Report

Increases in Polish seaports in the first half of 2023

August 2023

port monitor

Turnover in Polish seaports in the first half of 2023

The total throughput of Polish ports in the first half of 2023 amounted to 74.2 million tonnes of cargo and was 20.53% higher than in the corresponding period of the previous year.

In all analyzed seaports, turnover increased in the first half of 2023. The largest increase was recorded in the Port of Gdańsk, where cargo throughput increased by over 36%, to the level of 41,284.5 thousand tonnes. The increase was influenced by handling of coal and coke (+117.41%), liquid fuels (+59.64%), grain (+51.82%) and other bulk (+9.13%).

In the first half of 2023, the Port of Gdynia recorded an increase in overall turnover by 7.88%. The positive result at the end of the first half of the year is largely due to increased handling of fuels (+80.97%), grain (49.83%) and coal and coke (48.40%).

In the last six months, the Port of Szczecin-Świnoujście recorded an increase in throughput at the level of 3.47% and handled over 18 million tonnes of cargo. The growth was driven by increased handling in such cargo groups as: coal and coke (+59.98%), other bulk (+35.38%), grain (+45.33%) and fuels (26.46%). In the case of other cargo groups, the port recorded decreases, with the largest decrease in ore (-59.13%).

Table 1. Turnover in the largest Polish seaports in the first half of 2017-2023 [thousand tonnes]

	H1 2017	H1 2018	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023	Change 2023/22
Port of Gdansk	18 575	25 065	27 318	23 163	25 566	30 339	41 285	36.08%
Port of Gdynia	10 337	11 502	12 116	12 025	13 446	13 703	14 783	7.88%
Port of Szczecin-Swinoujscie	12 552	14 014	16 573	15 255	17 006	17 491	18 096	3.47%
Total	**41 464**	**50 581**	**56 007**	**50 443**	**56 018**	**61 533**	**74 164**	**20.53%**

In the first half of 2023, compared to the corresponding period of the previous year, turnover increased in almost all analyzed cargo groups, except for ore, wood and general cargo.

From January to June 2023, Polish ports handled a total of 24,266.1 thousand tonnes of **liquid fuels**, which was 53.98% more than in the first half of the previous year. In the Port of Gdańsk, which is the largest fuel port in Poland, turnover in the first half of this year increased by as much as 59.6% to the level of 18,348.6 thousand. tonnes. The main aspects affecting the market of crude oil and petroleum products in the first half of 2023 included the need to change supply directions after the introduction of sanctions on crude oil and fuel purchases from Russia due to the ongoing war in Ukraine. May 2023 was a record month for Naftoport in terms of the volume of transshipments. The company served 41 tankers, handling 3.4 million tons of liquid fuels, which is the largest monthly tonnage handled in the history of the company. The previous record result was recorded in March 2023, when 3.2 million tons of crude oil and petroleum products were handled.

The growth at the Port of Szczecin-Świnoujście is due not only to increased LNG imports to the terminal in Świnoujście, but also to other liquid fuels. LNG accounts for approximately 60% of liquid fuel handling in the Port of Szczecin-Świnoujście. In the first half of this year, LNG imports increased by 10.6% compared to the same period last year. Throughout 2023, the terminal plans to handle 60 ships with liquefied gas. The Port of Gdynia also recorded an increase in fuel handling by 777.7 thousand tonnes, an 81% increase compared to the first half of 2022. PERN is intensively developing its base in Dębogórze. This year, two tanks with a capacity of 32,000 m^3 will be commissioned and three more are planned - this time with a capacity of 50,000 m^3 each.

In the first half of 2023, the recovery in coal handling continues. The total amount of **coal and coke** handled in Polish ports amounted to 12,175.2 thousand tonnes (+92.9%). At the Port of Gdańsk, coal handling increased by as much as 117.41%, while at the Port of Szczecin-Świnoujście by 59.98%, and in Gdynia by 48.4% compared to the first half of 2022. The total handling of coal in the second quarter of 2023 compared to the second quarter of 2022 in the three main Polish ports increased by 21.2%. The announcements of the Polish government show that in 2023 Poland will continue to import coal for household needs, mainly from Colombia, the USA, Australia, South Africa and Indonesia. Imports will continue until demand is 100 percent covered with domestic production. Importing coal from overseas directions will be reflected in port throughput.

Table 2. The structure of turnover in the Port of Gdansk, the Port of Gdynia and the Port of Szczecin-Swinoujscie in the first half of 2023 [thousands tonnes]

Cargo group	Port of Gdansk		Port of Gdynia		Port of Szczecin-Swinoujscie		Total	
	H1 2023	Change 2023/2022	H1 2023	Change 2023/2022	H1 2023	Change 2023/2022	H1 2023	Change 2023/2022
Coal and coke	8 424.9	117.4%	1 904.6	48.4%	1 845.7	60.0%	12 175.2	92.9%
Ore	210.9	-37.3%	-	-	650.6	-59.1%	861.5	-55.3%
Other bulk	1 714.3	9.1%	510.6	-37.5%	1 891.0	35.4%	4 115.9	8.8%
Grain	1 369.3	51.8%	3 285.0	49.8%	1 199.3	45.3%	5 853.6	49.3%
Timber	124.5	-61.4%	113.3	-67.4%	95.6	-24.7%	333.4	-58.1%
General cargo	11 092.0	-6.3%	7 231.6	-10.8%	8 234.6	-9.4%	26 558.2	-8.5%
Liquid Fuels	18 348.6	59.6%	1 738.2	81.0%	4 179.3	26.5%	24 266.1	54.0%
Total	41 284.5	36.1%	14 783.3	7.9%	18 096.1	3.5%	74 163.9	20.5%

A significant increase in **grain** turnover (+49.3%, +1,934 thousand tonnes) is mainly due to transshipments in the largest grain port in the Baltic Sea, the Port of Gdynia. Taking into account only second quarter, grain throughput in the Port of Gdynia increased by 53%, at the Port of Szczecin-Świnoujście by 74.27%, and in the Port of Gdańsk by 36.3% compared to the corresponding period of 2022. The increases in the second quarter contributed to an even higher result of grain handling in Polish ports in the entire first half of 2023. Due to the ongoing war in Ukraine, Polish ports recorded increased volumes of grain exports.

An increase in turnover was also recorded in the **other bulk cargo** group. Handling in the analyzed cargo group amounted to 4,115.9 thousand tonnes (+8.8%). Two ports recorded an increase in throughput: Port Szczecin-Świnoujście (+35.4%) and Port Gdańsk (+9.1%). In the Port of Gdynia, the turnover in this cargo group decreased by 37.5%.

A significant decrease in turnover was recorded by Polish ports in **ore** handling. In the first half of 2023, Polish ports handled 861.5 thousand tonnes of ores, which is 55.32% lower than the result obtained in the first half of the previous year. This cargo group is mainly handled by the Port of Szczecin-Świnoujście, where turnover in this cargo group decreased by 59.13% in the last six months.

Moreover, a large decrease in percentage terms was recorded by all Polish ports in **timber** handling. In the first half of 2023, timber throughput decreased by 463.1 thousand tonnes, which translated into a more than 58% decrease. It is worth noting that turnover of timber is of marginal importance in the turnover structure of Polish ports and their share decreased from 1.3% in the first half of 2022 to 0.4% in January-June of this year.

In the period January-June 2023, Polish ports handled a total of 26,558.2 thousand tonnes of general cargo, which is a decrease by 8.52% compared to the first half of 2022. Decreases were recorded by all Polish ports, but the most severe in percentage terms occurred in the Port of Gdynia (10.75%). In the Port of Szczecin-Świnoujście, general cargo turnover decreased by 9.4%. The decreases were recorded in terms of ferry cargo (-10.2% compared to the same period in 2022), to the level of 6,671.8 thousand tonnes. In the Port of Gdansk, the drop was mainly due to a decrease in handling of containerized cargo. In total, the Port of Gdansk lost 746.4 thousand tonnes of general cargo (-6.3%).

Containers

In the first half of this year, all Polish ports handled a total of 1 438 522 TEU, which was a result by 9.34% lower than in the January-June 2022 period. In the first six months of this year container turnover in Port of Gdańsk amounted to 992 714 TEU (-7.56% in comparison with the corresponding period a year ago). At the Port of Gdansk, the biggest container port in the Baltic[1], transshipments to/from Russia had so far a high share in turnover, therefore the effects of the suspension of cargo booking to Russia by the largest global container operators, including Maerska, MSC, CMA CGM, and Lloyd's Hapag, influenced container handling at the Port of Gdansk to some extent. In addition, the low market demand in Poland, which is the result of inflation and high prices of food and raw materials, as well as economic stagnation, also had an impact on the volume of containers handled in the Port of Gdańsk.

In the Port of Gdynia, which mainly handles Polish export, container handling decreased by 14.4% (-68,654 TEU). The most severe decrease in turnover occurred in the case of the GCT terminal. Declines were also recorded by BCT and OT Port Gdynia. In the case of the Port of Szczecin-Świnoujście, container handling increased by 4.85% to 36.8 thousand tonnes. TEUs.

Table 3. Container handling in the biggest Polish seaports in the first half of 2017-2023 [TEU]

	H1 2017	H1 2018	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023	Change 2023/22
Port of Gdańsk	689 093	968 261	1 016 632	950 413	1 049 054	1 073 902	992 714	-7.56%
Port of Gdynia	340 599	389 227	457 677	417 864	478 311	477 687	409 033	-14.37%
Port of Szczecin-Świnoujście	42 925	42 052	32 406	38 855	41 793	35 075	36 775	4.85%
Total	**1 072 617**	**1 399 540**	**1 506 715**	**1 407 132**	**1 569 125**	**1 586 664**	**1 438 522**	-9.34%

[1] For more information regarding performance of Baltic ports please check the latest report: Results of Top 10 Baltic Ports in the first half of 2023

Ro-ro ferry traffic

In the first half of this year, Polish ports in total handled 31.9 thousand freight units less than in the corresponding period of the previous year, this is a 7.36% decrease year to year. A slight increase was recorded only by the Port of Gdynia, which handles both ferry traffic on the route Gdynia-Karlskrona and cargo traffic to the Port of Hanko. The introduction of two vessels last year and the increase in the frequency of calls on the Gdynia-Hanko route, as well as the revival of tourist traffic on the ferry route, kept the volume of freight transport at a stable level during first half of 2023.

In the case of the Port of Gdańsk and Port of Szczecin-Świnoujście, ro-ro transport decreased by 26.2% and 10.4% respectively, compared to the first half of 2022.

In total, ports recorded an increase in handling of passenger cars, by 2.25% compared to the January-June 2022 period. The largest, double-digit increase was recorded at the Port of Gdynia (+13.6%). The volume of passenger cars handled in Gdańsk (on the Gdańsk-Nynashamn route) also increased. Only the Port of Szczecin-Świnoujście recorded a decrease (-2.6%).

Table 4. Ro-ro freight units and passenger cars served in the biggest Polish seaports in first half of 2022 and 2023 [pcs.]

	Passenger cars			Freight units		
	H1 2022	H1 2023	Change H1 2023/H1 2022	H1 2022	H1 2023	Change H1 2023/H1 2022
Port of Gdańsk	46 760	48 911	4.60%	17 577	12 970	-26.21%
Port of Gdynia	41 244	46 852	13.60%	151 286	151 434	0.10%
Port of Szczecin-Świnoujście	118 427	115 310	-2.63%	265 128	237 652	-10.36%
Total	**206 431**	**211 073**	2.25%	**433 991**	**402 056**	-7.36%

Passenger traffic

After last year's significant revival of ferry transport, caused by the reduction of travel restrictions after the COVID-19 pandemic, in the first half of 2023 we can observe a decrease in regular passenger traffic. In total, Polish ports recorded a decrease in passenger traffic by 1.96% compared to the first half of 2022. The only port that recorded an increase in the analysed segment is the Port of Gdynia, where the number of travellers increased to 251,510 passengers. In the case of the Port of Gdansk and Szczecin-Świnoujście there were decreases. In the Port of Gdańsk, the drop was double-digit (-21.7%), and in the Port of Szczecin-Świnoujście traffic was reduced by 5.7%.

Table 5. Regular passenger traffic in major Polish ports in the first half of 2021-2023 [passengers]

	H1 2021	H1 2022	H1 2023	Change H1 2023/H1 2022

Port of Gdańsk	65 296	77 550	60 688	-21.74%
Port of Gdynia	168 317	221 379	251 510	13.61%
Port of Szczecin-Świnoujście	458 360	507 382	478 336	-5.72%
Total	**691 973**	**806 311**	**790 534**	-1.96%

Cruise traffic

In the first half of last year, for the first time since the outbreak of the Covid-19 pandemic, there was a noticeable revival in the cruise ship segment. In the last six months, there was also an increase in tourist traffic. It is worth noting that the usual season of cruise ship calls in Polish ports starts in April and ends in October. In the first half of 2023, the Port of Gdynia handled 14 vessels with over 32,000 tourists, which is an increase of 2/3 compared to the first half of 2022, whereas the Port of Gdansk handled 16 cruise ships (a decrease by 14 calls in comparison with the corresponding period of last year) and 8.4 thousand tourists. In the Port of Szczecin-Świnoujście, which serves mainly river traffic, there were no seagoing vessels calling the port in the January-June 2023 period.

Table 6. Cruise traffic in Polish ports in the first half of 2022 and 2023 [passengers]

	Tourists			**Number of calls**		
	H1 2022	**H1 2023**	**Change H1 2023/H1 2021 [%]**	**H1 2022**	**H1 2023**	**Change H1 2023/H1 2022 [-]**
Port of Gdańsk	9 567	8 429	-11.9%	30	16	-14
Port of Gdynia	19 651	32 869	67.3%	16	14	-2
Port of Szczecin-Świnoujście	271	0	-100.0%	1	0	-1
Total	**29 489**	**41 298**	40.0%	**47**	**30**	**-17**

Perspectives for the second half of 2023

- Future turnover of **grain** in Polish ports may be affected by the ongoing war in Ukraine. Pursuant to the Regulation of the European Commission, wheat, maize, rapeseed and sunflower seeds originating in Ukraine may be released for free circulation or placed under customs warehousing, free zone or inward processing only in Member States other than Bulgaria, Hungary, Poland, Romania or Slovakia. However, this restriction does not affect the movement of these goods in Bulgaria, Hungary, Poland, Romania or Slovakia or through the territory of these countries under the customs transit procedure to another Member State or to a country or territory outside the customs territory of the European Union . The regulation is to apply until September 15, 2023. It is also worth noting that increased grain volumes, especially in import, are a driving force for port investments. In the Port of Gdynia, the HES

Gdynia Bulk Terminal has started investment works at the Śląskie quay. As part of the project, the Company will build a storage area for grain with a capacity of approx. 65,000 tonnes, along with modern technology of conveyor flyovers, stations for loading and unloading cars and unloading wagons in the bottom chute technology. Also at the Port of Gdansk, activities aimed at increasing the handling capacity of grain are underway. In July 2022, the government adopted a resolution on the construction of an agricultural and food products terminal in the Port of Gdańsk. The exact location is unknown, but it is speculated that it will be located in the Northern Port.

- The ban on the purchase of **coal** from Russia meant for Poland and other European Union countries the need to increase supplies from other countries, mainly distant overseas directions, which is conducive to increased port throughput. According to data for the first quarter of 2023, global coal sea transport increased by 20.5% year-on-year to 310.8 million tonnes. Analysing the EU market, it can be seen that in the first 3 months of 2023, coal imports to the EU increased by 15.1%, reaching 28.4 million tonnes, which is the highest import result since the first quarter of 2019. Among the countries from which coal was imported by EU were the United States, Australia, Colombia and South Africa. At the same time, it is worth noting that deliveries from Russia to European Union countries fell by 88.9% in the first quarter of 2023 compared to the same period in 2022, reaching only 1 million tonnes.

- From December 2022, the EU embargo on imports of crude oil from Russia by sea has been in force and since February 2023, the EU embargo also applies to **refinery products**. In the first quarter of 2023, Russia unilaterally suspended oil supplies via the Druzhba pipeline. The diversification of supplies, which began before the outbreak of the war, is now very clearly noticeable. In the first quarter of 2023, Russia's share in fuel imports to Poland decreased to 7.1 percent compared to 47.7 percent in the first quarter of 2022. Key suppliers f fuels include Saudi Arabia, Germany, Norway and the United States.

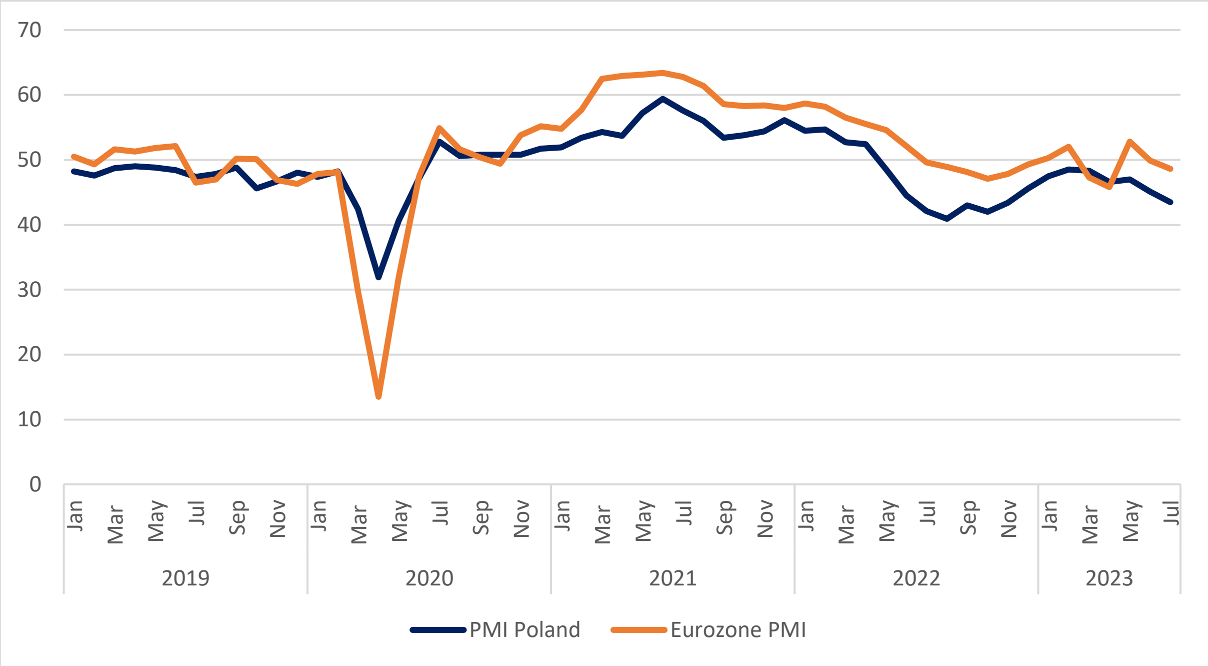
- The slowdown in **container** transport is mainly due to a decrease in container handling in the largest container terminal in the Baltic Sea - the Baltic Hub. The negative change is dictated, among others, by the decrease in the volume of transshipments from/to Russia. What's more, container terminals in Gdynia have also experienced a decrease in container turnover. High inflation and rising costs of living have a big impact on the demand for consumer goods, which will define the volume of container transport. It is worth noting, however, that in the near future containerships will call Polish ports as part of new services. From October, a new direct CMA CGM service (FAL1: French Asia Line) will be launched on routes to Gdańsk. Containerships have recently started calling Port of Gdynia as part of new services. From July 2023, as part of the GBX service, COSCO's ships connect the Port of Gdynia with Bremerhaven and Hamburg, while in June 2023 the first call of the Ocean Network Express (IBESCO service) vessel took place, enabling connection with the Iberian Peninsula, as well as the new Viasea service to Norway. Since April this year, Ellerman City Line vessels, offering connections to Great Britain, have also called the Port of Gdynia.

- When analysing the PMI index[2] for the Polish manufacturing sector, it can be noticed that the moods deteriorated significantly, reaching 43.5 points in July 2023. This is the lowest level

[2] The Purchasing Managers' Index™ (PMI™) is a survey-based indicator of business conditions, which includes individual measures ('sub-indices') of business output, new orders, employment, costs, selling prices, exports, purchasing activity, supplier performance, backlogs of orders and inventories of both inputs and finished goods, where applicable. The surveys ask respondents to report the change in each variable compared to the prior month, noting whether each has risen/improved, fallen/deteriorated or remained unchanged. These objective questions are accompanied by one

since the beginning of the year. After a temporary improvement in economic sentiment, there was a slump related to inflation. At the same time, high energy prices and the unstable geopolitical situation related to the ongoing war in Ukraine mean that forecasts regarding the volume of port turnover should be prepared with exceptional caution.

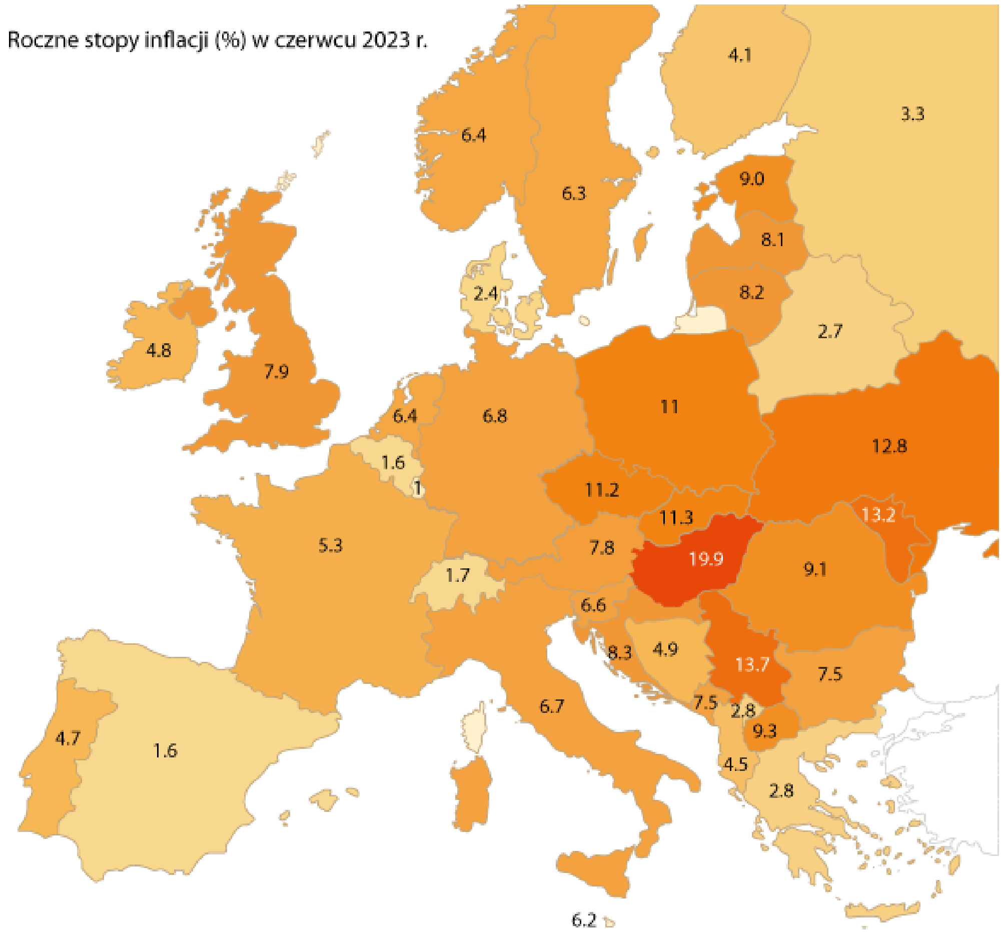
Chart 1. The PMI in Poland and the Euro zone in 2019-2023



Source: Actia Forum based on IHS Markit data

subjective 'sentiment' question asking companies whether they forecast their output to be higher, the same or lower in a year's time. The PMI is widely used to anticipate changing economic trends in official data such as GDP, or sometimes as an alternative gauge of economic performance and business conditions to official data, as the latter sometimes suffer from delays in publication, poor availability or data quality issues. The PMI is produced globally by IHS Markit although a small number of trade associations also produce local PMIs in certain markets, such as the ISM in the United States. PMI was originally compiled for manufacturing, IHS Markit pioneered the extension of coverage to other sectors in the 1990s, including services, construction and retail.

Chart 2. Annual inflation rates in Poland and other European countries in June 2023 [%]



Source: Actia Forum based on Eurostat data

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Port Monitor 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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