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Excellence and maritime affinity in Trump's cabinet

Holland & Knight lawyer Jovi Tenev writes that never in recent memory has a US cabinet been so attuned to shipping as that of Donald Trump, who takes office today.

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Excellence and affinity beget promise in the maritime markets.

President-elect Donald Trump's selection of Elaine Chao for secretary of transportation, Rex Tillerson for secretary of state and Wilbur Ross for secretary of commerce, suggests a more buoyant maritime industry, both globally and in the United States, as well as more active maritime finance markets.

On 9 November, the morning after the US presidential election, I walked from our office up Fifth Avenue, past Trump Tower, to the Plaza Hotel for the Marine Money Conference, where I was a panelist.

The Marine Money organizers, ever-prescient, many months ago had correctly selected Wilbur Ross as the first speaker. The audience was a mostly dazed, subdued lot, as groggy from watching late-night returns as amazed at the outcome.

Pragmatism on trade

Ross, coolly and confidently, went straight to the key points: Given Trump's clear victory, controlling both House and Senate, we should expect substantive tax reform, reduced regulation and governmental interference, including in the financial and energy industries, a pragmatic

approach to foreign trade, increased exports and consequently, a more active, vibrant US economy.

He also said to expect large US infrastructure development projects, utilising private sector investment. All this, he noted, would be good for the shipping markets and maritime industry. Interestingly, Ross demurred whether he would be joining the cabinet, saying he was concentrating on his “day job” for now.

The confluence of maritime experience in these three critical cabinet positions is remarkable. Ross, a former banker and businessman, highly experienced and successful in other industries, decided a number of years ago to expand his investments to shipping, owing to its strategic importance in the world economy. Soon after, in 2012, his company won Marine Money’s Deal of the Year Award for Private Equity Investment.

Family ties

Chao’s parents fled communism in their native China and eventually settled in the US, where her father, a merchant seaman, founded a highly successful maritime company. (A number of years ago, the Chao family donated \$40m to the Harvard Business School; four of the six Chao sisters, including Elaine, are HBS alumnae.)

She has served – earning bipartisan praise – as deputy administrator of the Maritime Administration in the US Department of Transportation, chairwoman of the Federal Maritime Commission, deputy secretary of Transportation, director of the Peace Corps and secretary of labour. Maritime professionals, and King’s Point midshipmen, alumnae and alumni alike, were heartened to hear Chao’s sympathetic response to confirmation hearing questions about protecting the US Maritime Academy’s imperiled “Sea Year,” which gives the Academy’s student mariners the opportunity to work aboard seagoing ships. Her husband, Mitch McConnell, is the Senate majority leader.

Oil industry veteran

Tillerson, the highly-successful past chief executive of the world’s largest publicly-traded international oil and gas company, started his career at ExxonMobil in 1975 and became CEO in 2006. His four decades in the global oil industry have left him “clear eyed and realistic” in his understanding of people and their governments around the world based on his own intimate, first-hand experience in negotiations and ventures.

He understands the need for the rule of law as the underpinning of commercial and international relations, and that energy security is the proper - and achievable - goal. He has promoted innovation and creativity no less than a commitment to the highest standards of safety and security in the marine industry.



US President-elect Donald Trump

On 16 January, the International Monetary Fund raised its forecast for the US economy over the next two years by a half-point over its October pre-election prediction, saying Trump's policies should boost economic growth, particularly in 2018. IMF Chief Economist Maurice Obstfeld said: "We now have the presidency and the legislative branch in the same hands. It seems very clear to us that some of the promises will be delivered on. We know the direction of policies.

Some years ago, a highly-respected senior London-based international banker quipped that only persons with significant maritime experience can properly do credit risk analysis. It seems that Ross's November statement of the economic effect of Trump's path forward has been vindicated by the International Monetary Fund's recent post-election adjustment, proving, once again, the wisdom of our English friend.

Never before in memory have these vital cabinet posts been held by officers so keenly attuned, at such high levels of sophistication, to the maritime world and its critical role in the global and US domestic economy. These cabinet appointments auger well for the maritime industry and the myriad financial markets, public and private, foreign and domestic, needed to supply its great appetite for capital.

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