

Trends affecting the investment appetite in the port sector – opportunities and risks

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TO START WITH

- Port competition: important topic in transport economics (large volumes, employment, investment,...)
- The past: ports as homogeneous entities
- Port competition should be revisited:
 - ↳ ports are complex and heterogenous
 - ↳ competition between entire supply chains

KEY QUESTIONS

- Where does the *power of decision* lie in relation to, for example, the choice of route and/or port, shipping company, terminal operator or hinterland mode?
- *Which factors* influence these decisions?
- Which decisions by which players determine the *competitive position of the port* in question?

THE DECISION PROCESS

- Does the port offer sufficient advantages in order to be considered as an additional **port of call** for an existing or yet-to-be-established liner or feeder service?
- Does the port under consideration offer advantages for **location** compared to other ports serving the same hinterland?

The decision process concerns the transport chain, taking due account of market factors

DECISION VARIABLES IN CHOOSING A PORT

	Owner / Shipper of goods	Forwarder	Shipping company	Terminal operators
Cost	XX	X	XX	XX
Location	XX	X	XX	XX
Port operations quality and reputation	XX	XX	XX	XX
Speed / time	X	X	X	XX
Infrastructure and facilities availability	X		XX	XX
Efficiency	X	XX	X	XX
Frequency of sailings	X	X	X	
Port information system	X	X	X	XX
Hinterland	X	X	X	XX
Congestion	X	X	X	XX

THE FUTURE

The new playing field:

Drastic scale expansion by shipowners and terminal operating companies, coupled with horizontal and vertical integration

UNCERTAINTY

- Each market player will try to anticipate on likely strategic moves by other players
- Each of these developments will have an impact on crucial decision variables, such as cost, price, and supply and demand
- As the various players are not affected in the same way, their strategies will vary accordingly

TRYING TO CHANNEL: OPPORTUNITIES (1)

- Increasing global trade volumes
- Increasing wealth in certain regions
- Increasing involvement in ports from transport operators (terminal groups, shipping companies, logistics groups, banks, pension funds, etc.)

TRYING TO CHANNEL: OPPORTUNITIES (2)

Rank 2000	Rank 2011	Port	Country	2000 TEU m CI	2011 TEU m CI	% Change 2000-2011
7	1	Shanghai	China	5.61	31.70	465%
2	2	Singapore	Singapore	17.04	29.94	76%
1	3	Hong Kong	China	18.10	24.40	35%
12	4	Shenzhen	China	3.99	22.57	465%
4	5	Busan	South Korea	7.54	16.19	115%
70	6	Ningbo	China	0.90	14.69	1529%
39	7	Guangzhou	China	1.43	14.40	907%
25	8	Qingdao	China	2.12	13.02	514%
14	9	Dubai	UAE	3.06	12.00	292%
6	10	Rotterdam	Netherlands	6.28	11.90	89%

Source: UA / BNP Paribas Fortis

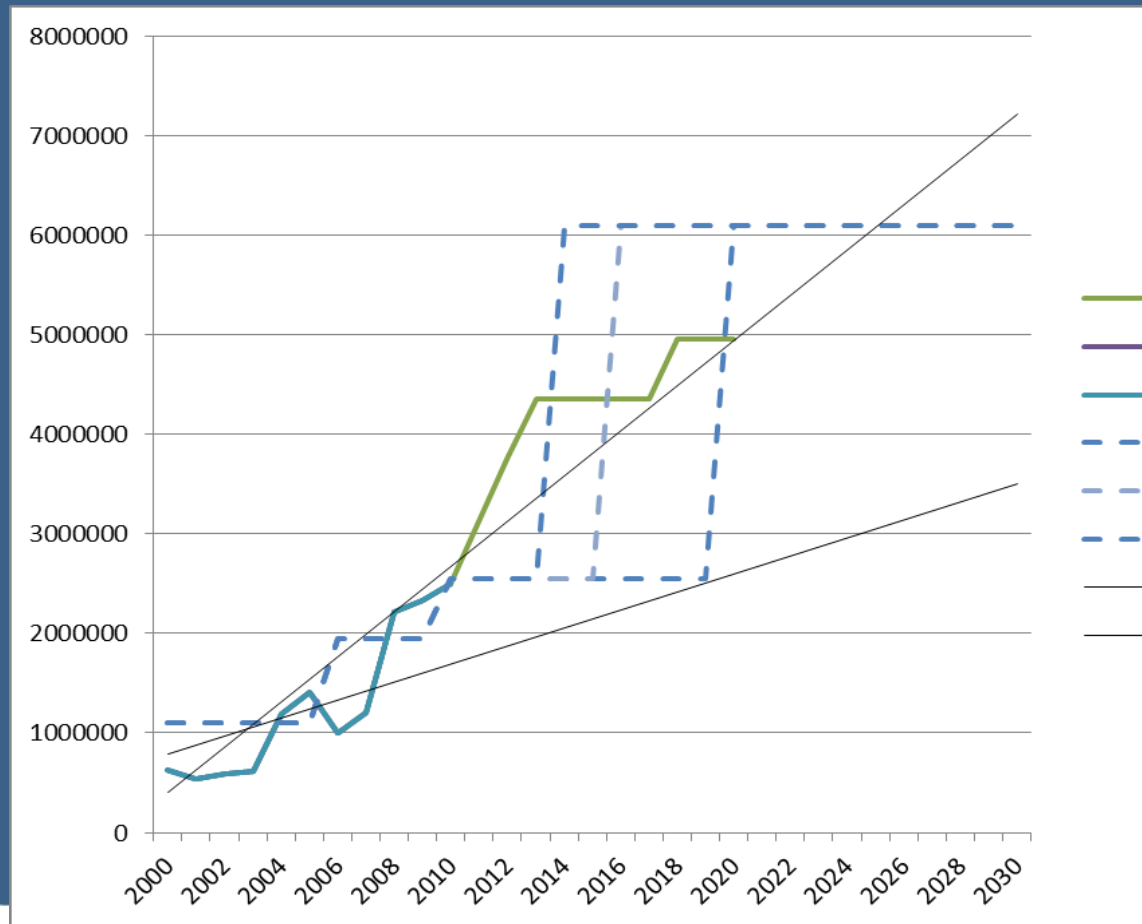
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TRYING TO CHANNEL: RISKS: MACRO (1)

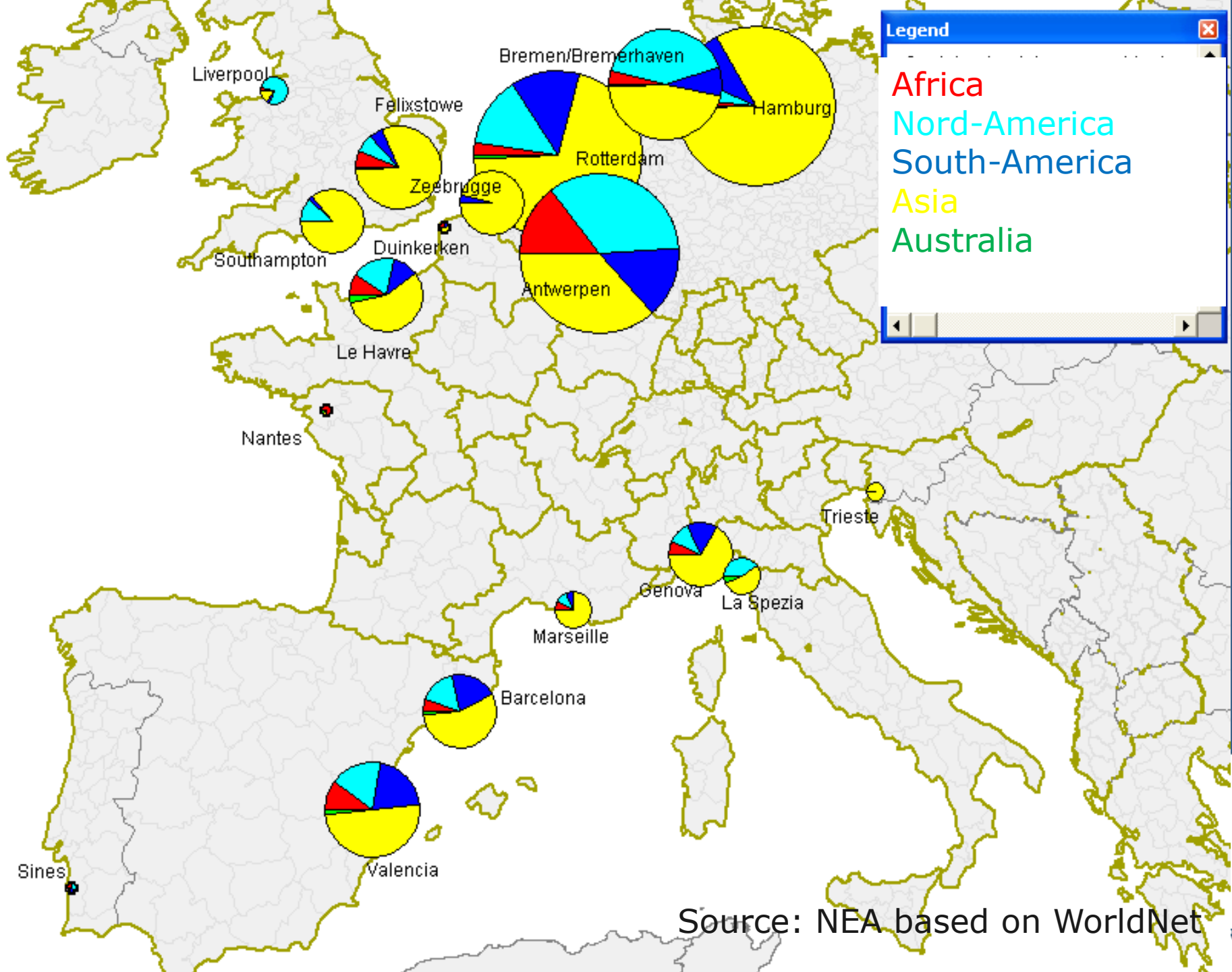
- Political
- Economic
- Commercial
- Legal
- Natural

TRYING TO CHANNEL: RISKS: MACRO (2)



TRYING TO CHANNEL: RISKS: MACRO (1)

- Political
- Economic
- Commercial
- Legal
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Source: NEA based on WorldNet

TRYING TO CHANNEL: RISKS: MACRO (4)

Ports	Difference new/old	New services	Old services
North Europe			
Antwerp	-	3	3
Bremerhaven	-	2	2
Dunkirk	-1	0	1
Felixstowe	-	2	2
Hamburg	-2	2	4
Le Havre	-	3	3
Rotterdam	-	3	3
Sines	-	1	1
Southampton	-	2	2
Zeebrugge	-	3	3
North Europe	-3	21	24

MSC – CMA-CGM
alliance impact on
calls

Source: DynaLiners

Port	CMA CGM	%	MSC	%
Antwerp	Antw. Gateway	10	MSC Home	50
Bremerhaven	-	-	MSC Gate	50
Dunkirk	NFTlou	91	-	-
Le Havre	Term. France	42	Term. l'Ocean	50
Le Havre	Term. Nord	26	MSC France	50
Rotterdam	World Gateway	10	ECT DDN	50
Zeebrugge	CHZ	35	-	-

TRYING TO CHANNEL: RISKS: MACRO (1)

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TRYING TO CHANNEL: RISKS: PROJECT-SPECIFIC (1)

- Ground
- Weather
- Environmental
- Union behaviour
- Contractual
- Revenue

TO CONCLUDE

- Ports are clearly highly heterogeneous and complex environments
- Successful ports belong to successful supply chains
- Each port actor has an own agenda, and strategic objectives and tools
- Much will depend on the behaviour of the largest and most influencing customers of ports, i.e. shipping companies

TO CONCLUDE (ctd.)

- ⇒ Port competition scenarios are more or less fixed
- ⇒ The timeframe remains uncertain

Timing and optimal speed of action will determine who ultimately comes out on top, and who what port will feature highest appetite for funding

REFERENCES

- Hilde Meersman, Eddy Van de Voorde and Thierry Vanellander, 2010, Port Competition Revisited
- Hilde Meersman, Eddy Van de Voorde and Thierry Vanellander (eds.), 2009, Future Challenges for the Port and Shipping Sector, The Grammenos Library, Informa, London.

Thank you...

... and now time to illustrate and qualify

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