

Brightest outlook among

For the past six years, cargo volume growth has been concentrated in the eastern Baltic seaports, while declines in handlings were more commonly seen in the western coast ports. A future outlook on cargo volume development also seems to be brightest in the east.

Despite the slowdown and uncertain times in the European economy, in total 839.0 mln tonnes of cargo was handled in the ports bordering the Baltic Sea in 2011. This was more than during the six consecutive years of follow-up carried out by the Centre for Maritime Studies.

Growth trend in the eastern Baltic Sea

The former peak volumes of the year 2007 were slightly bypassed by 1.6%. The growth was more apparent in imports, which increased by 3.9%, whereas in exports a modest growth of 0.8% was witnessed, compared to 2007.

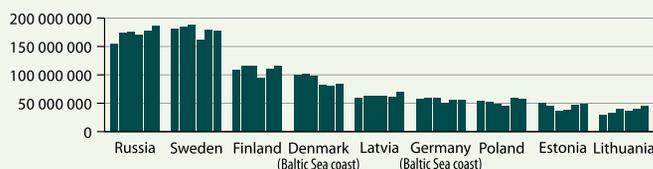
Maritime traffic in the Baltic Sea is dominated by export: in 2011 exports formed 61.3% of international traffic and imports – 38.7%. Last year 40% of the total international cargo traffic was liquid bulk, mostly oil, which was relatively stable during the past six years, a subtly growing trend in volumes at a Baltic Sea level. As a result of the almost doubled cargo volumes in Ust-Luga in 2011, it rose to become the ninth biggest port in the Baltic Sea, and its growth continues. Half of the 10 biggest Baltic seaports are now located in the Gulf of Finland.

Fig. 1. The ten biggest ports on the Baltic Sea coast in 2011.



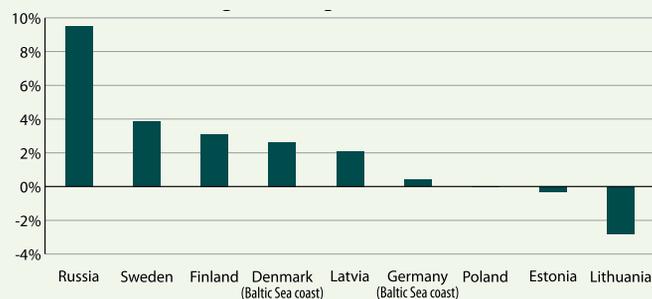
During 2006-2011, different development trends in maritime cargo traffic were noticed among the Baltic Sea region countries. On the western coasts of the Baltic Sea – in Sweden and the Baltic coasts of Denmark and Germany – the highest records were reached in 2007 and 2008. In Finland, the total results were at their highest in 2011, but this was due to growth in domestic traffic related to construction works of gas pipes from Russia to Germany, and international cargo volumes have not yet reached the level of 2007. Instead, on the eastern coasts of the Baltic Sea except for Estonia, volumes have been growing, and in Russia, Latvia and Lithuania, the amount of cargo was at its highest in 2011. Estonian freight volumes, mostly coal and more recently also oil, have been strongly affected by the notable investments in cargo handling capacity in the Russian Port of Ust-Luga. This has mainly affected the transit volumes in the Port of Tallinn. In relation to the amount of maritime cargo, the growth trend has been the strongest in Lithuania, Russia and Latvia. On the other hand, a declining cargo volume trend is found on the Baltic Sea coasts of Denmark and Germany, and in Sweden.

Fig. 2. Total maritime cargo volume by country during 2006-2011.



Source: Baltic Port List 2012.

Fig. 3. Average annual growth in maritime cargo volumes by country 2007-2011.



Economic development and cargo volumes generally go hand in hand. However, transit traffic, consisting mainly of oil and coal, and mostly originating from Russia or eastern inland Europe, and also a growing number of containers, has had a notable affect on cargo handlings especially in the Baltic States and Poland. For this reason, cargo volume development in these countries does not follow the development of a national economy that much. I.e. in the Baltic States, the double digit drops in GDP in 2009 did not cause as dramatic drops in freight as in several other countries, with a more modest drop in GDP.

the eastern Baltic ports

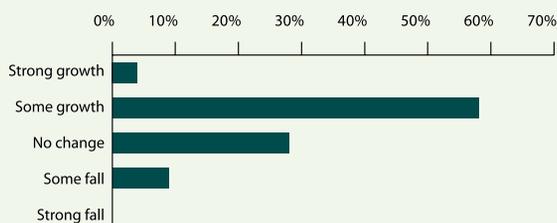
Sluggish growth expected in 2012 and 2013

This year, the economic outlook in Europe has remained just about as weak and uncertain as it was last autumn. Nevertheless, in October 2012 the IMF forecast moderate economic growth for the Baltic Sea region countries in general. On average, a GDP growth of 2.1% is projected for the BSR countries in 2012. However, the differences in growth rates between countries are expected to be rather notable, forecasts ranging from the most sluggish GDP growth of 0.2% in Finland to the most promising growth of 4.5% in Latvia. In general, projections for the countries located on the eastern coasts of the Baltic Sea are clearly more optimistic than those for the western and northern coasts of the Baltic Sea.

In the first half of 2012, maritime transports declined in all other Baltic Sea countries except for Latvia (major ports +17.1%), Germany and the Baltic Sea coast of Russia. The decrease was most notable in Poland (-13%), where it was mainly a result of the dramatic drop in liquid bulk handling. Most of the major ports along the Baltic Sea coast faced a decline in cargo volumes in the first half of the year. However, the differences in cargo volume development among ports were remarkable. Regardless of the fact that a decline was seen in the majority of the biggest ports, the total volume handled by the 20 biggest ports (according to 2011, excluding Brofjorden), in fact increased by 7% in H1 2012, being mostly driven by the more than doubled handlings in Ust-Luga. In general, volume shrinkages in H1 were more apparent in dry and liquid bulk cargo, whereas growth has continued in container traffic.

The results of the Baltic Port Barometer 2012 indicate a somewhat similar level of confidence in the Baltic Sea region's economic development as last year. Ports' cargo volume growth expectations for 2012 are cautiously positive, although expectations have clearly come down from what they were a year ago for this year. 42% of the Barometer respondents expect either some or strong growth in their ports' handlings in 2012. The most positive views are found among the ports located on the eastern coast of the Baltic Sea, where the economic outlook is also the brightest.

Fig. 4. Expected development of total cargo volumes in respondents' ports for 2013.

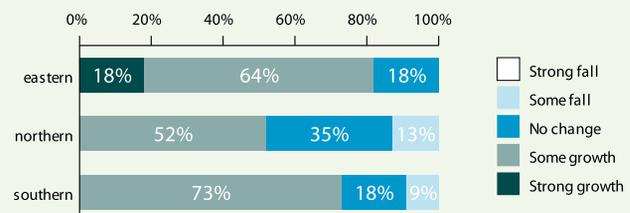


Source: Baltic Port Barometer 2012.



Photo: Port of Aalborg

Fig. 5. Expected development of total cargo volumes in respondents' ports for 2013, ports by location.



Source: Baltic Port Barometer 2012.

Ports remain cautiously optimistic in their expectations for 2013. The majority (62%) of the Barometer respondents foresee growth to take place in their port next year; the estimations are similar to those of 2011. The most positive views are again found among the ports located on the eastern coast of the Baltic Sea. A total of 53 seaport authorities around the Baltic Sea participated in the Barometer survey conducted in July-August 2012.

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This article is based on the Baltic Sea port market reviews, published by the Centre for Maritime Studies at the University of Turku. The package includes three publications: Baltic Port List, Baltic Port Insight and Baltic Port Barometer. Read more at www.balticportlist.com or <http://mkk.utu.fi/en>.