

**OCEAN  
SHIPPING  
CONSULTANTS**

a company of



# Global and regional container trends and developments

**Trans Middle East 2023 – Dubai**

25<sup>th</sup> January 2023



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## Introduction

Royal HaskoningDHV is an independent international engineering and project management consultancy. Ocean Shipping Consultants (OSC) is the maritime economics and financial consultancy arm of the company.

- ❑ Originally founded in 1881
- ❑ Over 140 years of experience
- ❑ Turnover €600m
- ❑ Deliver services in the fields of:
  - aviation,
  - buildings,
  - energy,
  - industry,
  - infrastructure,
  - maritime,
  - mining,
  - transport,
  - urban / rural development,
  - water.



**6,000  
Staff**

- ❑ Ocean Shipping Consultants (OSC) is the maritime economics and financial consultancy arm of the company and is a leading brand in the maritime sector with over 35 years' experience.



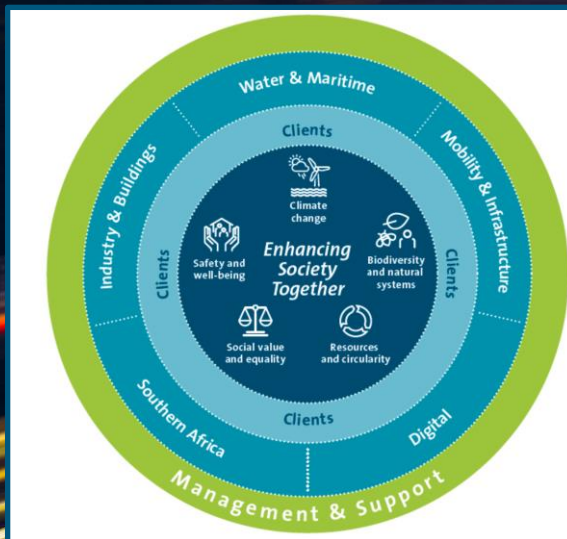
**140  
Countries**



**Over  
200 clients**  
International Finance Institutions,  
infrastructure funds, banks, port  
authorities, governments, shipping lines  
and terminal operators



**Over  
350  
projects**  
in nearly **100 countries**  
successfully completed since 2011



## Introduction

### Examples of recent projects in the region



#### Neom Port of Dubai expansion - 2022

Neom is a new smart city being built in Northwestern Saudi Arabia. Port of Dubai, as part of the development, will be expanded to accommodate the expected growth in volumes. Royal HaskoningDHV was contracted by Deloitte to make a review of the existing market study and produce an independent market assessment of the expected volumes and requirements of the port facilities.

Royal HaskoningDHV successfully completed the works and the analysis and projections were used as input into the Financial Model to support the Business Plan.



#### Sohar HPH container forecasts - 2022

Oman International Container Terminal (OICT), through Hutchison Ports Sohar contracted RHDHV to carry out a long-term container volume forecast in preparation for the further development of the port and in particular the proposed new container terminal as part of the Sohar North project.

Royal HaskoningDHV compiled market research, competitive analysis, shipping line analysis, transshipment analysis and container volume forecast.



#### Damietta Container Terminal Commercial DD- 2022

The port of Damietta intends to develop additional container handling capacity and to that end will dredge out an additional basin at the container terminal. The design, financing, construction and operation are planned to be offered to a consortium.

Royal HaskoningDHV serves the Consortium with commercial due diligence including regional market analysis, shipping lines analysis, port analysis and tariff analysis.



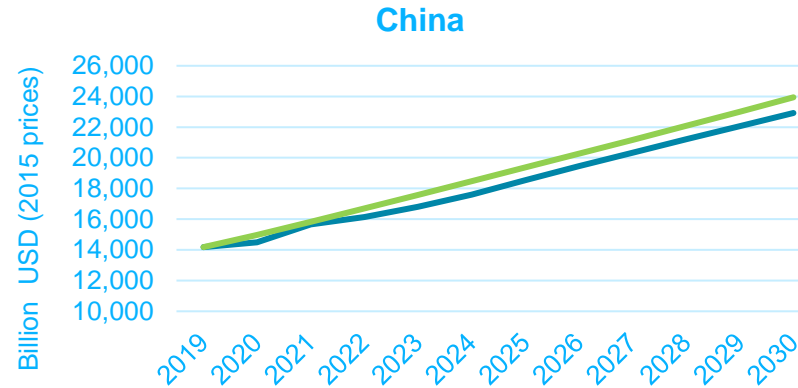
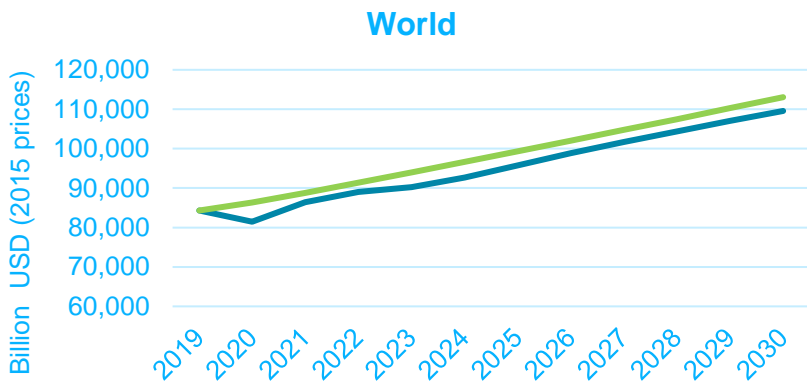
#### Abu Dhabi Container Freight Services - 2019 & 2020

COSCO shipping ports (CSP) was awarded the right to develop a greenfield container terminal in Abu Dhabi. During the construction phase, CSP was given the opportunity to develop a container freight station (CFS) next to their container terminal. The CFS would be complementary to the container terminal activities and act as an off-dock yard to alleviate congestion.

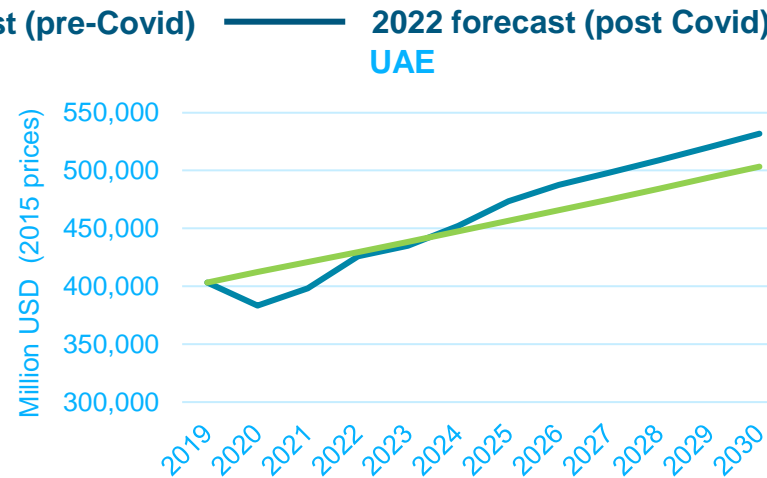
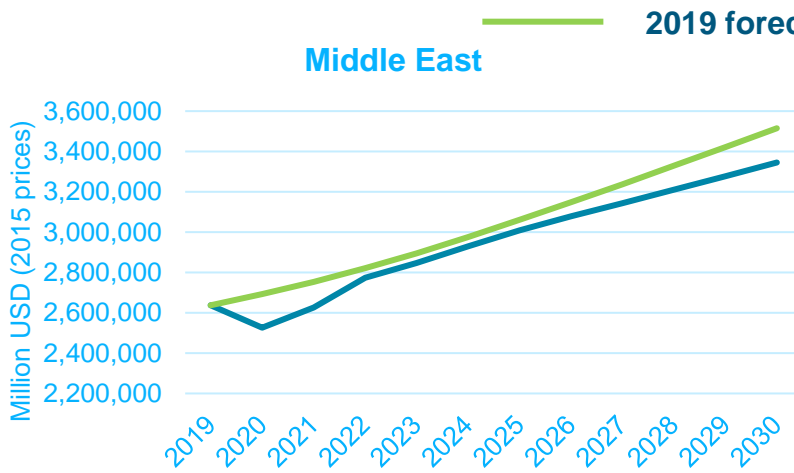
Royal HaskoningDHV conducted a planning and feasibility study of the CFS to assess the commercial viability which is also used as a base for negotiations with Abu Dhabi Ports to determine a reasonable lease price for the land.

## Global Economic Outlook

The global, Chinese, and Middle Eastern economies will recover to close to their pre-Covid pandemic levels in the near future. UAE is projected to be 6% higher by 2030.



2020 GDP growth	
World	-3.3%
China	2.2%
Middle East	-4.2%
UAE	-5.0%



2030 GDP vs pre-covid forecasts	
World	-3.1%
China	-4.3%
Middle East	-4.8%
UAE	5.6%

Source; Oxford Economics

Events of recent years has led to profound changes in how we live and do business, impacting on the global supply change.

### 1) COVID-19 pandemic

- Labour shortages affecting the global supply chain as the port systems in entire regions shut down for weeks at a time.
- Ships 'bunching' with long delays to enter ports and of course causing a knock-on effect of capacity shortages elsewhere.
- As supply chains failed, importers had to resort to alternative markets.
- This presented risks for some and of course opportunities for others.

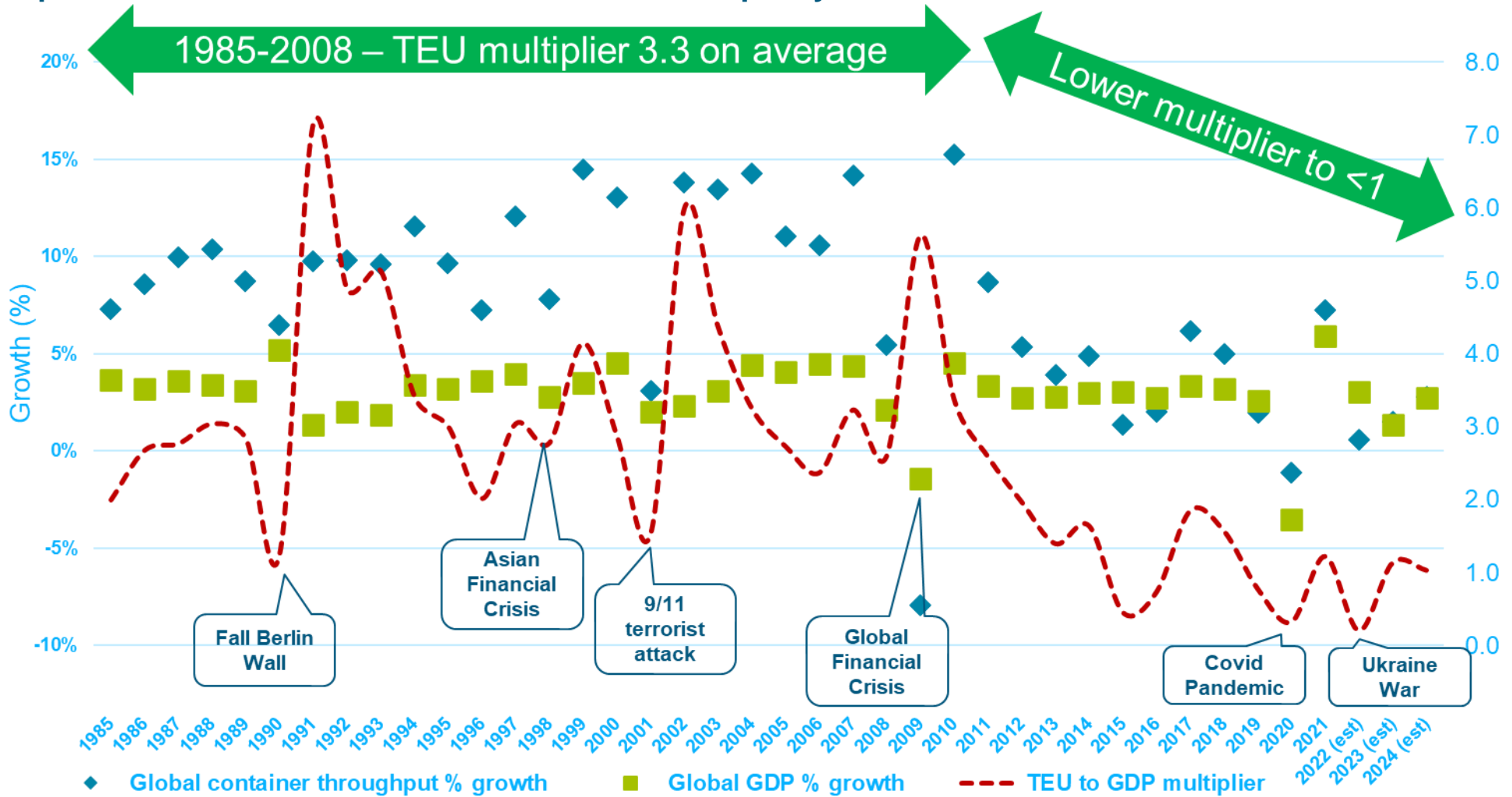
### 2) Ukraine war

- Sanctions were imposed on Russia and grain exports from the Ukraine ceased.
- Alternative options were sought, driving global prices up and impacting disproportionately on poorer countries who are priced out of the market.
- The oil price increased dramatically benefiting many economies and incentivising project investment in this region.
- Now it is beginning to slowly fall again causing some caution in respect of realising these projects.

### 3) The world is now experiencing

- staggering inflation
- unions are striking for higher pay
- exchange rates are changing rapidly.

The declines in the container volume growth is putting pressure on Shipping Lines and Terminal Operators and means lower TEU demand than in past years.

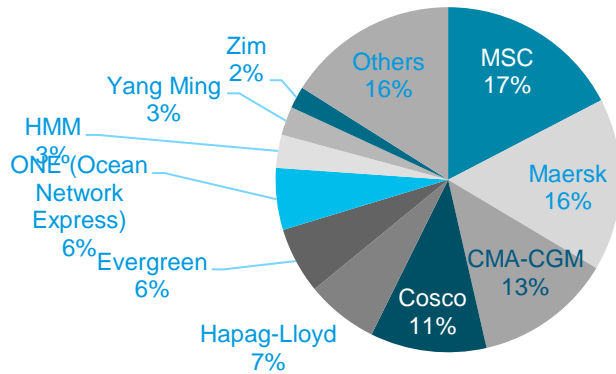


Source: OSC / Clarkson

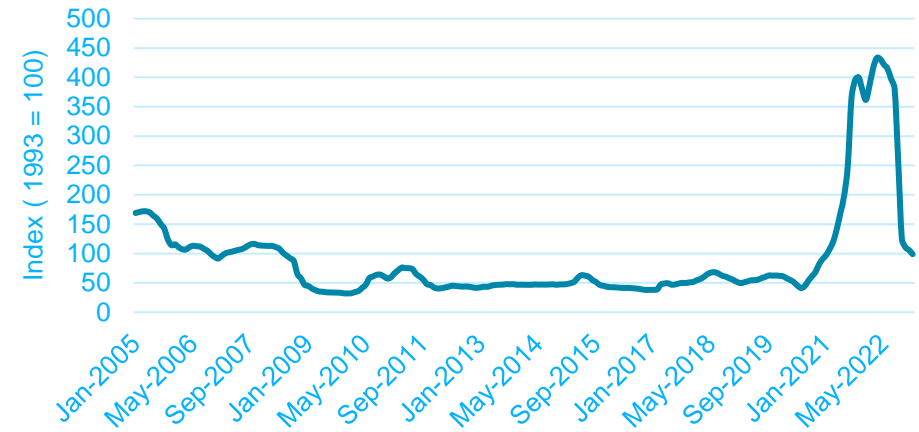
## Container Shipping & Ports Sector

### Key container shipping trends.

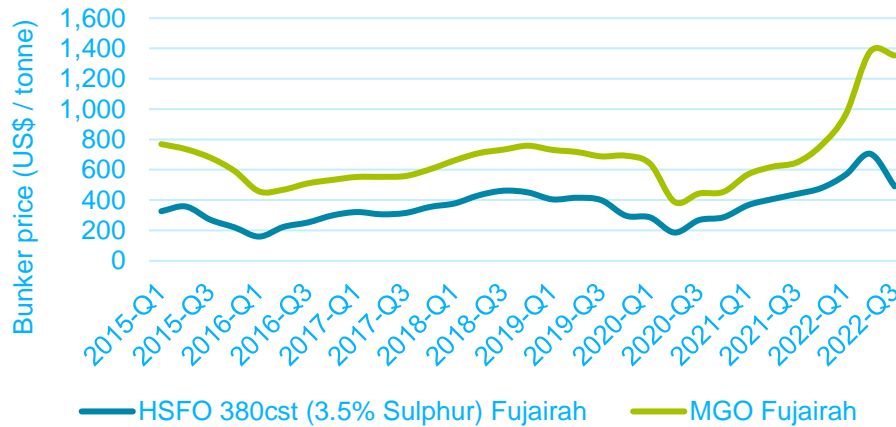
#### Containership fleet size per main operator



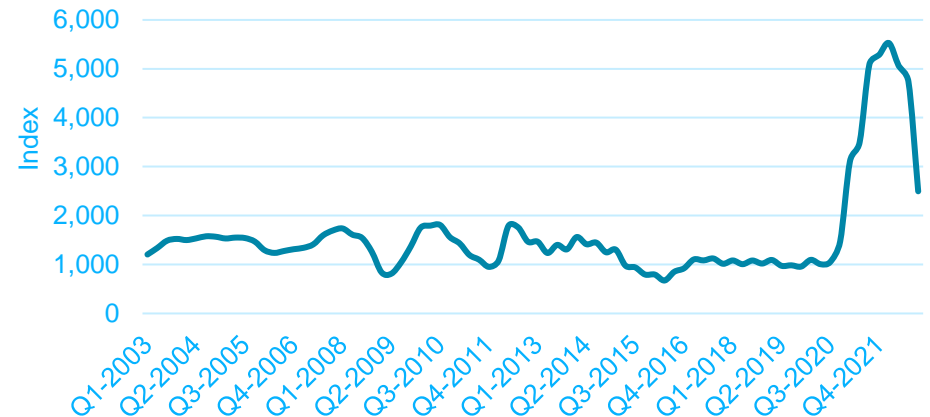
#### Average containership timecharter rate index (1993 = 100)



#### Bunker price trends – HSFO and MGO Fujairah (US\$ / tonne)



#### China-Europe Container Freight Rate Index

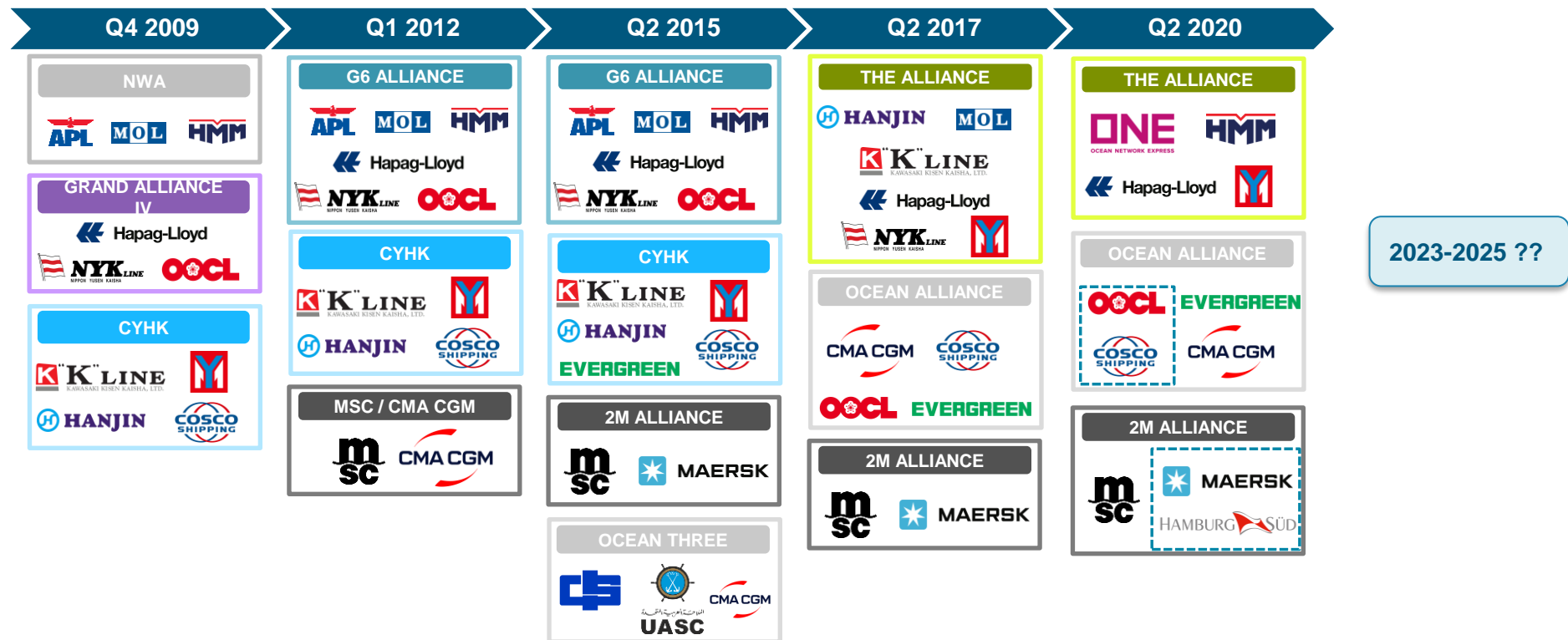


Source: OSC / Clarkson / Shanghai Shipping Exchange



## Container Shipping Sector

The shipping industry has consolidated through shipping alliances as well as merger and acquisitions in order to improve vessel utilization and the sea freight rates. It also enables liners to effectively operate larger vessels. Collaboration allows carriers to bundle their route network, resulting in a more comprehensive global shipping network. Since 2015 all main carriers are part of an alliance. High revenues in recent years for shipping lines may result in further consolidation.



### Main Carriers Not Part of an Alliance

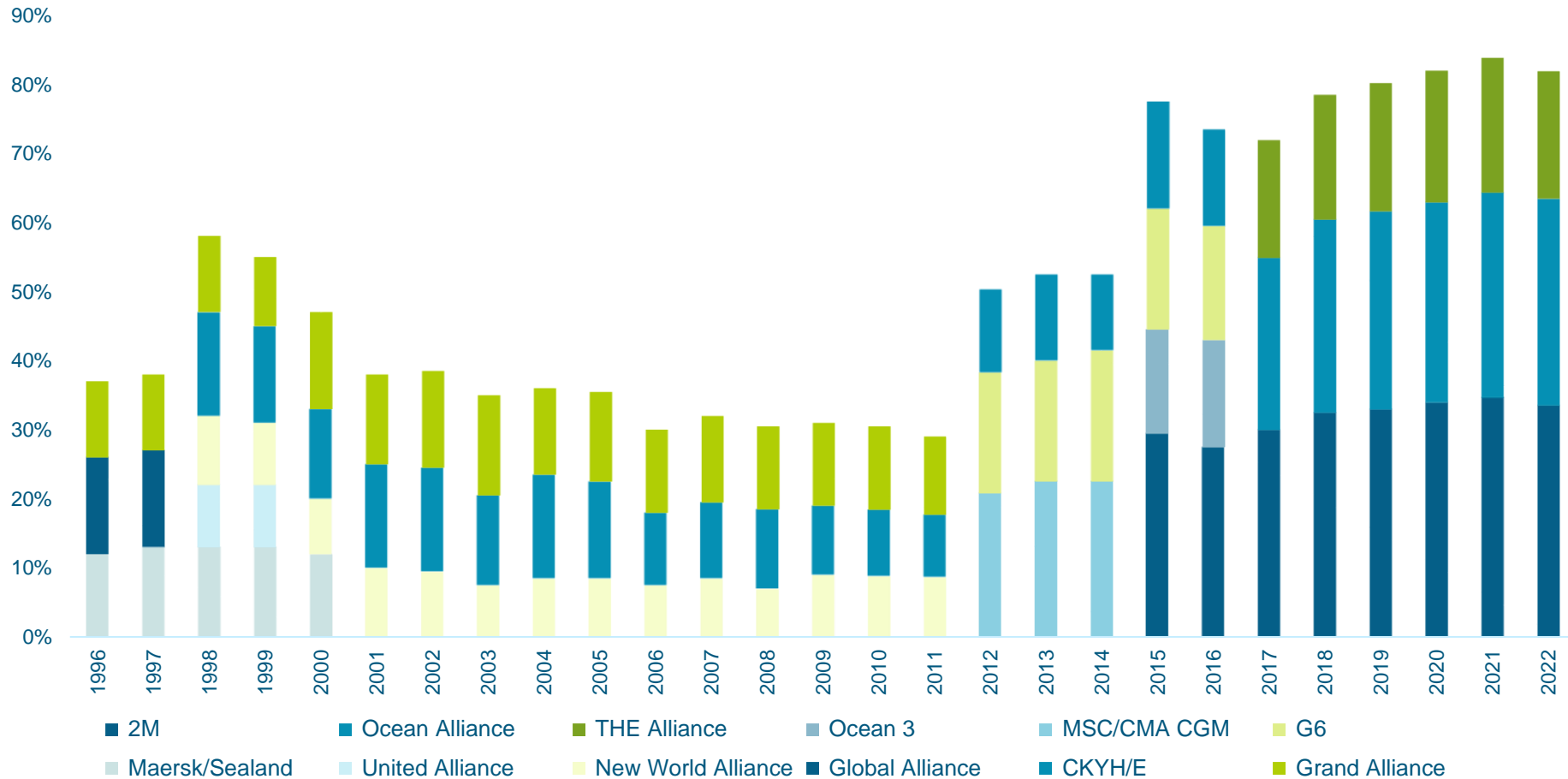


Source: OSC

## Container Shipping Sector

The upscaling of alliances in the shipping sector led to a very quick growth of the combined market share of the three largest alliances, from less than 30% in 2011 to over 80% today.

Development of the combined market shares of the three largest shipping alliances 1996-2021

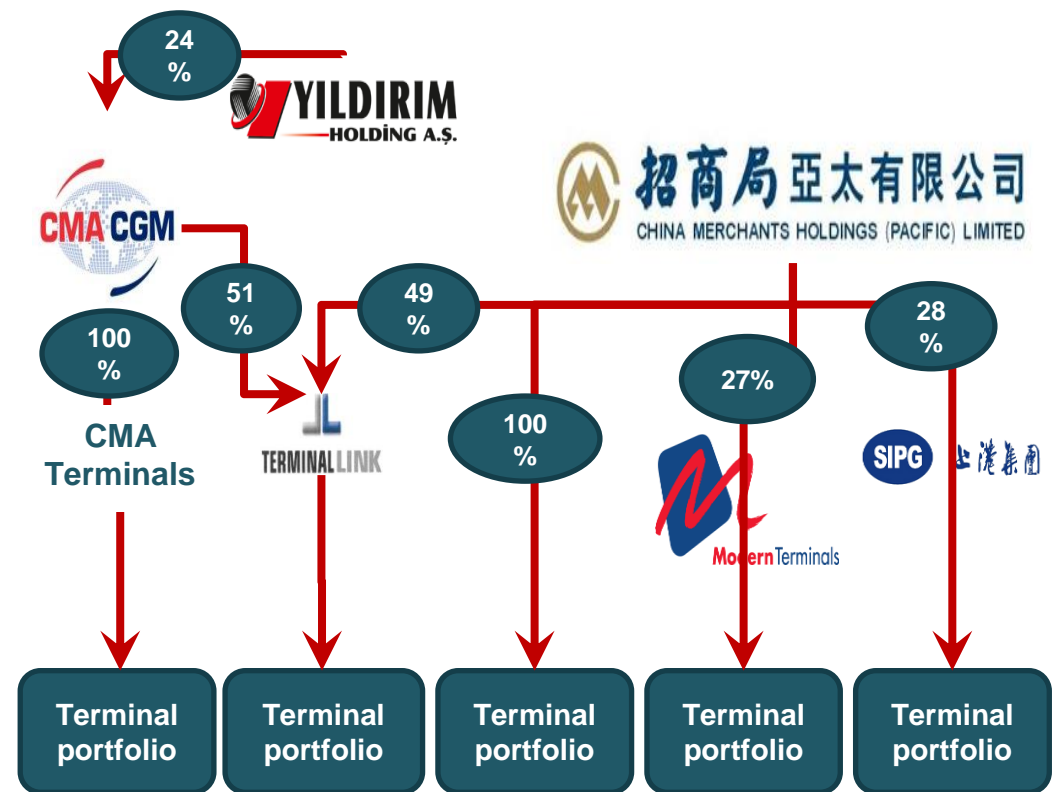


Source: Alphaliner

## Container Shipping Sector

Port operators have responded by forming alliances, partnering with shipping lines, acquiring or merging with competitors. This has created a significantly complex ownership structure.

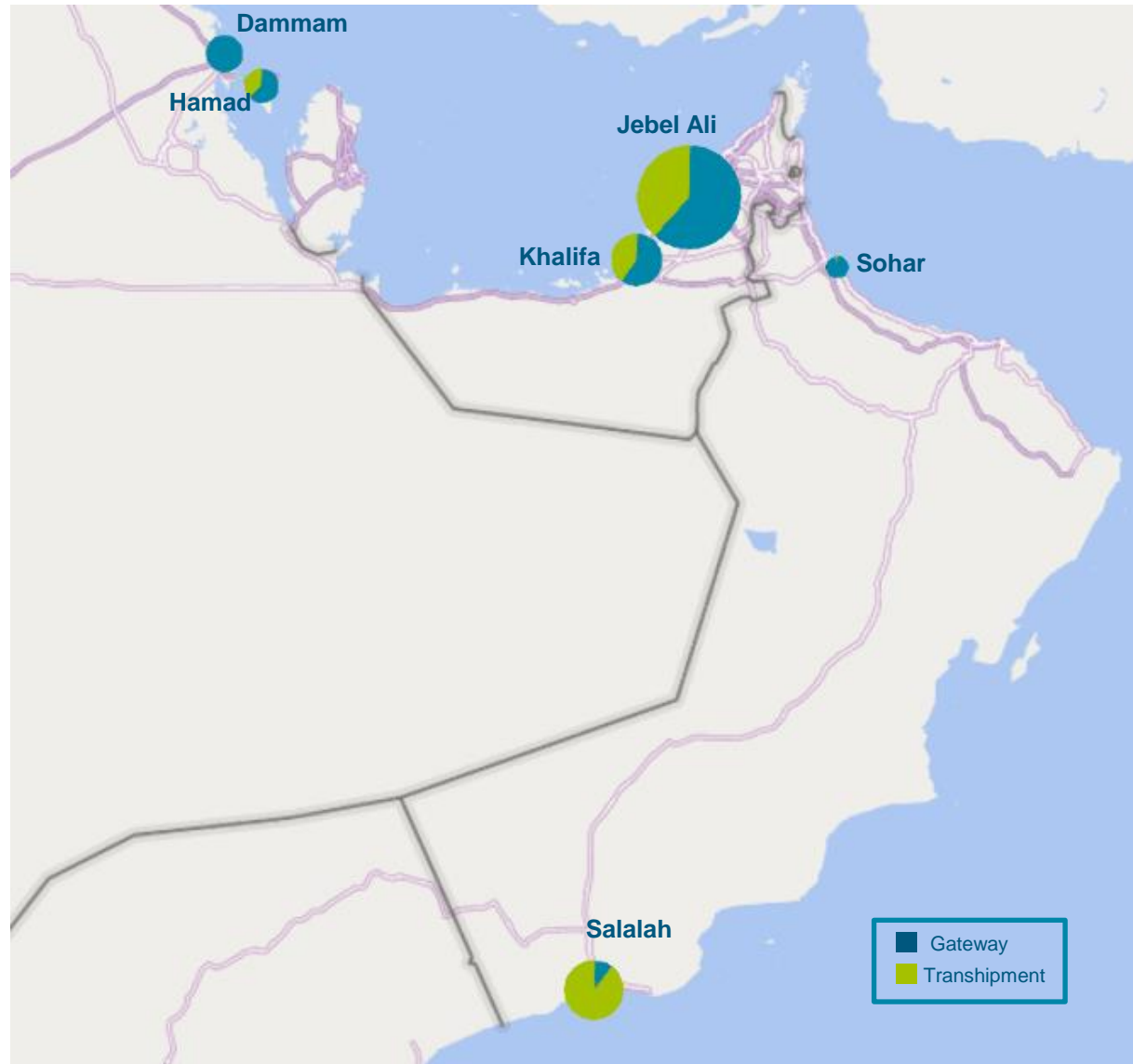
Rank 2019	Rank 2022	Operator	Volumes (TEUm)		CAGR	2021 Share %
			2018	2021		
1	1	PSA	60.3	63.4	2.5%	7.7%
5	2	APM Terminals	42.8	50.4	8.5%	6.1%
3	3	Cosco	46.1	49	3.1%	6.0%
6	4	China Merchant	35.1	48	16.9%	5.9%
4	5	DP World	44.2	47.9	4.1%	5.8%
2	6	Hutchison Ports	46.7	47	0.3%	5.7%
7	7	Terminal Inv. Ltd	26.5	33.7	12.8%	4.1%
8	8	ICTSI	8.9	11	11.2%	1.3%
10	9	SSA Marine	8.1	8.8	4.2%	1.1%
9	10	Evergreen	8.5	7.7	-4.8%	0.9%
Top 10 volumes			327.2	366.9	5.9%	
Top 10 share			40%	45%		
Global Port volumes			811.7	820.3	0.5%	



### Section 3: Port Competition

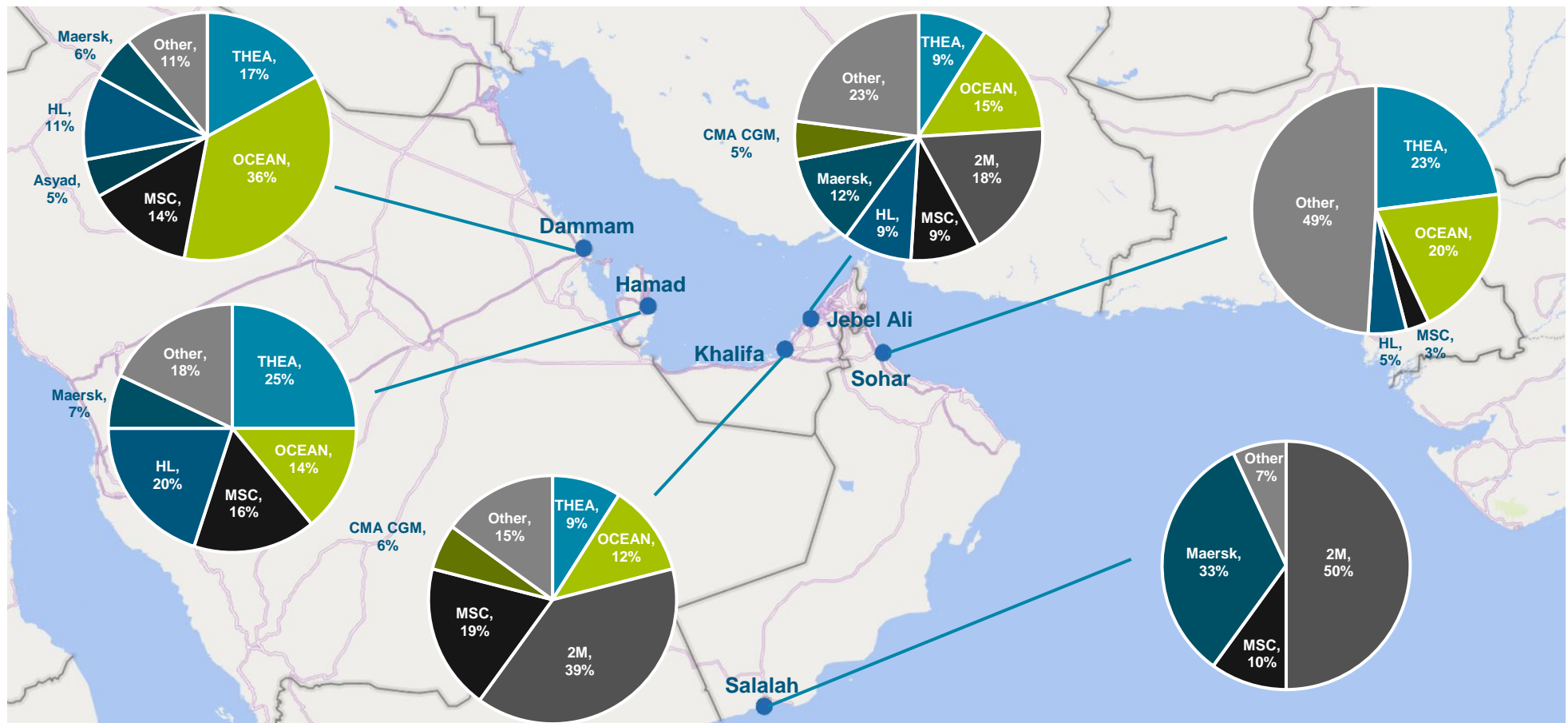
Transshipment volumes are concentrated in Jebel Ali and Salalah, which together handle over 80% of the transshipment volumes in the region.

Main regional ports



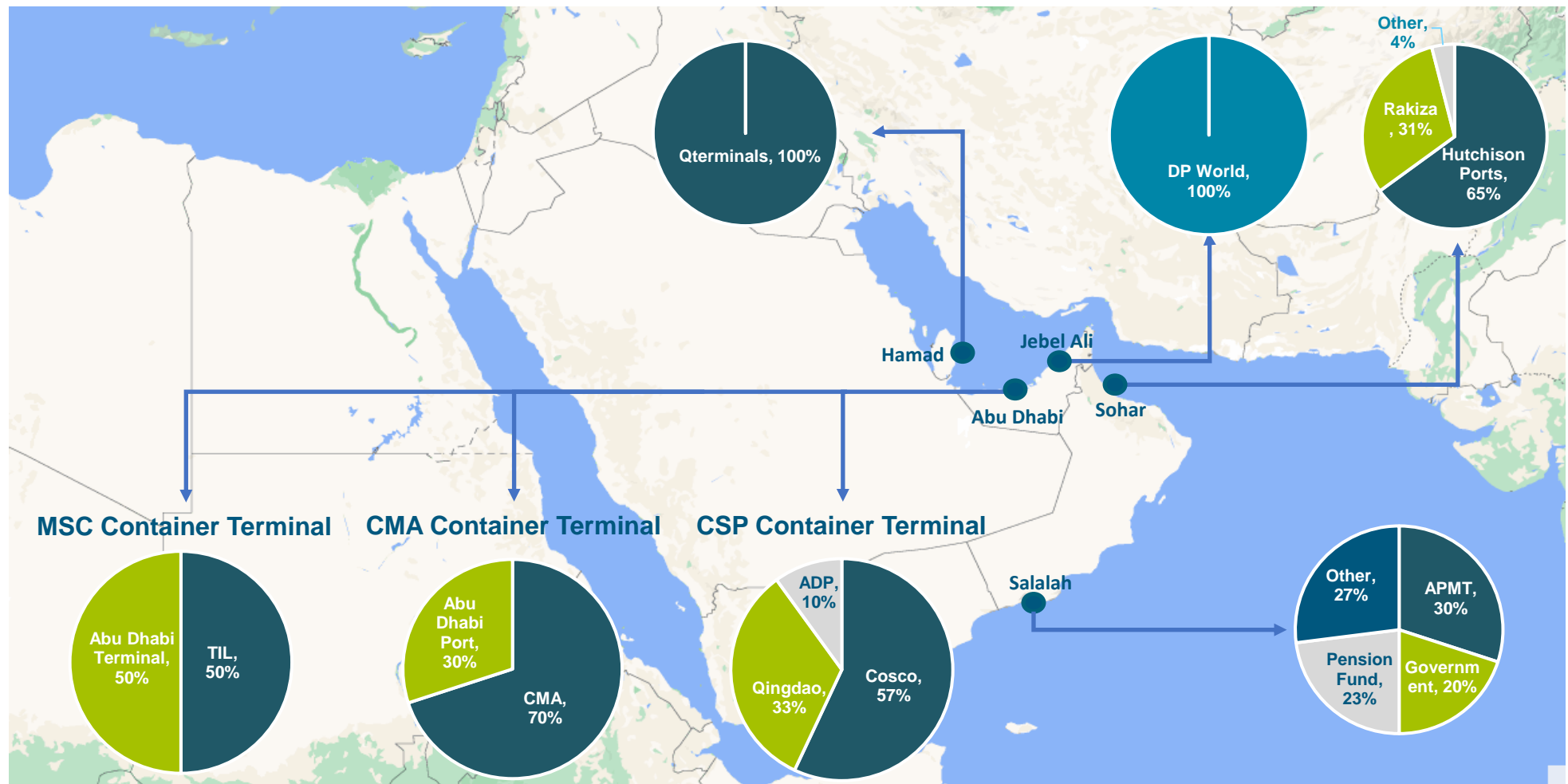
All three alliances have a big presence in the region. The largest independent shipping services are from MSC, Maersk and Hapag Lloyd.

Market share per shipping lines (%)



All major global terminal operators have an equity investment in a terminal in the region. Hamad, Jebel Ali and Sohar are operated by global terminal operator not linked to any major shipping line.

Ownership structure of main regional container terminals (%)



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*Thank  
You!*