Report

Impact of the geopolitical situation on the largest Baltic ports in 2022

February 2023

port monitor

Total cargo turnover in Top 10 Baltic ports

After the Russian Federation invaded independent Ukraine in February 2022, the geopolitical situation changed dramatically. Raw materials, previously imported mainly from Russia, have been replaced with raw materials from other overseas directions. European countries, due to the introduced embargo and sanctions, stopped importing crude oil and coal from Russia, while the embargo on petroleum products comes into force in February 2023. In turn, imports of Russian energy products increased to countries such as Turkey, China and India.

In 2022, the turnover of ten largest Baltic ports increased by 1.1% (+5.4 million tonnes) compared to 2021 and reached 476.5 million tonnes - Table 1. The Russian **Ust-Luga** remains the largest Baltic port, which, despite the sanctions imposed on Russia, increased crude oil turnover and petroleum products to the Asian market. Energy products were also handled at the **Port of Primorsk**, which increased transhipments by 7.7% compared to 2021. Among the largest Baltic ports, there is also the Port of St. Petersburg. It is the only analysed Russian port that recorded a decrease in cargo handling results due to limited turnover of containerized general cargo. The decrease in throughput was caused by the suspension of the possibility of booking connections to/from Russian ports with the largest container shipowners (including MSC, Maersk, CMA CGM, Hapag Lloyd). As a result, the Port of St. Petersburg recorded a very small number of container ship calls in 2022. Despite the introduced embargo and sanctions for transport, in 2022 the share of Russian ports in the total cargo turnover of ten largest ports in the Baltic Sea amounted to 46%, which is a decrease in the share by only 1 percentage point compared to 2021.

The second largest port in the Baltic Sea is the **Port of Gdansk** (+28.2%, +15 million tonnes). The impressive result of the port was influenced by the import of energy products from overseas directions, which resulted in an increase in cargo handled by ports. From May 2022, Polish ports no longer imported Russian coal. Increased turnover of coal took place from countries such as Colombia, South Africa and Mozambique. As a result, over 13 million tonnes of coal and coke were handled at the Port of Gdansk (+176% compared to 2021). The record result - 25.5 million tonnes - was achieved by the port in the handling of fuels (+35.1%). A decrease was recorded in general cargo handling, due to the reduction in the size of transhipments to/from the Russian market.

Among the largest ports in the Baltic Sea, there is also the Port of Szczecin-Swinoujscie and the Port of Gdynia. In both ports, cargo turnover increased by 10.8% and 5.6%, respectively, compared to the data from 2021. In all the analysed Polish ports, the performance of ports was affected by the handling of Ukrainian exports - both in the Port of Gdansk, as well as in Gdynia and Szczecin-Swinoujscie, ores and grains from Ukraine were handled.

The growth in the **Port of Szczecin-Swinoujscie** was influenced by increased handling of coal (4.3 million tonnes, +50.8% y/y) and fuels (7.5 million tonnes, +42.5% y/y), in particular, an increase in LNG imports, which accounts for over 60% of fuel handling at the Port of Szczecin-Swinoujscie. In 2022, 58 LNG ships were received. This is 23 more vessels than in 2021.

The increase in cargo turnover was also recorded by the **Port of Gdynia**, where the largest growth was recorded in the handling of coal and coke, which amounted to 3.4 million tonnes (+174% y/y). On the other hand, the drop in throughput took place in handling of containerized general cargo and ferry cargo.

The prevailing geopolitical situation resulted in major reshuffles in the Baltic market. The fourth largest port in the Baltic Sea is currently the **Port of Gothenburg**, which was characterized by an increase in throughput by 3.6 million tonnes (+9.7% y/y). Energy products had the greatest impact on the result of port turnover. Turnover in the liquid bulk group grew by 16% y/y, to 22.2 million tonnes. Increases were also recorded in handling of containers and cars.

The record result from 2021 was improved in 2022 by the **Port of Rostock**. Port's turnover amounted to 28.9 million tonnes (+1% y/y). The results of the port were affected by the turnover of crude oil and petroleum products (+10% y/y), especially due to increased imports of crude oil. Drop was recorded in ro-ro and general cargo ferry cargo, which amounted to 17.7 million tonnes (-2% y/y). The decrease in turnover in this cargo group is the result of strikes in the paper industry in Finland at the beginning of 2022.

Among the largest ports in the Baltic Sea, there are two ports that recorded a decrease in total cargo throughput - Port of Klaipeda and Port of Tallinn. In the case of the **Port of Klaipeda**, cargo turnover reached the level of 36.1 million tonnes (-20.9% y/y). The decrease is the result of the geopolitical situation - in 2022, the Port of Klaipeda lost deliveries of Belarusian petroleum products and fertilizers, and the transit of cargo from Russia and Belarus ceased.

In the **Port of Tallinn**, bulk cargo has the largest share in ports' cargo structure, which accounts for approximately 45% of the port's total turnover. Both in the case of liquid and dry bulk cargoes, there was a 42% and 37% decrease in handling, respectively.

Table 1. The volume of cargo handled in the Top 10 Baltic ports in 2020-2022 [thou. tonnes]

No.		2020	2021	2022	Change 2022/2021
1.	Ust-Luga	102 602	109 377	124 100	13.5%
2.	Gdansk	48 038	53 213	68 220	28.2%
3.	Primorsk	49 302	52 998	57 100	7.7%
4.	Gothenburg	37 900	36 924	40 492	9.7%
5.	St. Petersburg	59 884	62 031	38 800	-37.5%
6.	Szczecin-Swinoujscie	31 178	33 220	36 810	10.8%
7.	Klaipeda	47 790	45 619	36 100	-20.9%
8.	Rostock	25 100	28 680	28 975	1.0%
9.	Gdynia	24 662	26 693	28 190	5.6%
10.	Tallinn	21 327	22 397	17 761	-20.7%
	Total	447 783	471 151	476 548	1.1%

Source: Actia Forum based on ports' data

Container Turnover in Top 10 Baltic Container Ports

In 2022, container turnover in 10 largest container ports in the Baltic decreased by **7.2%** (-653 376 TEU) and reached the level of **8.4 million TEU** - Table 2. This result is lower than that obtained during the lockdown caused by the Covid-19 pandemic in 2020. However, it should be noted that the total result of Baltic Top 10 container ports was affected mainly by the large drop in Port of St. Petersburg, which lost over 1 mln TEUs.

The aggression of the Russian Federation against Ukraine in February 2022 changed the distribution of forces in the Baltic Sea in terms of container turnover. In the first days of the war, the largest container operators, including MSC, Maersk, CMA CGM and Hapag-Lloyd decided to suspend container services to/from Russian ports and blocked the possibility of booking containers. However, empty containers which remained in Russian ports, were urgently collected by shipowners to prevent a shortage of export containers in other Baltic ports. The only container line that called at the **Port of St. Petersburg** shortly after the outbreak of war was FESCO. Then, the MSC connection has returned to St. Petersburg.

The largest port in the Baltic Sea is the **Port of Gdansk**, which handled 2 072 122 TEU, 2.2% less than in 2021. The port's results were affected by changes related to handling transshipments from/to Russia, which accounted for a significant part of the port's handling. Negative changes were particularly visible in the second half of the year. In the first half of 2022, the Port of Gdansk noted an increase in container turnover.

Except the Port of St. Petersburg and Port of Gdansk, a drop in container throughput was also recorded in the **Port of Gdynia** (-71 thou. TEU, -7.3% compared to the result from 2021). Both in the BCT (Baltic Container Terminal) and in the GCT (Gdynia Container Terminal) a decrease in container turnover was noticeable.

Impressive growth was recorded by the **Port of Klaipėda**, where container turnover grew by 57% in comparison to the results from 2021, which made the port ranked right behind the Port of Gdansk. The very good result in container handling is due to the introduction of new container routes in 2022, including the MSC connection (ScanBaltic - US East Coast), connecting Klaipeda, Gdynia and Gothenburg with New York. Thus, the share of Port of Klaipėda in total container throughput of the 10 largest ports in the Baltic increased to 12.5% (from the previously recorded 7% in 2021).

Container handling in the **Port of Gothenburg** is constantly growing. It is worth noting that in the fourth quarter of 2022, container turnover increased by 8% compared to the same period of 2021, which indicates – according to the Port Authority - an increase in container handling for the ninth consecutive quarter. The total container handling at the Port of Gothenburg amounted to 884 900 TEU, which had an impact on the increase of the port's share in handling of containerized cargo in Sweden from 50% in 2021 to 53% in 2022.

For the **Port of Aarhus**, it was also another year of increased container handling. In 2022, the port handled a record volume of containers over the last 14 years (759 000 TEU). The competitiveness of container connections from the Port of Aarhus, especially compared to road transport and shipping cargo via the Port of Hamburg, resulted in an increase in container throughput in Aarhus in 2022.

A growth in container turnover was also recorded in the Finnish ports: **HaminaKotka**, **Helsinki** and **Rauma**, where the container handling increased by 6%, 5.4% and 1%, respectively, compared to 2021. It is worth noting that the container turnover of the analyzed Finnish ports was also characterized by a growth in January 2023, which may indicate that the volume of container throughput will also increase in 2023. Moreover, despite the strikes in the paper industry at the beginning of 2022, Finnish ports managed to maintain positive container handling results.

Container throughput in the **Port of Riga** also increased by 10.8%, reaching the level of 460 689 TEU. The largest of the 3 terminals operating in the port, the BCT (Baltic Container Terminal), reached a record result of 326 000 TEU in 2022.

Table 2. Container turnover in Top 10 Baltic container ports in 2020-2022 [TEU]

No.		2020	2021	2022	Change 2022/2021
1.	Gdańsk	1 923 785	2 117 829	2 072 122	-2.2%
2.	Klaipėda	640 148	666 775	1 047 941	57.2%
3.	St. Petersburg	2 099 649	2 042 358	919 061*	-55.0%
4.	Gdynia	905 121	985 950	914 448	-7.3%
5.	Gothenburg	776 000	827 991	884 900	6.9%
6.	Aarhus	657 786	718 000	759 000	5.7%
7.	HaminaKotka	621 402	593 550	629 332	6.0%
8.	Helsinki	509 099	466 658	491 793	5.4%
9.	Riga	453 577	415 644	460 689	10.8%
10.	Rauma	217 932	206 763	208 856	1.0%
	Total	8 804 499	9 041 518	8 388 142	-7.2%

Source: Actia Forum based on the ports' data
**estimated data, there is a lack of official data from the Port of St. Petersburg Authority*

Ro-ro and ferry market in 2022

The economic situation on the ferry/ro-ro market in the Baltic Sea region in 2022 can be assessed as diverse. In some Baltic ports that handle ro-ro cargo, a revival in cargo turnover could be noticed. In particular, positive changes occurred on the routes on which new ro-ro and ro-pax vessels entered into service. In other ports, in turn, there was a decrease in turnover in this market segment.

Significant changes were noticeable in the **Port of Gdynia**, which serves a ferry connection to Karlskrona and ro-ro connection to Hanko. The total increase in the handling of ro-ro units in the Port of Gdynia in 2022 resulted from the increase in the volume transported on the second mentioned route. The operator of the Gdynia-Hanko ro-ro connection, whose ships call at the OT Port Gdynia terminal, has increased the frequency of calls. From January 2022, Finnlines calls at Gdynia 6 times a week. Two vessels are currently employed on this route: Finnkraft and Finnhawk - each of them has 1,853 m of load line. And due to the increased frequency of calls on this line, Port of Gdynia recorded an over 7% increase in the turnover of freight units.

A decrease in the handling of ro-ro cargo was visible in Swedish ports. In the largest Baltic ro-ro port, **Port Trelleborg**, in 2022 the decline in turnover amounted to -1.9% (-16,463 units) compared to 2021. The **Port of Gothenburg** also recorded a drop, ro-ro throughput in 2022 fell by 0.7%. There was also a large decrease (-9.2% compared to 2021) in the **Port of Ystad**.

Since April 2022, the new Nils Holgersson ferry has been operating on routes from the Port of Trelleborg, with a load line of 4,600 m, which allows for the simultaneous transport of over 200 trucks and trailers. In February this year, a new vessel, Peter Pan, joined the TT Line fleet, with a load line length of 4,000 m. The unit is employed on lines from Trelleborg. On the routes from Świnoujście to Trelleborg and Ystad, 3 new vessels with a loading line length of 4,100 m each are to appear over the next few years. The vessels were ordered by Polskie Promy, two of them are to supply the fleet of the operator Unitiy Line and one of them will supply the operator Polferries. New ferries on the lines, characterized by larger transport capacity, will affect the volume of turnover of the Port of Szczecin-Świnoujście in the future.

New vessels are also employed on routes from **Helsinki**, **Tallinn** and **Rostock**. On the Rostock-Trelleborg route, the aforementioned Nils Holgersson was employed, while on the Helsinki-Tallinn route, the new Tallink My Star ferry operates on line, with a passenger capacity of 2,800 passengers and 3,190 lane metres. On the routes Paldiski-Helsinki, Paldiski-Bilbao, Paldiski-Antwerp, as well as Kotka-Antwerp and Kotka-Paldiski, 3 units with identical parameters are employed. The Finneco I, Finneco II and Finneco III vessels added 17,400 m of load line to the Finnlines fleet.

Also on the routes from the **Port of Hanko**, in addition to the increased frequency of calls by the shipowner Finnlines to Gdynia, new vessels appeared, previously employed on other routes. On the Rostock-Hanko route - Finnsea and on Hanko-Nynäshamn, two Stena Line vessels: Stena Gothica and Urd.

Last year, new vessels also appeared on the routes from the **Port of Klaipeda**. From Klaipeda to Karlshamn, ferry crossings is served by two vessels built in 2022: Luna Seaways and Aura Seaways, operated by DFDS. Each of the ships can take 600 passengers and has a load line of 4,500 m.

The **Port of Gdansk** recorded a slight decrease in ro-ro turnover (-0.53% compared to 2021). Two ferries are employed on the route from Gdańsk to Nynäshamn: Wawel and Nova Star (since 2018). In January 2023, the ferry Wawel damaged the hull during maneuvers at the Westerplatte Terminal. The ferry was excluded from service on the route for a week.

In total, in 2022, 12 new vessels entered into service on the Baltic Sea, which in total have a load line of 54,490 m and the ability to take 10,000 passengers on board. 7 out of the 12 vessels are equipped with LNG propulsion, while 3 Finnlines vessels are hybrid. By 2026, according to the current order book, another five ferries are planned to be built. The three vessels are ordered by Polskie Promy (2 units for Unity Line, 1 vessel for Polferries), and two other ferries are Finnsirius and Finncanopus - planned for delivery in 2023, which will operate between Sweden and Finland on the Naantali – Långnäs – Kapellskär route.

Table 3. The throughput of ro-ro cargo in selected Baltic ports in 2020-2022 [freight units].

No.		2020	2021	2022	Change 2022/2021
1.	Trelleborg	802 376	872 412	855 949	-1.89%
2.	Helsinki	597 959	664 253	702 228	5.7%
3.	Tallinn*	474 800	553 649	588 039	6.2%
4.	Rostock	493 000	568 000	579 000	1.9%
5.	Gothenburg	515 000	565 000	561 000	-0.7%
6.	Szczecin-Swinoujscie	486 516	534 251	515 815	-3.45%
7.	Klaipeda	307 000	343 356	321 189	-6.5%
8.	Gdynia	263 590	297 146	318 050	7.03%
9.	Ystad	226 813	263 918	239 642	-9.2%
10.	Hanko	173 634	180 455	192 535	6.7%
11.	Gdansk	28 923	33 213	33 036	-0.53%

Source: Actia Forum based on ports' data

*estimated data, based on the ro-ro throughput in million tonnes

Table 4. The number of new ro-pax and ro-ro vessels deployed and ordered in years 2022-2026.

	2022	2023	2024-2026	Total
New vessels [total number]	12	2	3	**17**
Total lane metres	54 490	10 200	12 300	**76 990**
Total pax capacity	10 000	2 200	1 200	**13 400**

Source: Actia Forum based on operators data

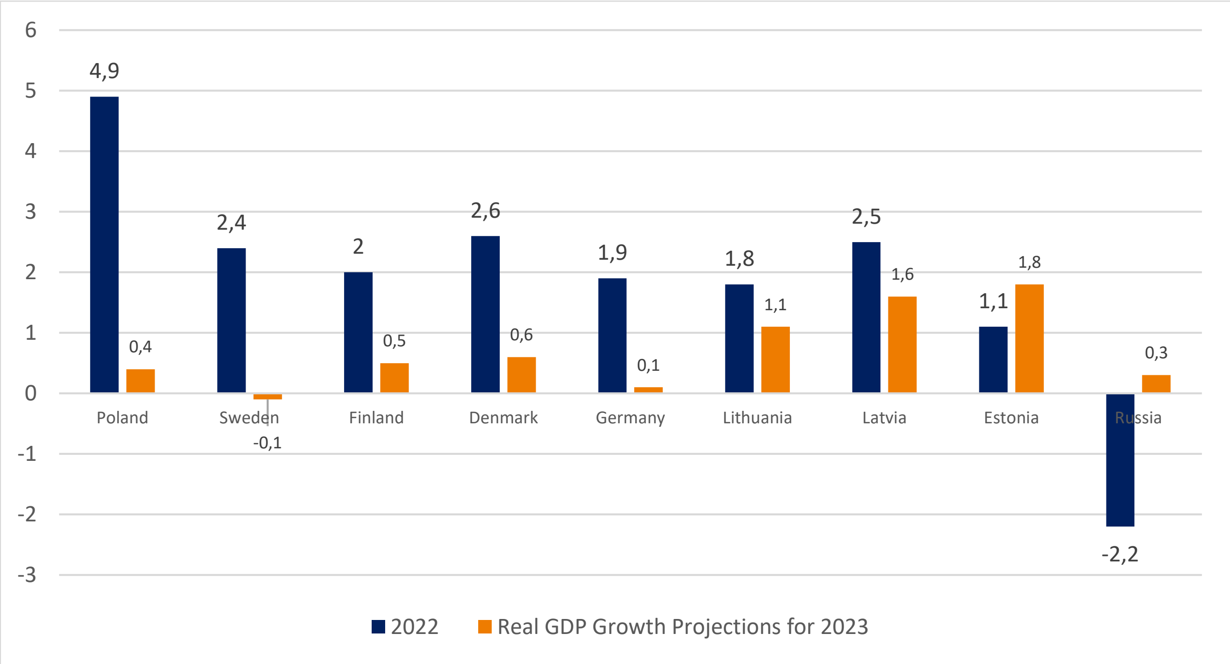
Outlook for 2023

In vast majority of the analysed Baltic countries, an economic slowdown is forecasted. Although the current forecast is 0.2 percentage points (2.9%) higher than the forecast from October 2022, it is still below the historical average (2000-2019) of 3.8%

Majority of the Baltic countries are also struggling with high inflation, which in January 2023 amounted to 17.2% in Poland, 20% in Lithuania, 21.5% in Latvia and 18.6% in Estonia. Germany recorded 8.7% inflation and Denmark 7.7%. The weakening of economic sentiment, manifested mainly in a decrease in orders and production, leads to economic stagnation. High costs of living affect the weakening of demand for consumer goods, which may result in reduction in cargo transport, especially in the sector of container and ro-ro cargo transport in the Baltic Sea.

In addition, the geopolitical situation related to the ongoing war in Ukraine will also affect various segments of cargo in Baltic ports in 2023. This year, high turnover of energy resources (coal, oil, LNG) can be expected again. Thus, in ports where this type of cargo plays an important role in the cargo structure, this year a high level of turnover can be maintained. Last year, due to Russia's attack on Ukraine, ports handling transshipments from/to Russia saw a noticeable decrease in the volume of handled containers. The sanctions packages introduced, as well as the suspension of bookings by the largest operators, contributed to the changes in the distribution of forces in the Baltic container market. Continuation of hostilities will certainly still have a negative impact on container handling in Russian ports on the Baltic Sea. In addition, in the ports where cargo in transit to/from Russia and Belarus used to be handled, this year (like last year) transit will be limited.

Figure 1. GDP growth forecast for analysed Baltic countries in 2023.



Source: Actia Forum based on World Economic Outlook, January 2023

Authors:
Ewelina Ziajka
Market Analyst
ewelina@actiaforum.pl
Phone 505 925 436

Monika Rozmarynowska-Mrozek
Consulting Projects Leader
monika@actiaforum.pl
Phone 798 645 201

Port Monitor is a series of periodic reports regarding the seaports markets in the Baltic Sea, as well as on European and global scale. This reports has been prepared by the Consulting Department at Actia Forum, specializing in market surveys in transport, tourism and environment as well as European projects and business counselling.

Actia Forum sp. z o.o.
ul. Pułaskiego 8, 80-368 Gdynia, +48 58 627 24 67, www.actiaforum.pl