Covid-19 Update - Issue 11/2020

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Shipping & Logistics

Chinese container market

In the first quarter of this year, whilst the overall cargo throughput of major Chinese coastal ports declined 3.5%, according to the statistics released by China Ports & Harbors Association, the eight major Chinese ports reached a throughput of 37.63 million TEU container in Q1, a decline of 8.9% year-on-year. This decrease is mainly due to the outbreak of COVID-19, that strongly reduced industrial activity and generated a slowdown in container throughput in February by 19.8%, while the volume in January and March declined 3.1% and 5.6% respectively.

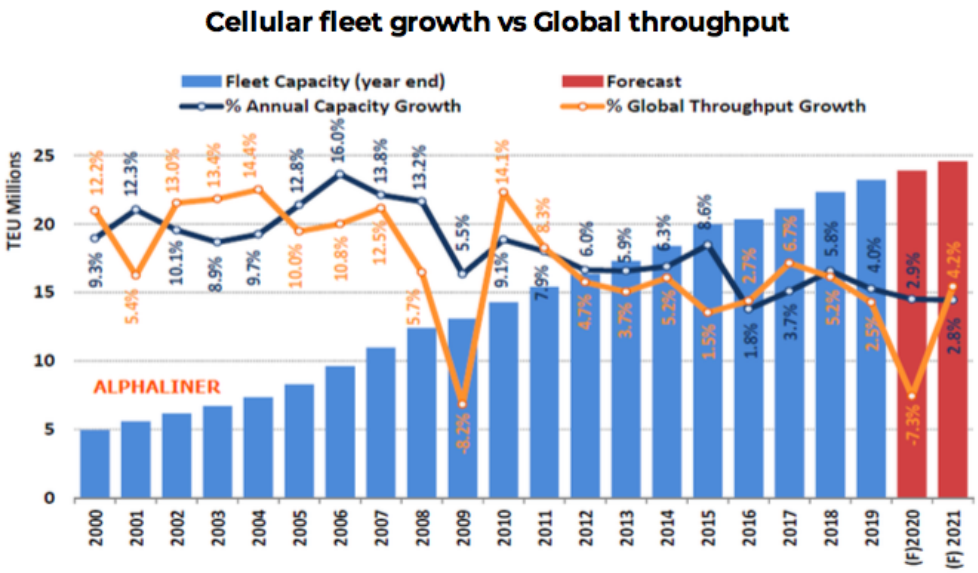
The pandemic seriously impacted the foreign trade container business. In February the container volume of major international liner services at coastal hub ports declined by 19.1% year-on-year. Among them, volume of the North-US routes dropped 24.3%; European routes dropped 14%; Japan/South Korea routes dropped 24.6%. The situation improved in March, however, the numbers for North-US and Japan/South Korea routes declined 15.1% and 12.7% respectively.

The association forecasts continued decline on port cargo volume in Q2 and a shortage of cargo resources will be the common challenge for domestic ports.

Shipping market

According to Clarksons Research seaborne trade this year could decline on a scale not seen since the disastrous shipping recession of the mid-1980s. As the global economic impact deepens, their latest estimates suggest that seaborne trade may contract by 5% through 2020, the biggest decline for over 35 years.

Clarksons has also carried out a comparison with the situation during the financial crisis, suggesting the Great Lockdown, will potentially see a significantly deeper initial impact for shipping but a sharper rebound compared to the months following the collapse of Lehman Brothers in 2008. This time the smaller newbuilding orderbook, around 10% of the fleet instead of 50% as it was 12 years ago, lower pre- disruption trade growth and better capitalised banks in assessing that the rebound this time could be quicker and sharper than after the global financial crisis.



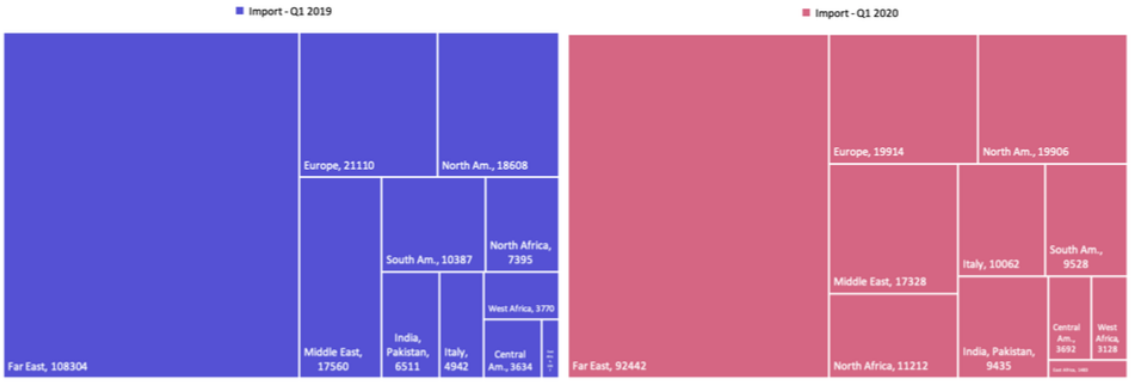
Latest forecast published by Alphaliner showed, limited to the container market, a strong decrease in the current year reaching around a global throughput of 780 million TEU. For 2021 a rebound of 4,2% is expected that could push the global number of container handled near to 810 million, almost the level reached in 2018. Due to the Coronavirus pandemic, in a few months, the global container market will lose the value gained across 3 years of growth.

Ports of Genoa

Imports

During the first quarter of the year, the Port of Genoa registered a consistent reduction in volumes from the Far East (-14.6%). This drop depended upon the drastic reduction in Chinese exports during the month of February which, due to the transit times, impacted on trade volumes in Genoa approximately 30 days later. In March, imports from China fell by 33% .

Despite this, in the first quarter, the port registered an increase in import traffic with North America (+ 7%) and the Indian sub continent (+ 45%). For North America this is confirmation of an already consolidated trend, whilst, as for India and Pakistan, the growth derives from the increase in imports of metal and wooden products.

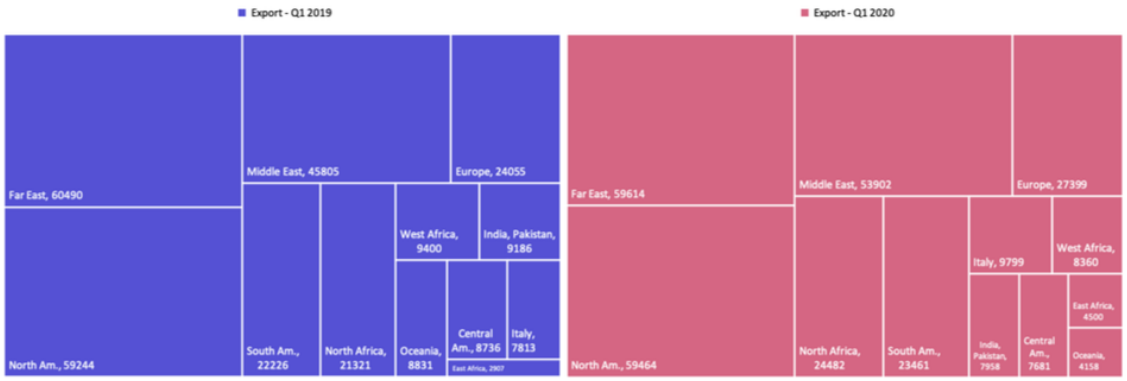


Exports

In Q1 the Port of Genoa reported an overall growth of 3.5%, but the negative effects of the pandemic were already recorded in March, with a 8.1% reduction in volumes.

Exports to the Far East, which had enjoyed good health in the first two months of the year (+ 4.5%), underwent a heavy contraction in March (- 14.4% compared to 2019).

With regard to the other trades, exports to North America are stable (+0.4) and those to the Middle East are growing, + 17.7% despite the transfer of a scheduled liner service to Vado Ligure.


Export - Q1 2019
Far East, 60490
Middle East, 45805
Europe, 24055
North Am., 59244
South Am., 22226
North Africa, 21321
West Africa, 9400
India, Pakistan, 9186
Oceania, 8831
Central Am., 8736
Italy, 7813
East Africa, 2907
Export - Q1 2020
Far East, 59614
Middle East, 53902
Europe, 27399
North Am., 59464
North Africa, 24482
South Am., 23461
Italy, 9799
West Africa, 8360
India, Pakistan, 7958
Central Am., 7681
East Africa, 4500
Oceania, 4158