

European and US ports feel the squeeze in volatile market

April 19, 2024



Port of Ningbo

The shifting sands of economic activity are being mirrored in the development of the ports industry with terminals in emerging economies beginning to rise in the rankings as regional ports become more important.

Alphaliner's annual list of top 30 ports has seen [Dubai replace Rotterdam in the top ten](#), an event that owes more to Rotterdam's declining volumes than Dubai's growth, while Tanger Med has overtaken Hamburg in the listing.

Predictably, six of the top ten ports are Chinese, with the remaining four comprised of Singapore, Busan, Los Angeles/Long Beach complex and Dubai in tenth position. Notably, Hong Kong, once the world's busiest container port quietly slipped out of the rankings, losing an average of 10% of volumes annually over the past five years.

Low global economic growth is still predicted looking ahead, with the World Trade Organization (WTO) reporting world merchandise trade saw a steeper-than-expected decline of 1.2% last year but forecasts increases of 2.6% and 3.3% in 2024 and 2025 respectively.

Much of the decline in Europe and the US is owed to the geopolitical challenges faced in Ukraine, the Middle East and the tensions between China and the US. but the regional catch-up of Asian economies persists as ports in the Middle East, India and the Far East show strong growth.

Eleanor Hadland, senior analyst - ports and terminals at Drewry Shipping Consultants, explains, "In 2023 we saw a wide variation in performance across the regional markets – despite North American volumes dropping steeply (albeit in context of steep rises in 2021/22), Asian markets remained more buoyant."

Major US ports have declined with Los Angeles and Long Beach figures showing a combined 12.6% fall and New York and New Jersey recording a 17.7% year-on-year fall, though the latter also suffered as Panama Canal water levels fell significantly.

Trading in the consumer centres has wobbled, and this may not be a permanent state of affairs, but as Hadland points out, "There have been major strides to improve trading relationships between Asian countries – lowering tariffs and reducing other barriers to trade. Additionally, diversification of manufacturing outside of China has generated additional intra-Asia flows as supply chains are also becoming intra-regional. Increased consumer power from these markets are also part of the story, but not the whole story."

In the long term macro-economic growth will come from the Middle East, Asia, Latin America and later Africa, said former transport analyst Mark McVicar, but he argues, "the US economy is doing well, employment is higher and with 2.4% growth it is showing resilience".

European economies suffered several shocks, as Russian sanctions hit throughput from the start of Ukraine, while the effect of the Red Sea crisis has damaged Mediterranean ports, particularly in the Eastern Med.

That resulted in Dubai overtaking Rotterdam in the rankings, jumping to 10th, after it showed some modest growth, 3.6%, while Rotterdam volumes fell 9% compared to 2019. Hamburg, which was even more reliant on Russian trade has lost over 16% of its throughput in the same period, while Antwerp-Bruges has been stable largely due to the 2022 merger of the two Belgian facilities.

Hadland argued North Europe is in recovery mode, "Due to challenging macroeconomic conditions, with soaring inflation impacting both the European manufacturing sector and consumer demand."

She added that the loss of Russian transshipment volumes was still being felt in Q1 2023 but said that Drewry's "rolling 12-month average growth rate was improving to -1.2% in February 2024, with a further improvement projected for March."

This has been underscored in Q1 2024 figures with Rotterdam reporting a 2% increase to 3.3 million teu and Port of Antwerp-Bruges reporting a 6% increase to 3.28 million teu compared to the first quarter of 2023.

Meanwhile, Maersk and Hapag-Lloyd's alliance, the Gemini Cooperation, with its hub and spoke system may also see cargo shift to regional ports. Alphaliner analyst Stefan Verberckmoes noted: "It is indeed surprising to note that Tanger Med is already a larger container port than Hamburg."

He went on to say, "Some of the largest carriers have invested there as it is a perfect hub on the crossroads of East West and North South services. This month, we saw once again a North Europe – West Africa (the EURAF 5 of CMA CGM) being shortened as calls at Antwerp and Le Havre are removed and the service now turns in Gibraltar Strait."

Tanger Med has four container terminals and is operated by APM Terminals, Eurogate, and the Tanger Alliance, and handled 8.61 million TEUs last year, eclipsing Hamburg's 7.74 million TEUs, with the German port volumes declining 16.5% and the Moroccan port, strategically situated in the Strait of Gibraltar, increasing 79.4% since 2019.

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