

# “New landscape of connectivity between Black and Baltic Seas”



**MAERSK**



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## Global Trade, Container Shipping and GSC outlook

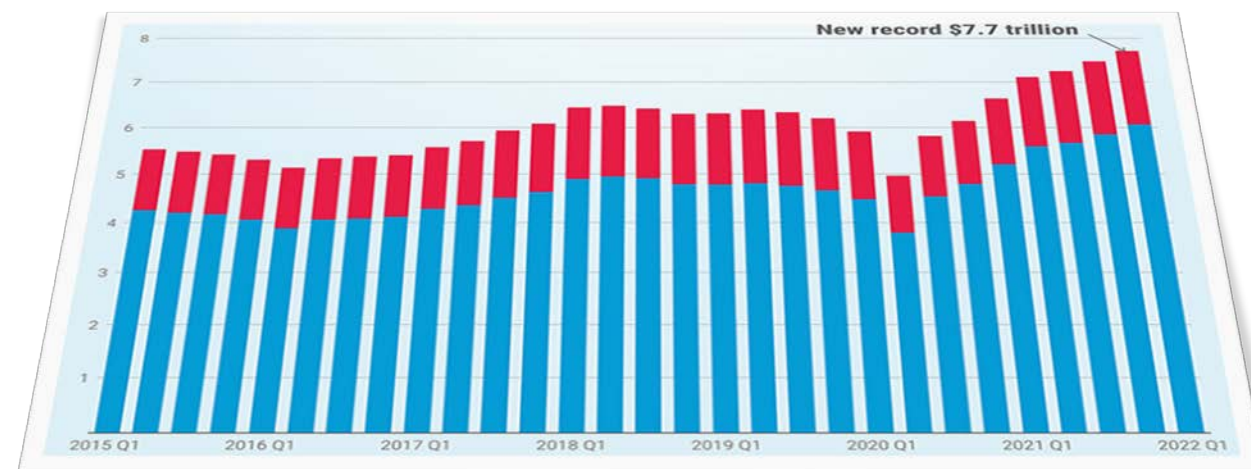
- Global economic growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022.
- Global trade hits record high of \$28.5 trillion in 2021. The value of global trade rose to a record **\$7.7 trillion** in Q1 2022, an increase of about \$1 trillion relative to Q1 2021.

Since 2003 container sector posted high growth rates. Global container throughput rose by an annual average rate of more than 35%.

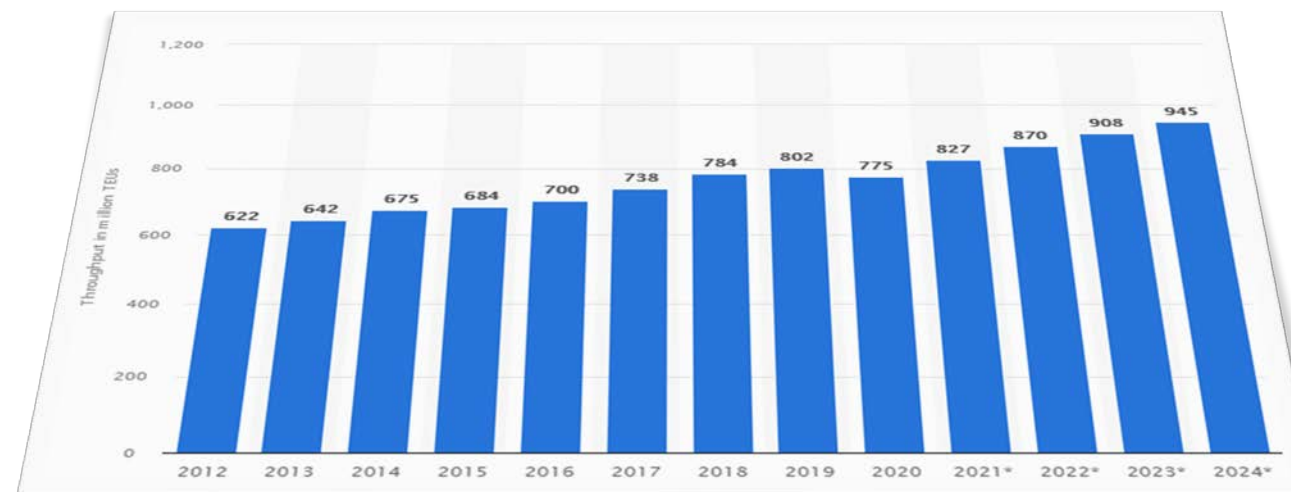
### The reasons for the historically high growth:

- ✓ The growing liberalization of world trade;
- ✓ The rising share of goods that are ideal for shipping via container;
- ✓ Advances in container technology;
- ✓ Container ships possess specific advantages: shorter loading and unloading times reduce turnaround times in the port, which cuts costs;
- ✓ Options for onward conveyance via other modes of transport are better with containers than with general cargo;
- ✓ Ever bigger and faster ships have enabled constant productivity gains;
- ✓ Extensive investment in port infrastructure.

### Global quarterly trade trends 2015-2022



### Container throughput at ports worldwide from 2012 to 2020 with a forecast for 2022 until 2024 (in million TEUs)



# Global Trade, Container Shipping and GSC outlook

## 5 Major Current Trends in Foreign Trade

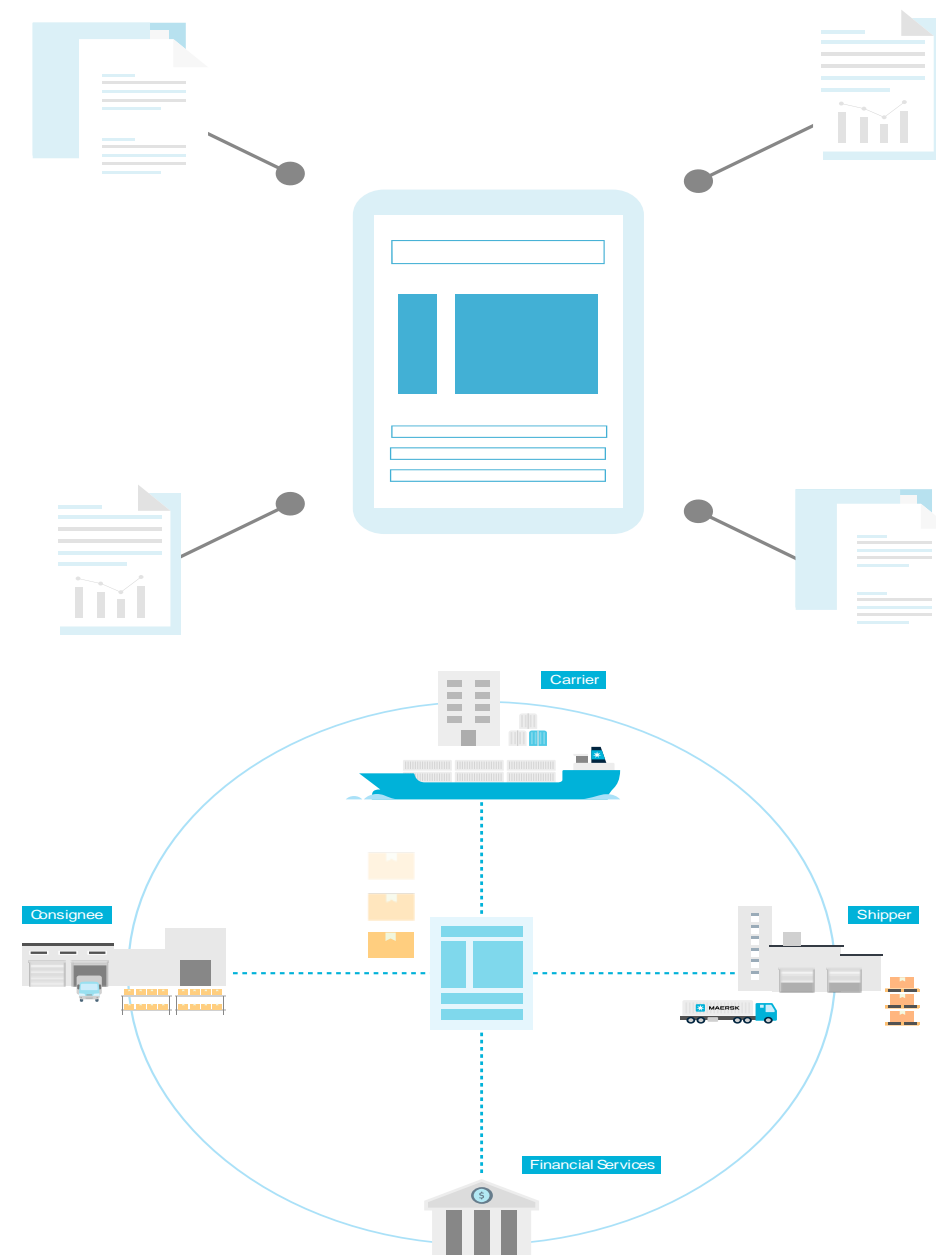
1. Moderate economic development that varies by sector and area.
2. Persistent issues with the supply chain
3. Political penalties
4. Improving information data security
5. Technologies using artificial intelligence and automation

## Burden in Global Supply Chain

- Global Trade is highly inefficient and burdened by paper-based processes. Supply chains are struggling with fragmentation of data, low visibility and low levels of collaboration between partners.
- Covid-19 and disruptions in the Industry shows importance of digitalization as its defined costly.
- Supply chains still grapple with a range of documentation and myriad compliances. These include shipping notes, way-bills, lading invoices, hazardous goods notes, VAT, customs duties, etc. They add to costs and cause needless delays, thus, Invest in digitalization will increase efficiency in the Global supply chain.

## Advantages of Digitization for Global Supply Chain

- Connect the Industry stakeholders;
- Determine true information sharing;
- Increase collaboration and trust;
- Boost innovation.



## □ New Geopolitical configuration / Challenges and Opportunities

### Challenges:

- War in the territory of Ukraine;
- Closure of Ukrainian commercial seaports;
- Sanctions imposed towards Russia and Belarus;
- Closure of Commercial Ports for Global shipping line (Novorossiysk/St. Petersburg);
- Unreliable transit corridor through trans-Siberian railway and Belarus.

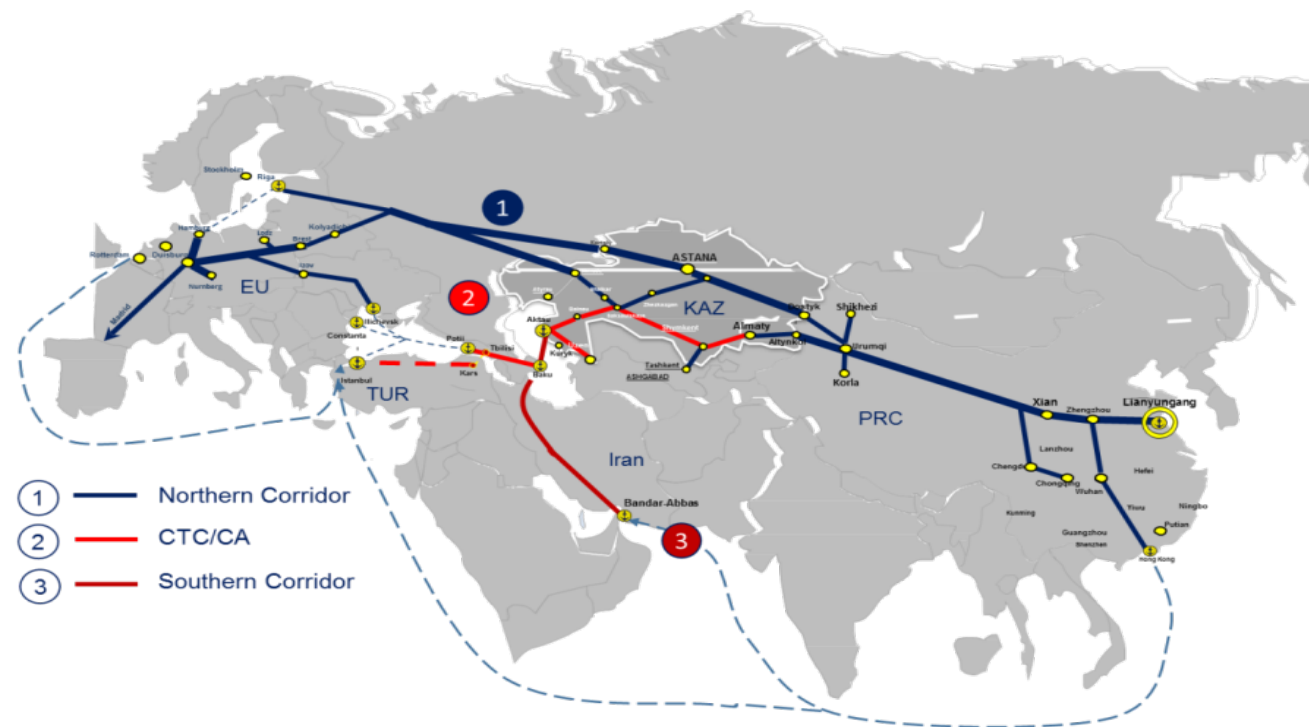
Since Ukraine accounts for about a third of all container turnover in the Black Sea, the war will badly affect the region and reduce the total container turnover by up to 35%.

Since Novorossiysk will be operating with immense limitations therefore container turnover in the Black Sea expected to decrease by around 20%.

Monthly turnover in the region expected to fall by up to 55%.

### Opportunities:

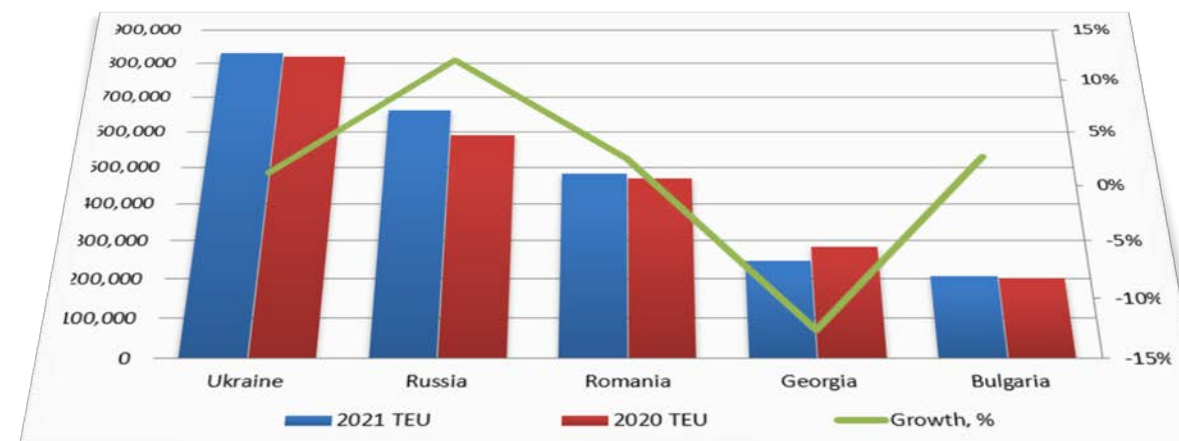
- Middle Corridor becomes the only ONE route for implementation of Silk Road between east and west;
- Black sea and its vanguard Poti sea port becomes hub of European and Asian train routes such as Middle Corridor and Viking transit route. Therefore, the development of multidimensional and multimodal linkages is vital.



## Black Sea Container Market Review

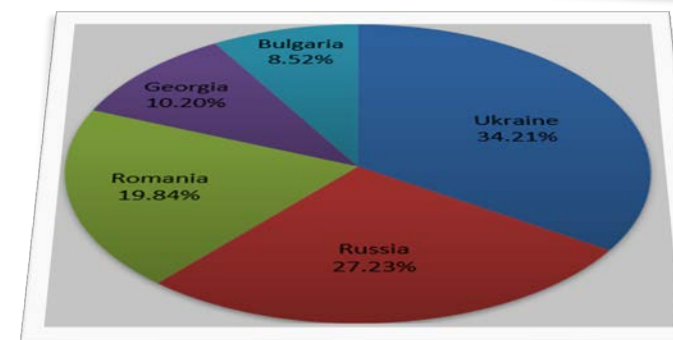
- Black Sea container terminals of Ukraine, Romania, Russia, Bulgaria and Georgia handled 3,099,168 TEU in 2021, including empty containers and excluding transshipment.
- The total increase achieved by these five countries for the period was 2,59% compared to the same period last year.
- In 2021 the highest growth in laden container turnover was achieved by Russia – 11,97%.
- During this period of 2021, 56,53% of full containers handled were imported, with 43,47% of the volume being exported. It is estimated that laden containers share was 78,27% and empty containers share was 21,73%.
- The percentage of laden volume handled by each country in 2021 distributed as follows: Ukraine – 34,21%, Russia (Black Sea) – 27,23%, Romania – 19,84%, Georgia – 10,20%, Bulgaria – 8,52%.

## Black Sea region turnover, 2021 and 2020, TEU, laden containers



## Laden container turnover by countries

Country	2021, TEU laden	2020, TEU laden	Growth, %
<b>Ukraine</b>	829,725	819,958	1,19%
<b>Russia</b>	660,581	589,961	11,97%
<b>Romania</b>	481,210	469,664	2,46%
<b>Georgia</b>	247,415	283,404	-12,70%
<b>Bulgaria</b>	206,742	201,346	2,68%
<b>Total</b>	<b>2,425,673</b>	<b>2,364,333</b>	<b>2,59%</b>



## □ New VIKING – Intermodal Corridor between Baltic & Black Seas

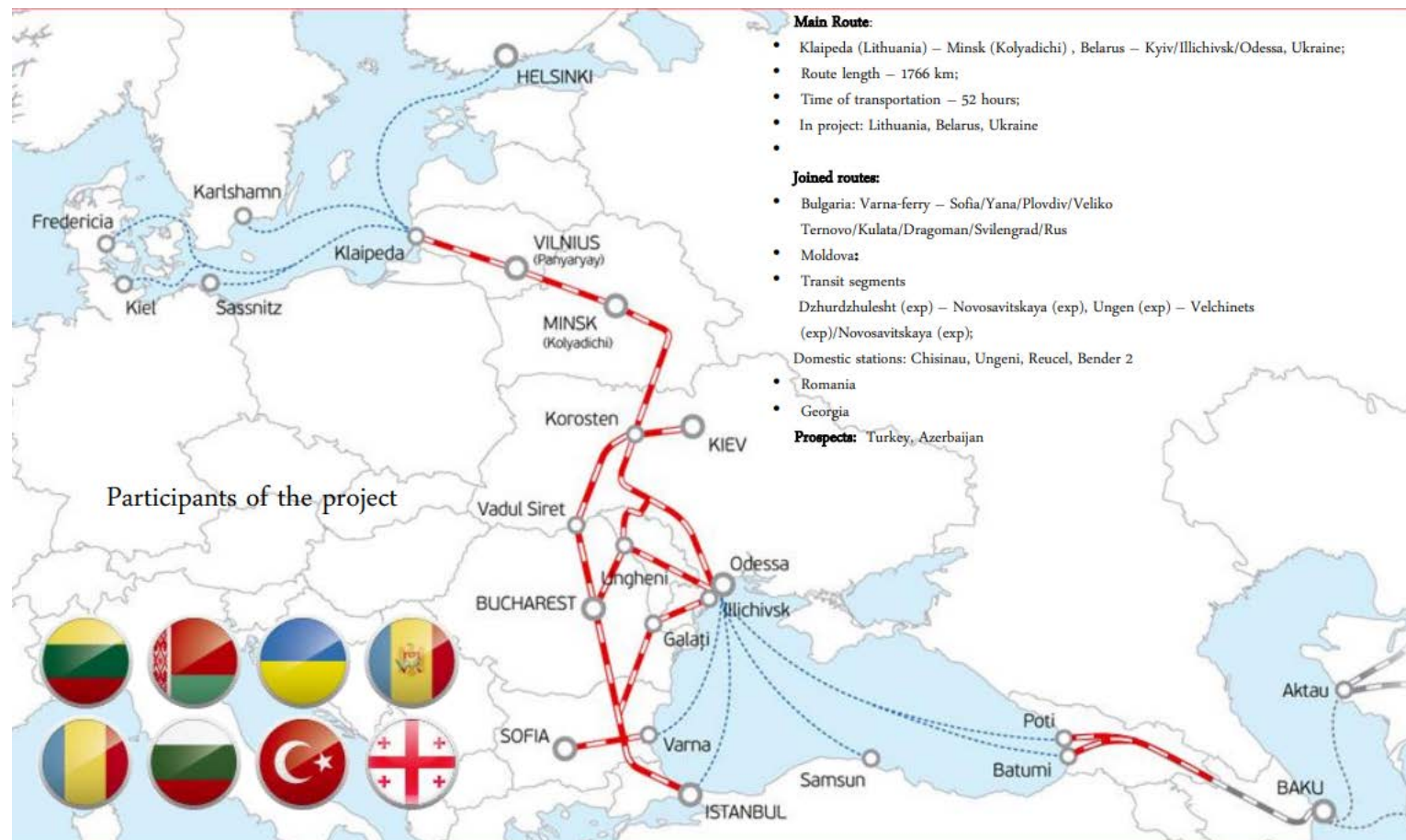
The Viking Corridor spanning from Lithuania through Belarus, Ukraine, Romania, Moldova, Bulgaria and Turkey that connected the Baltic and Black Seas via railway. From Klaipeda, there is short-sea connections to Scandinavia, but also to northern Europe.

TRACECA corridor united Armenia, Azerbaijan, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan.

Further extensions of the Viking train have their origins in the Caucasus from where it is planned to keep developing cross-border railway connections in order to reach Central Asia. In order to empower Viking train in container transport studies are considering the extension of the route to Central Asia to cross the Black Sea to Georgian port of Poti. If the cargo's final destination is further to the east, then it is possible to make use of the TRACECA railway corridor that goes through Georgia and Azerbaijan to the CA and reaches the borders of China.

Georgia to become a central hub, connecting the Viking route in Europe with the TRACECA.

### Baltic Sea – Black Sea Corridor - VIKING Train



## □ New VIKING – Intermodal Corridor between Baltic & Black Seas

### Advantages of New Viking corridor:

- Connection of new participants with different regions, territorial extension of the Corridor;
- Involvement of carriers and provision of intermodal service;
- Fixed schedule, transit time, allowing to plan expenses, delivery time and optimum linking of transport;
- Fixed cost at the whole route and single transport document;
- Line container use / No rent;
- Possible to increase free time of using the container;
- Possible to use container for back loading without payment for empty run.

### Lietuva / Poland-Ukraine / Romania set up ‘Black Sea to Baltic’ intermodal corridor:

**Klaipeda/Gdansk, Warsaw, Doronhursk or Medyka and will end up in Ukrainian/Romanian ports.**

**Objectives** - ‘Black Sea to Baltic’ intermodal corridor will provide an alternative route to westward transportation originating from China. Cargo travelling on trains from, Xi’an, through transit countries like Kazakhstan, Azerbaijan and then Georgia, can be transported in Romania using Black Sea, and respectively get distributed in Europe via New Viking route.

### Intermodal carriage with VIKING container train in TRACECA





## □ Maersk Role as a Global logistic integrator for Viking & Middle Corridor

- We see the importance of our participation in the process not only as shipping line but as a global containerized logistic integrator. Our group has a world class experience presenting trucking, Rail, WnD/ICR /SCM etc and we understand that our expertise will be critically useful for development and optimization of the Viking and Middle Corridor through Black sea as a main gateway between Baltic, Caucasus and CA.
- Separately should be mentioned importance of intensification of digitalization for facilitation cargo flows in the corridor and we are happy that one of our project (TradeLens) is already in the process of cooperation with TRACECA, UN and this circumstances emphasize the importance of the speed up IT solutions implementation.



## □ Maersk Role as a Global logistic integrator for Middle Corridor

### Intercontinental Rail:

- ✓ Block Train,
- ✓ Single Container FCL
- ✓ Less than container LCL

### Maersk Inland Delivery:

- ✓ Trucking / Rail combined services to/from Baku, AZ
- ✓ Overland / Creation direct services to/from CA

### Warehousing & Distribution services:

- ✓ Consolidation Centers
- ✓ Deconsolidation Centers
- ✓ Fulfilment Centers

### Managing your supply chain on three fronts:

- ✓ Data Management
- ✓ Stakeholder Management
- ✓ Shipment Management

### TradeLens:

- ✓ Ecosystem Membership



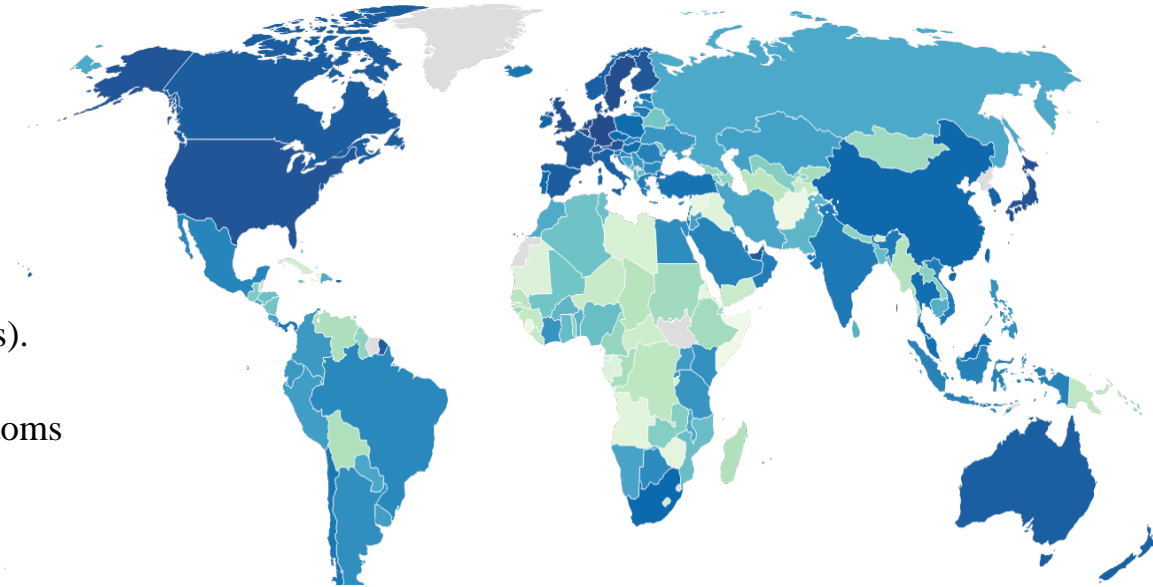
## □ LPI connectivity to Digitalization / TradeLens – Maersk Experience

### Logistic performance index

LPI ranks countries on six dimensions of trade. They are:

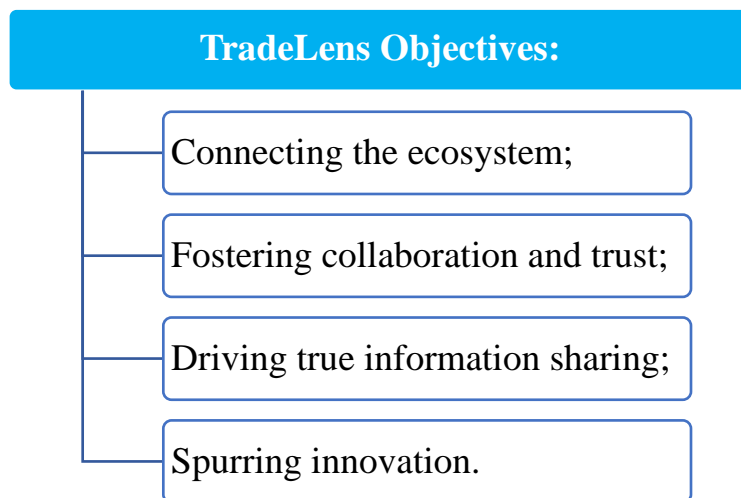
- The efficiency of customs and border management clearance (**Customs**).
- The quality of trade and transport infrastructure (Infrastructure).
- The ease of arranging competitively priced shipments (Ease of arranging shipments).
- The competence and quality of logistics services—trucking, forwarding, and customs brokerage (**Quality of logistics services**).
- The ability to track and trace consignments (**Tracking and tracing**).
- The frequency with which shipments reach consignees within scheduled or expected delivery times (**Timeliness**).

As the global integrator of logistics, Maersk wants to change logistics and adopting new technology to simplify and connect supply chains. The combination of big data application and AI algorithms makes all aspects of the supply more accurate and efficient.



## TradeLens – Maersk Experience

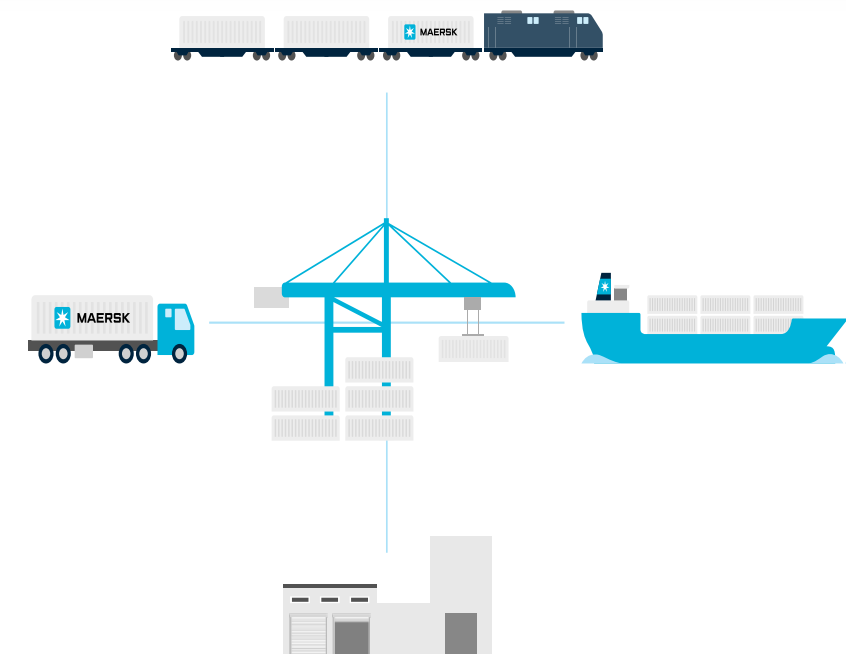
**TradeLens** is an open and neutral supply chain platform underpinned by blockchain technology. TradeLens Core strengthens operations with true end-to-end visibility of containerized freight and powerful trade document collaboration tools for members.



**TradeLens eBL** is a paperless instrument, issued by carriers, that is transferable, entitles the holder to the goods in shipment, and is surrendered to carriers for cargo release. Exchanging the eBL is a standardized process for all TradeLens participants.

### Benefits:

- ✓ Increase security and transparency;
- ✓ Streamline processes;
- ✓ Reduce cost;
- ✓ Access a digital ecosystem.



## TradeLens – Maersk Experience

- ❖ Through the platform, TradeLens customers gain access to end-to-end container transportation visibility, can collaborate with their logistics and trading partners including sharing documents on blockchain, and gain a comprehensive picture of the flow of goods. Partner Access can help drive synergies across supply chain ecosystem, and TradeLens electronic Bill of Lading helps eliminate costly paperless processes that are prone to human error.

### TradeLens Ecosystem Combines:



Customs and Government Authorities



Ocean Carriers



Ports and Terminals



Shippers And Cargo Owners



Intermodal Operators



3PLs and Freight Forwarders



Financial Services Providers

## The TradeLens Ecosystem today

### Authorities

Working with authorities from 10+ countries to deliver better information sharing, less manual paperwork, and easier connections to national single window platforms.



### Carriers

Partnerships with >15 global ocean carriers representing data on 75% of global container shipping volume



### Intermodal + Rail

Maximizing the value of logistics firms (3PL and Intermodal) by improving collaboration via open global standards around commercial, documentary, and operational elements



### Ports and Terminals

- Coverage across 6 continents
- Data from up to 600 ports and terminals captured by existing TradeLens members
- 200+ ports and terminals directly integrated in to TradeLens



- Ports and terminals directly integrated with TradeLens
- Ports and terminals contributing data to TradeLens

## TradeLens – Maersk Experience

### Benefits TradeLens bring to the Customer

1. Realtime Visibility of Shipments;
2. Connecting Supply Chain Partners Together;
3. Digital Documents Accuracy and Sharing;
4. TradeLens unified eBL;
5. Integrate with external Systems.



# Thank you!

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