



BEYOND COVID-19 IN THE MARITIME CONTAINER INDUSTRY

Preparing for a successful future means looking beyond the first several months of 2020 while considering the short-term impacts of COVID-19.



COVID-19 is now starting to bite across the maritime sector. In the container industry, shipping lines are blanking 25 percent or more of capacity on major trade routes, and ports in many geographic areas are seeing significant drops in throughput volumes. For example, in Q1 2020, Los Angeles recorded a decline of 18.5 percent, and March 2020 marked the port's lowest monthly traffic total since February 2009.

While nobody has experienced COVID-19 before, most can remember the impact of the Global Financial Crisis of 2009 and the cyclical economic downturn in 2001, recalling how the maritime sector was affected, what the outcomes were and what lessons were learnt. Such past painful times can help inform approaches to tackle today's challenges brought by COVID-19 across maritime as well as other sectors. Essential to this effort is combining experience-based insight and understanding gained from previous crises with hard data. Applying that perspective to current-day realities will enable short-term support, with an eye toward moving beyond COVID-19 for long-term success.

Short-term impacts of falling cargo volumes in 2020 and industry-wide challenges that will be faced are already evident. For example, in the

container industry they include the current build-up of non-essential cargoes at ports, causing congestion for the next batch of arriving imports; there is also the struggle to get export-empty containers back out to Asia (primarily China) while seeing fewer shipping services offered short-term; at the same time, shipping lines have more tonnage than they can deploy.

Accompanying these challenges are key questions, which emerge in both positive and negative times: How will developments, no matter how unique, impact my operation, my terminal, my business, my customers, my competitors, my planned investment, my profitability?

To help support and restore economies worldwide, it is essential for international trade to continue—requiring that largescale investment projects in new port terminals proceed, to develop more capacity for long-term growth and to respond to changing shipping dynamics. Demand is assessed over 25 years or more. So, preparing for a successful future means looking beyond the first several months of 2020 while considering the short-term impacts of COVID-19. If it was a good idea for a port to increase capacity in 2019, then it is still a good idea to move forward with expansion in 2020 and beyond.

Author

Dean Davison
WSP Technical Director, Maritime Advisory,
United Kingdom

Dean.Davison@wsp.com



About WSP

As one of the world's leading professional services firms, WSP provides engineering and design services to clients in the Transportation & Infrastructure, Property & Buildings, Environment, Power & Energy, Resources and Industry sectors, as well as offering strategic advisory services. WSP's global experts include engineers, advisors, technicians, scientists, architects, planners, surveyors and environmental specialists, as well as other design, program and construction management professionals. Our talented people are well positioned to deliver successful and sustainable projects, wherever our clients need us. wsp.com