



Report

The impact of the geopolitical situation
on container turnover
– results of the largest European ports in 2022.

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port 
monitor

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The past year was marked by war. After the Russian Federation invaded independent Ukraine in February 2022, the geopolitical situation has changed dramatically. The sanctions imposed on Russia together with the suspension of bookings of the largest container operators, such as MSC, Maersk, CMA CGM, Hapag Lloyd, resulted in a decrease in container turnover in the vast majority of European ports. In March, a wave of Covid-19 cases returned to China, and the restrictive policy related to the introduction of “Zero Covid” lockdown led to the suspension of operations at the largest container port in the world – Port of Shanghai. This resulted in perturbations on the container market due to the high occupancy of storage yards and delays of container ships. Another aspect affecting the volume of containers in ports is the reduction in demand caused by high inflation, which could be observed especially in the fourth quarter of 2022.

In 2022, the Top 10 largest European container ports handled a total of over **66 million TEU**, which is a decrease of **4.5% (-3.2 million TEU)** compared to 2021 and an increase of **1.5% (+955 thousand TEU)** compared to 2020.

The largest container port in Europe remains the **Port of Rotterdam** with throughput at the level of 14.5 million TEU (-5.5% compared to 2021). However, a decrease in turnover in terms of tonnage amounted to almost 10%. The disproportion between handling in the equivalent of a 20-foot container (TEU) and in terms of tonnage is dictated by the growth in imports from Asia and the simultaneous drop in exports, which increased the number of empty containers handled. The reduction of volumes is directly related to the consequences of the ongoing war in Ukraine. Before the war, over 8% of the total volume of containers handled at the port concerned traffic from/to the Russian market.

The second in terms of throughput is the **Antwerp-Bruges** port complex, which has been operating since April 2022. Container ship delays, congestion, and the ongoing war in Ukraine resulted in a 5.2% decrease in container volume compared to 2021. Despite the stabilizing situation related to previously observed disruptions in the supply chains and the challenges related to increased demand, it can be seen that high energy prices and inflation resulted in a decrease in container turnover at the port since third quarter of 2022. It is also worth mentioning that the traffic at the Port of Antwerp-Bruges in relations with Russia fell by 59% after the outbreak of war.

The third largest port is the **Port of Hamburg**, which also recorded a 5.1% drop compared to 2021. The first half of the year was very favorable for the port, but in the second half of the year, due to the high level of inventories kept in the industry, as well as the weakening of economic situation, container imports reached the level of 4.2 million TEU, which is a decrease by 6.7% y/y, while exports fell to the level of 4.1 million TEU (-4.7% compared to 2021). So far, among the partner countries of the Port of Hamburg, Russia was ranked fourth. Currently, its share in the port's container handling has decreased significantly, reaching the level of about 80,000 TEU. The leading partner remains China (2.46 million TEU), the United States (605 thousand TEU) and Singapore (423 thousand TEU). Furthermore, relations with Poland are in

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fourth place - in 2022, there was an increase in turnover on routes with Polish ports by 25%, reaching the level of 294 thousand TEU.

Among the German ports in the ranking was also the **Port of Bremerhaven**, where throughput also decreased (-8.1% y/y).

Fifth among the largest European container ports is **Port of Piraeus**, owned by COSCO, with an estimated throughput result of 4.9 million TEU, which indicates a decrease of 7% compared to 2021. Compared to the first half of 2022, the scale of drop decreased.

Among the Spanish which classified in the ranking are: **Valencia, Algeciras** and **Barcelona**. All the mentioned ports recorded a decrease in throughput. The total container turnover of the analyzed ports accounted for over 20% of the total turnover of the top 10 European ports. The most severe decrease in handling was recorded by the Port of Valencia (-552 thousand TEU, -9.9% compared to 2021). The decline in the Port of Algeciras and Port of Barcelona was below 1%, respectively -0.8% and -0.3% in 2022. The decrease in throughput in Spanish ports was influenced by a fall in the volume of containers in transit. On the other hand, imports and exports remained unchanged.

The port of **Gioia Tauro** is the only port that recorded an increase in throughput in 2022. The port is recording steady growth, with the container terminal, under a concession for MedCenter Container Terminal, reaching 3.4 million TEU with an increase of over 8.1% y/y.

Port of Felixstowe does not provide data. For the analysis purposes, the authors assumed the level of throughput from 2021. It is worth noting that in Port of Felixstowe, for the first time in 30 years there was an 8-day strike in August. At the end of December, the dockers accepted the port's proposal for an 8.5% wage increase from January 2023.

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Table 1. Container turnover in the largest European container ports in 2020, 2021 and 2022 [TEU].

	2020	2021	2022	Change 2022/2021
Rotterdam	14 349 000	15 300 000	14 458 500	-5,5%
Antwerp-Bruges	12 031 467	14 240 506	13 500 000	-5,2%
Hamburg	8 510 000	8 700 000	8 256 300	-5,1%
Valencia	5 428 307	5 604 478	5 052 272	-9,9%
Pireus*	5 437 477	5 311 810	4 939 983	-7,0%
Algeciras	5 107 873	4 799 497	4 762 808	-0,8%
Bremerhaven	4 800 000	5 018 900	4 614 000	-8,1%
Felixstowe**	3 435 000	3 700 000	3 700 000	0,0%
Barcelona	2 959 751	3 532 351	3 522 944	-0,3%
Gioia Tauro	3 193 000	3 146 533	3 400 000	8,1%
Total	65 251 875	69 354 075	66 206 807	-4,5%

* estimated data based on turnover at the COSCO terminal

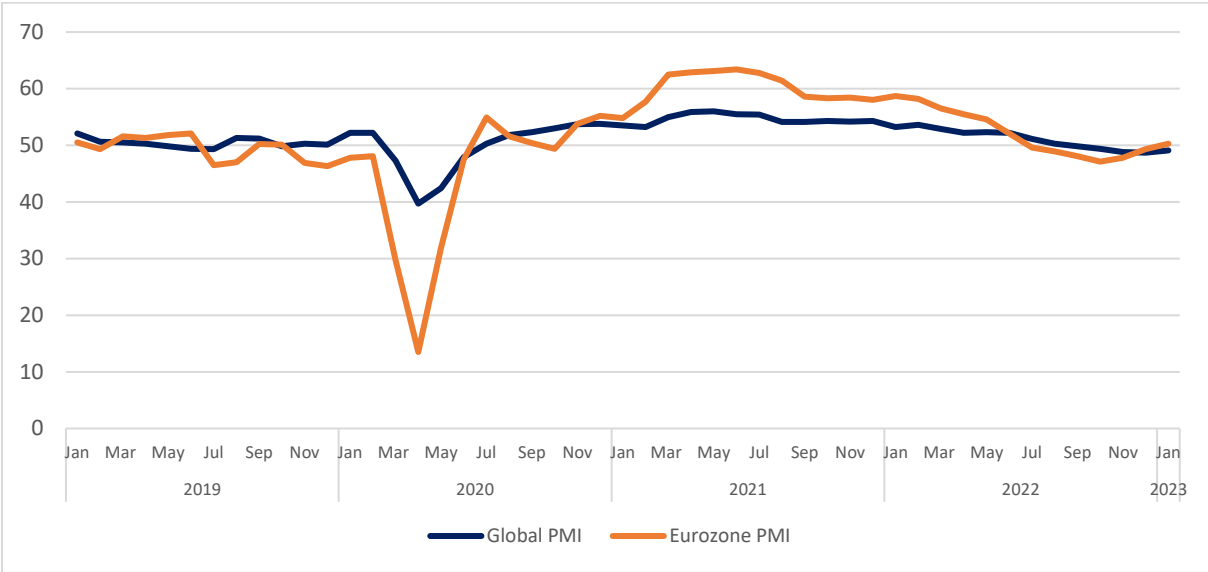
**lack of data for 2022, for the analysis purposes data adopted from 2021

Source: Actia Forum based on port authorities' data

Currently, it is difficult to forecast what 2023 will look like in terms of container turnover in European ports. The warfare related to the Russian Federation's aggression against Ukraine in February 2022 and the sanctions imposed on Russia have an impact on changes in the structure of cargo turnover in European ports. Many European ports have suspended the service of Russian ships and handling of cargo directed to/from Russian market. Also, the world's largest container shipowners have suspended bookings on cargo from and to Russia. This affected the volume of container throughput in the largest European ports in 2022. Growing inflation and high costs of living may reduce the demand for consumer goods, which may translate into a reduction in general cargo turnover, especially containerized cargo.

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Chart 1. PMI in the world and in the Eurozone in 2019-2023.



Analyzing the PMI¹ index for the Eurozone, we can notice that economic sentiments are pessimistic (49.1 points in January 2023). However, it is worth noting that the rate of decline in production and new orders has slowed down, especially compared to the data from November and December 2022. The optimism is also supported by the fact that the ratio of new orders to inventories of goods also increased, reaching the highest result in the last seven months. However, it is worth bearing in mind that the growing inflation does not aid optimism in entrepreneurs - the input costs still increase.

In most countries where the largest container ports are located, the PMI index is below the neutral level of 50 points. The lowest rate was recorded in Great Britain, due to the shortage of raw materials and personnel, which affected the reduction of production. Brexit and strikes in ports resulted in a decrease in exports and a simultaneous decrease in imports from China. The only country where economic sentiment in January 2023 was optimistic is Italy. The PMI for Italy was above 50 points. (50.4 points). Hopes for economic revival were dictated by slower inflation rate.

¹ The Purchasing Managers' Index™ (PMI™) is a survey-based indicator of economic activity that includes sub-indices of: Production, New Orders, Employment, Costs, Selling Prices, Exports, Purchasing Activity, Supplier Performance, Order Backlog and Inventory. In surveys, respondents are asked to report changes in each variable compared to the previous month, noting whether each variable increased/improved, decreased/worsened, or remained unchanged. These objective questions are accompanied by one subjective "sentiment" question, which is asking companies whether they forecast higher, same or lower production during the year. PMI is widely used to predict changing economic trends. The PMI is compiled globally by IHS Markit, although a small number of trade associations also compile local PMIs in certain markets, such as the ISM in the United States. The indicator was originally developed for manufacturing, but IHS Markit pioneered the extension to other sectors in the 1990s, including services, construction and retail.

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Port Monitor is a series of periodic reports regarding the seaports markets and trades in Poland, the Baltic Sea Region and Europe. This report has been prepared by the Consulting Department at Actia Forum.

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