

**OCEAN  
SHIPPING  
CONSULTANTS**

a company of



## The Silk Road as a link between Central and SE Asia, The Middle East, Africa and Europe trade

*Varna, 22nd May 2018*

*7th Black Sea Ports & Shipping 2018 Exhibition and Conference*

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## Agenda

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What is BRI?



BRI origins



BRI today



# Introduction

Current:

**OCEAN  
SHIPPING  
CONSULTANTS**

Past:

**Drewry** 

**ARUP**

 **V.Group**

## Introduction

**Ocean Shipping Consultants (OSC)** is the maritime economic consultancy group of Royal HaskoningDHV, and a leading brand in the maritime sector with more than 35-years of experience

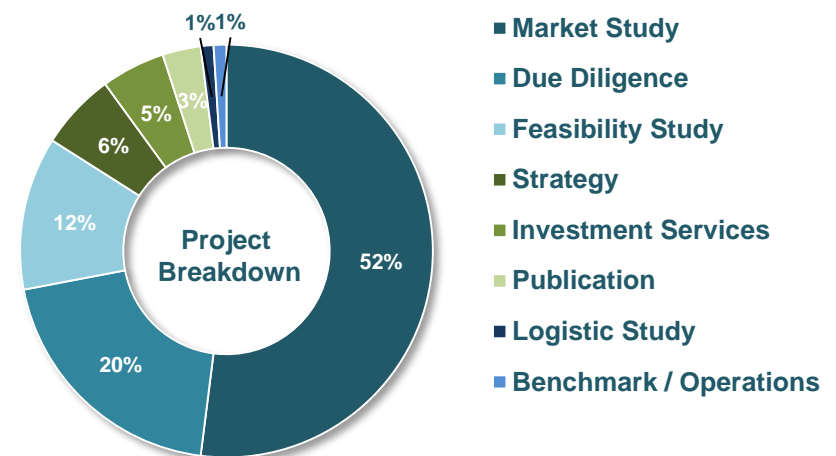
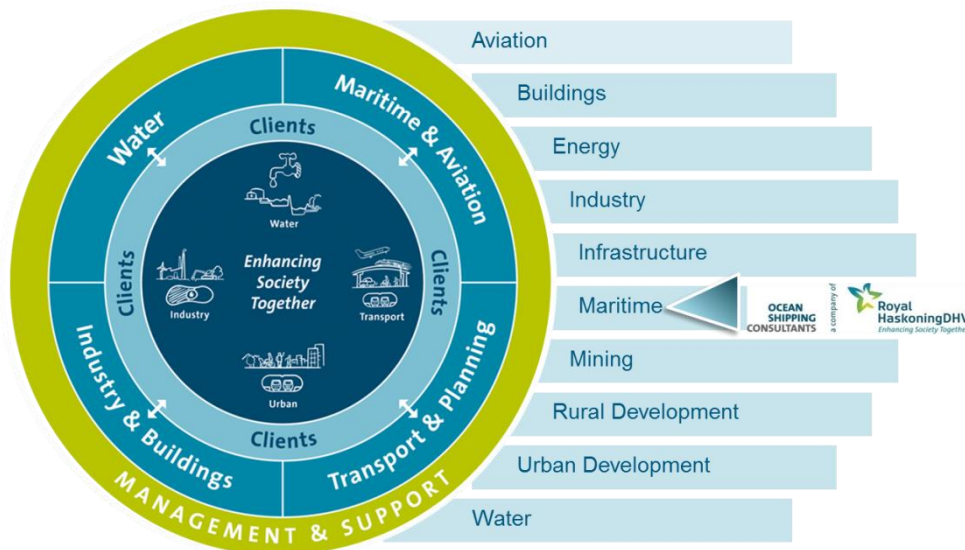
Key profile	Top International Design Firm	Resources
<ul style="list-style-type: none"> <li>Originally founded in 1881</li> <li>135 years of experience</li> <li>Turnover €600m (2016)</li> </ul>	Ranked 2 <sup>nd</sup> in Top International Design Firms – Marine & Ports by ENR (2016)	<ul style="list-style-type: none"> <li>6,000 employees</li> <li>100 offices in 35 countries</li> <li>650 dedicated ports and maritime professionals</li> </ul>

## OCEAN SHIPPING CONSULTANTS

350 projects in more than 65 countries successfully completed over the last 5 years. Offices in London, Amsterdam, Dubai and Singapore

Clients include port authorities, terminal operating companies, governments, shipping lines, logistics operators and the wider financial community.

These range of services are undertaken for all cargo types and sectors ensuring that clients are able to make appropriate, well informed decisions at all times.



## Examples of recent RHDHV involvement in Bulgaria

### Projects

Technical Assistance at BMF Port Burgas (ongoing)

Technical Due Diligence - Agria Port (2017)

Design of Intermodal Terminal – Varna (2016)

Port of Varna Masterplan (2016)

Port Burgas Masterplan (2016)

Pre feasibility study for port development Varna Power Plant (2015)

Lesport Terminal Expansion Project (2013)



## What is BRI



Section 1. What is BRI?

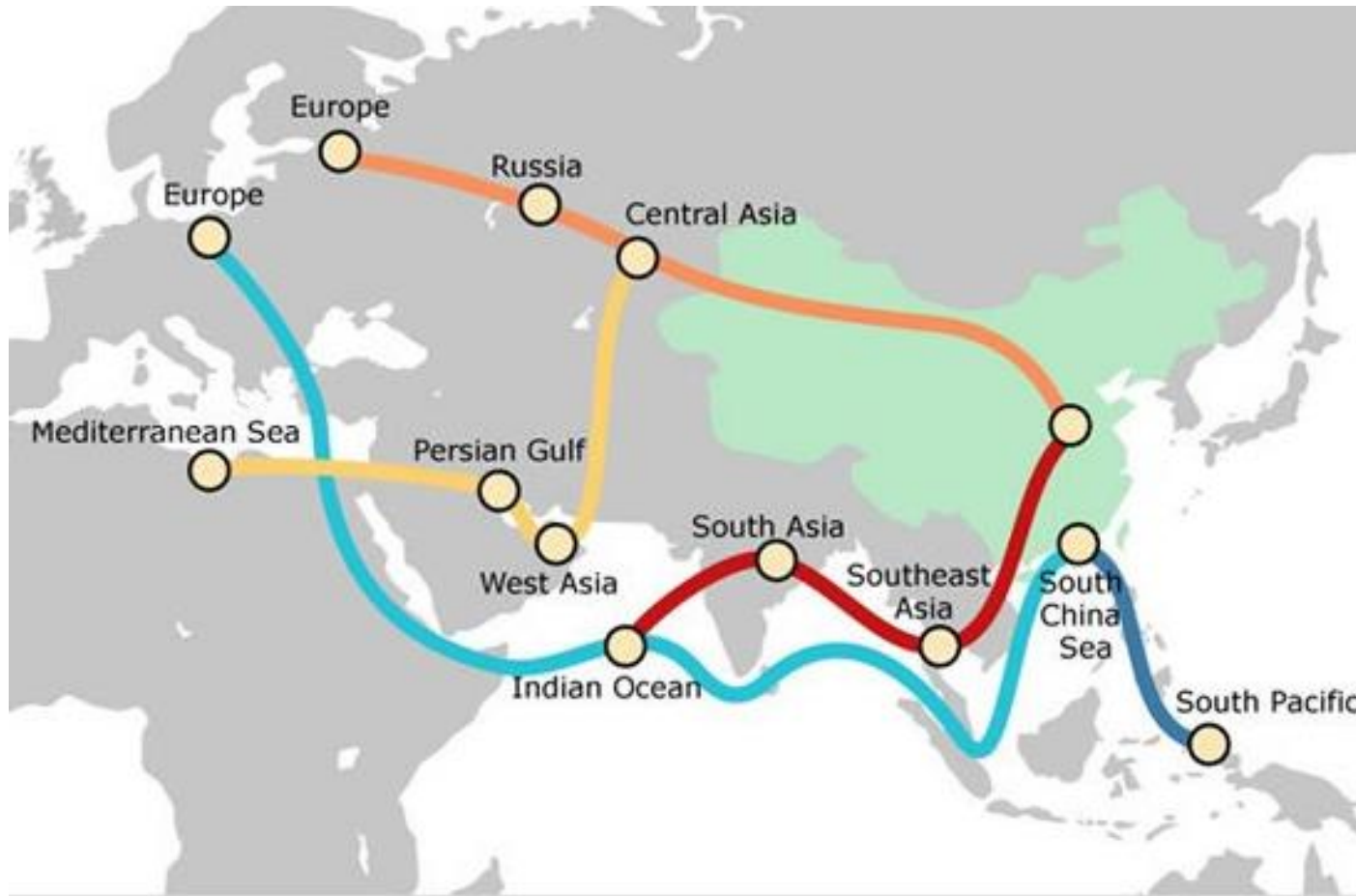
BRI in 2013: Trade facilitation through overland and sea route

*“To smooth the flow of commodities imports and to smooth the outbound flow of goods”*



Section 1. What is BRI?

**BRI in 2017: Connecting trade through infrastructure investment across the regions.**  
Includes investments prior to 2013 and reference to regions instead of individual locations.



Seaports



Bridge/roads



Land ports



Airports



Industrial zones

Source: China investment Research

## Section 1. What is BRI?

**2017: Belt and Road Forum for International Cooperation, on May 14–15, 2017 in Beijing.  
Next forum planned in 2019.**

Belt and Road Forum for International Cooperation, on May 14–15, 2017 in Beijing



### 1. Funds

- US\$50 billion invested to date (figure varies)
- US\$78.2 billion committed

### 2. Focus

- Industrial development
- Financial integration and reform
- Infrastructure construction

### 3. Framework

- Regional/global peace and security
- Mutual respect and non-interference
- Resolution of differences through dialogue
- Form new partnerships instead of alliances

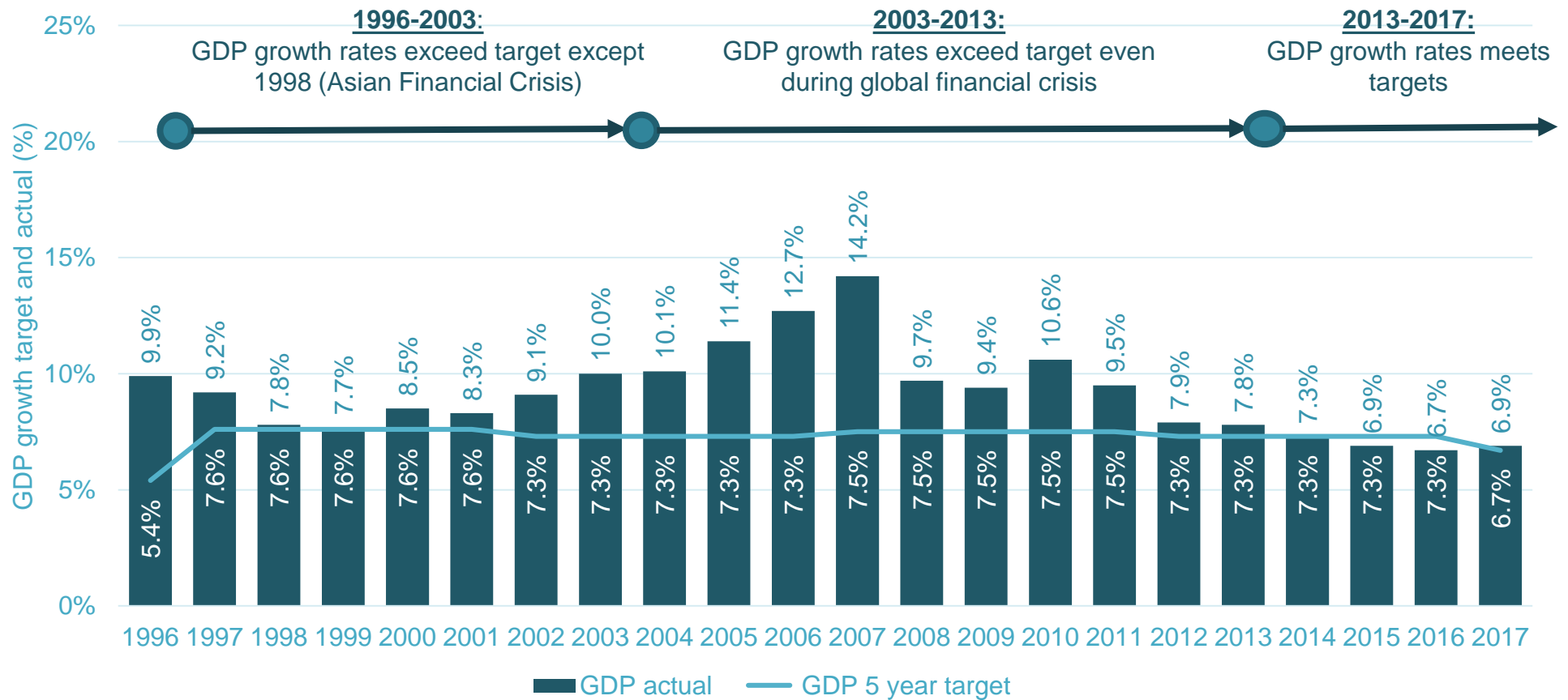


## BRI origins

Section 2. BRI origins

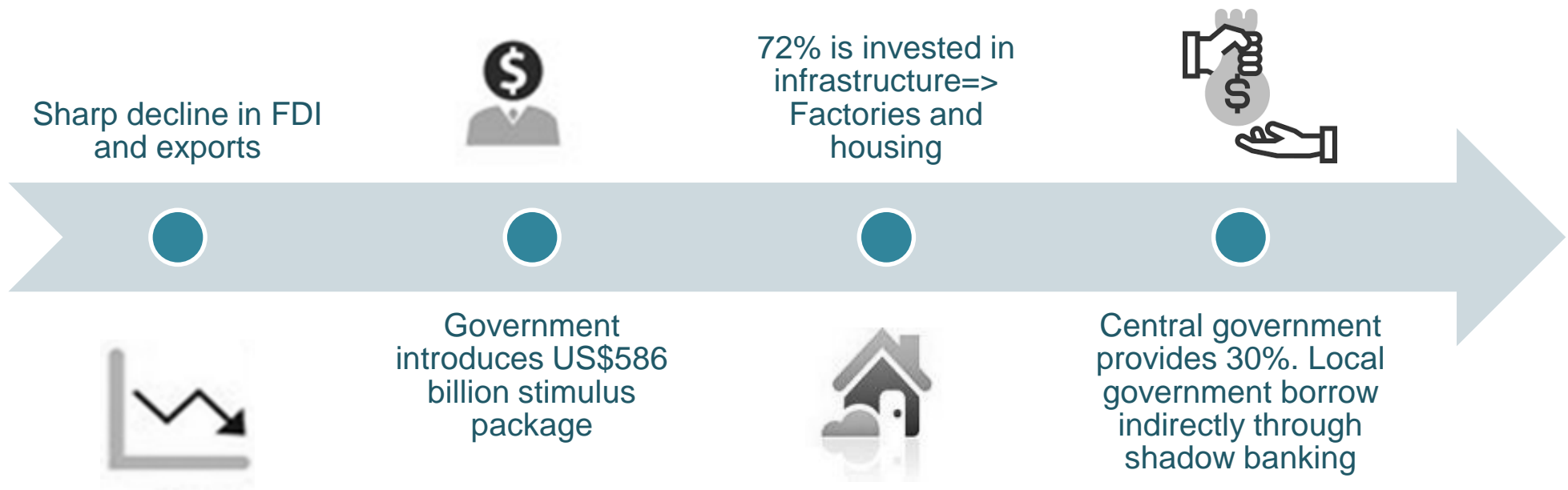
GDP targets and forecasts: How has China's economy fared?

China GDP growth, target and actual, 1996-2016 (%)



## Section 2. BRI origins

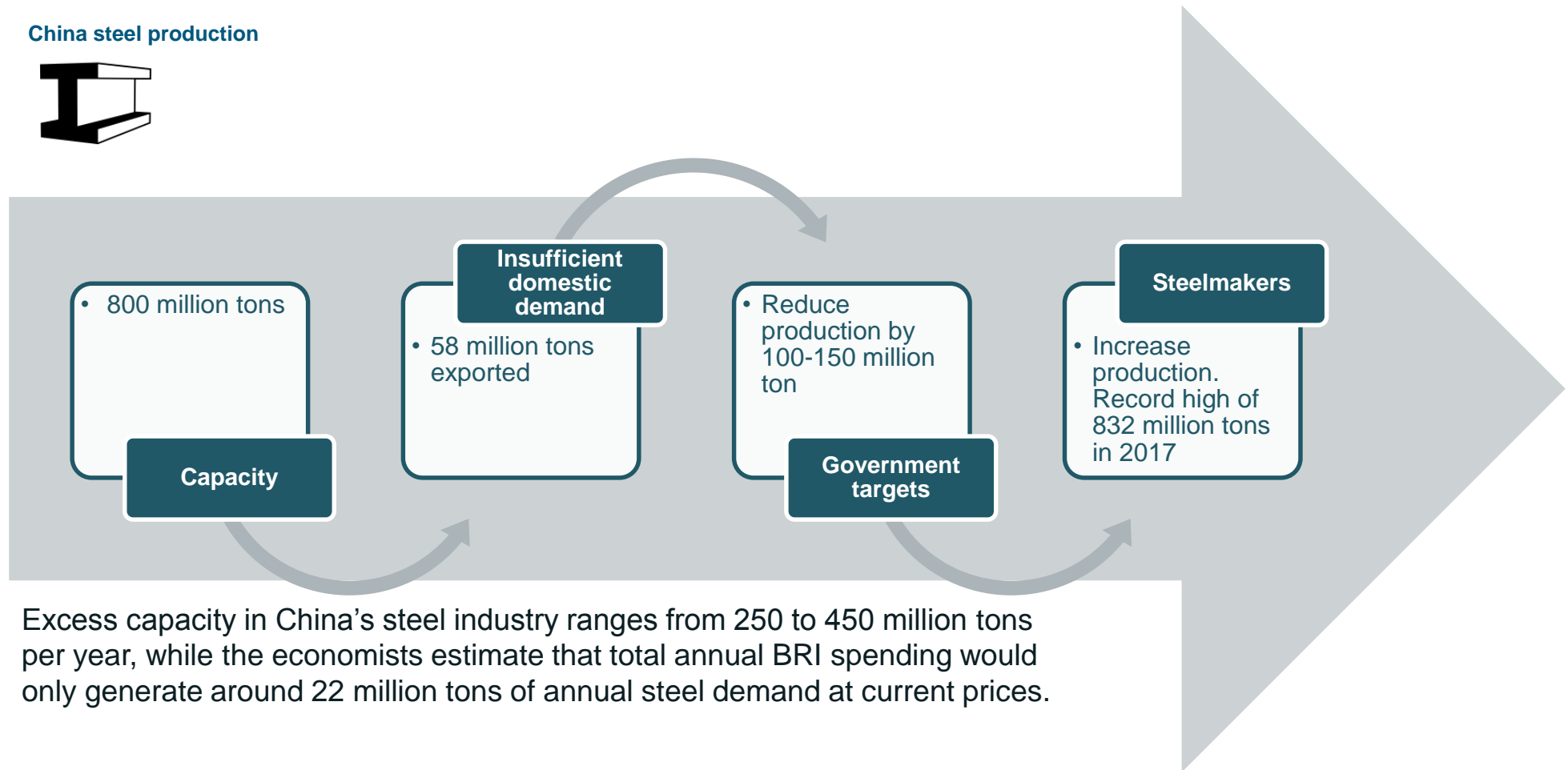
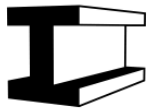
**Key events: The Global Financial Crisis triggered a push toward increasing domestic consumption. Chinese government increased liquidity which was invested in infrastructure.**



## Section 2. BRI origins

### Period of liquidity resulted in over investment in capacity: Steel production in China during period of liquidity boom.

#### China steel production



Excess capacity in China's steel industry ranges from 250 to 450 million tons per year, while the economists estimate that total annual BRI spending would only generate around 22 million tons of annual steel demand at current prices.

## Section 2. BRI origins

### Chinese economy outlook: Slower growth is the new norm. New markets required to drive growth BRI?



China's economy evolving to a service oriented one where traditional methods of GDP measurement do not account for the full growth



Overall trade growth is likely to slow as low end manufacturing moves to countries with lower wages



China is aware of the bubble but needs to continue growing the economy to manage the social impact



## Belt and Road Initiative





## BRI today

Section 3. BRI today

BRI funding: Depends on location and nature of investment



Seaports



Bridge/roads



Land ports



Airports



Industrial zones

1

Equity



Investment by Chinese operators

2

Loans



Debt funds or G2G

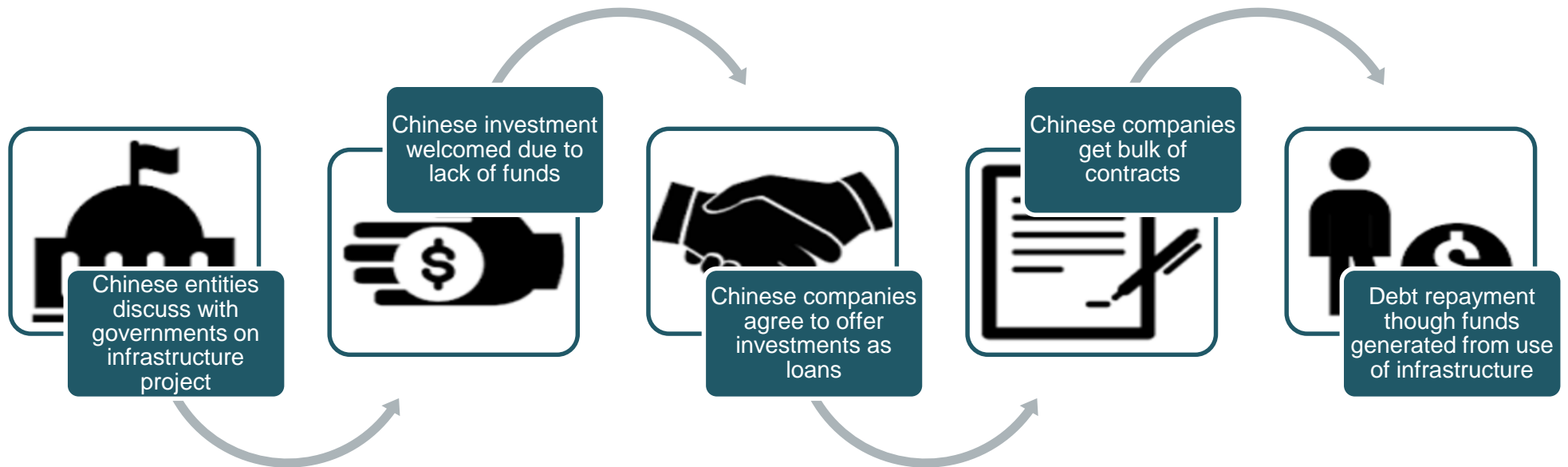
3

Contracts



Construction

## BRI debt funding: Targeting projects in countries with infrastructure bottlenecks.



**BRI overland: Silk route to carry containers overland: Does rail make sense?**

10<sup>th</sup> April 2017:  
London



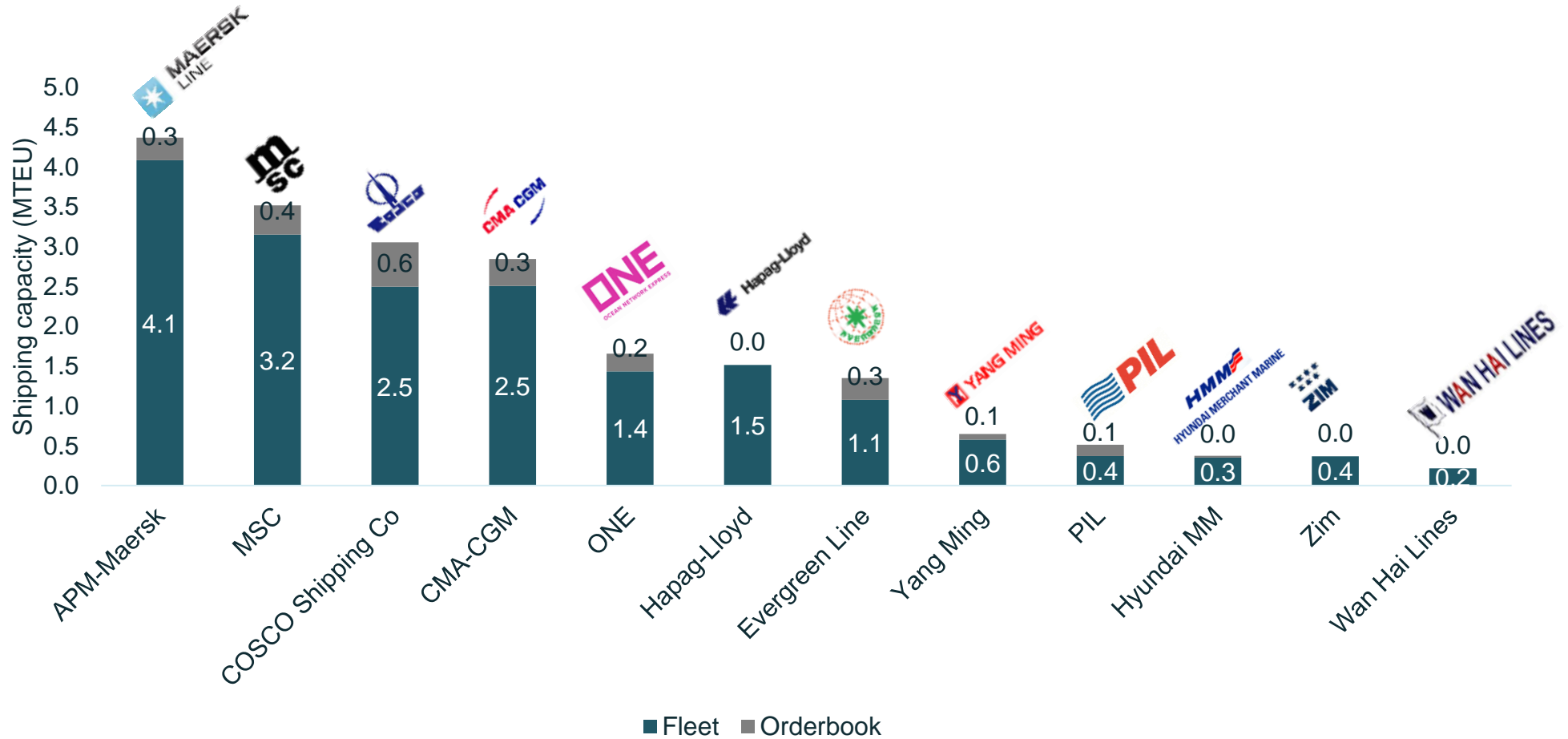
30<sup>th</sup> April 2017:  
Lianyungang



- Each train capacity 88 containers
- 20 days instead of 30-40 days by sailing
- 3,270 trains made the trip in 2017
- Target for 2018 is 8,000 trains
- Equivalent to 704,000 containers or 40 mega vessels voyages or one entire Far East Europe string.

Section 3. BRI today

**BRI in container shipping industry: Cosco moves up to 3<sup>rd</sup> position (for now). What is the long term plan?**



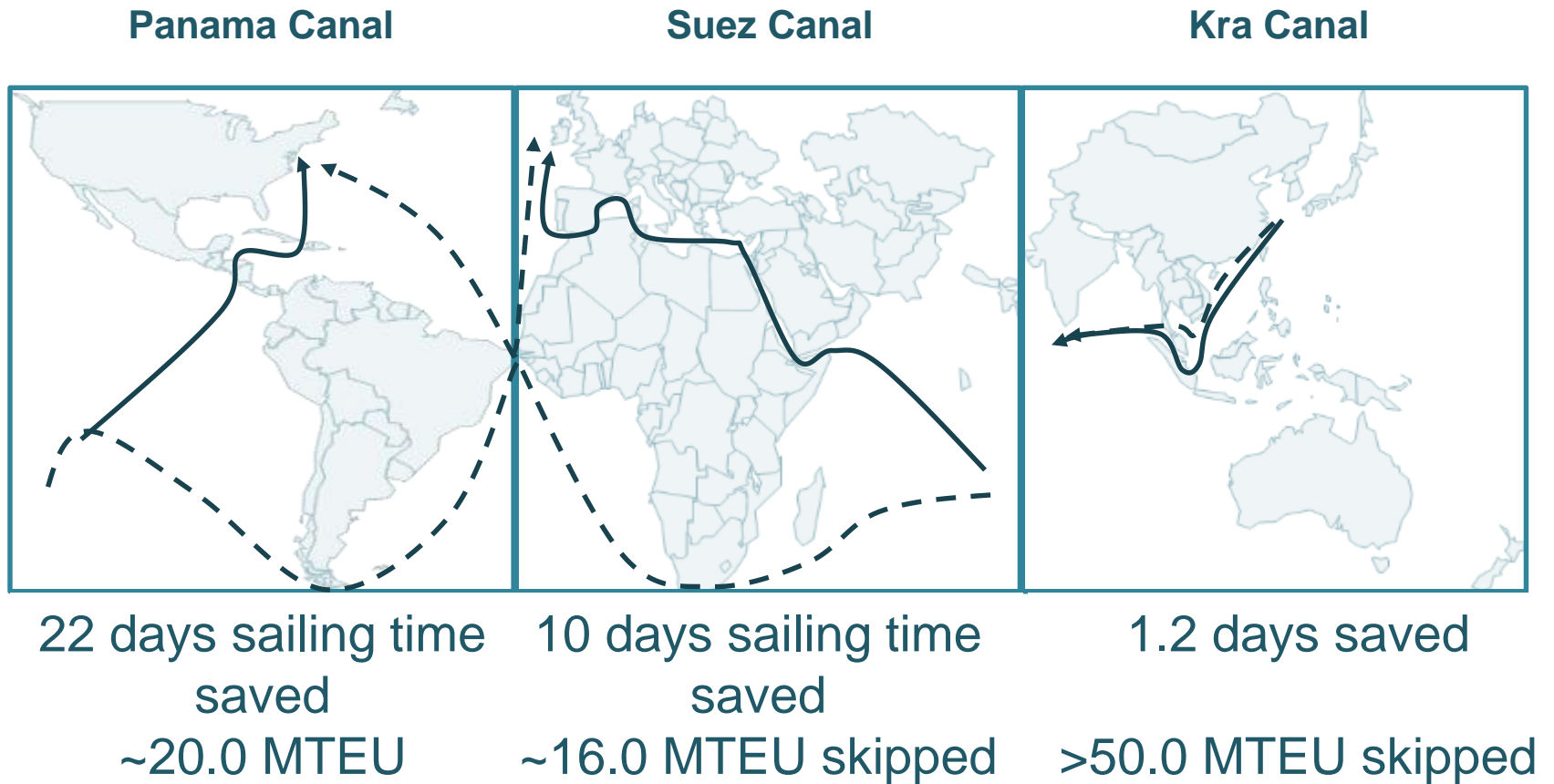
### Section 3. BRI today

## BRI in ports: Many were invested prior to BRI initiative by the private sector

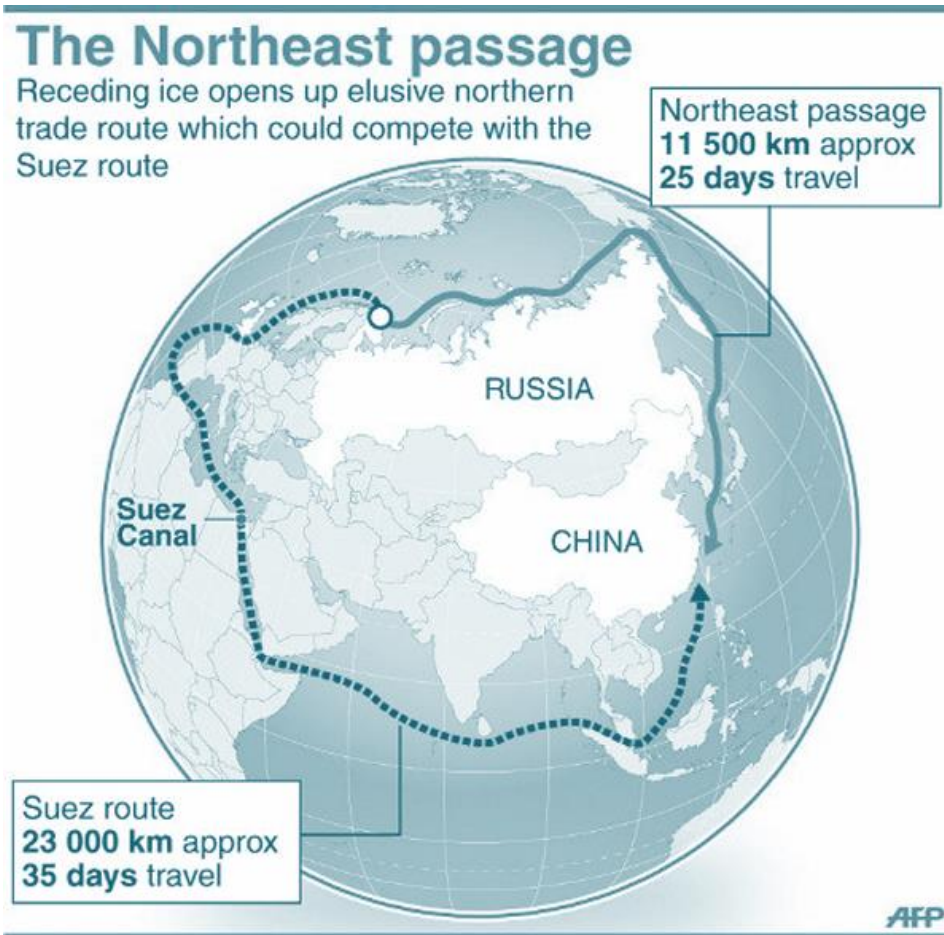


Source: News articles  
1: Includes construction, operating rights, minority stakes.

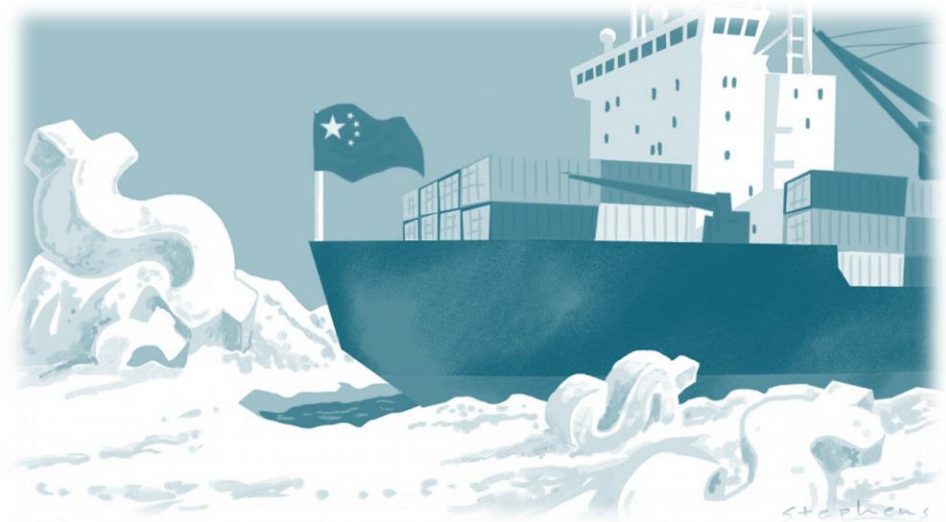
**BRI in ports: Commercial viability of Kra Canal => Impact on SEA ports**



## BRI in ports: Polar Silk Road



- Termed as “Polar Silk Road” in 2018
- Savings of 10 days for China-Europe trade
- Route accessible during summer months
- Strategic interest in potential energy reserves along the route





## Contact

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