



# Supply Chain Disruptions

Impact to Shipping and Ports

28<sup>th</sup> November 2024 | Ian James, VP: Asia, Pacific, HPC

# A PARTNER TO MEET INDUSTRY CHALLENGES

## WHO WE ARE

# 45+ Years of Excellence – what we have achieved

Anchored in operations

# 1,800

Projects in

# 135 COUNTRIES



# 1976

Founded as subsidiary  
of HHLA

# 1<sup>st</sup>

# FULLY AUTOMATED

Terminal of scale.  
Doubled capacity  
on the same  
footprint



# 100

# ENTHUSIASTS



With background  
from port and  
terminal operations  
and software

# GREEN TRANSITION

Alternative  
energies



# 40+

projects

# OPTIMISATION

Improved operational  
excellence and  
reduced costs



# 180+ PORTS

And terminals  
planned and  
optimised

# Hinterland connectivity

120 projects implemented for intermodal rail terminals,  
inland ports and warehouse logistics



Developed *HPC Ukraina* (now HHLA  
CTO) as terminal operator in Odessa



# Lifecycle advisory services

From analysing and planning to its implementation and optimisation

## INVESTMENT



- Privatisation support, due diligence, PPP
- Financial analysis (forecasts, cost benefits feasibility)
- Economic analysis (SEZ, regional economic, port, transport, competition, commercial)
- Planning (business plan, master plan, terminal planning etc.)
- Procurement assistance for technology and equipment
- Funding management
- “World Port” and “Excellence” strategies

## MANAGEMENT



- IT strategy & implementation (automation, digitalisation)
- Terminal / port development
- Supply chain integration
- Terminal audits
- Interim operation management
- Interoperability and interconnectivity (quay, yard, hinterland ops and IT)
- Port-city interface
- Sustainability and zero-emission management
- Energy transition

## OPTIMISATION



- Business process optimisation
- Simulation
- Port handling equipment & workshop optimisation
- Training
- Safety and security optimisation
- Yard optimisation
- Resilience improvement
- Recovery strategies, health check

# SUPLY CHAIN DISRUPTONS

## The Reality

# Supply Chain Disruptions

Living in a “VUCA” World

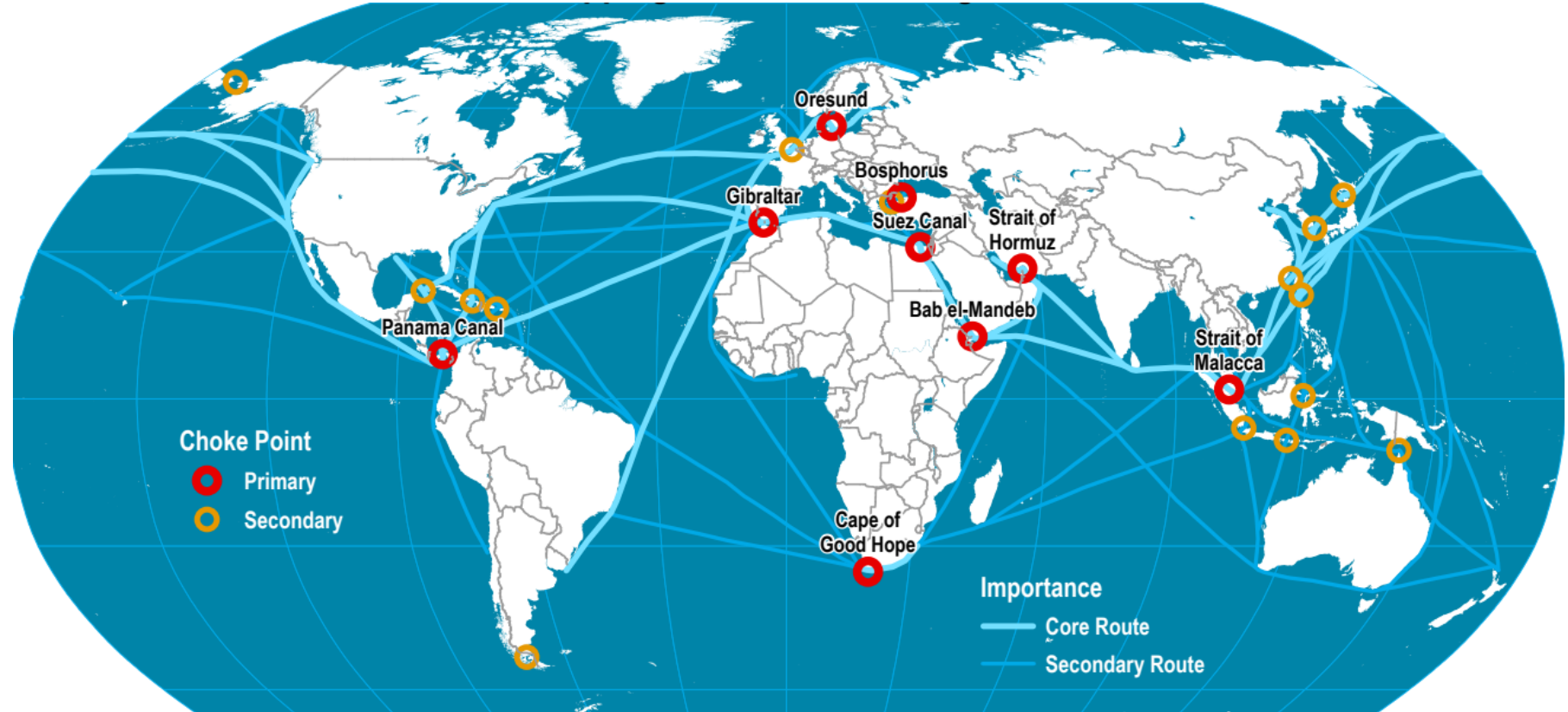


- From geopolitical tensions to maritime accidents, SARS, COVID, financial crisis, the industry has faced numerous challenges that have disrupted maritime traffic & the supply chain in the last decades
- Reality - geopolitical instability not expected to ease in the medium term, intermittent shocks expected
- “China +1” continue to influence trade patterns
- Red Sea Crisis no end in sight in the foreseeable future
- With M&A and current strategies the “traditional roles” of shipping lines, freight forwarders, terminal operators continue are less obvious
- Within the industry, evolving and changing attitudes in the labour force
- “Digitilisation”

# Maritime Shipping Routes

## Core and Secondary

- Suez Canal – Asia and Europe
- The Suez Canal most famous
- Fastest and shortest way to travel between Asia and Europe via the Red Sea (Atlantic Ocean and Indian Ocean).



The Red Sea Bab el-Mandeb strait:

Approximately 12% of global trade and a substantial 30% of global container traffic traverse this region. This shipping route is strategically positioned south of the Suez Canal, forming a critical link between Europe, Asia, and East Africa.

Source: Dr. Jean-Paul Rodrigue, 2024

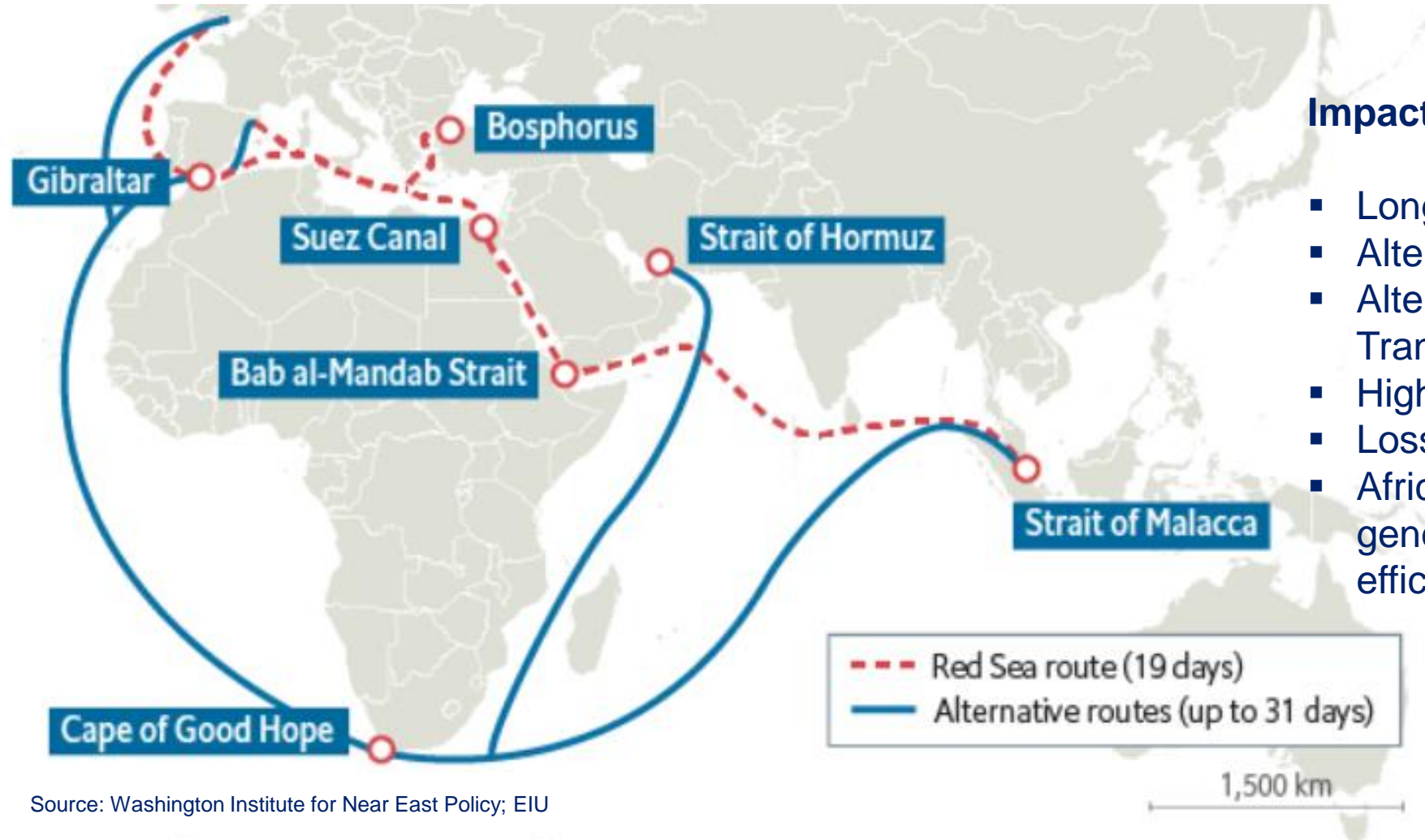
# SUPLY CHAIN DISRUPTONS

## The Red Sea Crisis



# Suez Canal Alternative

The Cape of Good Hope, a sustainable alternative?



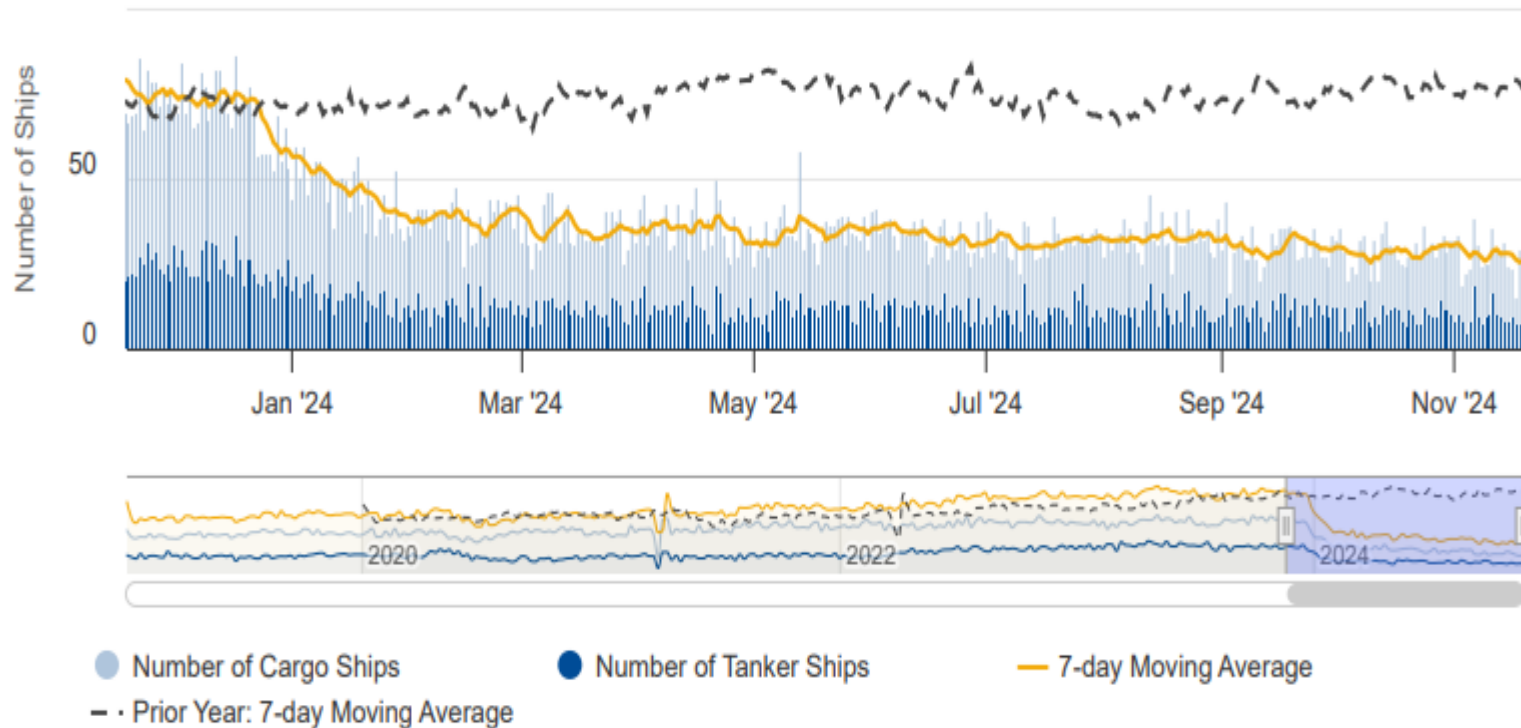
## Impact

- Longer Transit times
- Alternative bunkering
- Alternative ports – Transshipment incidence
- Higher Shipping costs
- Loss in traffic Red Sea Ports
- African Ports as an alternative generally more congested, less efficient

Source: Washington Institute for Near East Policy; EIU

# Trade Volumes Shifts

## Trade volume through Suez Canal



- High-frequency transit estimates indicate volume of trade that passed through the Suez Canal dropped by 50 percent year-over-year in the first two months of the year
- Volume of trade transiting around the **Cape of Good Hope** surged by an **estimated 74 percent** above last year's level.

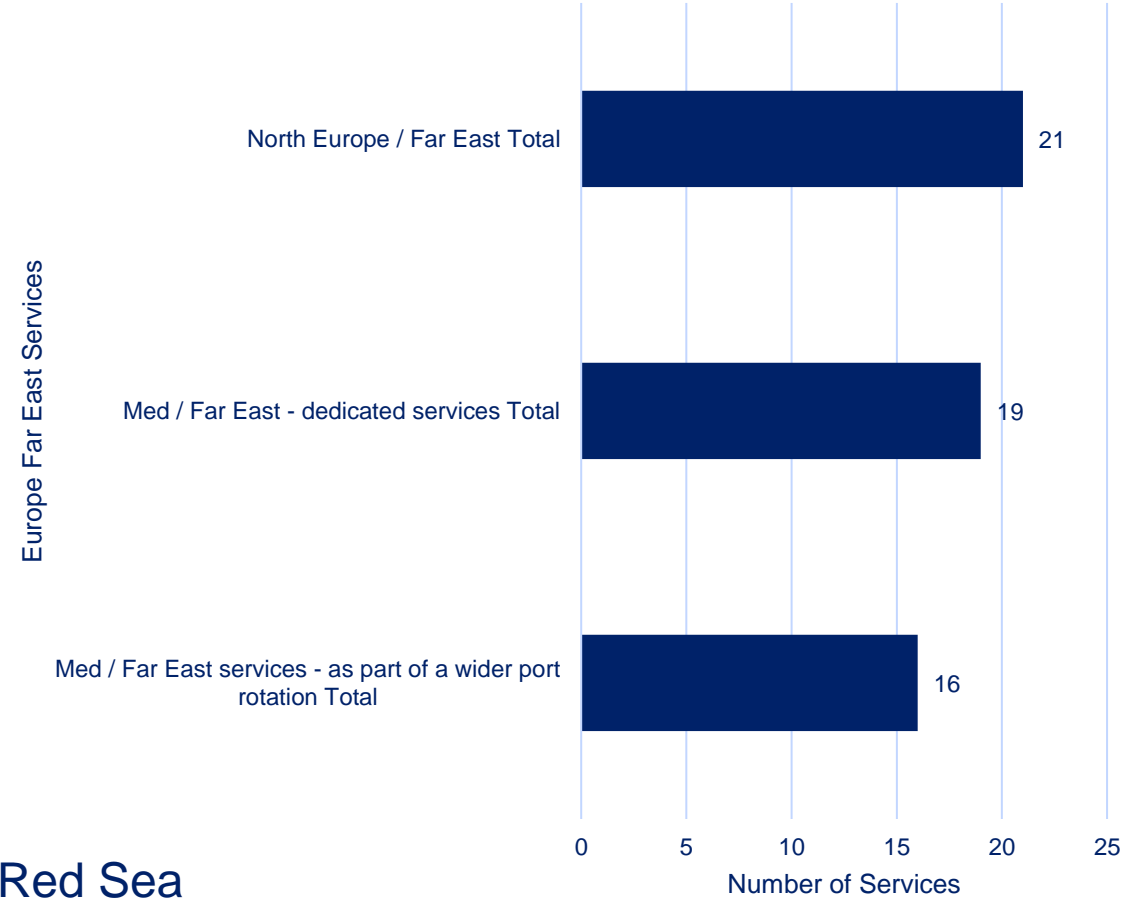
Sources: UN Global Platform, IMF PortWatch, 2024

# Severely Impacted Liner Services

## Europe Far East Services



Drewry estimated that 30% of Global container vessel fleet as measured by capacity is impacted by the crisis diversion



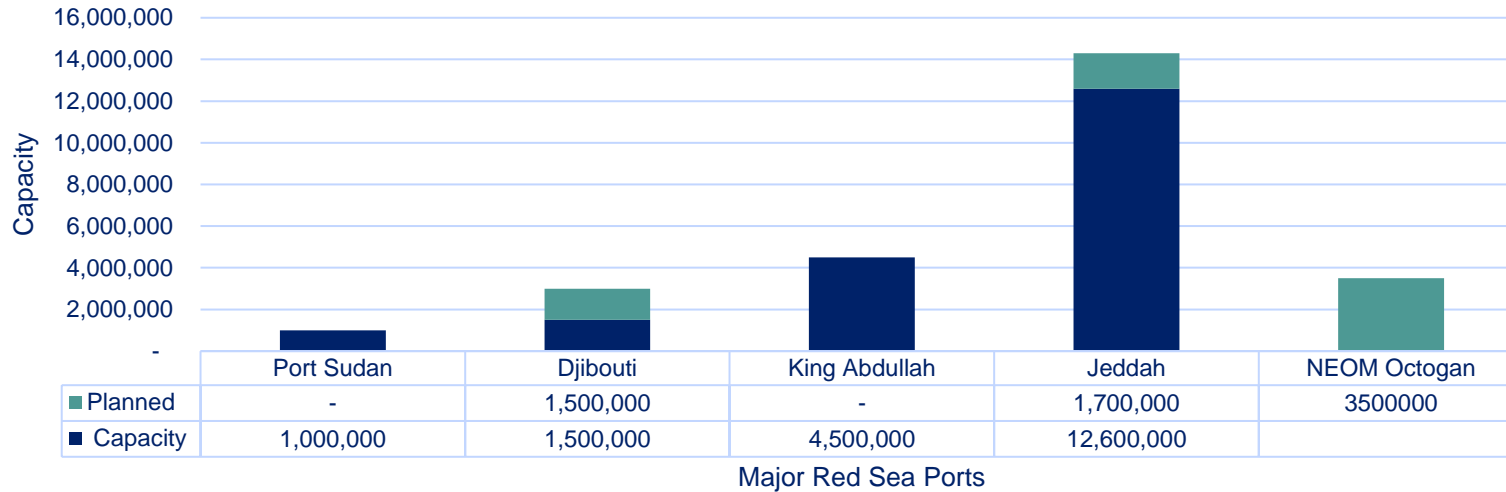
Source: Alphaliner, 2024

- India : 80% Exports to Europe takes place via Red Sea
- China : 60% Trade with Europe typically transits through the Suez Canal
- Egypt : Suez Canal tolls are about close to 10% of the GDP of the country
- Sudan, Eritrea : Dependent on aid cargo
- Jordan : Major supplier of rock phosphate and other minerals to the world

Ultimately results in skyrocketing freight costs

# Impacted on Red Sea Ports

## Major Red Sea Ports



■ Capacity ■ Planned

Source: Adapted from Alphaliner, 2024

- Contend with reduced vessel availability and much higher freight costs and insurance premiums to the detriment of their maritime trade.
- Djibouti ,Jeddah, NEOM significant investments in port infrastructure capacity that requires port traffic to be recovered.
- Jeddah and King Abdullah experienced significant reduction in vessel calls of -48% and -76% respectively 4Q23 vs YTD 24 according to Drewery.
- Other ports affected by an average decline in weekly capacity included Gioia Tauro -22%, Piraeus -29%, Port Said -32%



# SUPLY CHAIN DISRUPTONS

## How did we overcome?



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