

**OCEAN
SHIPPING
CONSULTANTS**

a company of



Global and regional container trends and developments

Trans Middle East 2024 – Abu Dhabi

24th January 2024



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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.



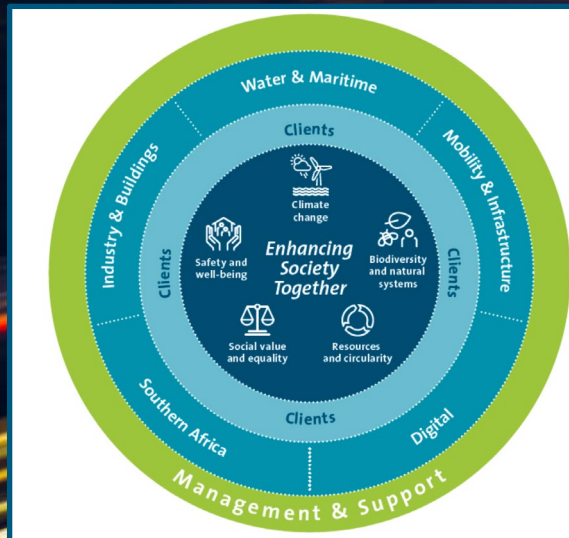
140 Countries



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 Duba expansion - 2022

Neom is a new smart city being built in Northwestern Saudi Arabia. Port of Duba, 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.



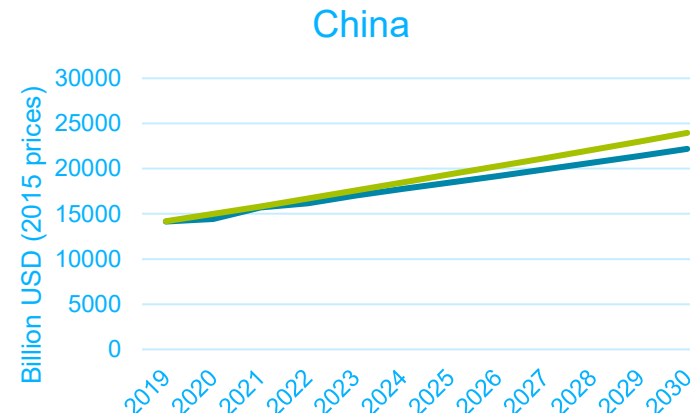
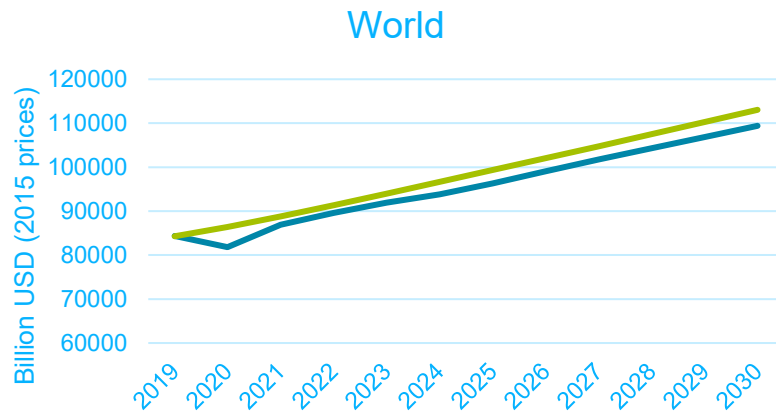
Abu Dhabi Container Freight Services - 2019 & 2020

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.

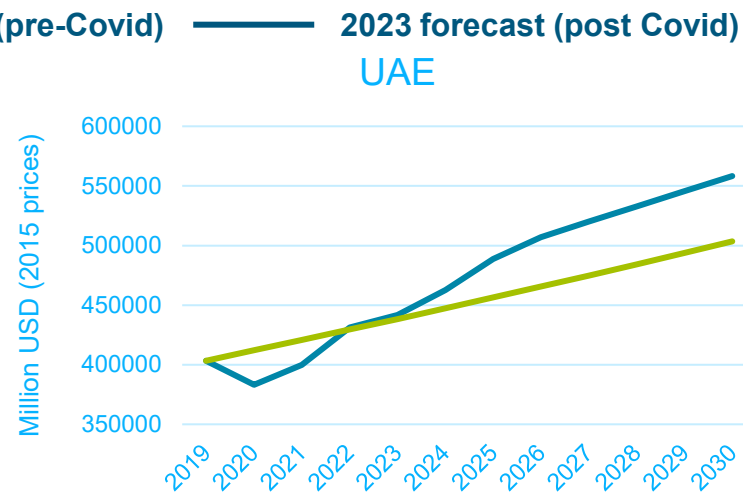
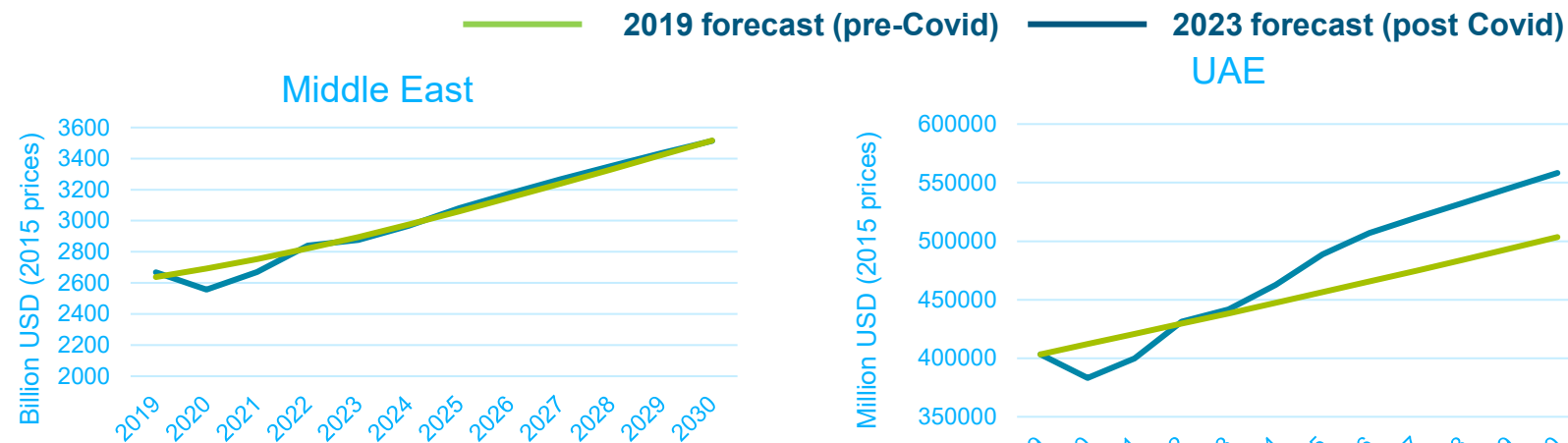
Royal HaskoningDHV conducted a planning and feasibility study of the CFS to assess the commercial viability which is also used as a base for negotiations with Abu Dhabi Ports to determine a reasonable lease price for the land.

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	-3.5%
China	-7.8%
Middle East	0%
UAE	10.9%

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.

3) Israel-Palestine conflict

- Increased instability in the middle east could lead to unpredictability in oil prices
- Attacks on ships in the Red Sea are already significantly impacting on global trade and could lead to increase in prices

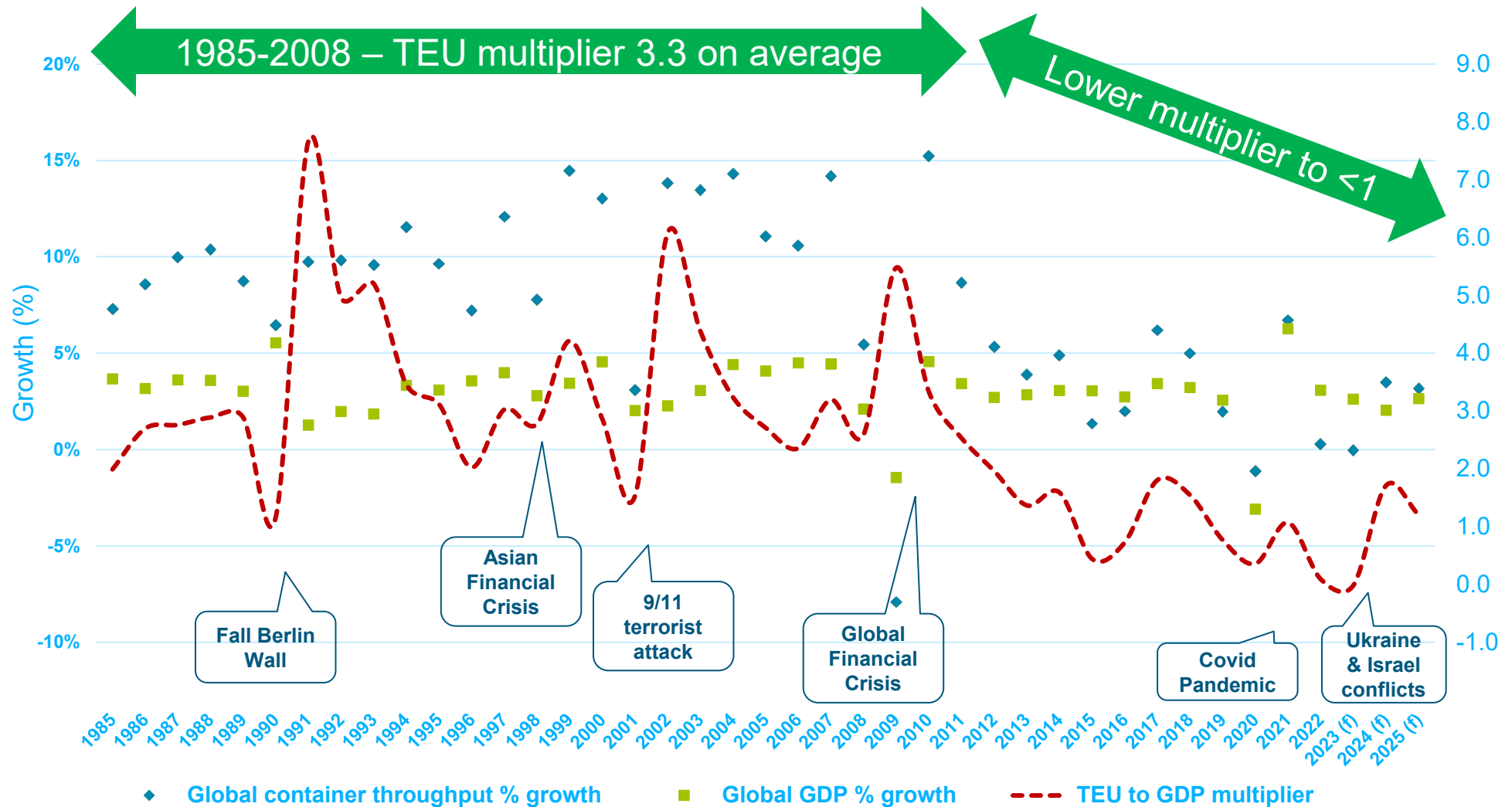
2) Ukraine war

- 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.

4) The world is now experiencing

- Extended period of instability and uncertainty
- 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.

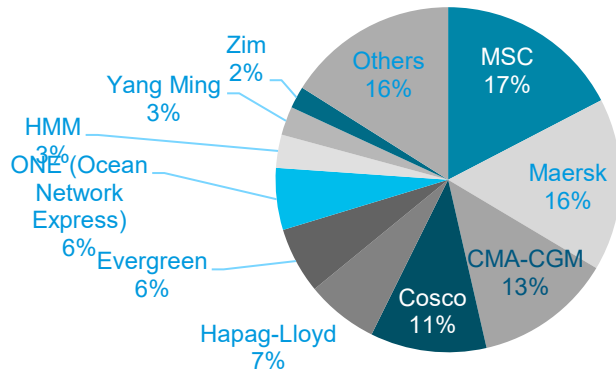


Source: OSC / Clarkson

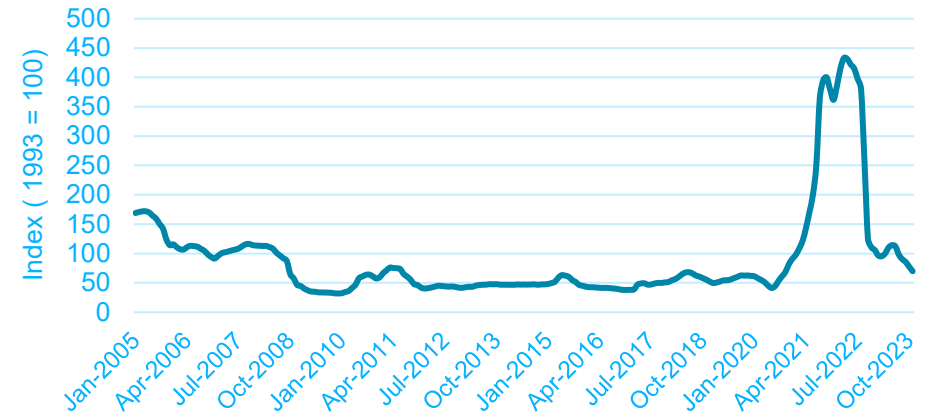
Container Shipping & Ports Sector

Key container shipping trends.

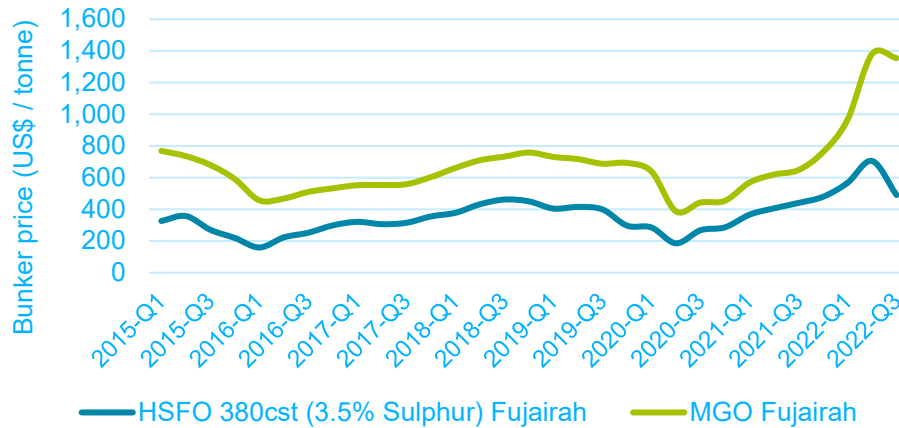
Containership fleet size per main operator



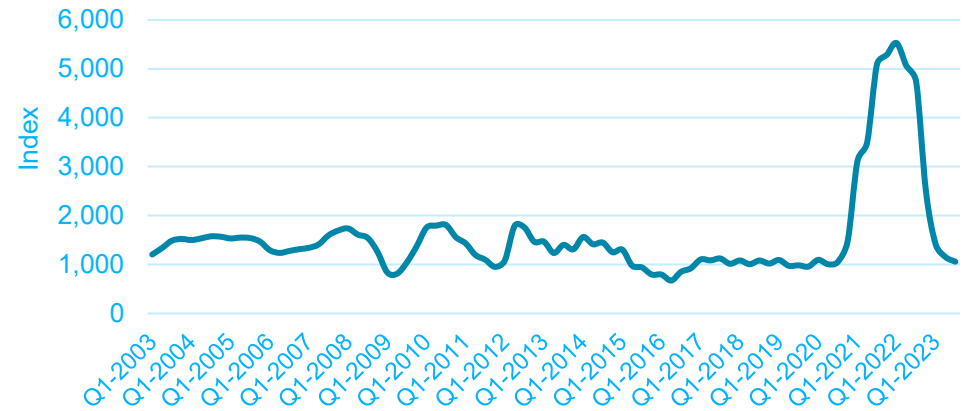
Average containership timecharter rate index (1993 = 100)



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



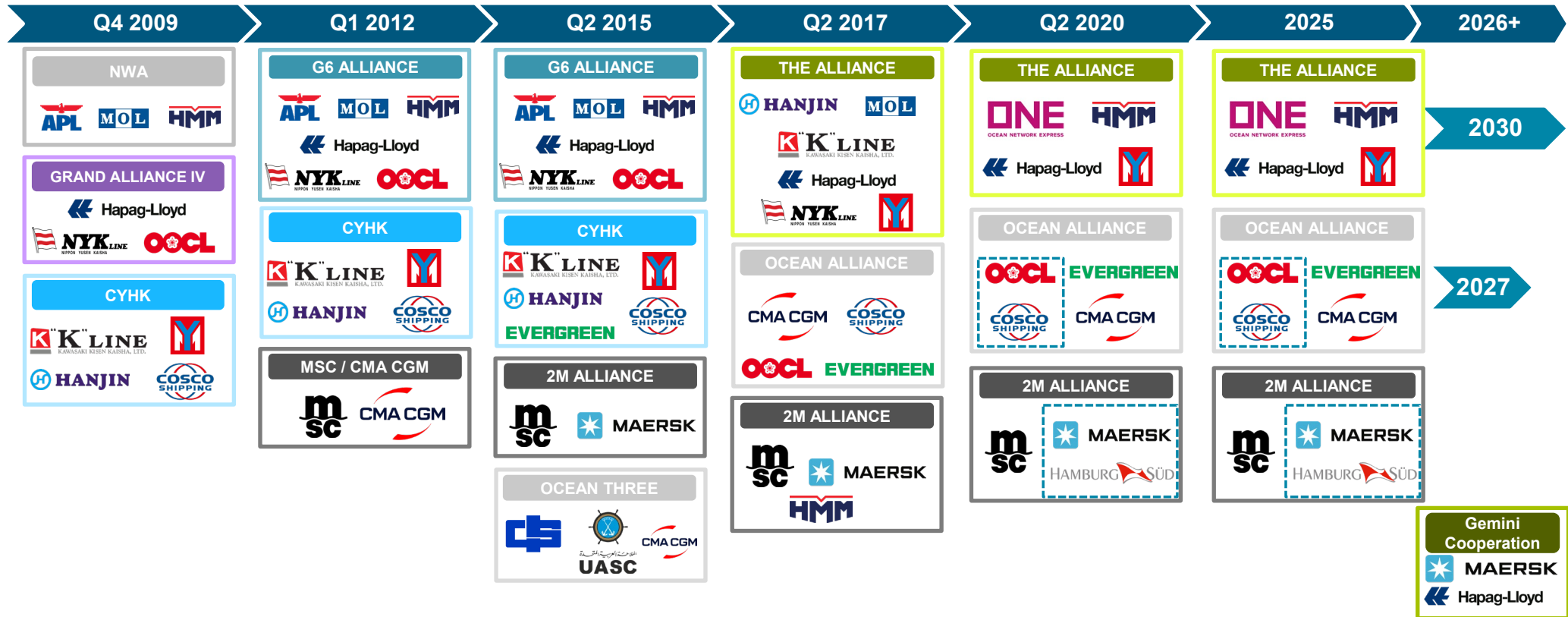
China-Europe Container Freight Rate Index



Source: OSC / Clarkson

Container Shipping Sector

The shipping industry has consolidated through alliances and M&A to improve vessel utilization and sea freight rates and enables liners to bundle their routes to offer a wider global network. Since 2015 all main carriers have been part of an alliance, the 2M Alliance will be discontinued in January 2025, with Maersk switching to the Gemini Cooperation. The OCEAN and THE Alliance run until 2027 and 2030.



Main Carriers Not Part of an Alliance

MAERSK MSC
CMA CGM EVERGREEN

MAERSK
EVERGREEN

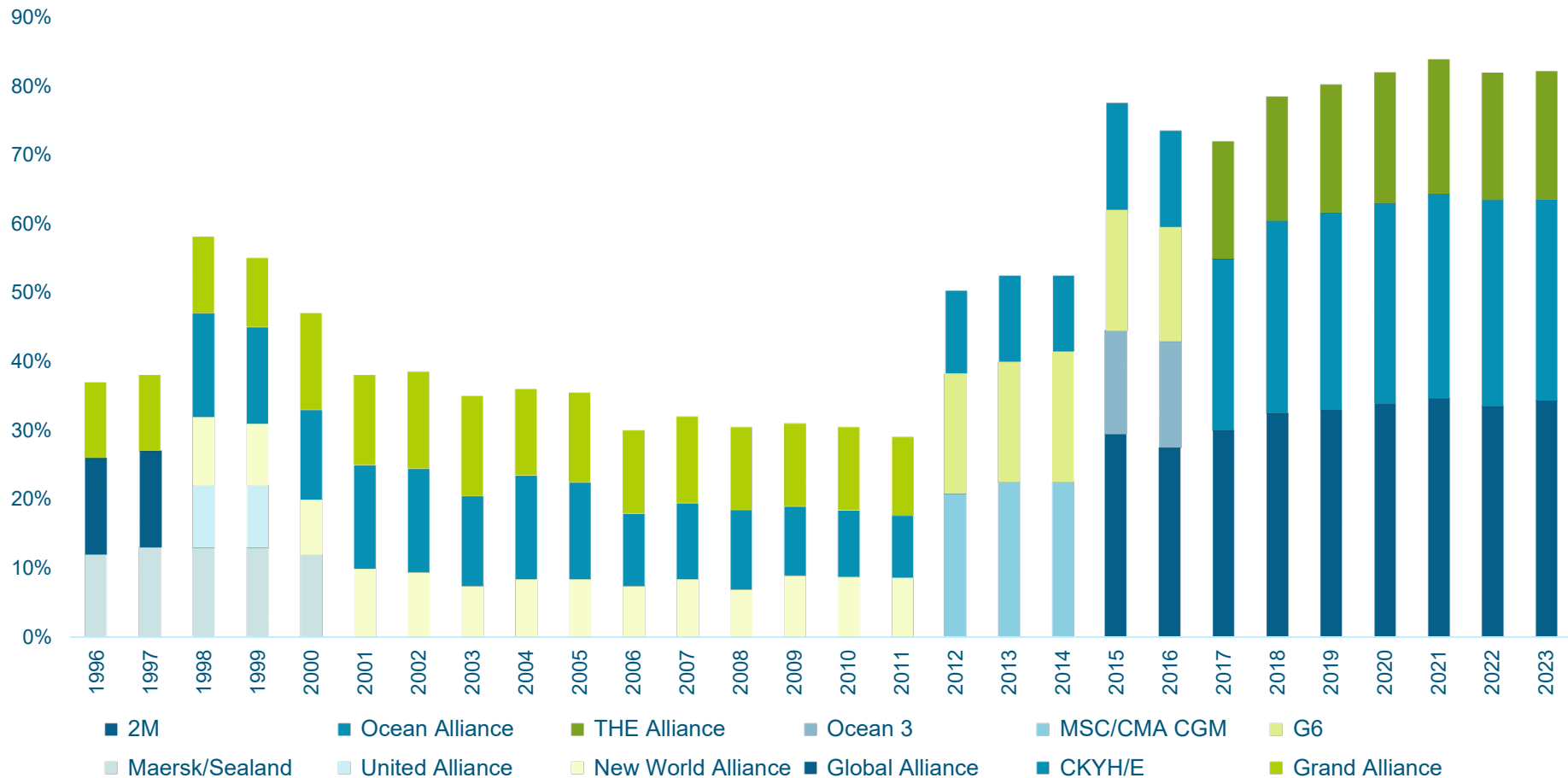
MSC

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

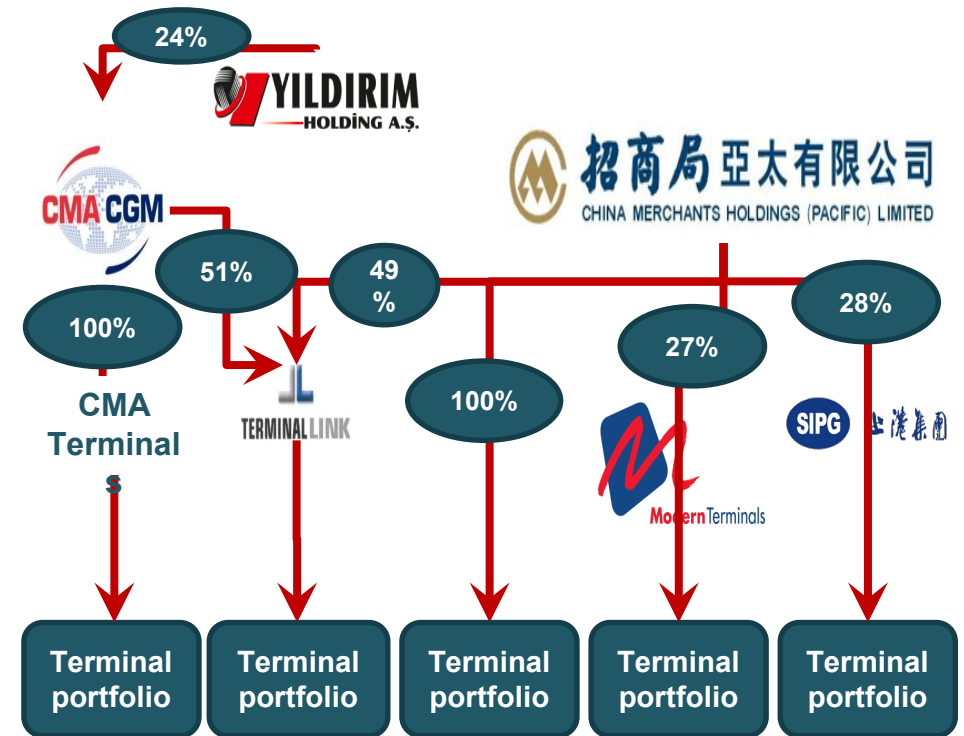


Source: Alphaliner

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.

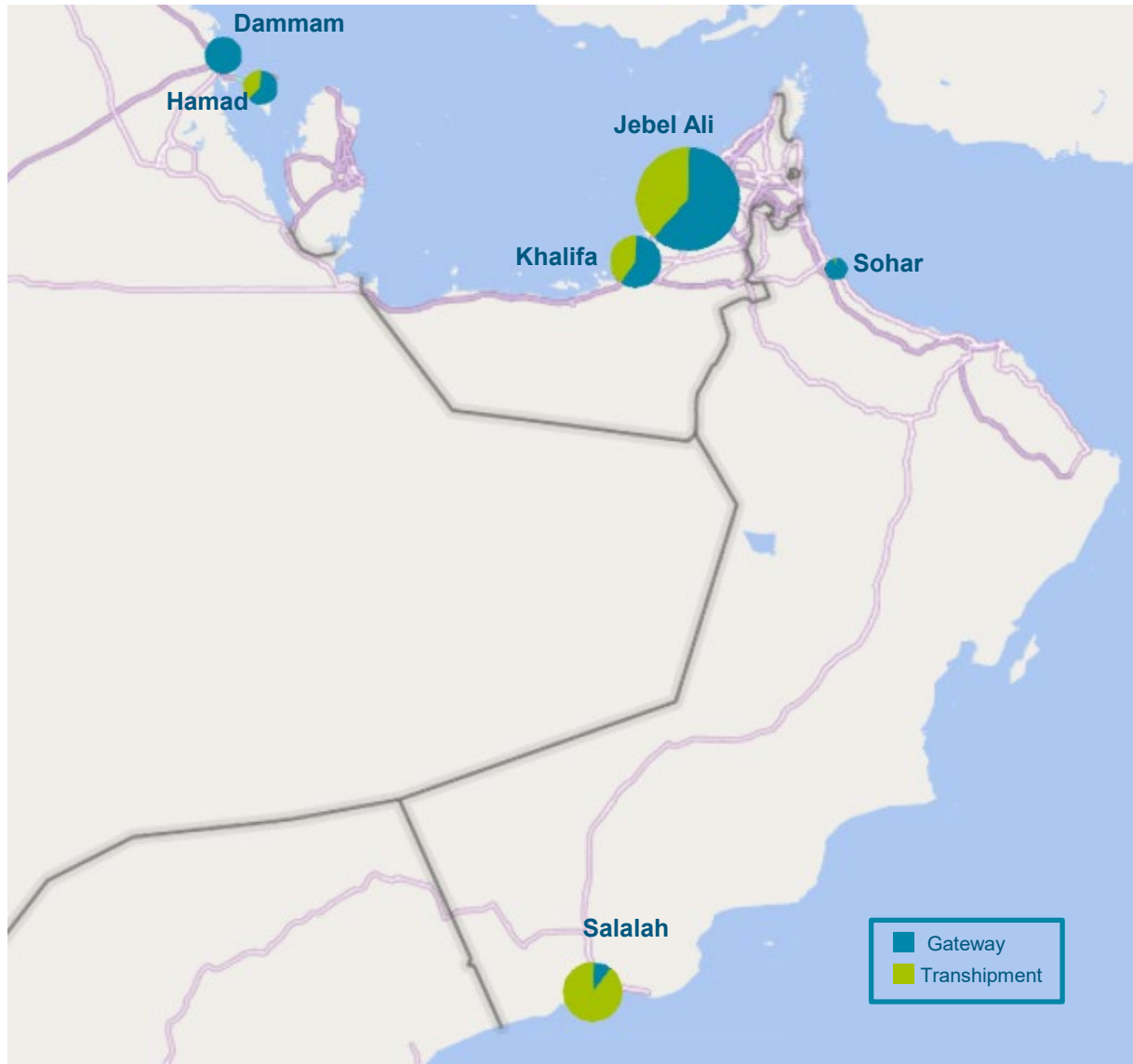
Rank 2016	Rank 2022	Operator	Volumes (TEUm) 2016	Volumes (TEUm) 2022	CAGR	2022 Share %	
1	1	PSA	52.4	61	2.6%	7.0%	↓
5	2	Cosco	29.1	52.9	10.5%	6.0%	↑
6	3	China Merchant	27.9	50.6	10.4%	5.8%	↑
4	4	APM Terminals	37.3	48.8	4.6%	5.6%	↓
3	5	DP World	40	46.5	2.5%	5.3%	↓
2	6	Hutchison Ports	45.6	45.1	-0.2%	5.1%	↓
-	7	MSC	-	27.5	-	3.1%	↑
8	8	ICTSI	7.9	11.7	6.8%	1.3%	↓
7	9	Term Inv. Ltd	19.3	10.8	-9.2%	1.2%	↓
14	10	CMA-CGM	5.1	9.4	10.7%	1.1%	↑
Top 10 volumes			264.6	364.3	5.5%		
Top 10 share			37%	42%			
Global Port volumes			713.7	876.1	0.50%		



Section 3: Port Competition

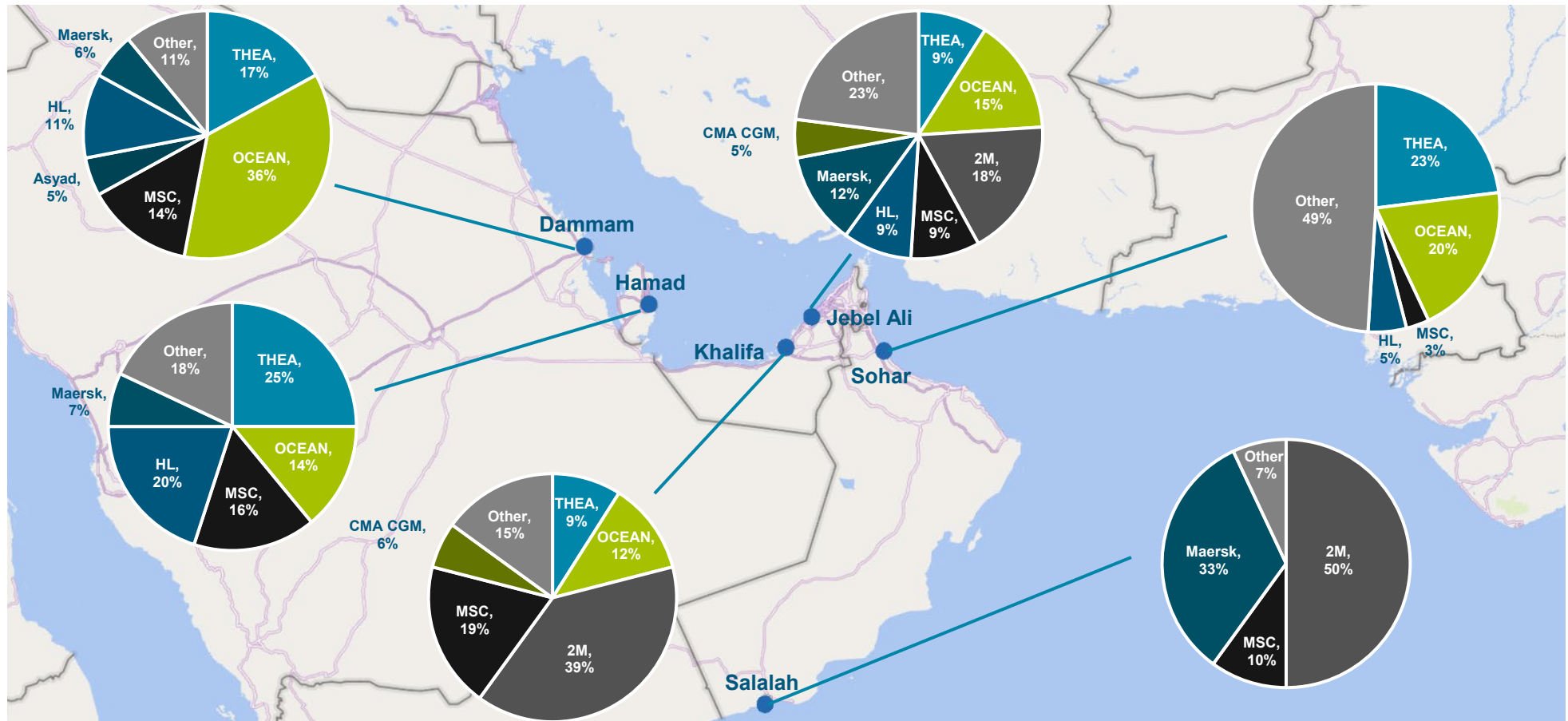
Transshipment volumes are concentrated in Jebel Ali, Khalifa port and Salalah, which together handle over 80% of the transshipment volumes in the region.

Main regional ports



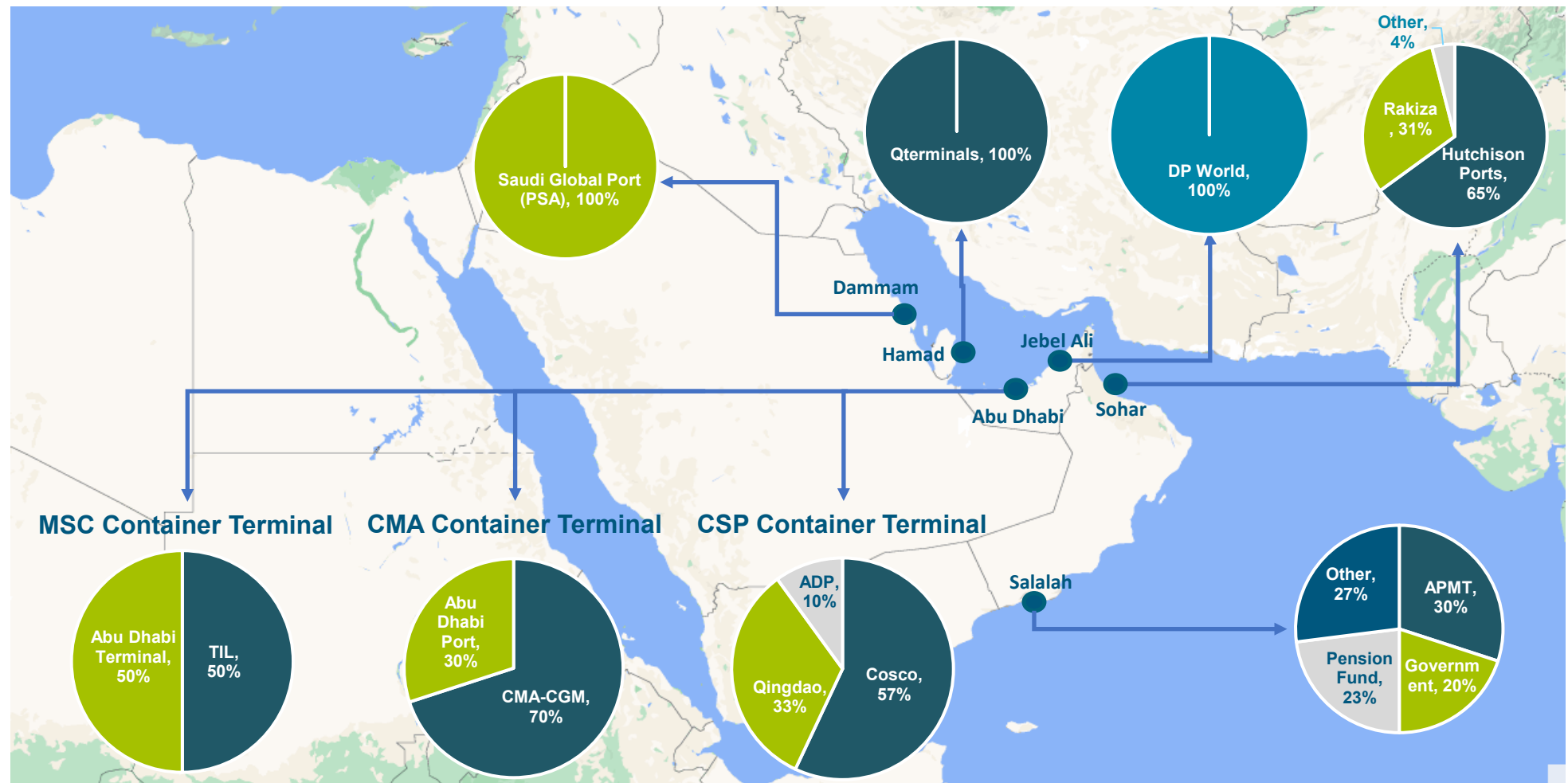
All three alliances have a big presence in the region. The largest independent shipping services are from MSC, Maersk and Hapag Lloyd.

Market share per shipping lines (%)



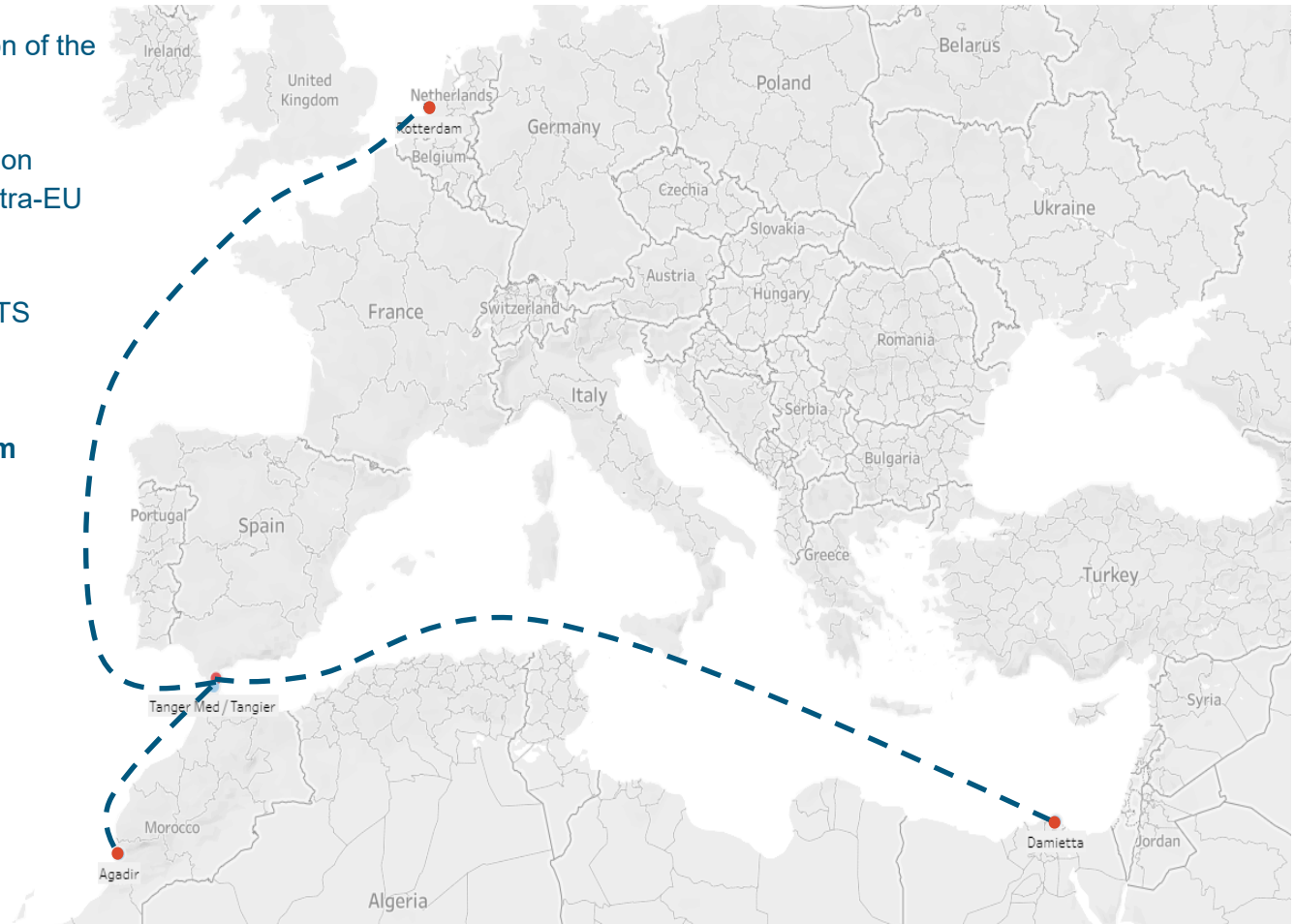
All major global terminal operators have an equity investment in a terminal in the region. Hamad, Jebel Ali and Sohar are operated by global terminal operator not linked to any major shipping line.

Ownership structure of main regional container terminals (%)



RHDHV has developed its own EU ETS financial CBA model to evaluate the financial incentive shipping lines have by changing their services/routing. Under the ETS legislation, shipping lines need to compensate for CO₂, (as well as methane (CH₄) and nitrous oxide (N₂O) from 2026), by ships > 5,000 GT.

- The EU ETS intends to boost decarbonisation of the maritime sector.
- ETS obligation differs between CO₂ emitted on intra-EU voyages (100% allowances) and extra-EU voyages (50% allowances).
- Specific clause for non-EU ports with >65% TS located <300 nm from an EU port.
- **Route 1: Damietta > Algeciras > Rotterdam**
 - Leg 1: Damietta > Algeciras (50%)
 - Leg 2: Algeciras > Rotterdam (100%)
- **Route 2: Damietta > Tanger > Rotterdam**
 - Leg 1: Damietta > Tanger (50%)
 - Leg 2: Tanger > Rotterdam (50%)
- **Route 3: Damietta > Agadir > Rotterdam**
 - Leg 1: Damietta > Agadir (0%)
 - Leg 2: Agadir > Rotterdam (50%)



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*Thank
You!*