



Daniel Schaefer
roots out the hot spots for planned container terminal projects around the world

Future forecasting

A RECENTLY PUBLISHED market report on the container terminal industry takes a look at future projects in the pipeline for container terminals.

From an outside perspective, there are two ways to get an idea where future industry growth will emerge. First, you can look to the demand side, incorporating modelling of future container throughput through the use of macroeconomic indicators, such as projections on international trade of manufactured goods. Second, you can look at where industry participants are placing their bets.

The announced project pipeline of new build container terminals and expansions accounts for over 350 projects/project phases scheduled for completion by year end 2020. These projects combined are scheduled to deliver 362m teu additional handling capacity. It is understood that 47% of these projects are already under construction, as of beginning 2014, and the other half are in an earlier stage. Although those ventures in that early stage are uncertain these can still be used to draw conclusions on the future regional development of the industry.

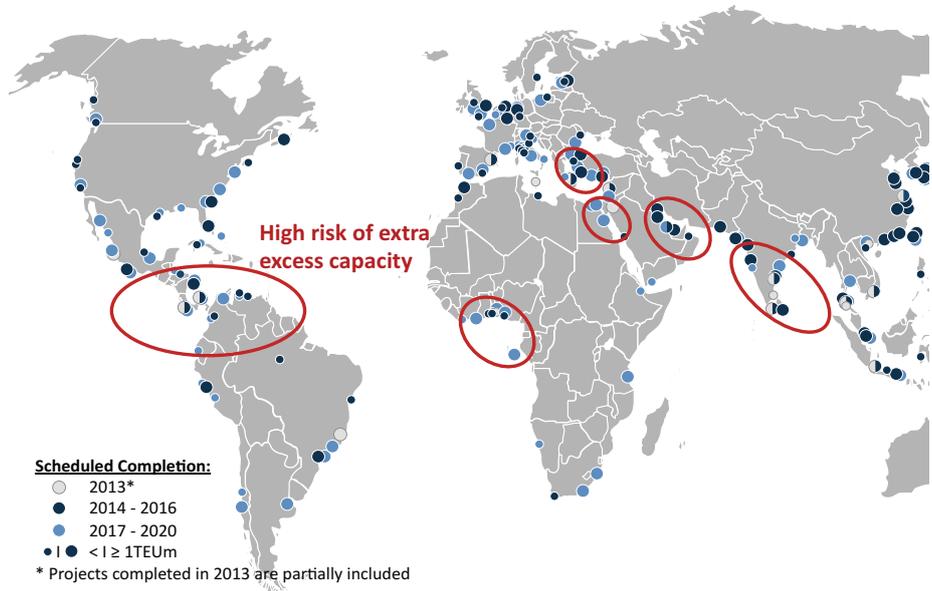
Future capacity building is moderate for most developed countries, compared to the number of boxes handled today. For most countries, the planned new build capacity through to 2020 ranges between 20%-60% of the country's 2013 throughput. Comparatively, 4%-5% per annum demand growth over the next seven years would result in 30%-40% overall growth until the end of the decade. Taking into account that there is some flexibility in adjusting the timing of medium-term projects, most expansion plans can be regarded as sufficient to serve demand, without supplying too much additional excess capacity.

There are regions which promise a more rewarding investment for container terminal operators. But, as always, high potential returns come with high risk. This includes the challenge to execute on time and budget in emerging economies, as well as severe competition. In fact within a couple of regions scheduled new build capacity until 2020 exceeds 150% of today's box throughput.

LOOKING GOOD

Irrespective of whether all or part of the projects are fully executed, the amount of projects announced indicates the attractiveness of a region to investors, or more precisely, that a region is perceived to be attractive.

Using the example of the wider Panama Canal area, there are over 30 projects in the pipeline, scheduled to deliver 24m teu of additional capacity until 2020. Most countries in Central America will



have at least one facility targeting transshipment cargo ready before the end of 2015 and further expansion plans in hand. However, it is unlikely that all projects will be executed as announced, because the targeted transshipment traffic is limited.

The Middle East Gulf is another area where box handling capacity will not be bottlenecked. Several transshipment hubs are scheduled for completion before 2016 – financing has not been a major hurdle for the ports in Dubai, Dammam, Doha and Al Kabeer. Hubs at the Suez Canal have also revealed expansion plans, mainly for 2017 onwards. That said, construction has not yet begun and announced plans need to be aligned – ports north of the Canal plan for 6.2m teu, which is far beyond 1.75m teu planned at the southern access.

As for the Gulf of Guinea, terminals are mainly built to serve and possibly create new demand. Projects already under construction will supply 3.4m teu of new capacity by the end of 2016. Spurred by this development further projects beyond 2016 (+7m teu) are more than adequate.

In addition to the quantitative developments, the trend towards terminal automation is accelerating.

Most of the major terminal operators have gained experience with different types of automated equipment and most technologies are considered to be proven. At the end of 2013 nearly 25 semi- and fully-automated container terminals were in operation. Now, several large projects are near to completion, such as at Long Beach, Los Angeles, London, Rotterdam, Singapore and Dubai, which will take the number of semi- and fully-automated terminals to about 45 facilities by the end of 2015.

In general, yard automation has been more widely adopted than automation of both yard and horizontal transport. Because of higher labour costs the degree of automation in North America and Europe exceeds that of emerging Asia, so equipment manufacturers are doing their very best to further shift terminal operator's expenditures from the OPEX to CAPEX side.

■ Daniel Schaefer is a market analyst, commenting on a recently published market report on future container throughput, upcoming terminal projects and the equipment market. For further information, please refer to www.ctf2020.info.

	2014	2015	2016	2017	2018	2019	2020	TEUm
Construction	41%	70%	77%	85%	91%	94%	100%	170
Early Stage	2%	11%	22%	38%	61%	71%	100%	192
All Projects	20%	39%	48%	60%	75%	82%	100%	362
TEUm	74	66	33	43	54	25	66	362

FILLING UP: scheduled project completion by current project status