



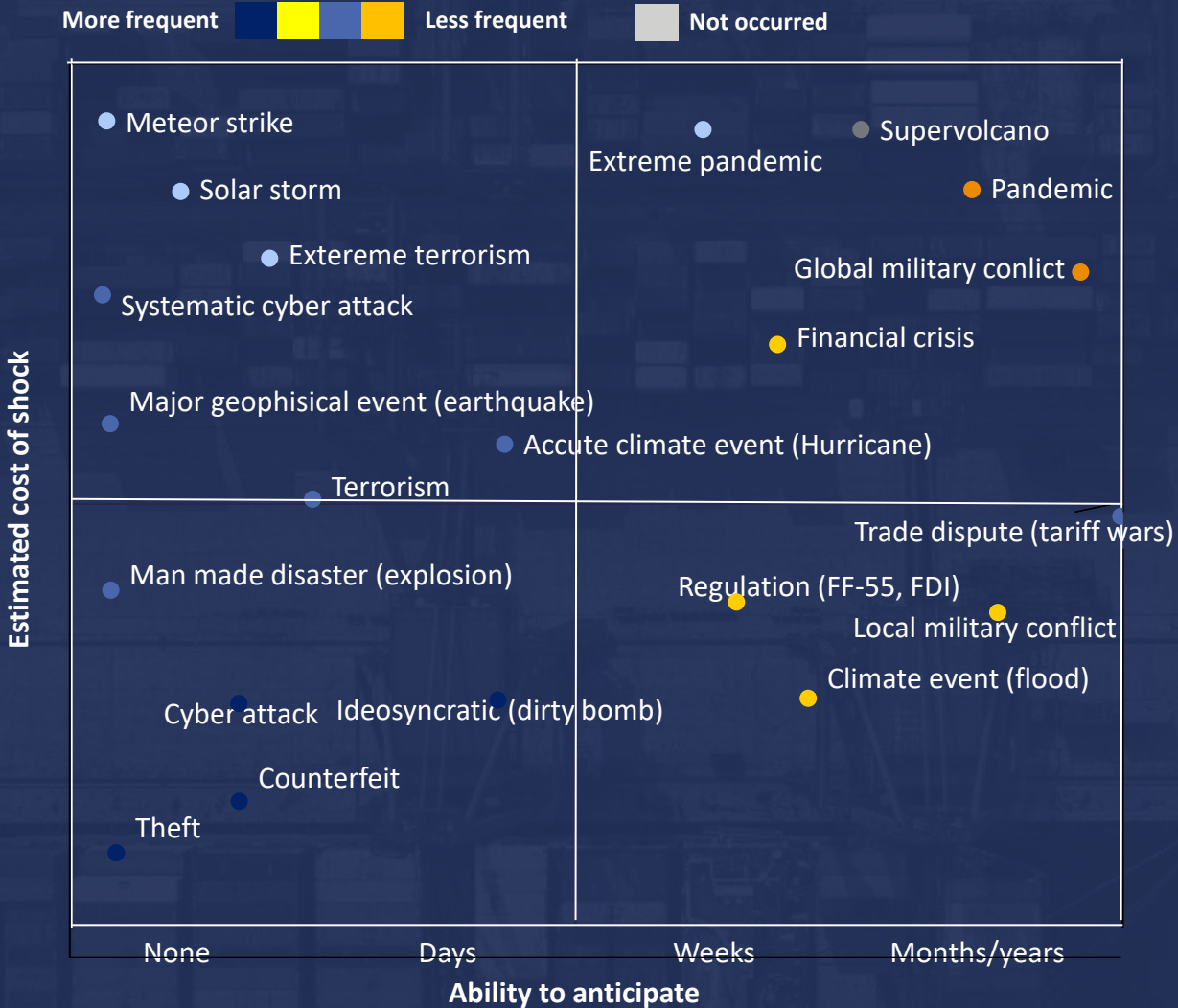
Countering uncertainty

Prof. Dr. Indra Vonck - FEPORT Eighth Stakeholders' Conference

“Geography has made us neighbors. History has made us friends. Economics has made us partners, and necessity has made us allies. Those whom God has so joined together, let no man put asunder.”

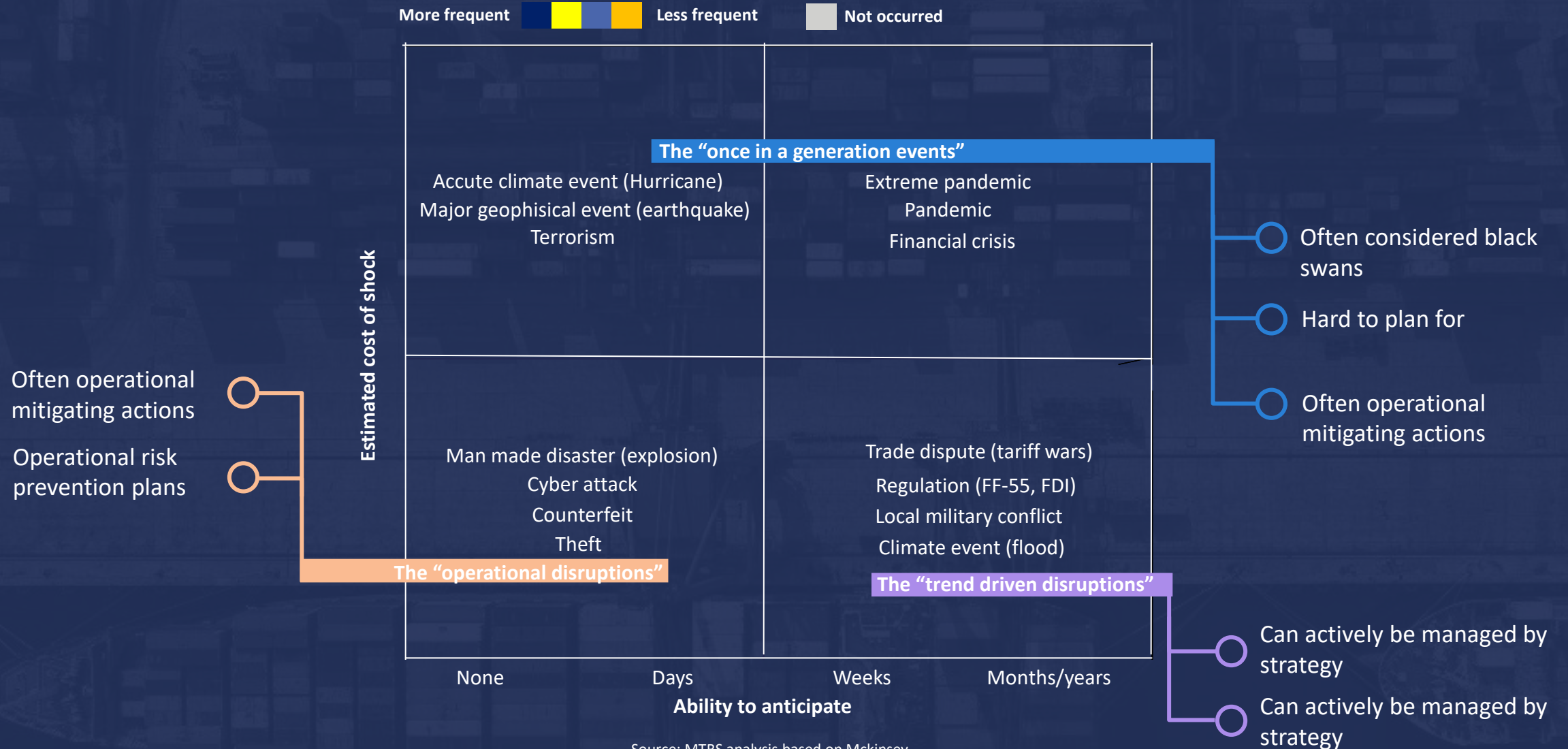
- John F. Kennedy

WE HAVEN'T LEFT THE PERMACRISIS BEHIND...



Source: MTBS analysis based on Mckinsey

...AND WE NEED TO FOCUS ON THINGS WE CAN ACTIVELY PREDICT AND MANAGE



Source: MTBS analysis based on Mckinsey

THE “TREND DRIVEN DISRUPTIONS” WHERE QUITE PREDICTABLE...

MACRO DEVELOPMENTS AFFECTING PORTS 2023-2024



DEMOGRAPHIC

- High population growth in emerging economies
- Lower productivity in other markets due to aging workforce



GEO-POLITICAL

- Increased geo-political tensions and instability
- Shifting trade patterns



TECHNOLOGICAL

- Accelerated technological innovations
- Decreased cost of technology implementation



ENVIRONMENTAL

- Accelerated green investments
- Increased demand for green products and services

GLOBAL PORT INDUSTRY TRENDS

1

SHIFTING GROWTH & CARGO PATTERNS

2

GROWING STRATEGIC IMPORTANCE OF PORTS

3

CHANGES IN AVAILABILITY & EXPECTATIONS OF CAPITAL

4

INCREASED VERTICAL AND HORIZONTAL INTEGRATION

5

INCREASED PRESSURE ON OPERATIONAL EFFICIENCY

6

INCREASED FOCUS ON SUSTAINABILITY

7

INCREASED EXPENSES OF RESILIENCE

8

INCREASED NUMBER OF POTENTIAL ACTIVITIES

...BUT RECENTLY FOCUS AND “URGENCY” HAS SHIFTED A BIT

MACRO DEVELOPMENTS AFFECTING PORTS 2025 (THAT WE TALK ABOUT)



GEO-POLITICAL

- 1 SHIFTING GROWTH & CARGO PATTERNS
- 2 GROWING STRATEGIC IMPORTANCE OF PORTS
- 3 UNCERTAINTY IN SOURCE AND SALES MARKETS
- 4 INCREASED EXPENSES OF RESILIENCE
- 5 INCREASED COST OF TRADE
- 5 INCREASED PRESSURE ON OPERATIONAL EFFICIENCY
- 6 INCREASED FOCUS ON SUSTAINABILITY

HOW DOES IT AFFECT OUR
(EUROPEAN) PORT INDUSTRY?

HOW ARE OUR PUBLIC POLICY
MAKERS MANAGING?

HOW CAN THE INDUSTRY REACT?

THE BUSINESS MODEL OF EUROPE RUNS ON TRADE INTEGRATION AND WAS BUILT ON TRUST TOWARDS THE EAST AND WEST

Low % cost of transport and cheap manufacturing allowed for more efficient distribution of production leading to the traditional East-West flows

~~Cheap trade~~
Tariffs



The ample supplies of Russian gas available to Europe meant other sources of gas were less in demand, which helped moderate prices overall.

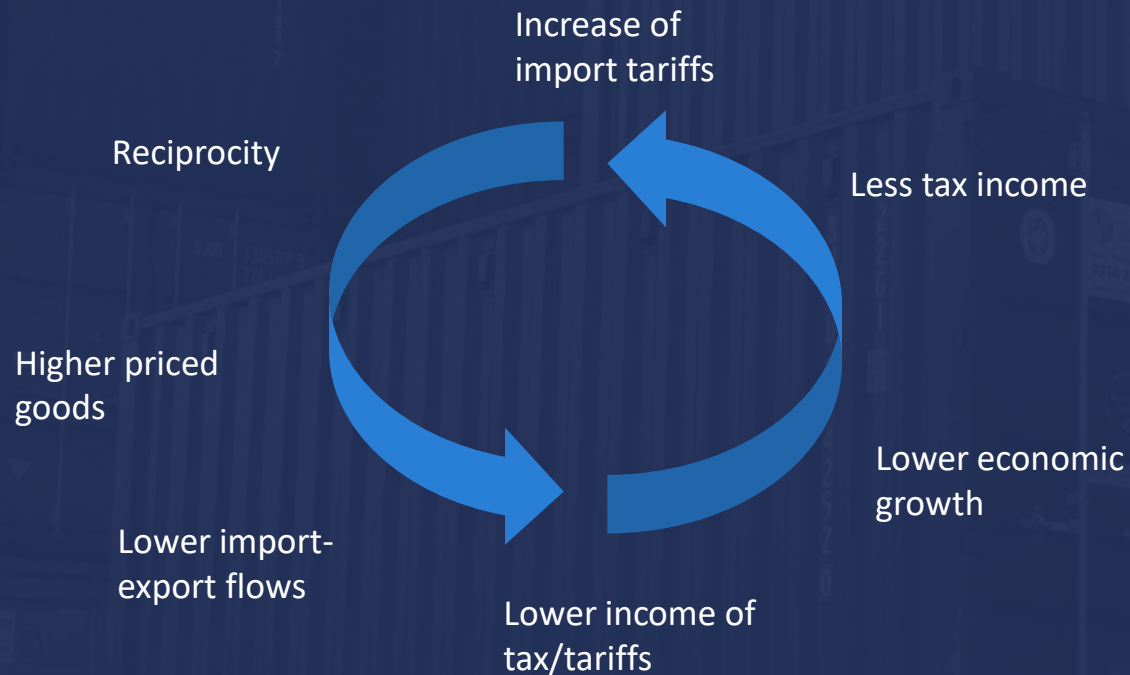
~~Military stability~~
War threats

Unimpeded supply chains, global stability, and interdependency through economic integration

~~Plentiful cheap energy~~
Disrupted through sanctions

TARIFFS DISRUPT THE FREE FLOW OF TRADE MAKING TRANSPORT (AND ALL IMPORTS) MORE EXPENSIVE

LOOP OF IMPORT TARIFFS

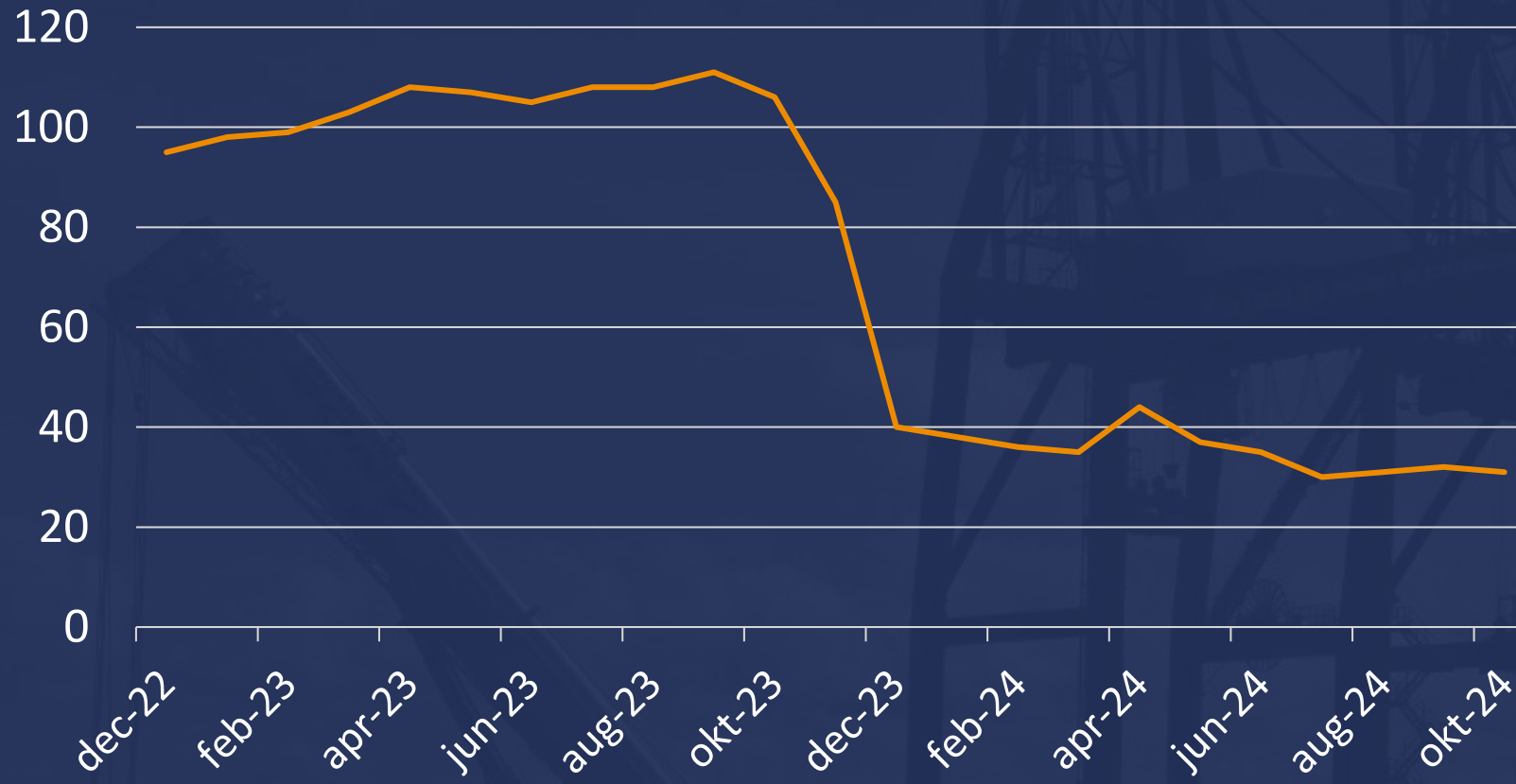


EFFECTS ON SHIPPING AND PORTS

- Shipping costs and freight rates go up
- Disruptions in trade routes origin and destination
- Decline in overall volume and regionalization
- Drop in fuel prices
- Ship layups
- Increase expense of legal and tax due diligence
- Increased competition and efficiency to counter costs
- Congestion and shortages in selected ports
- Increase of SEZs
- Increase of bilateral trade agreements

MILITARY DISRUPTIONS HAVE A DIRECT EFFECT ON MARITIME TRADE CAUSING CONGESTION IN SOME PORTS AND OVERCAPACITY IN OTHERS

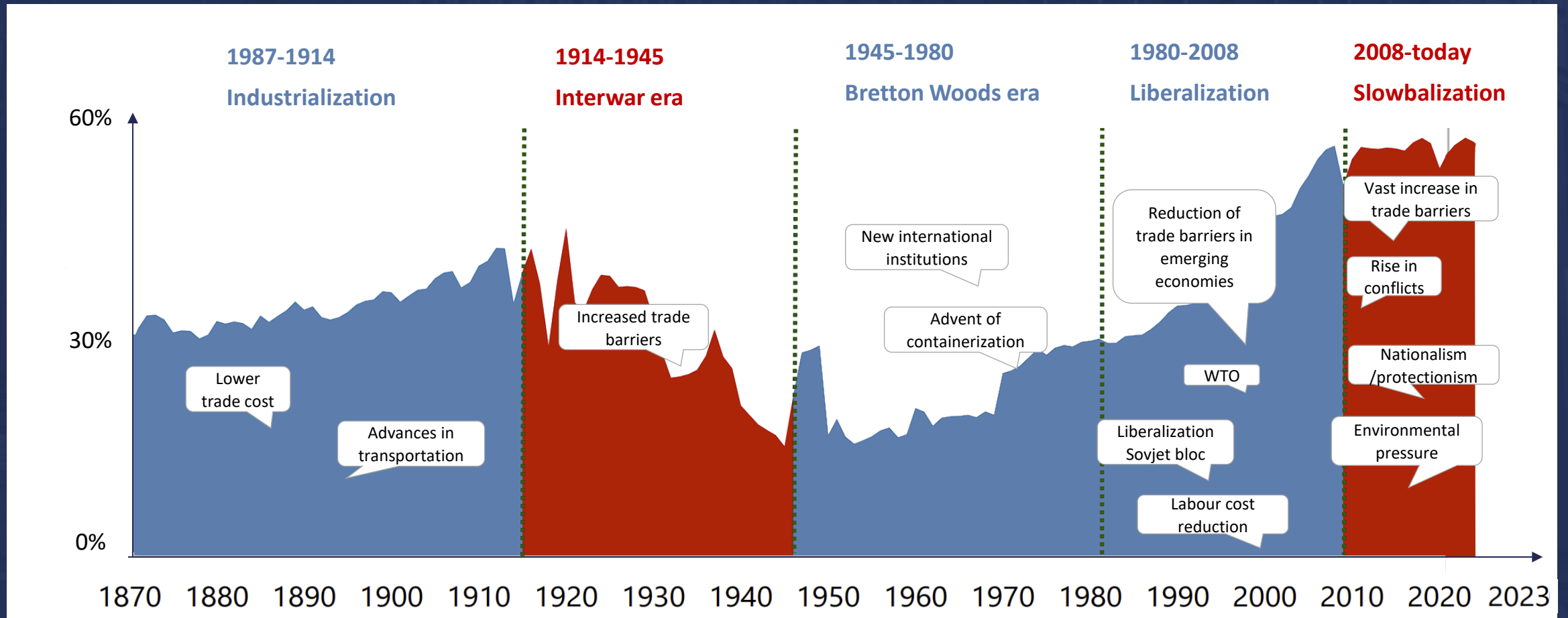
ships in the red sea



- More congestion
- More delays
- Potential overcapacity

SLOWBALISATION IS UNFORTUNATELY KNOCKING AT OUR DOOR

Trade Openness, 1870-today (Sum of exports and imports, percent of GDP)

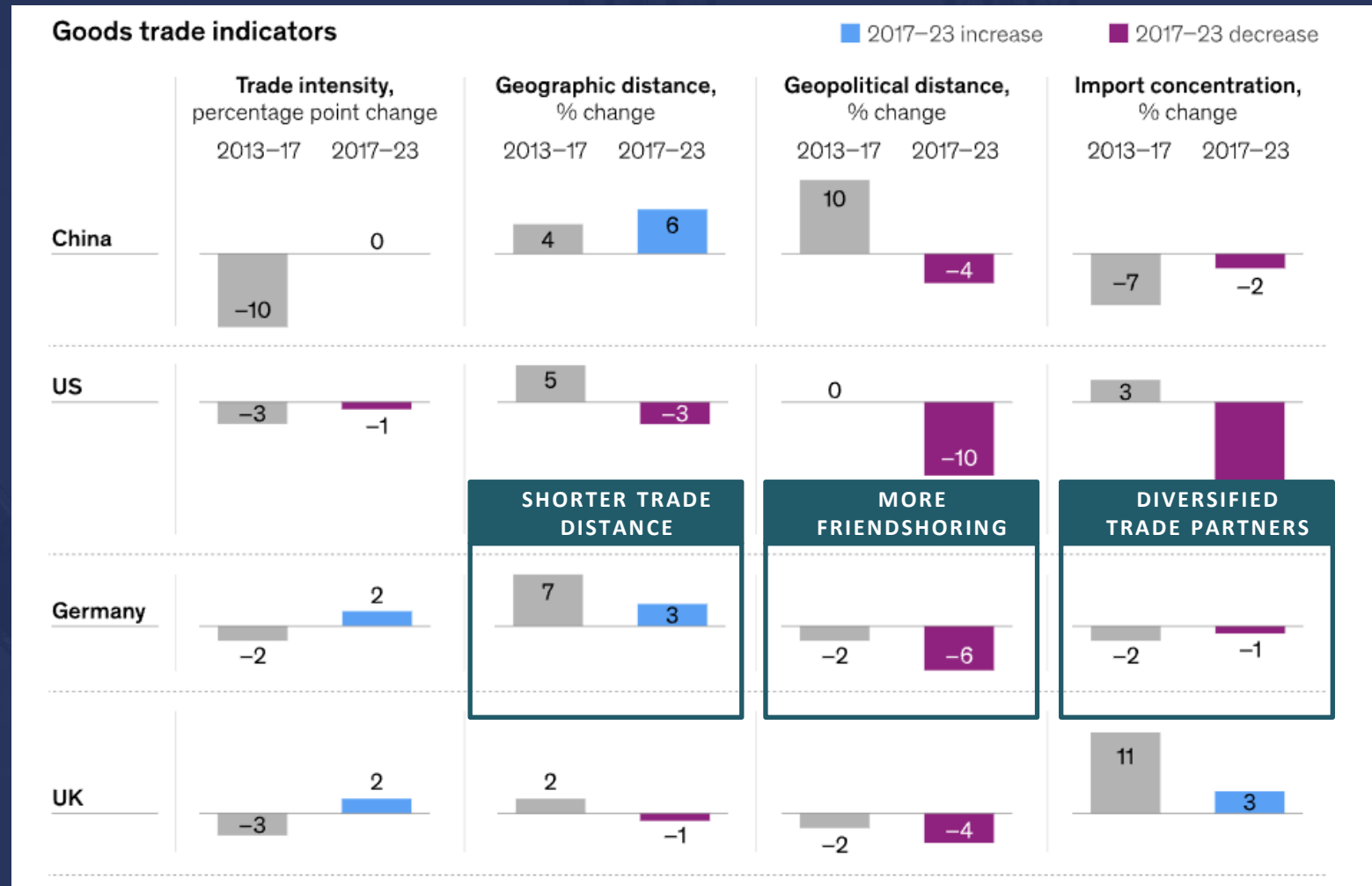


<https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?end=2023&start=1960>

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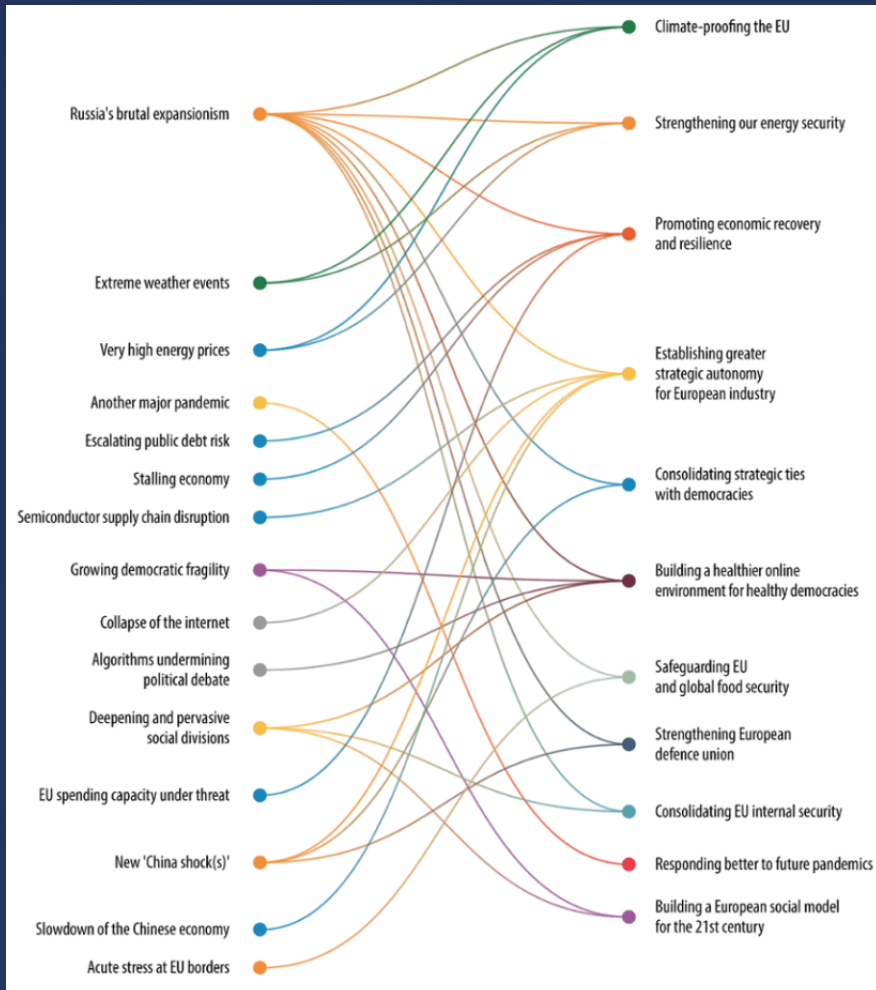
Countering uncertainty

TRADE DE-INTEGRATION LEADS TO A FOCUS ON SMALLER REGIONAL NETWORKS AND FRIENDSHORING



CRAFTING A NEW EUROPEAN MINDSET REQUIRES UNDERSTANDING THAT PORTS NEED TO ALSO FULFILL THEIR ECONOMIC RAISON D'ÊTRE

Risks vs policy responses of the EU



Source: epthinktank

Climate-proofing the EU

Strengthening our energy security

Promoting economic recovery and
resilience

Establishing greater strategic autonomy for
European industry

Safeguarding EU and global food security

Strengthening European defence union &
consolidating internal security

SO WHAT IS NEXT?

1. **The mindset around ports and trade has changed** – it is no longer just trade
2. **Predictability in our trade system has decreased**– we don't know who our friends are anymore
3. **The port and terminal industry will play an important role**– ports will continue to act as buffers and critical infra
4. **Correct and supportive public action is needed** – the base business model is under pressure so support is needed on all fronts

MTBS

MTBS is the global market leader in ports and terminals, including logistics centers, inland ports, free zones, export processing zones, inland waterways, and related transport industry companies and stakeholders. MTBS expertise: Port strategy, Business consultancy, Financial advisory & transaction services, PPP advisory services.



Prof dr. Indra Vonck

Indra is partner at MTBS, he has a PHD in Maritime economics (specialisation resilience in seaports, dealing with economies of change) from the university of Antwerp and Solvay Business School Brussels and is tenured professor at the University of Brussels where he teaches on European economics and integration.

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