

Economic Outlook for Ports and Shipping: A Post-Recession (Really?) Analysis

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Academia: Don't know much and don't get no respect

(At least we're not economists...)



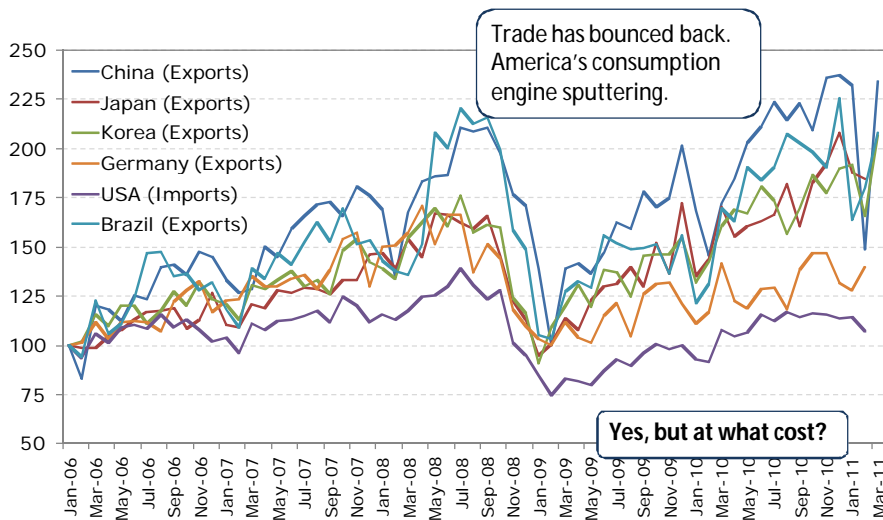


*Modern economic theory...
QE1, QE2, ... QEx
In case of doubt, repeat*

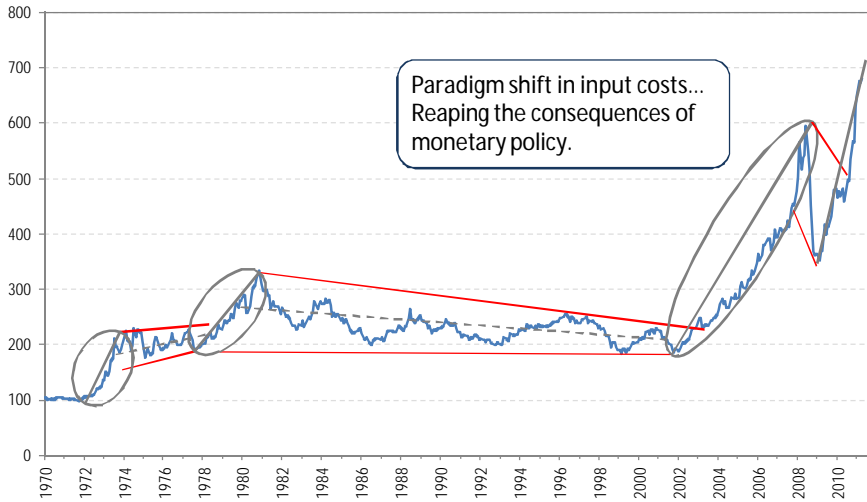
KEY ECONOMIC DEVELOPMENTS



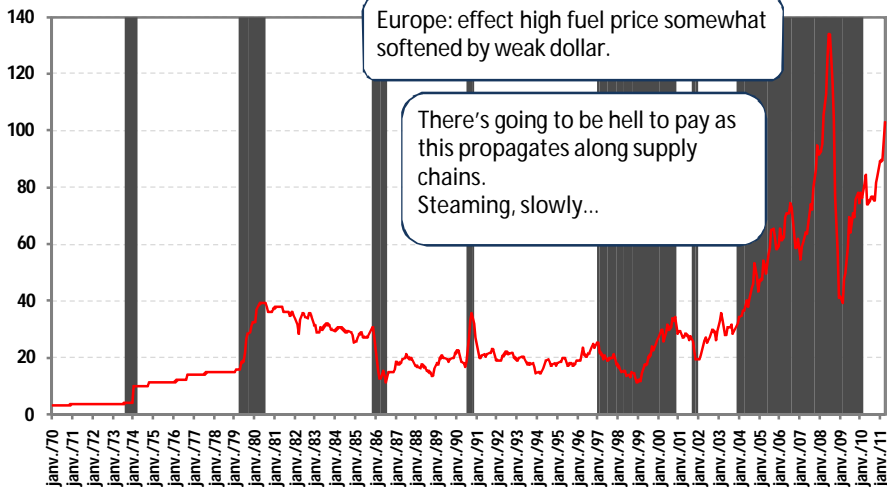
Monthly Value of Exports or Imports, Selected Traders, 2006-2011 (Jan 2006=100)



CRB Index (CCI), Monthly Close, 1970-2011

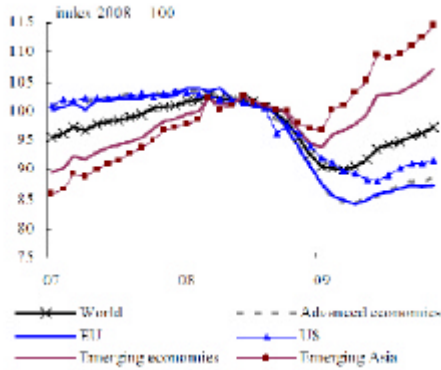


West Texas Intermediate, Monthly Nominal Spot Oil Price (1970-2011)

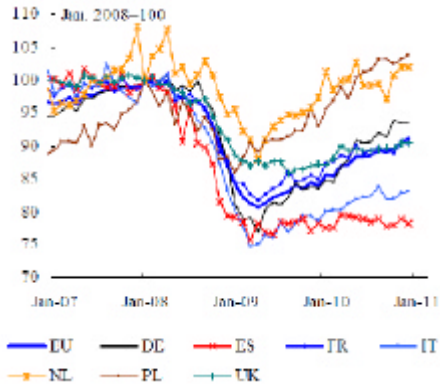


EU is worst performer in terms of recovery industrial production

Industrial production - world



Industrial production - EU



Offshoring remains strong.
Monetary policy undermining
industrial output.

Source: EC



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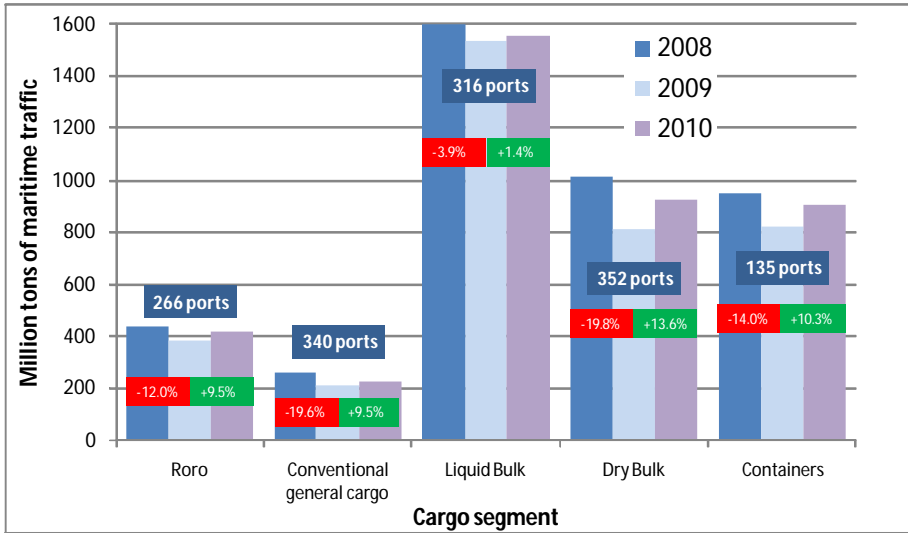
EUROPEAN PORTS: HAS PORT TRAFFIC BOUNCED BACK IN 2010?



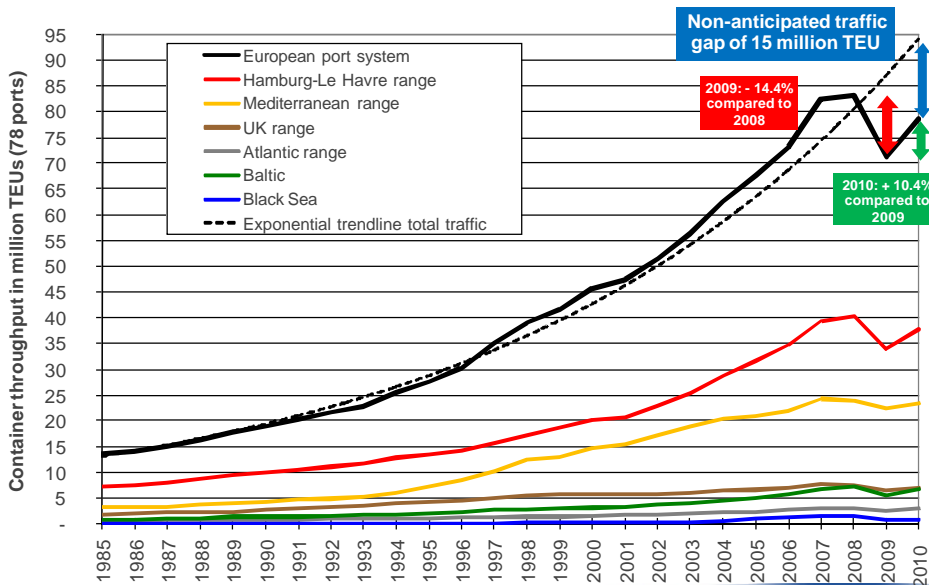
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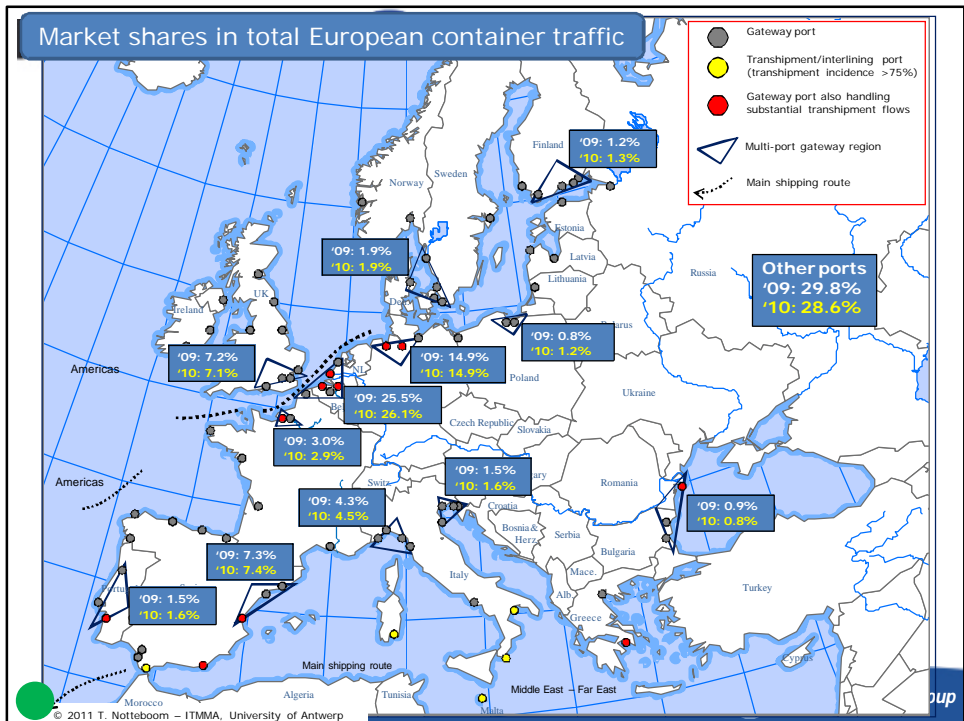
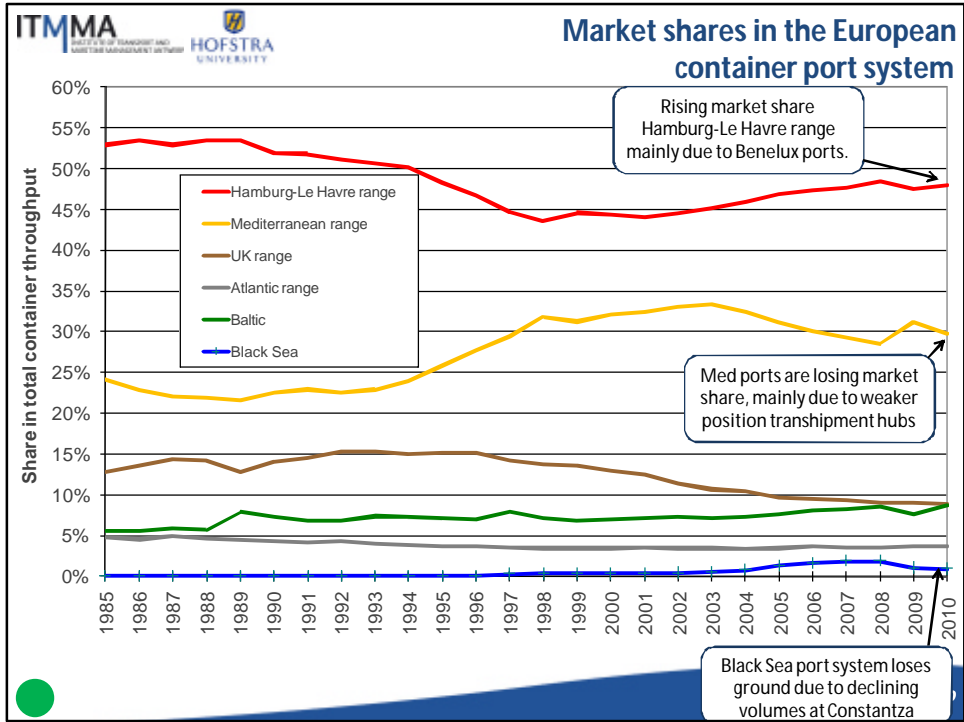
Total European port throughput
2008: 4.26 billion tons
2009: 3.76 billion tons (-11.7%)
2010: 4.04 billion tons (+7.4%)

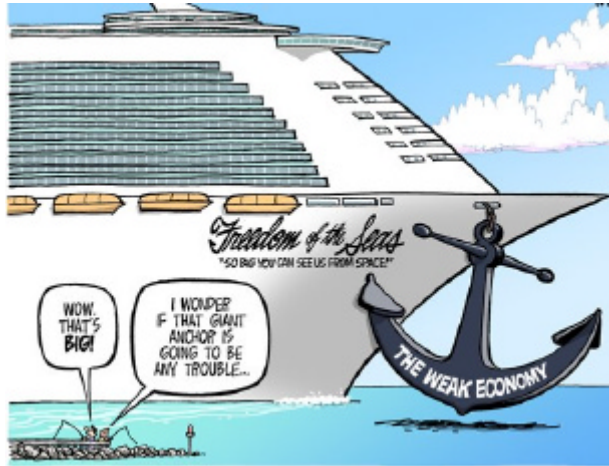
European port traffic
2008-2010 = -5.2%



Are container volumes bouncing back ?





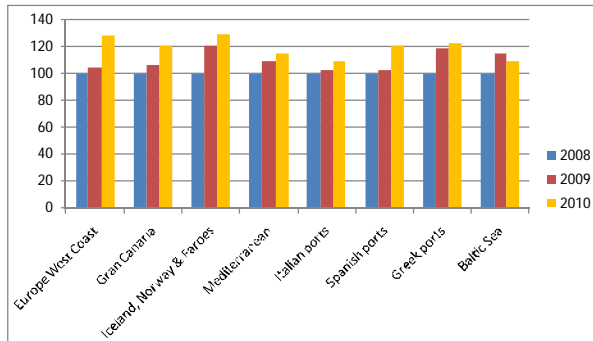


PROSPECTIVE FOR THE CRUISE INDUSTRY

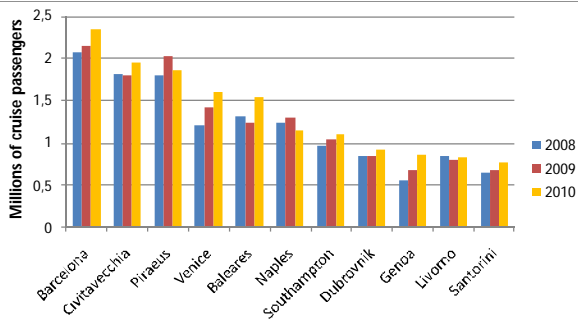


Cruise passenger numbers are up despite the crisis

Index evolution cruise passenger numbers in regions around Europe (2008 = 100)



Number of cruise passengers in some leading European cruise ports



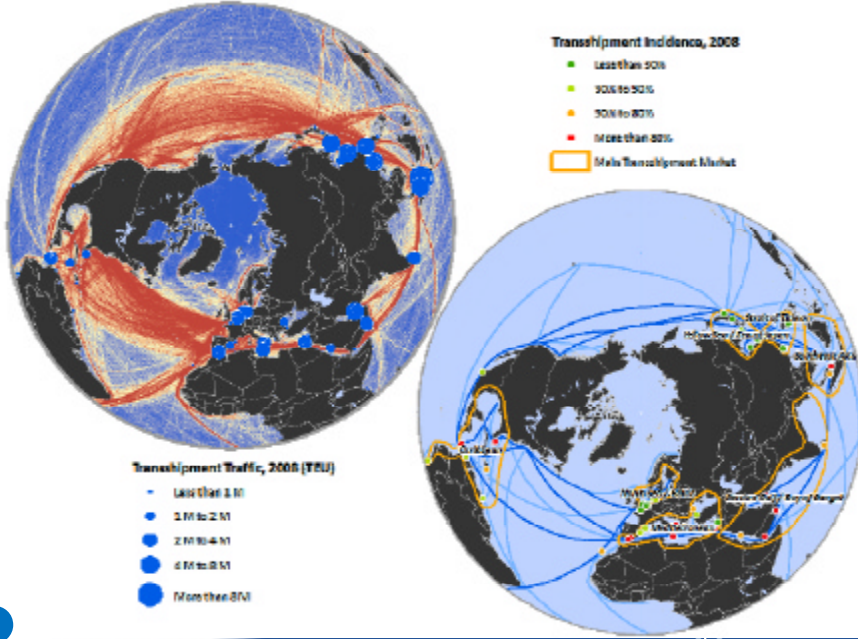
- 5.5m passengers in 2010
- 30% of the global share of cruisers
- Cruise capacity in Europe: +23% in 2011
- Positive driving force: aging of the population creates a market suitable for the cruise ship industry + increasing appeal to young people
- Negative driving force: the retirees will increasingly be broke...
 - Structure of pension plans (e.g. defined benefits) could be a determining factor.



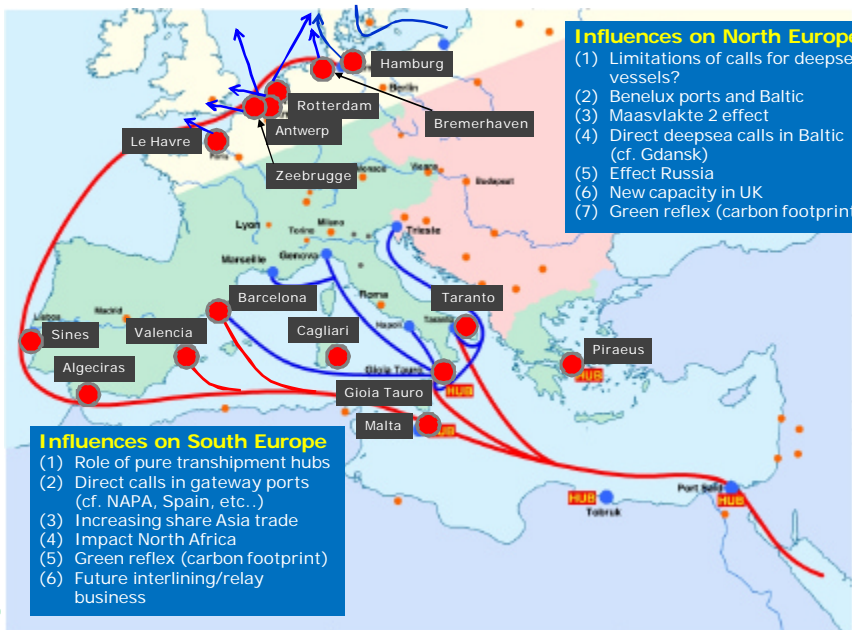
PROSPECTIVE FOR THE TRANSHIPMENT MARKET



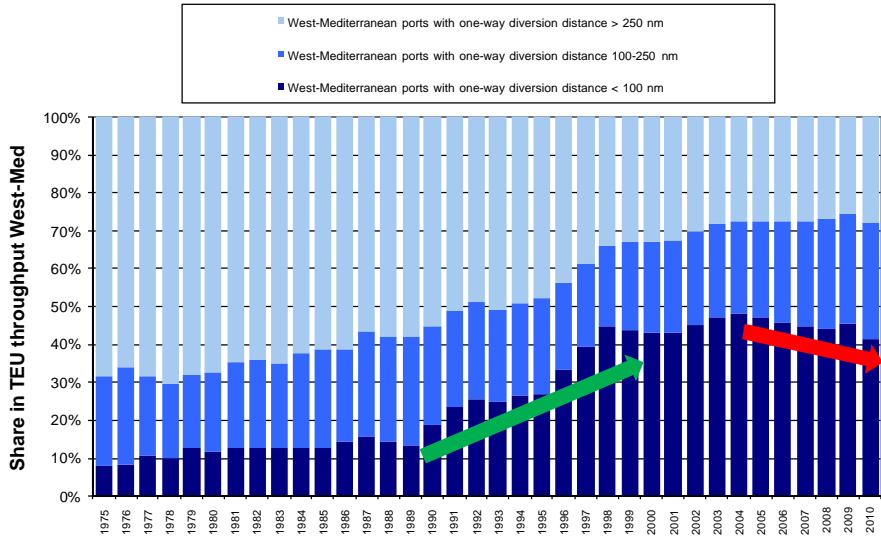
The Global Transshipment Market



Sea-sea transshipment plays a role, particularly in Med and in relation to UK and Baltic...

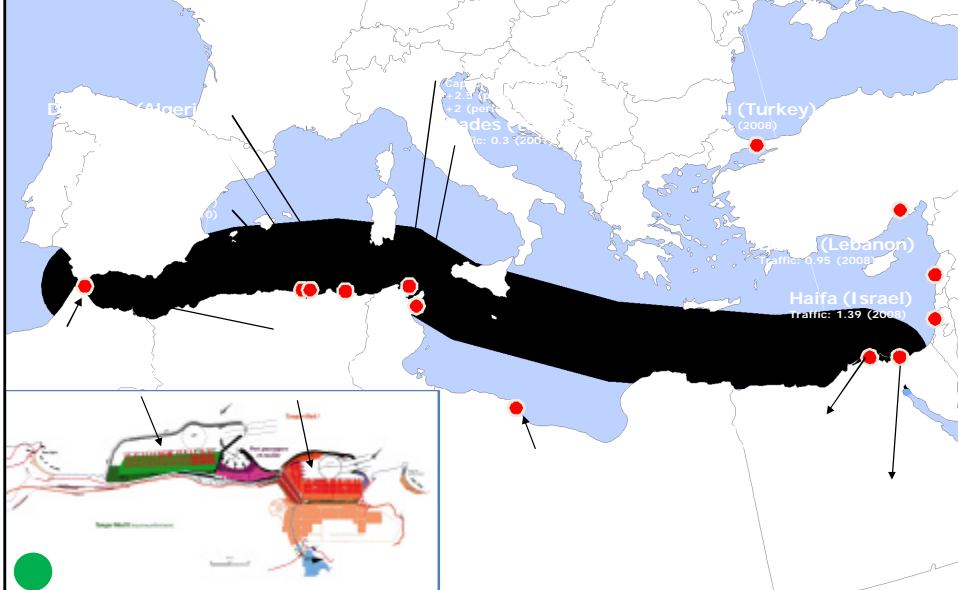


Pure transshipment hubs in West Med lose market share

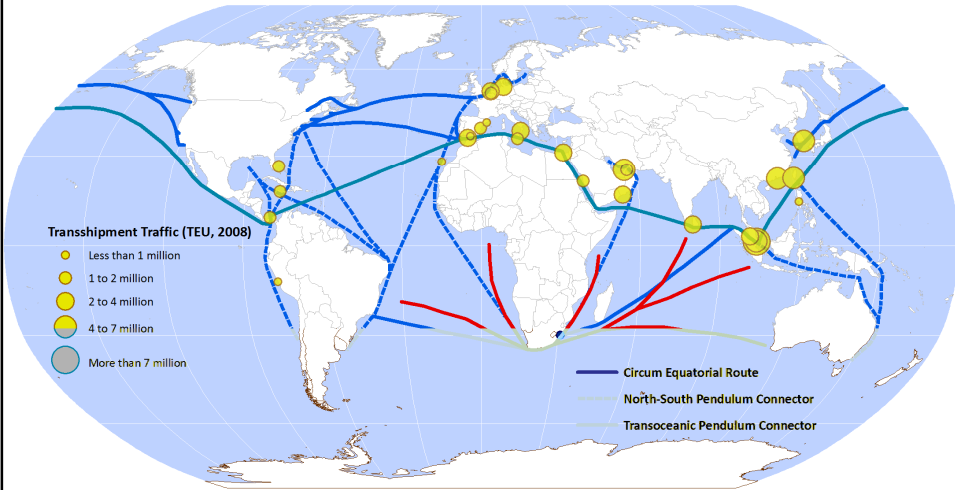


Major ports and future terminal developments in non-EU Med ports: impact of a changing political landscape?

Container throughput in million TEU, capacity extensions in million TEU



Transshipment/interlining potential of the Cape route?



Source: Notteboom (2010)



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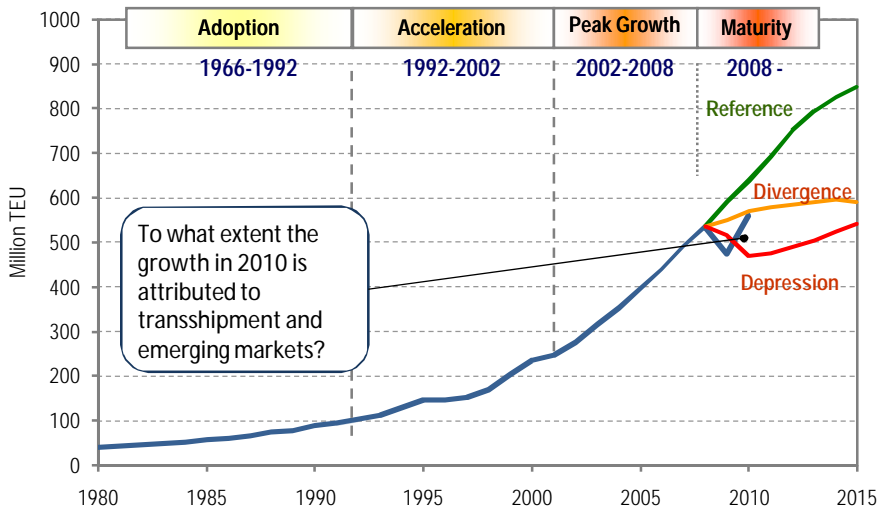


PROSPECTIVE FOR THE MARITIME INDUSTRY

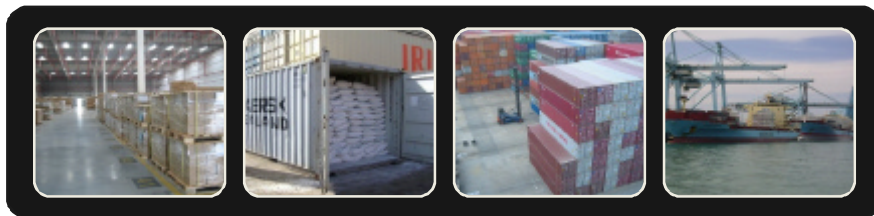


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A View from 2008: World Container Traffic (1980-2008) and Possible Scenarios to 2015



How Containerization Growth Factors Influence Freight Routes?



Derived

Economic and income growth
Globalization (outsourcing)
Fragmentation of production and consumption



Substitution

Functional and geographical diffusion
New niches (commodities and cold chain)
Capture of bulk and break-bulk markets



Incidental

Trade imbalances
Repositioning of empty containers

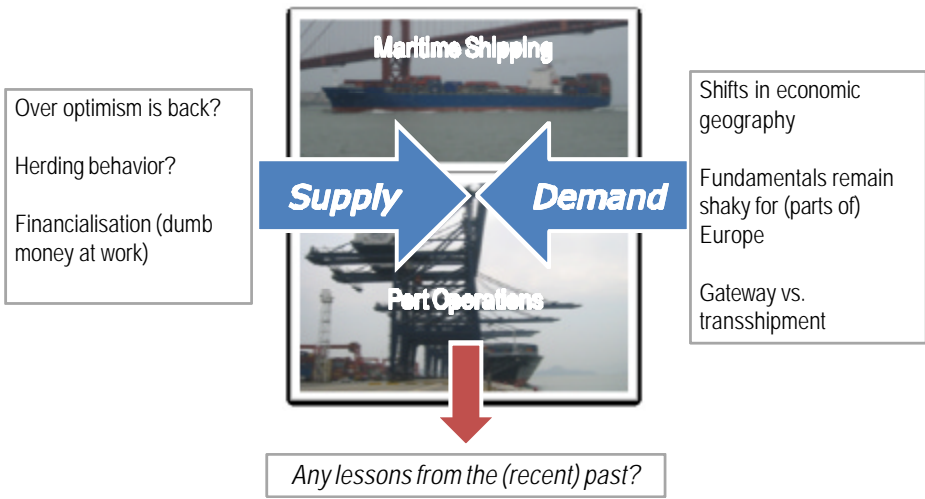


Induced

Transshipment (hub, relay and interlining)



Ports and Maritime Shipping in the "Post-Bubble" Period



Some key issues in liner shipping

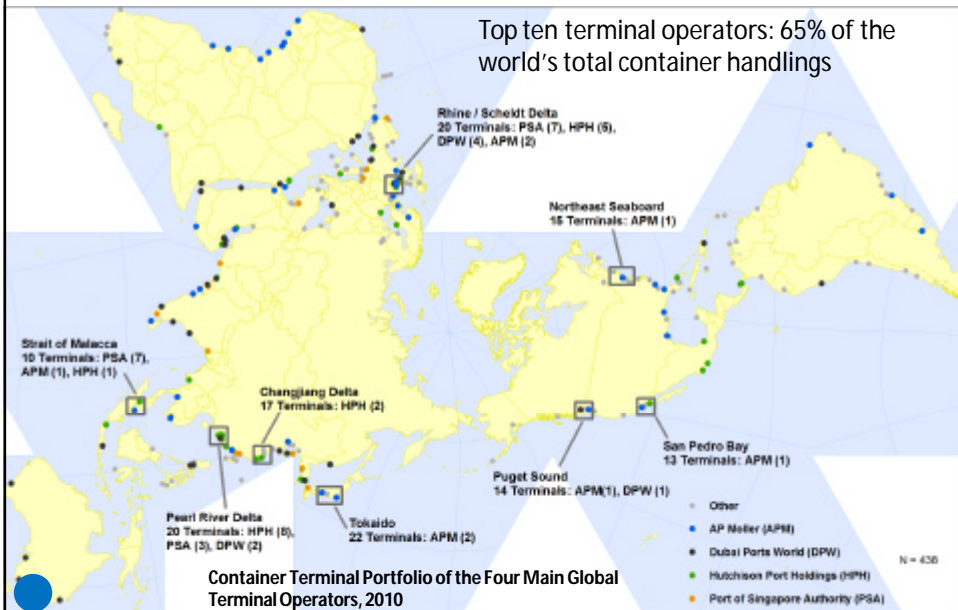
<p>Renewed risk for overcapacity.</p> <p>18,000 TEU vessels and its ramifications on ports.</p>	<p>Slow steaming: using a green argument to hide a green (\$) bottom line?</p> <p>Overcapacity absorbing potential is weakening</p>	<p>Impact of bunker price evolution and low-sulphur fuel</p>

Which Global Routing Structure is Likely to Emerge in Light of Expected Changes?

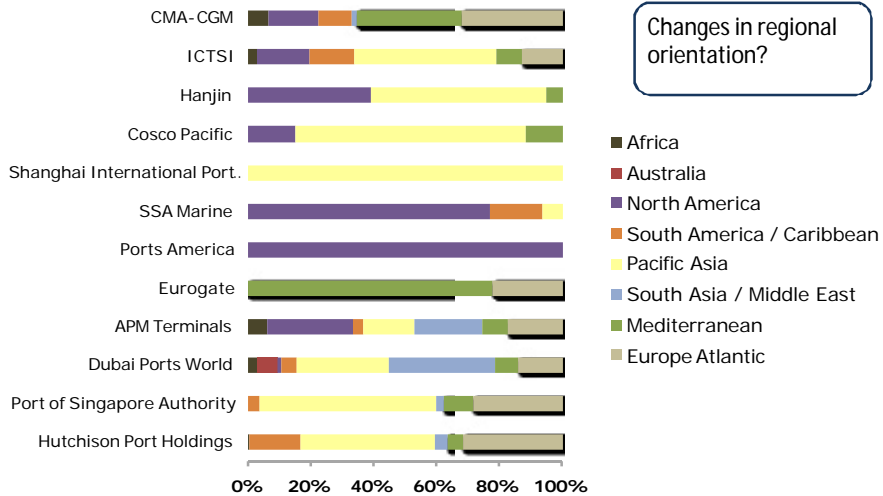


How the Main Actors in Global Freight Distribution Influence Routing?

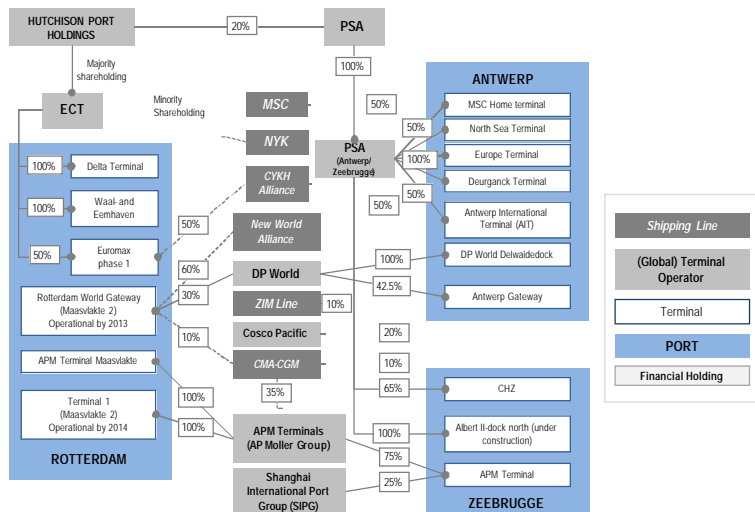
Top ten terminal operators: 65% of the world's total container handlings



Regional Share in the Terminal Portfolio of the Twelve Largest Global Terminal Operators (Hectares, 2010)



Market players are spreading the risks Complexity in terminal ownership structures Example for the Rhine-Scheldt Delta - 2010





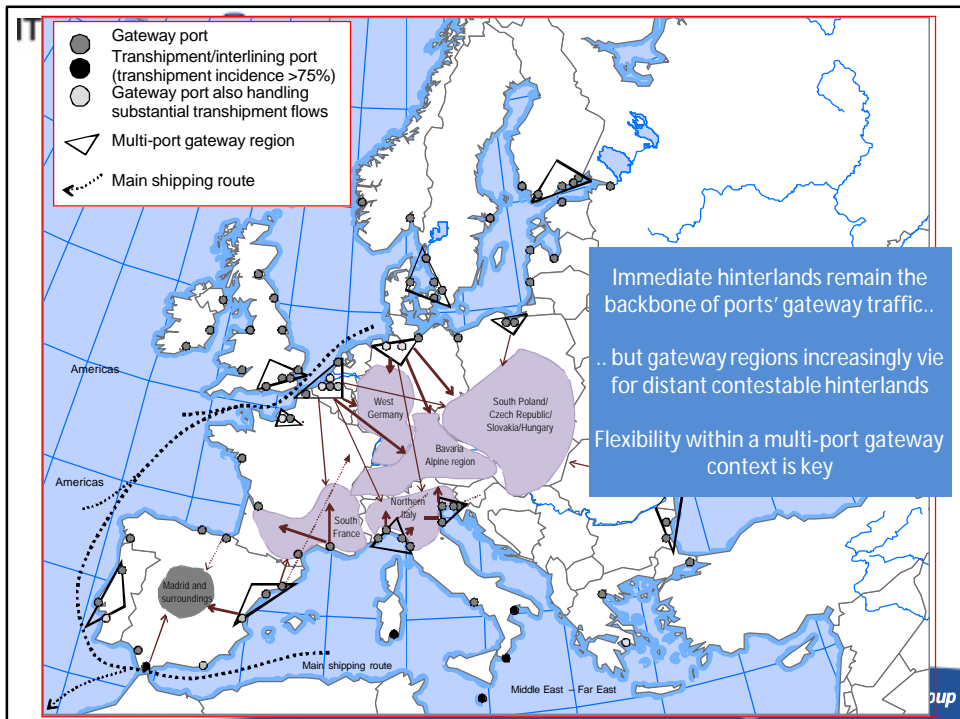
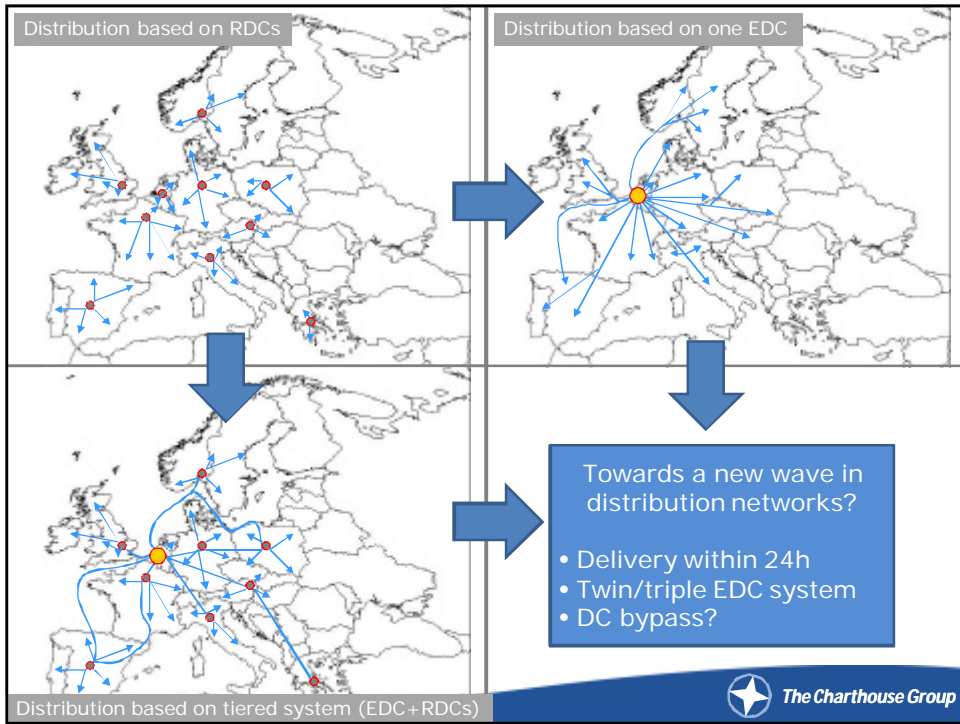
PROSPECTIVE FOR LOGISTICS AND INLAND FREIGHT DISTRIBUTION



The logistics industry in 2010

- Global logistics industry saw a strong bounce-back in 2010
- Recovery not equally strong in all regions
- Sector increasingly challenged by natural disasters, security breaches and price fixing allegations
- Hangover from consolidation wave of past ten years.
 - Quarter of assets are intangible, largely made up of 'goodwill' on acquisitions.





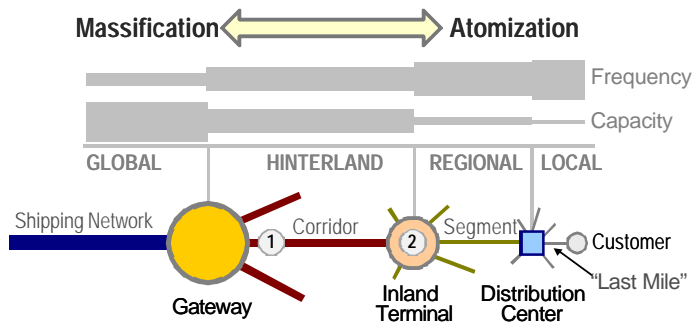
Example of multi-port gateway region in practice:
the NAPA initiative (North Adriatic Ports Association)



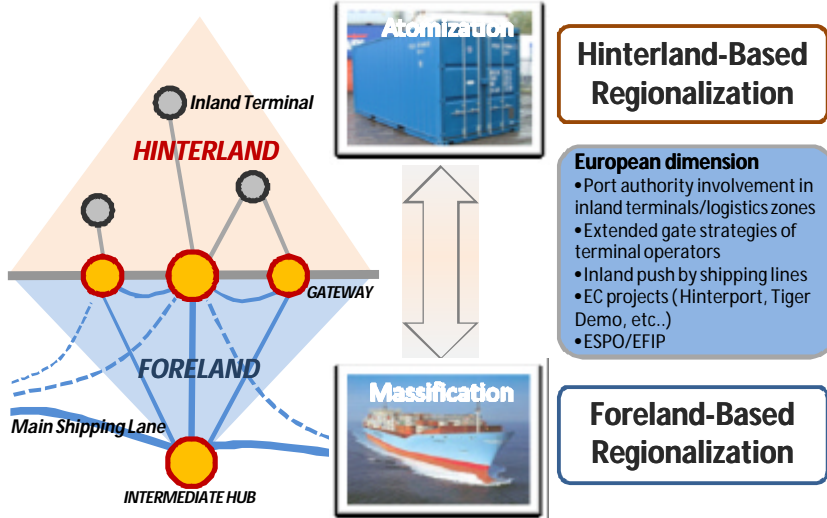
Source: www.portsofnapa.com

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How the "Last Mile" in Freight Distribution is
Being Operationalized?



Port Regionalization: Pushing Atomization in the Hinterland and Massification in the Foreland



STRESSFUL TIMES AHEAD FOR PORTS?



Are the good times back?

- Short-term perspective (1-2 years):
 - Artificially induced good times will wear off.
 - Various debt crises.
- Medium-term perspective (3-5 years):
 - Sustained pressure on terminal rates due to restructuring/consolidation of shipping services and memory effects in terminal overcapacity situation.
 - Actors will continue to show caution in competitive bidding processes.
- Long-term perspective (>5 years):
 - Strategic port sites remain scarce goods.
 - Terminals will regain status as interesting investment objects, but with a more realistic risk assessment.
 - Very challenging macroeconomic environment (resources, debt).

