Date: 2022/07/21

NAME: How the Black Sea container market is changing in 2022?

SUB-LINE: Ukrainian economy relies a lot on containerized cargo arriving from various destinations in the ports of Odesa region, however, shipping patters changed dramatically since the Russian invasion.

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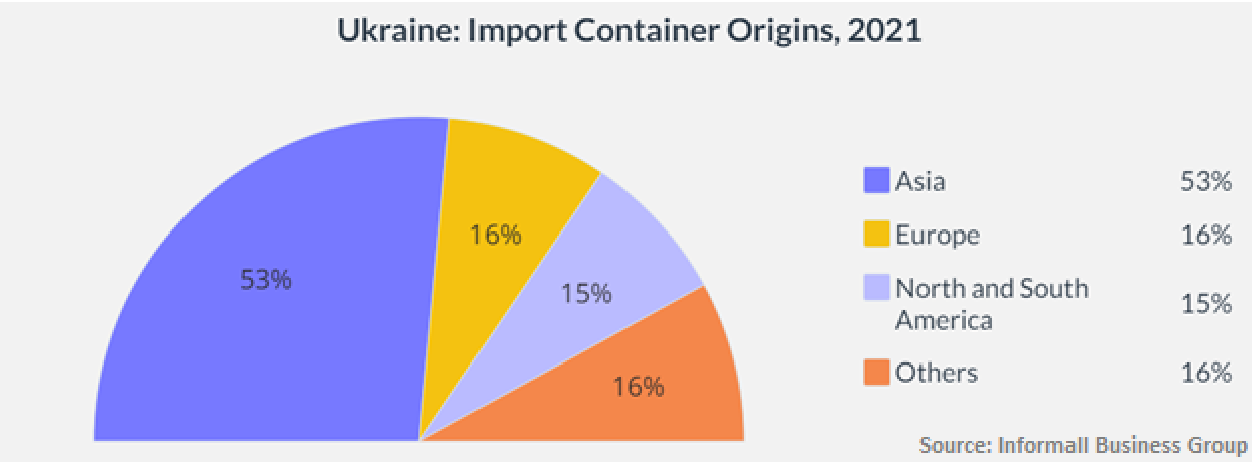
Informall BG research shows, that total Black Sea region [Bulgaria, Romania, Ukraine, Russia, Georgia] container turnover [laden and empty] reached **3,1 million TEU in 2021**, including Ukrainian annual volume of a slightly **over 1.0 million TEU**. Ukrainian economy relies a lot on containerized cargo arriving from various destinations in the ports of Odesa region. Pre-war data shows that **over 50%** of import containerized cargo originated in the **Asian region.**



Alexander Khromov project manager of Informall BG suggests*: "the seaports of Ukraine have been in blockade for almost* ***5 months*** *and if ports are closed longer Ukraine will face an* ***85% container volume drop*** *at the end of 2022".*

According to Informall BG estimations the liner service suspension to Russian ports on the Black Sea by many carriers will cause a reduction of the Russian regional container turnover **by around 30%.** This rather modest estimation is based on the fact that considerable share of regional Russian trades is still operating with those countries which [currently] do not support international sanctions against Russia.

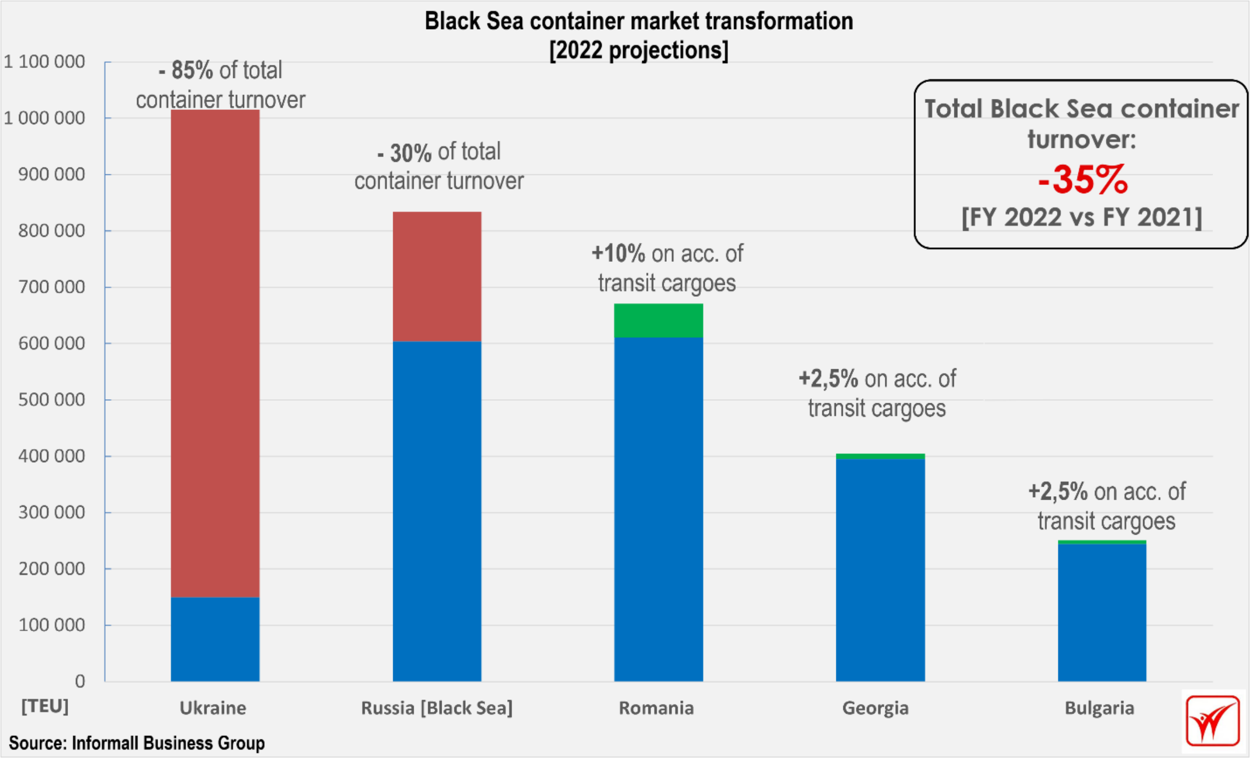
In the given circumstances the total Black Sea region container turnover is due to decrease by around **35%** resulting in **slightly over 2.0 million TEU of regional volume** by the end of the **2022.**

2M Alliance [Maersk and MSC] to be hit the most as they provide for almost a half of the regional container volume [as per Informall BG 2021 data].

At the same time, **seaports of Romania, Bulgaria and Georgia** are set to gain in container turnover volume during 2022.

As per Informall BG analysis, container terminals of **Romania** in Constanta are expected to achieve **10% throughput increase in 2022** mainly on account of Ukrainian export/import transit containers and cargoes moving via 'Trans-Caspian' corridor. Moreover, **DP World** in Constanta [a container terminal operator in the port] signed an agreement on June 2022 to invest into a new ro-ro terminal and a new logistics facility in order to boost terminal capacity to handle project and general cargoes on the Black Sea.

Along with that, **Georgia** [port of Poti] is exploring plans to become a new regional container hub for Asian exporters moving their cargoes via 'Trans-Caspian' corridor [or 'Middle-Corridor'] to the countries of EU, Turkey (Turkiye) and Ukraine. At least 3 multimodal operators have launched a railway service via the 'Trans-Caspian' route since the beginning of Russian-Ukrainian war.



Vassiliy Vesselovski CEO of Informall BG says: *"As sanctions keep pressure on the Russian logistics sector, we are witnessing tectonic shifts of seaborn and intermodal routes connecting South East Asia and Europe.*

Railway cargo traffic 'to and from' Europe is moving away from transit option via Russia. Some of Chinese exporters have already stopped utilizing the Russian 'Trans-Siberian' railway route which was traditionally used to deliver Chinese products to the EU for many years. The EU sanctions against a major Russian state-owned railway company have also undermined its abilities to provide reliable and seamless service for Chinese shippers turning them away to alternative routes such as 'Trans-Caspian'".

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