

**Multi-year Expert Meeting on Transport, Trade
Logistics and Trade Facilitation
11th Session**

Maritime Transport in Times of Polycrisis

23-24 October 2024, Geneva

**Future-Proofing Maritime Transport
and Logistics**

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Global Shippers Forum

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Future-proofing maritime transport & logistics

How can exporters and importers be better supported at times of supply chain disruptions?

James Hookham, Secretary General, GSF

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Learning from (bitter) experience

1. Lessons learned during Covid 19, and aftermath
2. Experiences reported since by GSF members
3. Advice and recommendations developed by GSF on enhancing shippers' resilience in the short-, mid-, and longer term

The GSF Disruption Dashboard

Events likely to impact scheduled logistics services, integrity of cargo in transit and/or availability of inventory.

Natural Disasters

- Extreme weather events
- Earthquake/volcanic activity
- Flooding/inundation
- Wildfires/extreme drought

Trade Frictions

- Sanctions
- Tariffs
- Licensing
- Regulations

Infrastructure Closure

- Port/airport closures
- Navigation restrictions

Labour Disputes

- Strikes/lock-outs
- Work-to-rule actions
- Secondary action/picketing

Technology Failures

- Network outages
- Software glitches
- Data losses
- Malware attacks

Geopolitical Events

- Active war zones
- Military tension
- States of Emergency
- Civil unrest

Market Issues

- Carrier failure/insolvency
- Capacity shortages
- Equipment shortages
- Congestion delays

Medical pandemics

- Lockdowns
- Exclusion zones
- Hygiene requirements

Accidents & Incidents

- Local impacts of incident
- Precautionary actions

Disruption Effects on Shippers

1. CONTRACTUAL/BUSINESS RISKS – delayed or forfeited payment

Reduced confidence that goods will arrive when, and where, expected →→ impacts on downstream parties →→ risk of consequential costs, reputational damage, business failure from breach of contract: etc.

- Missed critical delivery deadlines, 'shelf-life' windows, seasonal sales campaigns, customer service obligations
- Risk of 'failure to deliver' penalties; missed deadlines, breach of contract obligations
- Consequential damages for downstream business disruption

2. ORGANISATION PRESSURES – additional costs

Immediate need to manage and execute additional workload:

- informing and liaising with downstream parties
- making and managing alternative arrangements
- sourcing substitute supplies

3. CASH-FLOW PRESSURES – insolvency risks

Costs of 1 and 2 plus ...

- Rapid transfer of carriers' disruption costs to shippers via surcharges. (D&D, PSS, Red Sea Diversion, etc)
- Additional costs likely to be incurred for shipments already sold at agreed prices, eroding profit margins, threatening cash-flow

Improving Shipper Resilience

1. Better awareness and alerting to potential disruptions
 - GSF 'Disruption Dashboard'; other information sources
2. Closer co-operative working and planning with supply chain partners
 - Revised BoL Terms & Conditions to reset responsibilities/liabilities in event of disruption
3. Digitalisation of transactions (inventory visibility, real-time updates, carrier monitoring)
 - Assess benefits on a 'Business in Crisis' basis, not just 'Business as Usual'
4. Diversify sourcing policies and reassess reliance on JIT deliveries
 - Near- or Friend-shoring? In-country inventory levels? Contingency stocks?

Improving Government Resilience

1. Executive familiarity with:
 - Critical trade flows
 - Key hubs & gateways
 - Cargo owners and logistics operators
 - 3rd country dependencies
2. Designated ministerial responsibility for 'supply chain continuity' and industry contact/liaison
3. Recognition that supply chain workers are 'Essential Workers' in lockdowns or curfews
4. Temporary relief from taxes, duties and charges to support SME cash flows
5. Use state resources & influence to 'make things happen'
6. Adopt a *"Keep Our Country Trading"* mindset

'Future-proof' or 'Prepare for Turbulence'



- The *Fasten Seat Belt* signs are on ...
- Expect the going to get bumpy ...
- No one knows exactly when it will happen, how bad it will be or how long it will last ...
- *“Remain seated – seat belts on - pay attention”*

Review your risks – Make contingency plans – Stay aware & informed

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