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Uncharted waters

Annual Summit 2025
21 - 22 October
Antwerp, Belgium

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FRAMING PAPER

The new age of maritime risk

The maritime industry faces its most turbulent environment in decades. Geopolitical conflicts, trade wars, and sanctions have disrupted vital routes, adding costs, delays, and risks for vessels, cargo, and crews. Protectionism is rising, with the US imposing new tariffs and fees while major powers channel billions into domestic shipbuilding. A growing "shadow fleet" evades rules, undermining fair competition and safety. Weak compliance and under-enforced governance frameworks highlight gaps in global regulation. Together, these forces threaten resilience and raise urgent questions about how shipping can adapt, safeguard supply chains, and maintain its vital role in the global economy in a fragmenting world.

A geopolitical context with implications for shipping

The shipping industry has always had to navigate geopolitical risks, but today's environment is marked by a complexity and unpredictability that demand heightened adaptability. Industry decision-makers must contend with regional conflicts and war, the upending of established alliances, hybrid warfare, piracy, and shifting trade dynamics.

Armed conflicts, such as Russia's war on Ukraine and the Red Sea crisis, as well as an increased militarisation in the Arctic, the South China Sea, the Baltic Sea, and the Eastern Mediterranean, have only broadened the scope of violent threats affecting shipping, impacting routes and business decisions.

In 2024, for example, shipping traffic through the Suez Canal, which handles about 22% of global container traffic, was down 50% from the year before due to attacks in the Red Sea that prompted widespread rerouting via the Cape of Good Hope. This typically adds 10–14 days to Asia–Europe voyages, increasing the costs and greenhouse gas emissions of each voyage. Despite its dangers and delays, the Red Sea Crisis has also significantly driven up freight rates due to the longer routes absorbing capacity.

These diversions have also disrupted traditional bunkering patterns. Major hubs like Fujairah have seen reduced activity as vessels bypass the Middle East, while ports in South Africa and Mauritius have experienced increased bunkering demand. This has shifted fuel supply dynamics, impacted local infrastructure, and influenced price volatility in regional markets.

The risk of attacks, rerouting through high-risk areas, and extended voyages also place heavy strain on seafarers, contributing to fatigue, stress, and crew shortages (See related framing paper, 'Making shipping safer, fairer, and fit for the future', for more). The International Maritime Organization (IMO) and industry associations have emphasised the heightened risks posed by such diversions, calling for stronger protection and support.2 Furthermore, technological development has brought about new risks such as cyber threats, with major shipping players such as CMA CGM, Maersk, MSC, and COSCO, as well as the IMO itself, all falling victim in recent years.

Trade and supply chain turbulence

Economic sanctions related to conflicts and violations of international law—such as those against Russia, Iran, and Venezuela—bring additional operational and administrative burdens to maritime businesses. For example, after sanctions on Russia, numerous shipping companies had to reconfigure their routes to exclude key Black Sea ports, impacting bulk grain and oil trade.

The rising trends of protectionism and isolationism are further fragmenting the global business environment and challenging the principles of open trade. While shipping was deeply affected by the COVID-19 pandemic in the early 2020s, it's now facing new obstacles, especially through US trade policy and the global responses it is generating. In 2025, the White House raised tariffs on Chinese goods—averaging around 30% with peak rates up to 145%—while also expanding duties on a broader set of trading partners, signalling persistent protectionist pressures on global trade.

In addition to generalised trade barriers, the maritime sector is now facing targeted cost pressures. For example, the US plans to impose steep new port fees on Chinese-built and Chinese-financed vessels—up to $140 per net ton—prompting carriers to restructure financing arrangements and reroute fleets to avoid costly US calls. At the same time, the US has secured a $150 billion package to revitalise its domestic shipbuilding. China and India have also allocated billions of dollars in government subsidies to their shipbuilding infrastructure in recent years.

According to the World Trade Organisation (WTO), these trade policy shifts represent the biggest disruption to the international trading system in the past 80 years. They also raise serious concerns about potential breaches of WTO principles and the compatibility of the many trade agreements now being pursued. This has led to doubts about whether the multilateral framework can still uphold the principles at its foundation.

Recent surveys of chief economists indicate rising expectations of trade fragmentation over the next three years, reflecting policy divergence on sanctions, industrial policy, and security. Decision-makers across the global maritime value chain must navigate this short-term turbulence while also wrestling with longer-term implications that can be difficult to predict.

A growing shadow fleet – setting a pattern?

This fragmentation is being compounded by a surge of the shadow fleet—vessels that operate outside traditional regulatory and transparency frameworks to evade international sanctions, oversight, and accountability. Estimates vary by source, but analyses suggest the fleet expanded from several hundred vessels early in the Russia–Ukraine war to as many as 1,600 vessels in 2025, accounting for around 22% of the global tanker fleet.

These vessels have opaque ownership and management, lack standard industry insurance and regular maintenance, and frequently change flag registrations. In addition, they often engage in deceptive shipping practices, including disabling or manipulating their real-time tracking, altering their IMO numbers, engaging in higher-risk ship-to-ship transfers, falsifying documents, and flying false flags. Shadow operators also utilise "zombie" (reusing the identities of scrapped ships) or "renegade" (sailing without valid registration) vessels to evade accountability and have even been known to abandon their crews. Additionally, many shadow fleet vessels are old, poorly maintained, and uninsured, which makes accidents, spills, and unsafe crew conditions more likely.

While these practices damage the reputation of the wider shipping industry, they also generate high profits. A vessel carrying sanctioned Russian crude can earn up to 100% more in freight rates than a compliant tanker transporting non-sanctioned oil, creating strong incentives for unethical actors.

The growth of the shadow fleet highlights the current gaps in maritime governance and enforcement. Despite concerted efforts by analysts and non-governmental organisations to collect data on the shadow fleet and Western governments' attempts to sanction individual vessels and shipowners, no entity is responsible for collating such global data, and no global registry exists to collect all the relevant information in one place.

This makes it difficult for the compliant part of the industry to respond to these substandard, lucrative practices.

Governance and regulatory frameworks under scrutiny

The global maritime industry is held together by international regulatory frameworks. Indeed, it has the benefit of having a specific sectoral body at the United Nations (UN), as well as the UN Convention on the Law of the Sea (UNCLOS). Together, they provide a comprehensive structure for regulating safety, environmental protection, and fair competition.

Much of this, however, is based upon the expectation that states are willing to comply and capable of upholding their responsibilities. As **Elisabeth Braw of The Atlantic Council put it**: "The global maritime system only functions when the vast majority of its participants voluntarily follow the rules." The limits of this system are being tested. In fact, some countries lack the capacity, political will, or institutional integrity to carry out their duties and effectively enforce standards. This is being exploited by those willing to employ various deceptive practices to engage in lucrative business.

There are also no tangible repercussions for states not properly upholding their responsibilities. The IMO has tools to promote compliance, including the so-called Triple I-Code (IMO Instruments Implementation Code), a mandatory audit scheme and capacity-building programme, and a dispute settlement mechanism under UNCLOS through the International Tribunal for the Law of the Sea. However, these mechanisms are often insufficient, and critical governance gaps persist, including transparency and accountability, compensation and liability, and a lack of common language around risk assessment and prevention.

These gaps and weaknesses have contributed to a two-tier system of shipping in which compliant operators face unfair competition from those exploiting weaker governance environments. This undermines responsible businesses and threatens the sector's reputation and the license to operate it has traditionally held with the public, at a time when the industry also needs to advance on urgent priorities such as decarbonisation, digitalisation, and talent attraction.

Key questions

- How can maritime leaders understand and respond to geopolitical shifts and their impact on the industry?
- How can shipping keep the world economy moving in the face of trade turmoil and economic uncertainty?
- Can the maritime community act to advocate for a governance framework which strengthens accountability, creates better conditions for fair competition and protects the crew and the environment?

Further reading

- Deceptive Shipping Practices Guide (Windward, 2022)
- Review of maritime transport 2024: Navigating maritime chokepoints (UNCTAD, 2024)
- The threats posed by the global shadow fleet—and how to stop it (Atlantic Council, 2024)
- A Timeline of Trump's On-Again, Off-Again Tarrifs (New York Times, 2025)
- Chief Economists Outlook – January 2025 (World Economic Forum, 2025)