

The future of shipping industry



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Shipping industry is considered as one of the most seasonal industries in the world and can readily be influenced by the external factors such as political, economic, as well as, other events. The recent economic downturn has also taken its toll on the shipping industry as there has been a sharp decline in the cargo trafficking as well as freights charged by the industry. According to some recent reports, freights have been lowered to almost 95% from the highest recorded freight charged and industry is hardly covering its operating cost. (The Business Times). The decline in the overall demand from developed countries such as US and UK is forcing many developing and emerging countries to look for local demand, and as such there is very little demand being generated internationally as suppliers from countries like China is finding it difficult to sell their products in international market. (Wade).

Until most recently, the industry was facing an uphill task of meeting the expenses because of increase in oil prices. Due to the lack of fuel efficiency, many shipping companies found it difficult to manage their costs as consistent increase in oil prices was seen as one of the greatest threats to the short term viability of the industry. (Vidal). Considering this fundamental challenge, environment specialists like Vidal conclude that the future of shipping industry would largely depend upon how the industry adopts to the bio-fuel technology as the industry does not only have to withstand increasing costs but also have to face the increasing criticism for its involvement in polluting environment.

It has also been argued that the ship designing is largely based on existing regulations which need to be fulfilled before a ship can be rolled over for the

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commercial purpose. Due to complacent nature of such regulations, it is often felt that the ship makers as well as shipping industry have to face the wrath of industry dynamics which are not allowing them to be more competitive. As such the future of shipping industry is largely based on the changes to be made into the relevant regulations in order to make it more competitive and sustainable.

It is also important to note that due to increased awareness of the consumers and emergence of so called “ ethical consumers” demands that the supply chain of the international organizations shall be ethical in its orientation. Shipping industry, being part of the overall global supply chain, is feeling the heat also because of the fact that it is emitting dangerous CO2 and using more polluted fuel in ships.

Community shipping is a new terminology and may lead the emerging wave of changes in shipping industry. Community shipping advocates the use of shipping industry within a particular region such as EU. EU, as a region, has been continuously striving hard to develop models which can comprehensively cover the shipping in order to improve competency of the industry on regional level. However, the absence of any such concepts in other parts of the world may not lead to the development of community shipping and as such due to diversity of the suppliers and buyers; shipping industry may not make a transition to community shipping until regional economic clusters are developed.

Works Cited

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