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Protectionist Trump the next US President - view on shipping impact from New York



In a stunning upset, Donald Trump defeated Hillary Clinton in the just finished US elections. The new administration will take office in January 2017. Seatrade Maritime News New York correspondent Barry Parker gives his take on the impact on shipping.

Trump won for the right to be an unabashed protectionist of what he might do if elected, as anyone can only imagine about protection on the maritime sector. Political analysts and media pundits, mostly predicting an easy win for Clinton, were proven wrong as a popular current, evoking the "Silent Majority" of the late 1950s, flowed throughout the middle of the country.

Trump is regarded as protectionist, his administration - supported by Republican majorities in both the House and the Senate - will try to roll back existing trade deals which, he argued, led the removal of existing trade blocks. The re-shoring movement will gain new currency under a Trump regime. Incrementally, such moves might have the effect of adding, if not necessarily reducing, trade flows.

However, speaking at the Marine Money Forum in New York, the day after the election, noted investor Wilbur Ross, best known for the Daimler-Chrysler sale, an advisor to the President-elect, stressed that economic gains in the US could lead to trade stimulating environment. Ross added that Trump's energy friendly views may stimulate offshore shipping, and eventual export of LNG, gasfields in the US.

The "dangers", if any, would be in the reactions of other countries: pro-Clinton supporters had warned that a trade war might be ignited. The impacts, if the new protectionist come to pass - and the world "if" should be assessed - might extend beyond free shipping, in recent years, the US had seen a resurgence of agricultural exports. However, on the world scene, cargoes may come from other origins, with impacts on ton-miles not readily possible to forecast.

Trump will likely be a supporter of the US domestic energy markets, which would benefit land-based producers, including the mines of several coal, copper, iron and steel. Impacts on shipping will appear as shifts occupying a global matrix of origins and destinations.

As a high level, news US of production could suffer for an incremental addition of the Brent 30T spreads, and the resultant impacts on shipping for several products. However, pricing is determined on world markets, and will also take into account the actions of buyers and sellers worldwide.

One general question for shipping observers is the impact of the "Silent Act", the US, without of subsidies, which restricts coastal trade to US owned built and crewed vessels. The shipping and related businesses has been powered primarily by organized labor unions, generally backed Clinton, and it is unclear how the shipbuilding industry might be treated by a Trump administration.

There are also considerable uncertainties about how a Trump policy approach would impact the "national security" aspects of shipping, including programs from the 80's Clinton years that allow US flagged but not necessarily US built tonnage to transport goods to US owned subsidiaries. Likewise, a US tanker fleet in coastal trade, an important element of the coast-to-coast, may be regarded as a threat to US national security by a Trump administration - we don't know yet.

One hypothesis which will be in the coming year of the large tanker owner COSCO into international and domestic components, the James A2 entry, to keep the COSCO name, will be fitted as well the "International Shipping" through flag, and its performance will provide an insight into investor views on the likely prospects for the James A2.

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