Global Ports Report Overall Slowdown

The Shanghai International Shipping Institute (SISI) released the *Global Port Development (2018)* in April 2019. According to the report, the world economy continued moderate growth in 2018, with the global GDP growth rate on par with that of 2017, at 3.7%, while regional economies featured mixed GDP growth and soaring debt. In 2018, trade growth dipped amid global trade tensions from a high rate at the beginning of the year, resulting in an annual growth rate of 4.2%, down by 0.5 percentage points from that of 2017, while developing countries' import volumes nosedived. As a result, the world's major ports saw an overall slowdown in the growth of throughput.

1. Global ports post slower growth in throughput

Compared to the robust growth in 2017, throughput growth at global ports slowed in 2018, with sluggish growth in dry bulk trade volumes. Globally, the growth rates of throughputs at major ports in Oceania grew steadily, while those in Asia, Americas, Europe and Africa all saw cargo throughput growth falling to various degrees. About two-thirds of global ports continued to see an increase in throughput in 2018, and most of them posting a growth rate of only 2.0%.

Table 1 Global Top 20 Ports by Cargo Throughput in 2018

(Unit: million tons)

Ranking			Port	Cargo Throughput		Year-on-Year Growth
2018	2017	Trend		2018	2017	
1	1	→	Ningbo-Zhoushan	1084.4	1007.1	7.7%
2	2	→	Shanghai	730.5	750.5	-2.7%
3	6	↑	Tangshan	637.1	573.2	11.1%
4	3	↓	Singapore	630.1	627.7	0.4%
5	5	→	Guangzhou	613.1	590.1	3.9%
6	7	↑	Qingdao	540.0	508.0	6.3%
7	4	↓	Suzhou	532.0	607.7	-12.5%
8	8	→	Headland	518.0	505.3	2.5%
9	9	→	Tianjin	507.7	500.6	1.4%
10	10	→	Rotterdam	469.0	467.4	0.3%
11	11	→	Dalian	467.8	455.2	2.8%
12	13	↑	Busan	461.6	401.5	15.0%
13	12	↓	Yantai	443.1	400.6	10.6%
14	15	↑	Rizhao	380.7	361.4	5.3%
15	14	↓	Yingkou	370.0	362.7	2.0%
16	16	→	South Louisiana	303.1	307.9	-1.5%
17	17	→	Gwangyang	302.0	292.3	3.3%

18	18	→	Zhanjiang	301.9	282.1	7.0%
19	19	→	Huanghua	287.7	270.3	6.4%
20	22	↑	Nantong	267.0	235.7	13.3%

Data source: Official websites of various ports, sorted by the SISI.

- **Throughput grows slower at European ports.**

Owing to factors including a slowdown in Europe's economic growth, a downturn in the industrial economy of manufacturing countries as represented by Germany, Brexit, and Italy's political instability, trade demand fell in 2018, dealing a blow to ports' throughput growth. In addition, core hub ports in Europe including Port of Rotterdam and Antwerp suffered heavy congestion in the second half of 2018, which also had certain implications on the volumes of cargoes handled by European ports. Among the major ports, Rotterdam saw ship detention and lowered handling efficiency due to congestion, as it handled only 469 million tonnes of cargoes in 2018, an increase of just 0.3% over the previous year. Throughput at Antwerp was 235 million tonnes, up by 5.2% year-on-year.

- **Throughput at North American ports grows steadily, while those at South American ports post slower growth.**

Backed by policies to deal with trade frictions and encourage the return of American manufacturing, the US saw its economic growth gain strength slowly, with the manufacturing PMI and other indicators, including investor confidence and consumer spending indexes, all staying at relatively high levels. The race against time to ship goods before the launch of a new tariff policy, as well as rising export volumes amid ongoing trade negotiations, gave a boost to the trade of North American ports. In contrast, South American ports saw slower growth in trade volume, due to a weak economic foundation and poor infrastructure.

- **Throughput at Asian ports grows steadily.**

In 2018, Asian economies grew steadily on the whole. Trade within the region and seaborne trade with the rest of the world grew steadily as well. In particular, imports and exports between China and countries along the Belt and Road increased by 13.3%. Thanks to the robust growth in regional trade, Asian ports' cargo throughput grew steadily, but at a rate slightly lower than that of the previous year.

China's cargo throughput grows slower. In 2018, the Chinese economy was faced with an increasingly greater downward pressure, with investment, consumption and industrial output all growing at a slower pace. As a result, China's economy grew by merely 6.6%, lower than that of previous year. Also, trade frictions between China and the US, as well as changes in international trade relations, had implications on the throughput of Chinese ports. At this atmosphere, Chinese ports above a designated scale post a cargo throughput totaling 13.1 billion tonnes, up by 3.9% year-on-year.

South Korean ports' growth falls slightly. In 2018, cargo throughput at South Korean ports totaled 1.6 billion tonnes, up by 3.2% year-on-year, which was slightly lower than the rate of the previous year. Trade in LPG, natural gas, timber and sugar showed good performance, giving a boost to South Korean ports' throughput growth, while throughput for sand and steel saw a steep fall.

Southeast Asian ports maintain their growth. In 2018, Southeast Asian economies experienced rapid growth, with Malaysia, Indonesia and the Philippines all seeing GDP growth rates of above 5.0%. Moreover, thanks to the China-proposed Belt and Road initiative, the region's trade with China hit a new high. But due to a slowdown in Europe's economic recovery, seaborne cargo volumes between Asia and Europe dipped, resulting in slower growth of transshipments at Southeast Asian ports, which dealt the heaviest blow to the Port of Singapore.

2. Growth of container throughput at global ports slows

In 2018, international container trade grew steadily, but container volumes grew slower, due to factors including a slowdown in the world economy, escalating trade frictions, and weak consumer markets. The major global ports saw a container throughput of 782 million TEUs, up by 4.7% year-on-year, which was slightly down from the previous year.

Table 2 Global Top 20 Ports by Container Throughput and Their Growth Rates

(Unit: 1,000 TEUs)

Ranking			Port	Container Throughput		Year-on-Year Growth
2018	2017	Trend		2018	2017	
1	1	→	Shanghai	42010	40230	4.4%
2	2	→	Singapore	36600	33670	8.7%
3	4	↑	Ningbo-Zhoushan	26350	24640	6.9%
4	3	↓	Shenzhen	25740	25210	2.1%
5	7	↑	Guangzhou	21920	20370	7.6%
6	6	→	Busan	21660	20490	5.48%
7	5	↓	Hong Kong	19600	20770	-5.6%
8	8	→	Qingdao	19320	18310	5.5%
9	10	↑	Tianjin	16000	15060	6.2%
10	9	↓	Dubai	14950	15400	-2.9%
11	11	→	Rotterdam	14510	13730	5.7%
12	12	→	Kelang	12030	11980	0.4%
13	13	→	Antwerp	11100	10450	6.2%
14	14	→	Xiamen	10700	10380	3.1%
15	15	→	Kaohsiung	10450	10280	1.8%
16	16	→	Dalian	9770	9710	0.6%
17	17	→	Los Angeles	9460	9340	1.3%
18	19	↑	Tanjung Pelepas	8790	8260	6.4%

19	18	↓	Hamburg	8780	8800	-0.2%
20	20	→	Laem Chabang	8070	7780	3.7%

Data source: Official websites of various ports, prepared by the SISI.

- **Growth of container throughput in Asian ports continues to recover.**

In 2018, imports and exports between China and Belt and Road countries maintained robust growth, emerging economies such as ASEAN and India saw rising trade volumes, and ports in Japan and South Korea grew steadily. As a result, Asian ports saw sound growth in container trade on the whole but fell short of the previous year's performance, with container throughput increasing by 4.8% to 420 million TEUs.

Growth of container throughput at Chinese ports dips. In 2018, fluctuations in global trade and weak domestic demand led to slower growth in container throughput at Chinese ports. In particular, international container throughput at Chinese ports grew by merely 2.9%. Container throughput totaled 250 million TEUs in 2018, growing by 5.2% year-on-year, a significant fall from the previous year's 8.3%. Besides, due to the strict environmental policy, coal and other goods previously transported as dry bulks by lorries were now shipped to ports in containers, which contributed to robust growth of container shipping in domestic trade, at 9.2% year-on-year.

Southeast Asia's container throughput continues high growth. In 2018, Southeast Asian ports continued a strong momentum with high growth in container throughput, thanks to the rapid development of ASEAN economies. Singapore's container throughput rose by 8.7% to 36.6 million TEUs. Klang's container volumes increased by 0.5% to 12.0 million TEUs. Tanjung Pelepas saw container throughput jump by 6.4% to 8.8million TEUs.

- **European ports' throughput grows steadily.**

In 2018, Europe's economy was weak, but thanks to an increase in bilateral trade between China and the EU, the container throughput at major ports in Europe rose by 5.0% year-on-year to 135 million TEUs. Among the major ports, Rotterdam showed sound growth in container throughput, which jumped by 5.7% to 14.5 million TEUs, with a significant increase contributed by imports and transshipments. Antwerp's container volumes rose by 6.2% to 11.10 million TEUs, thanks to route adjustments made by shipping alliances. Container throughput at Barcelona of Spain grew by 15.3% year-on-year, to 3.4 million TEUs, and Piraeus of Greece saw container throughput soaring by 18.4% to 4.9 million TEUs.

- **North American ports see robust growth, while South American ports' performance gets lackluster.**

In 2018, the US economy grew strongly, leading to sound growth in container volumes. However, countries including Canada and Mexico saw trade frictions and disputes concerning tariff rate quotas with the US continuing to simmer, so their economy growth slowed and ports' performance failed to live up to expectations, with container throughput growing by 6.1% to 67.6 million TEUs in 2018. On the other hand, the Fed's interest rate hike and other measures led to increased volatility of South America's international financial market, as well as a gloomy economic outlook for the region. Against this background, the container throughput at major ports of South America grew by only 1.4% to 45.5 million TEUs.

- **African ports post moderate growth in container volumes.**

Africa's economy has been growing fast in recent years, with huge potential in the trade sector. In particular, with expanding infrastructure construction and consumer demand, its demand for container shipping has also been on the rise. In 2018, foreign investors including China stepped up investments in infrastructure construction in Africa, and the continent's trade activities with China and the US was increasingly frequent. Against such a backdrop, Africa's container throughput continued the moderate growth seen in the first half of 2018, and totaled 27.9 million TEUs for the whole year, up by 4.7% year-on-year.

3. Global dry bulk ports continue low growth

In 2018, global dry bulk ports continued low growth in throughput, and saw seaborne volumes of all major dry bulks except coal grow slower. The seaborne volumes of the world's major and minor dry bulks jumped by 2.4% to 5.2 billion tonnes. The dry bulk throughput of Singapore Port tumbled by 9.4%, the steepest drop among all major ports surveyed, due to port business transformation and environmental measures. In Australia, the Port of Hedland saw dry bulk throughput grow at a rate about 1.5 percentage points lower than that of the previous year, due to a slowdown in the growth of iron ore trade, while the Port of Hay Point recovered from the impact of bad weather and posted a growth rate of 8.6% year-on-year. The Port of Rotterdam saw a fall by 3.2% in dry bulk throughput to 77.6 million tonnes, due to stagnant demand of the steel industry caused by blast furnace upgrades at steel mills, as well as the shift of the bulk cereals business to Amsterdam. Brazilian ports' dry bulk throughput bucked the trend, though, as China increased soybean imports from Brazil and other countries amid stagnant imports from the US in the aftermath of trade frictions.

4. Growth of global liquid bulk throughput slows further

Rising oil prices in the first half of 2018, along with a slowdown of most economies, resulted in pessimism in the crude oil market. Besides, a stronger dollar also hampered the rebound of oil prices. As a result, global seaborne crude oil volumes totaled 2.0 billion tonnes in 2018, up by 1% year-on-year, 2.3 percentage points lower than that of the previous year. Liquid bulk throughput at Chinese ports grew fast, with crude oil imports rising by 10.1% year-on-year to 461.9 million tonnes. European ports posted a fall in liquid bulk throughput. Among these, Rotterdam's crude oil throughput fell by 1.1% to 212 million tonnes, due to declining profits of the oil refineries in the port area and the oil refining industry's transformation and upgrading. Antwerp also saw crude oil throughput dip, but its liquid bulk throughput rose by 3.6% year-on-year to 75.8 million tonnes, thanks to an increase in the throughput of liquid chemicals and products derived from crude oil. Increased output of shale oil boosted American crude oil export volumes and made the US a major supplier in the world oil market that was gradually overtaking all the other oil exporting countries to become the world's No 1. In Canada, another oil exporting country, a steep fall in oil prices in 2018 had implications on its oil sector, a pillar industry in the country, and thus also dealt a blow to its national economy. As a result, prices of Canadian heavy crude oil soared, leading to a fall in export volumes of crude oil.

5. Global terminal operators post slower growth

With a slowdown in the growth of global seaborne trade volumes in 2018, the world's major terminal operators also saw a slight slowdown on their throughput growth. Thus, a majority of terminal operators engaged in expanding and upgrading terminals to accommodate larger ships and improve services, and tended to seek new development opportunities in the global supply chain, extend business scope, expand inland services, and actively explore new technology and block-chain in order to boost company earnings.

- **CK Hutchison's port business experiences a downturn.**

In 2018, port and related services of CK Hutchison Holdings achieve a container throughput of 84.6 million TEUs, down by 0.12% year-on-year, and an EBITDA margin of 38.1%, up by 1.3% year-on-year. Overall, CK Hutchison's port and related services suffered a downturn, but operations continued to pick up.

- **AP Moller-Maersk maintains stable operations in terminal and tug services.**

As one of the group's major businesses, terminal and tug services posted high profits and high growth: The sector's revenues hit $3.8 billion in 2018, accounting for 9.3% of the group's total, while EBITDA reached $780 million, constituting 20.4% of the group's total and up by 21.8% year-on-year.

- **PSA International continues to grow.**

In 2018, PSA International achieved container throughput totaling 81 million TEUs, up by 9.1% year-on-year, with an operating margin of 41.5%, up by 10.6% year-on-year. On the whole, PSA International's port business kept growing in 2018.

- **DP World's growth slows.**

In 2018, DP World achieved a container throughput totaling 71.4 million TEUs, up by 1.9% year-on-year. The group posted an adjusted EBITDA margin of 49.7%, down by 2.6% year-on-year. Overall, DP World's business of port suffered a slowdown in 2018.

- **COSCO Shipping Ports posts robust growth.**

Backed by its parent company and the Ocean Alliance, COSCO Shipping Ports saw its container throughput total 117 million TEUs in 2018, soaring by 17.1% year-on-year, while the equity throughput hit 37.1 million TEUs, up by 15.8% year-on-year. COSCO Shipping Ports' strong growth momentum is mainly contributed from its newly acquired terminals including the CSP Spain Group and Nantong Tonghai Terminal, as well as its increased stake in CSP Zeebrugge Terminal.

- **China Merchants Port Holdings grows steadily.**

In 2018, China Merchants Port's container throughput totaled 109.1 million TEUs, up by 6.0% year-on-year, while its equity throughput rose by 8.2% year-on-year to 40.9 million TEUs. On the whole, China Merchants Port saw its business grow steadily under the guidance of the development philosophy of "internal integration and external expansion".

- **Eurogate's growth continues to dip.**

In 2018, terminals under the group posted 14.1 million TEUs in container throughput, with a growth rate 2.2 percentage points down from that of the previous year. Both throughput and growth rate figures were the lowest for Eurogate in nearly six years.

- **ICTSI shows sound operations.**

In 2018, The Philippine-based global port operator, International Container Terminal Services, Inc (ICTSI), posted 9.7 million TEUs in equity container throughput, up by 6.4% year-on-year, sustaining positive growth for the ninth consecutive year. The company achieved an EBITDA margin of 46.3%, down slightly, or 0.1 percentage points, from that of the previous year.