



*Exclusive To Members*

# The Last Decade: How Global Events Reshape Trade, Shipping, and Shipper Pricing

Over the past decade, the global trade and shipping industry has faced a myriad of events that have significantly impacted shipper pricing and the strategies employed by freight forwarders. From geopolitical conflicts to pandemics and environmental crises, these events have disrupted supply chains, altered demand patterns, and reshaped the pricing landscape.

## Major Events Influencing Global Trade and Shipping

1. **US-China Trade War (2018-Present):** The imposition of tariffs on hundreds of billions of dollars' worth of goods between the US and China significantly impacted global trade flows. Importers and exporters faced higher costs, which were passed down to shippers through increased transportation rates. Freight forwarders leveraged the situation by offering services to navigate tariff complexities, often charging premiums for customs expertise and alternative routing strategies.
2. **COVID-19 Pandemic (2020-2022):** The pandemic caused unprecedented disruptions in global supply chains. Port closures, labour shortages, and capacity constraints led to skyrocketing freight rates. For instance, spot rates on major trade lanes, such as Asia to North America, surged to record highs. Freight forwarders capitalized on the situation by securing capacity in tight markets and charging shippers premium fees for guaranteed space. Many forwarders reported record revenues during this period.
3. **Ever Given Incident (2021):** The blockage of the Suez Canal by the Ever Given caused a massive backlog of ships, delaying billions of dollars' worth of goods. The sudden reduction in available capacity led to a temporary spike in freight rates. Freight forwarders were quick to adjust their pricing, reflecting the increased demand for alternative routes and faster solutions.
4. **Geopolitical Tensions and Sanctions:** Geopolitical events, such as Russia's invasion of Ukraine in 2022, have disrupted trade routes, particularly in Europe. Sanctions and countersanctions have forced shippers to find alternative sources and routes, often at higher costs. Freight forwarders have used these disruptions to introduce surcharges and increase their margins while helping clients navigate the complexities of shifting trade patterns.
5. **Environmental Regulations:** The International Maritime Organization's (IMO) 2020 sulphur cap regulation mandated a significant reduction in sulphur emissions from ships. This increased fuel costs, which were passed down to shippers through higher freight rates. Freight forwarders added environmental surcharges to their pricing structures, effectively transferring compliance costs while maintaining profitability.

## Shipper Pricing Dynamics and Freight Forwarder Strategies

Each of these events created both challenges and opportunities for freight forwarders. Shippers often found themselves at the mercy of an industry characterized by fluctuating demand and constrained capacity.

- **Spot Rate Volatility:** Events like the pandemic and geopolitical tensions caused spot rates to spike. Freight forwarders capitalized on this by dynamically adjusting their pricing to reflect market conditions, often securing higher margins.
- **Capacity Management:** By leveraging relationships with carriers, forwarders secured limited capacity during disruptions, reselling it at premium rates. This strategy allowed them to profit while providing essential services to shippers.
- **Surcharges and Fees:** Freight forwarders introduced various surcharges, such as congestion fees, peak season surcharges, and bunker adjustment factors, during periods of disruption. These fees often outpaced the actual cost increases, contributing to revenue growth.
- **Value-Added Services:** During periods of uncertainty, shippers relied on freight forwarders for services such as customs brokerage, compliance management, and supply chain consulting. Forwarders used these opportunities to bundle services, increasing overall revenues.

## The Logistics Club: Providing Price Certainty and Stability

Amid the turbulence of global shipping markets, the Logistics Club has emerged as a reliable partner for shippers seeking price certainty and protection against market volatility. By utilising its in-house global service network, which operates in over 70 countries with 130 offices worldwide, the Logistics Club ensures that its members benefit from stable and competitive rates.

- **Contractual Pricing Agreements:** The Logistics Club negotiates long-term agreements with carriers, securing fixed rates that shield shippers from sudden market fluctuations. This approach provides members with predictable shipping costs, even during peak demand periods or global crises.
- **Global Reach and Local Expertise:** With a presence in key markets worldwide, the Logistics Club can optimize routing and capacity allocation, ensuring efficient and cost-effective solutions for its members. Local expertise within its in-house global network enables seamless navigation of regulatory and logistical challenges.
- **Cost Transparency:** The Logistics Club's commitment to transparency ensures that members understand the breakdown of their shipping costs. This approach fosters trust and empowers shippers to make informed decisions.

- **Risk Mitigation Strategies:** By diversifying routes and leveraging strategic partnerships, the Logistics Club minimizes the impact of disruptions such as port closures or geopolitical conflicts. This proactive strategy reduces delays and associated costs for its members.

### **Long-Term Impacts**

The past decade has underscored the importance of agility and resilience in global trade. *While shippers have borne the brunt of rising costs, freight forwarders have demonstrated their ability to adapt and thrive during crises.* Through innovative approaches like those employed by the Logistics Club, shippers can achieve greater stability and certainty in an unpredictable industry.

As global trade continues to evolve, shippers and freight forwarders must navigate an increasingly complex landscape. Collaboration and innovation will be key to mitigating the impacts of future disruptions and ensuring a balanced approach to pricing that benefits all stakeholders.

Contact the Logistics Club at [www.lojisticsclub.com](http://www.lojisticsclub.com) for further information on how you can protect your company from the price impacts of global events.