer look at the three phases of the trade war.

- Shipping companies may see increased demand for transport capacity through potentially new trade routes. As an international sector, shipping generally has good opportunities to adjust its operations in line with changing trade conditions, making it highly resilient.

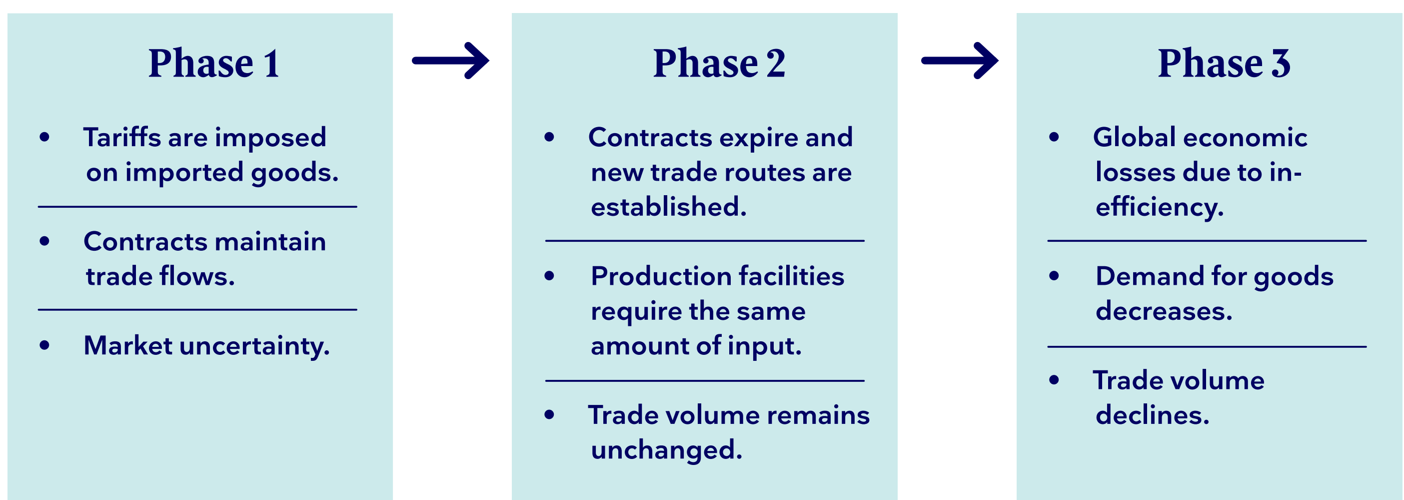
- In phase 1, new or increased tariffs come into effect, and the market risks being affected by increased uncertainty. However, existing contracts maintain trade flows despite the changed conditions.

- Phase 2 begins after the expiration of contracts, and new trade routes take shape. Global demand for goods, and thus global trade volume, will remain unchanged. As a result, new trade flows will emerge as the market adjusts to the new conditions. For individual shipping companies, this may lead to a decline if the new markets these trade flows pass through are affected by specific local conditions, logistical challenges, or different competitive factors. Conversely, on the positive side, it may present new opportunities if the new trade routes involve longer sea distances.

- Finally, in phase 3, lower global economic growth negatively impacts demand for goods, leading to a relative decline in global trade volumes.

- Shipping is currently in phase 1, where existing contracts ensure continued trade flows, but the market is marked by increased uncertainty. Going forward, shipping companies that are adaptable will still have good opportunities to adjust by establishing new trade routes with potential for higher earnings.

The Three Phases of the Trade War



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