

Economic importance of the Belgian maritime and inland ports Report 2018

Working paper by Ilse Rubbrecht and Koen Burggraeve

Presented by Director Steven Vanackere

Questions can be asked using the chatbox

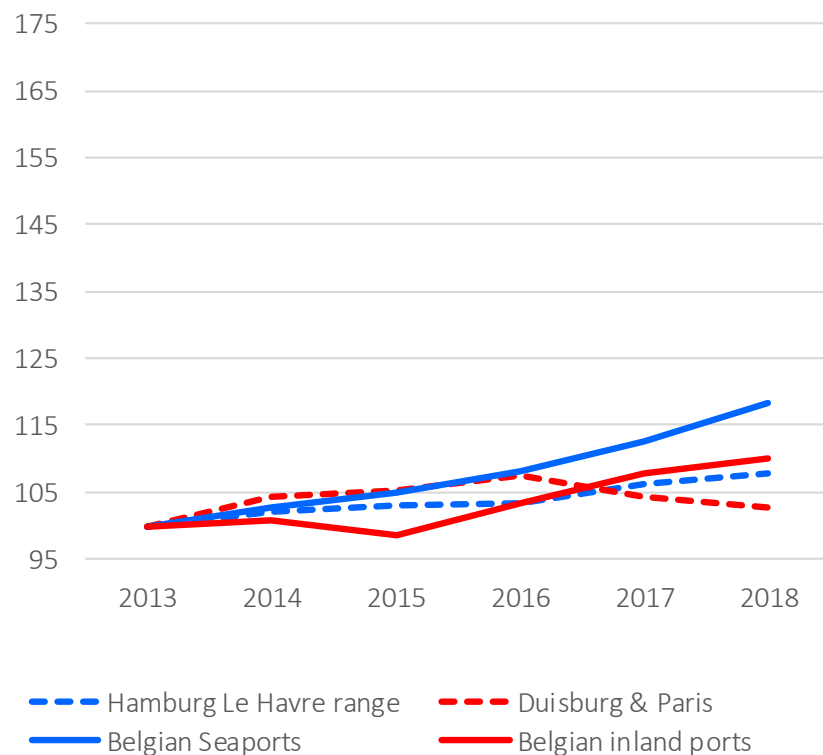
Main messages

- **Direct and indirect value added contracted** by -3.9% to € 32 billion in 2018, representing 7% of Belgian GDP
- **Investment level went up** to almost € 6 billion in 2018 due to merger operation in shipping companies branch.
- Upward trend in Belgian maritime cargo traffic is reflected in a **growing employment level (direct + indirect)** at Belgian ports by 0.8% to 249 612 FTE in 2018, representing 5.9% of Belgian domestic employment
- Although the outlook for 2020 is rather gloomy, **Belgian ports are showing resilience during corona crisis.**



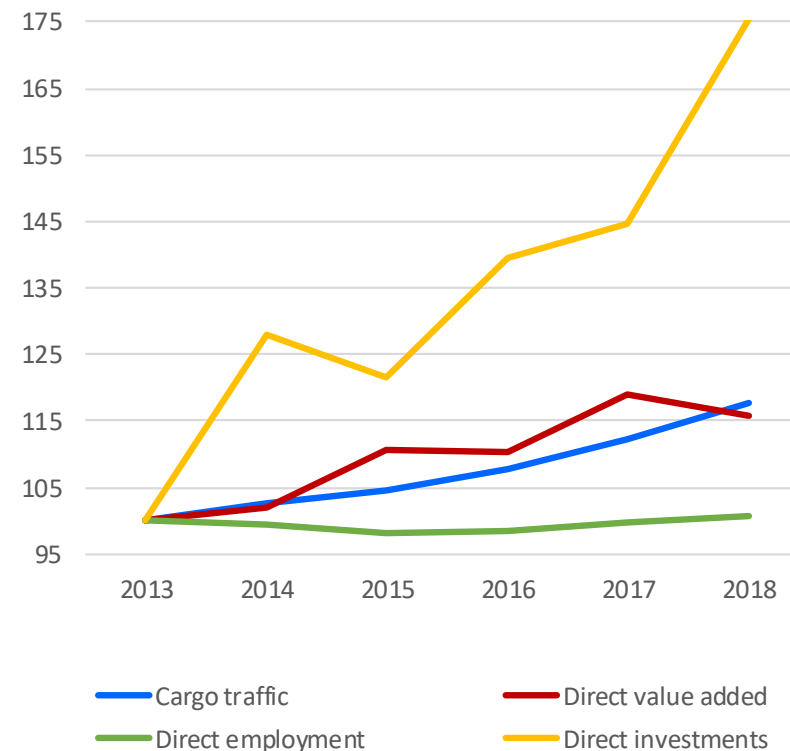
Competitive position and economic importance of Belgian ports

Maritime cargo traffic at ports 2013=100



Sources: UNCTAD, Port authorities.

Cargo traffic, direct value added, direct employment and direct investment at Belgian ports: 2013=100



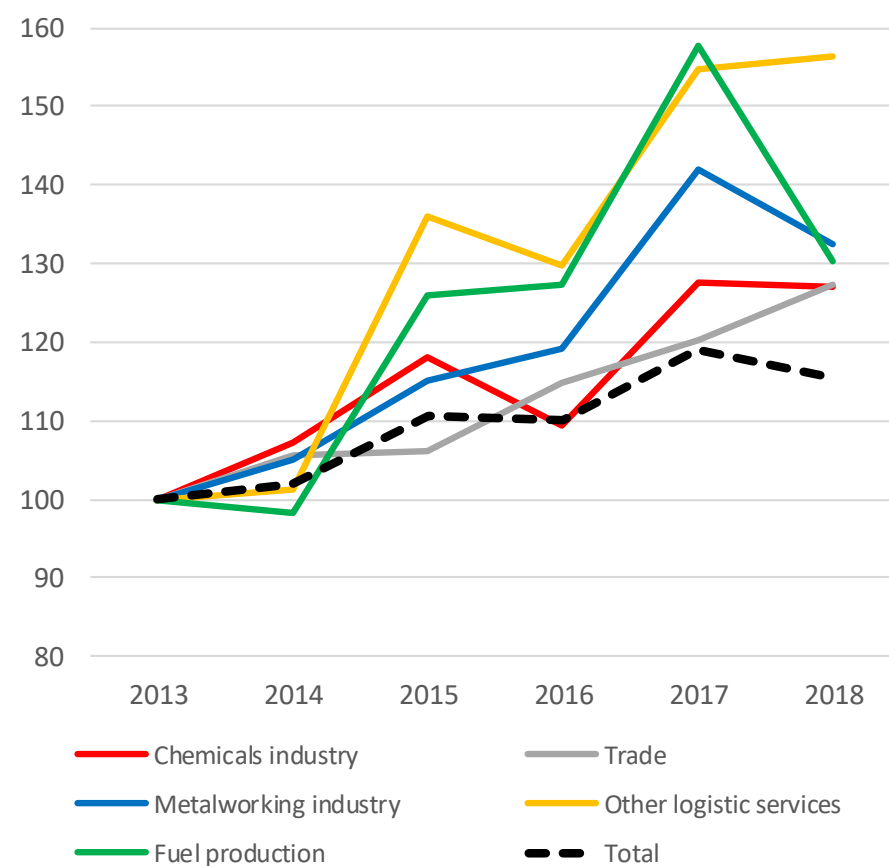
Sources: Port authorities, NBB.

Direct value added at Belgian ports: evolution over 2013-2018

Largest maritime sectors (2013=100)

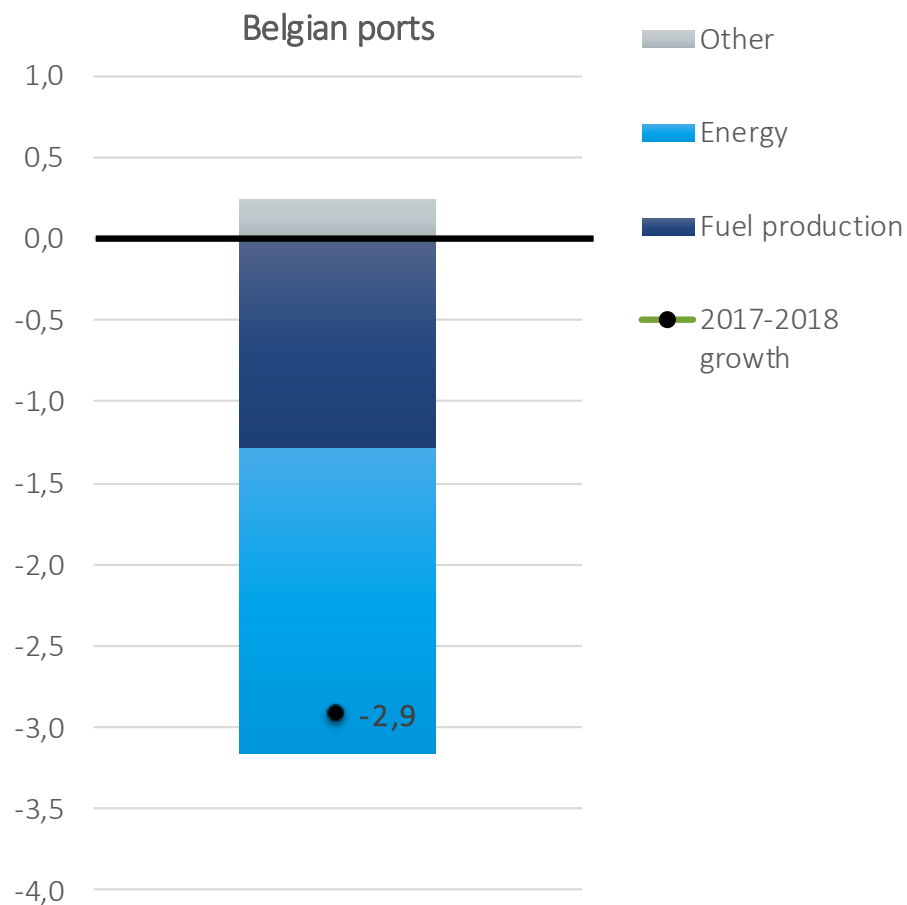


Largest non-maritime sectors (2013=100)



Direct value added at Belgian ports

Decomposition of growth 2017-2018 by sector

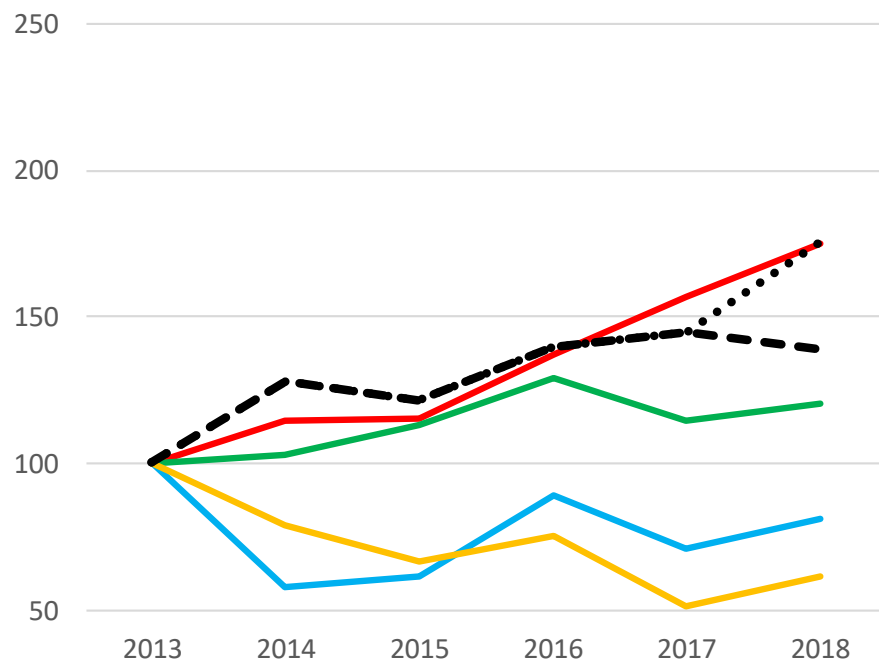


Negative growth in direct value added of -2.9% in 2018 compared to 2017 due to

- Energy sector
 - Reduced capacity at nuclear power plants
- Fuel production
 - Reduced refinery margins

Direct investment at Belgian ports: evolution over 2013-2018

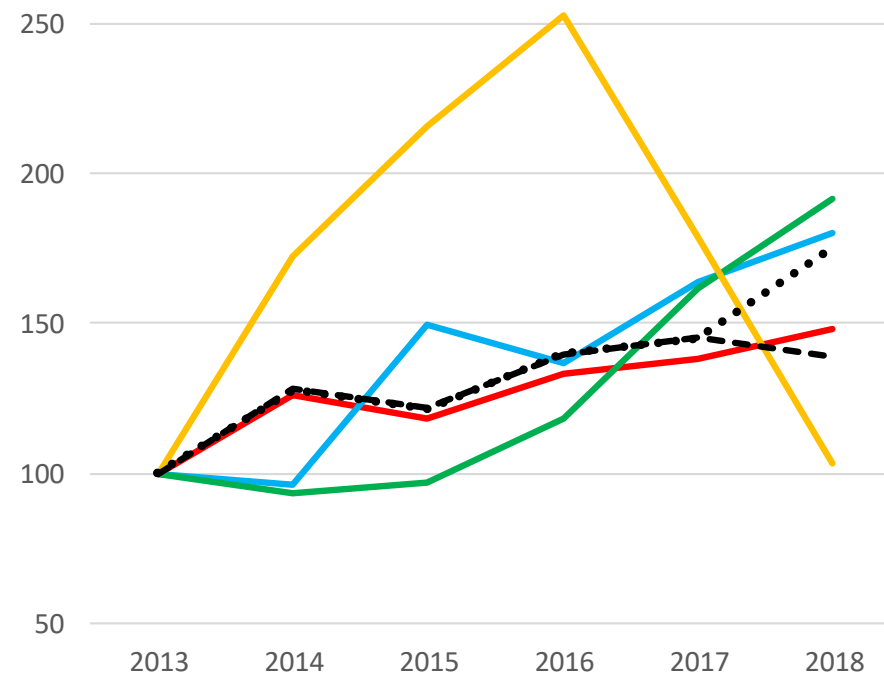
Largest maritime sectors (2013=100)



- Cargo handling
- Shipping agents and forwarders
- Public sector
- Port authority
- ⋯ Total
- - - Total excl merger

Source: NBB

Largest non-maritime sectors (2013=100)

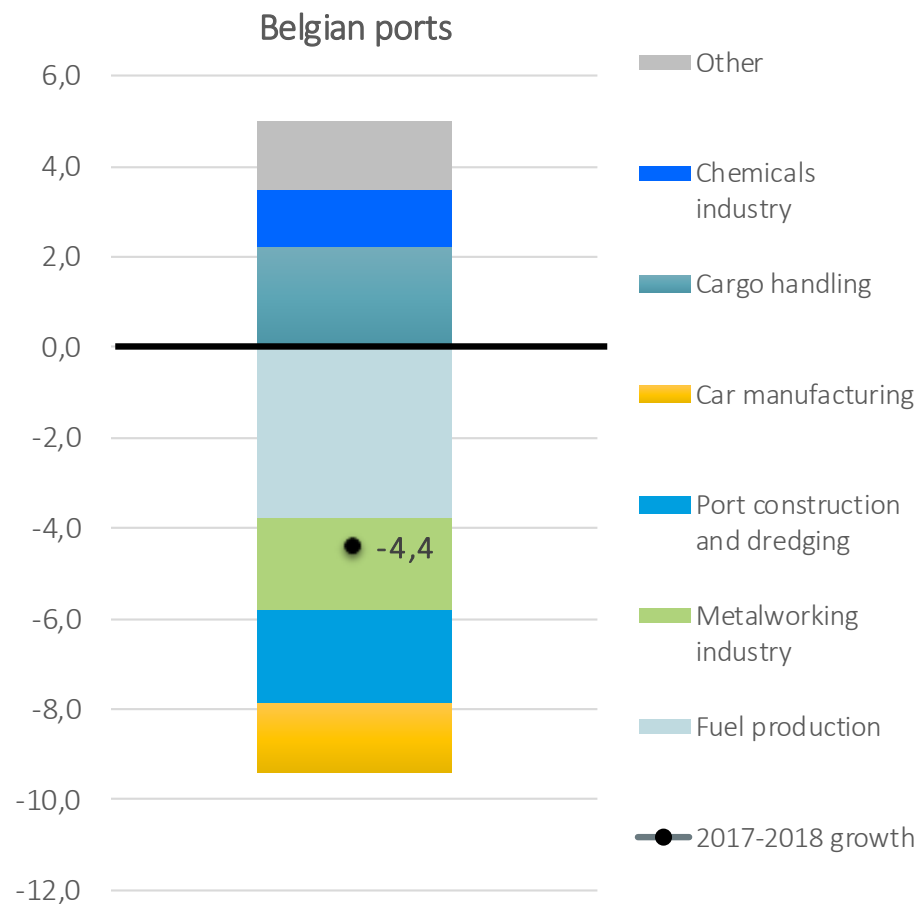


- Chemical industry
- Other logistic services
- Energy
- Fuel production
- ⋯ Total
- - - Total excl merger

Source: NBB

Direct investment at Belgian ports

Decomposition of growth 2017-2018 by sector



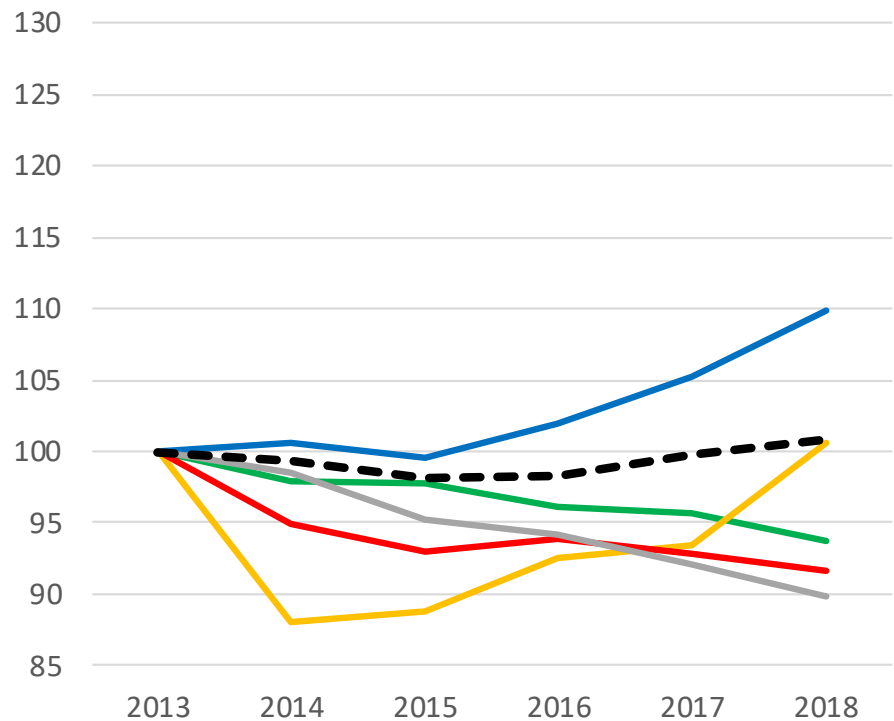
Decline in investment (excluding merger) of -4.4% in 2018 compared to 2017 due to lower investment amounts in

- Fuel production
- Metalworking industry
- Port construction and dredging
- Car manufacturing

The pattern of investment can be volatile since it is linked to specific projects

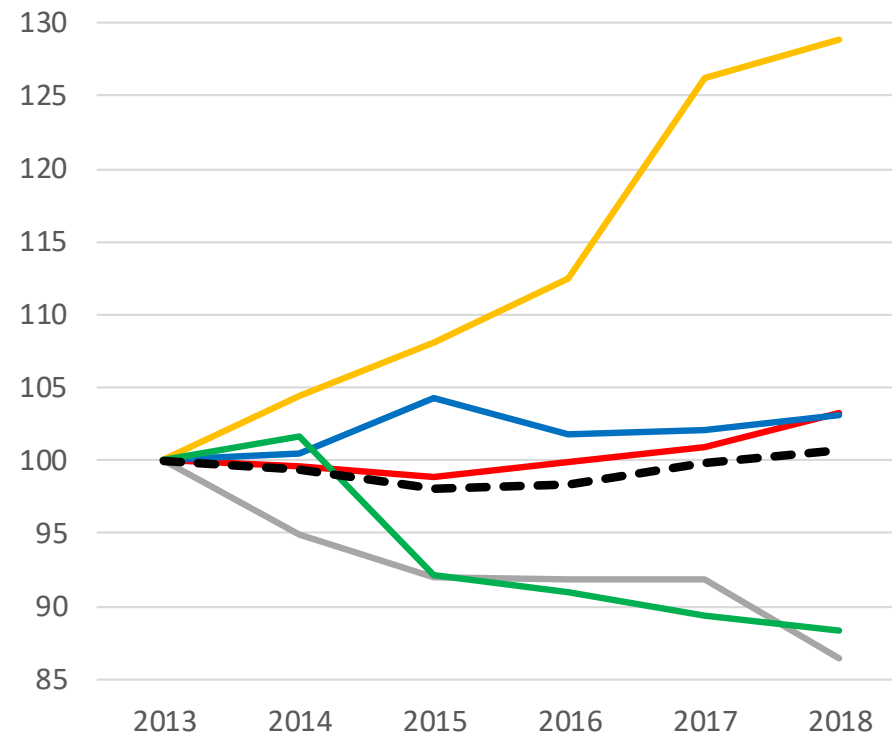
Direct employment at Belgian ports: evolution over 2013-2018

Largest maritime sectors (2013=100)



- Cargo handling
- Shipping agents and forwarders
- Port construction and dredging
- Port authority
- Public sector
- - - Total

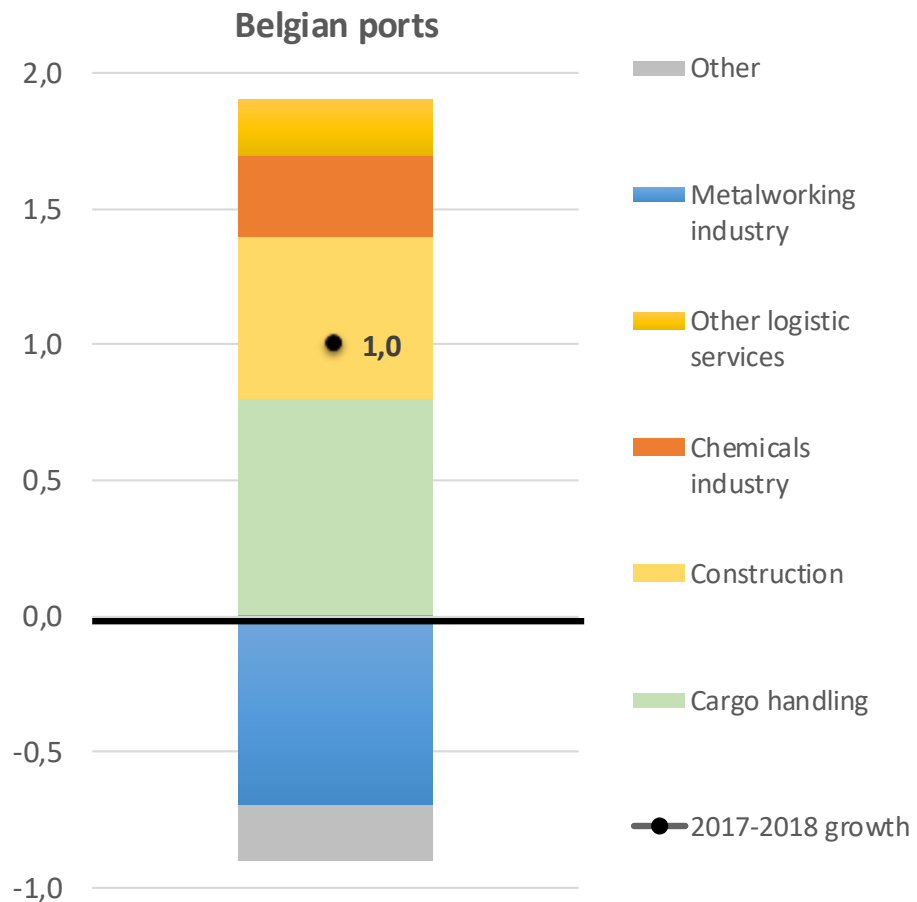
Largest non-maritime sectors (2013=100)



- Chemicals industry
- Car manufacturing
- Trade
- Metalworking industry
- Other logistic services
- - - Total

Direct employment at Belgian ports

Decomposition of growth 2017-2018 by sector

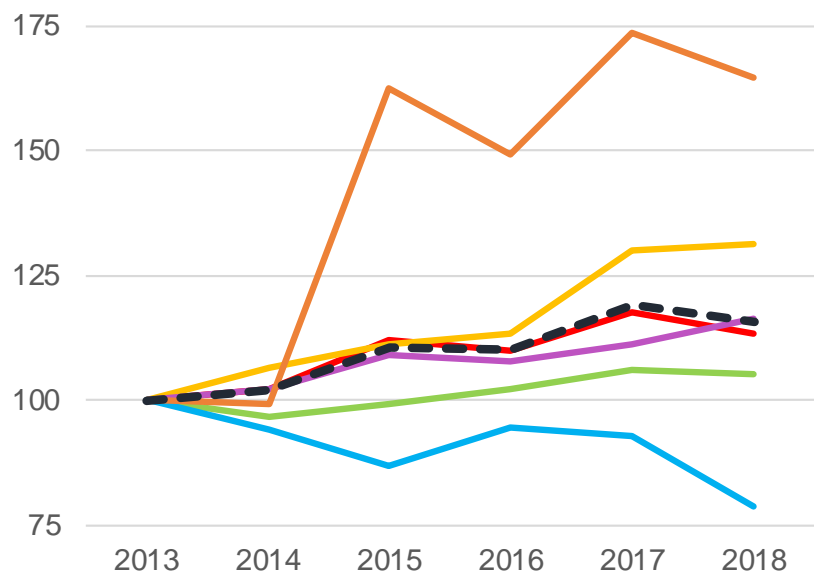


Direct employment grew by 1% in 2018 compared to 2017 due to extra job creation in

- Cargo handling
- Construction
- Chemicals industry
- Other logistic services

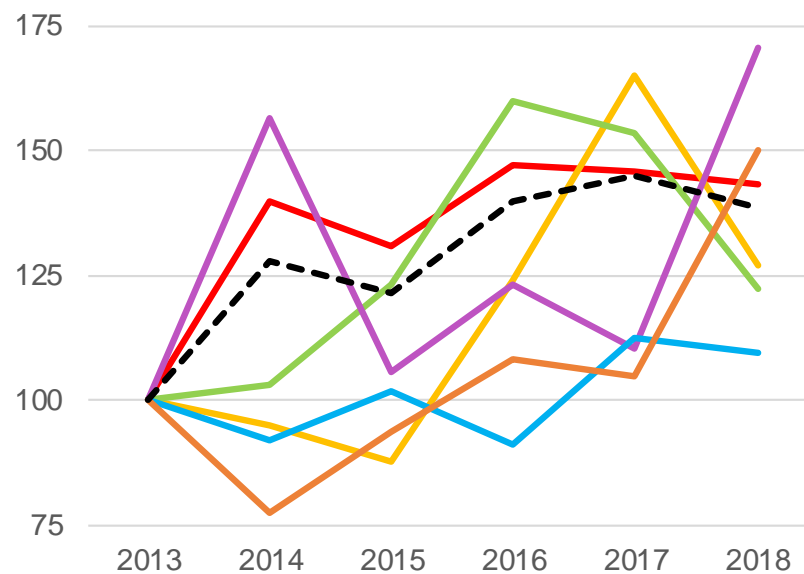
Evolution over 2013-2018

Direct value added (2013=100)



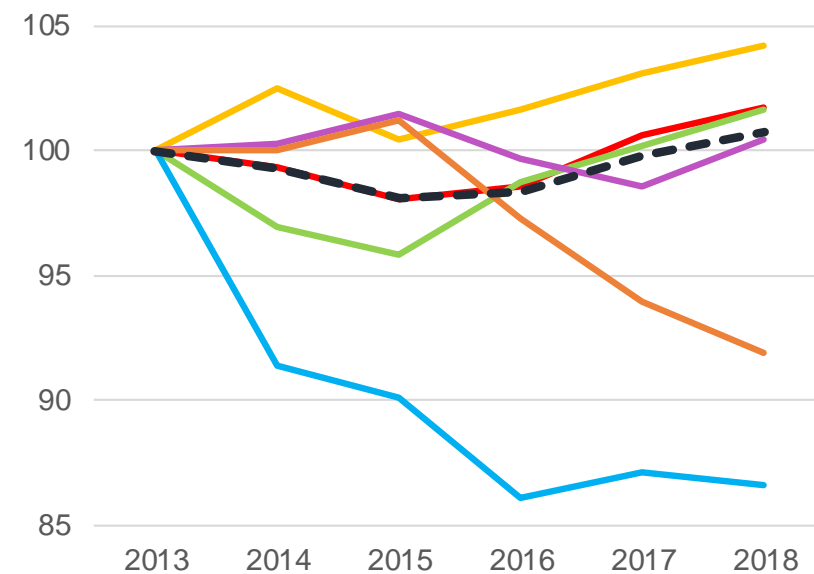
- Antwerp
- Ghent
- Zeebrugge
- Ostend
- Liège
- Brussels
- - - Total

Direct investment (2013=100) excluding merger



- Antwerp
- Ghent
- Zeebrugge
- Ostend
- Liège
- Brussels
- - - Total

Direct employment (2013=100)



- Antwerp
- Ghent
- Zeebrugge
- Ostend
- Liège
- Brussels
- - - Total

Source: NBB

IMPACT OF COVID-19 - on ports worldwide

Ports worldwide are impacted in 3 ways:

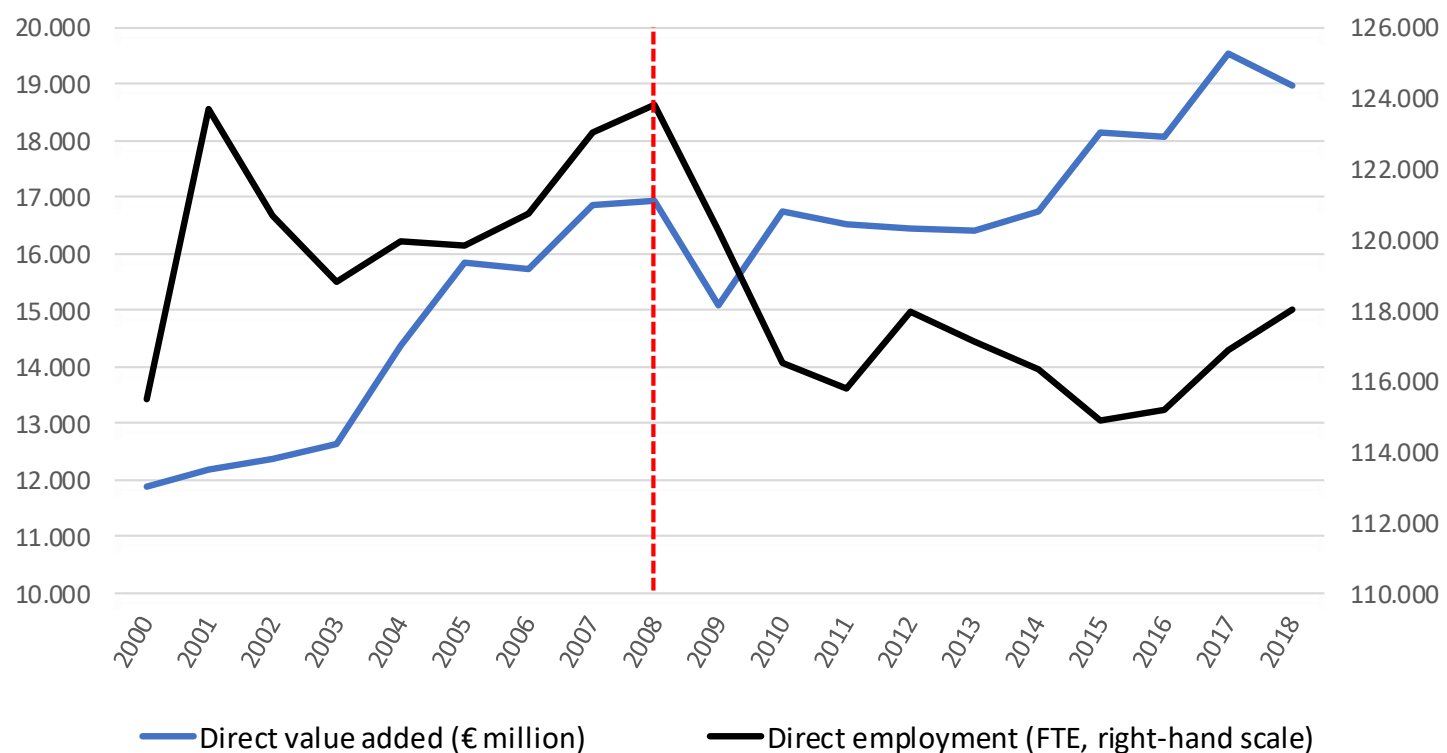
- Internal operational disruptions
- External operational disruptions
- Demand disruptions

Ports worldwide are not affected equally



IMPACT OF COVID-19 - on Belgian ports

Severe and long-lasting effect of financial crisis at Belgian ports



Severe financial crises lead to long-lasting economic recession or stagnation

- Value added:
 - First signs of recovery in 2010
 - Growth dynamic slowed down afterwards

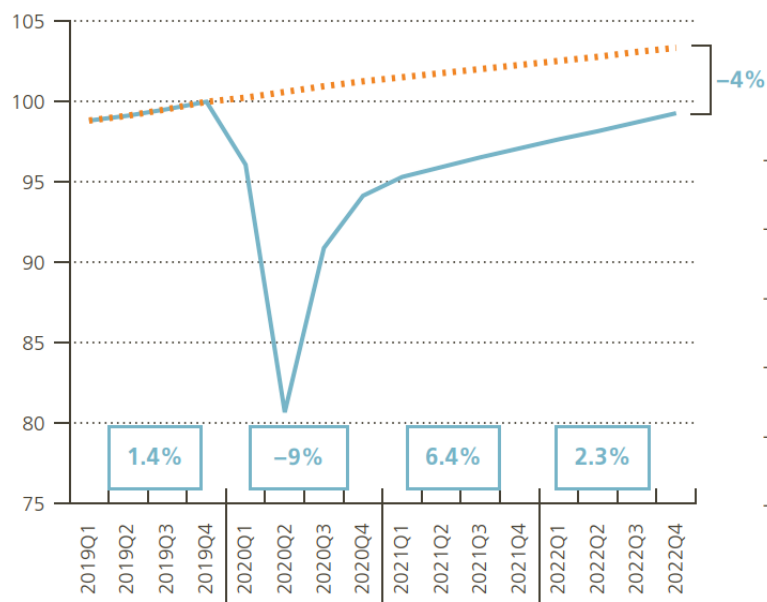
- Employment:
 - Negative growth rates until 2016 (except in 2012)

Source: CEPA

IMPACT OF COVID-19 - on Belgian ports

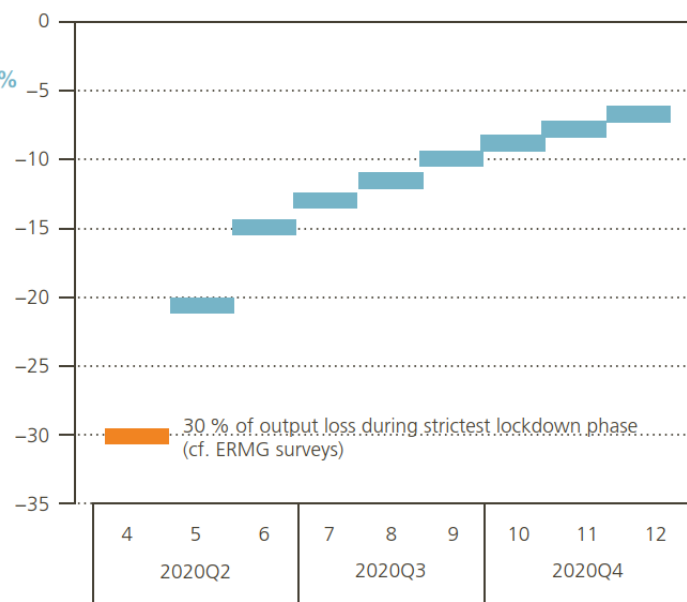
Rebound of Belgian economy will be gradual and incomplete

Real GDP in Belgium
(quarterly data, index 2019Q4 = 100)



— NBB Spring 2020 projections (baseline)
 p.m. NBB Autumn 2019 projections'
 □ Annual growth (in %)

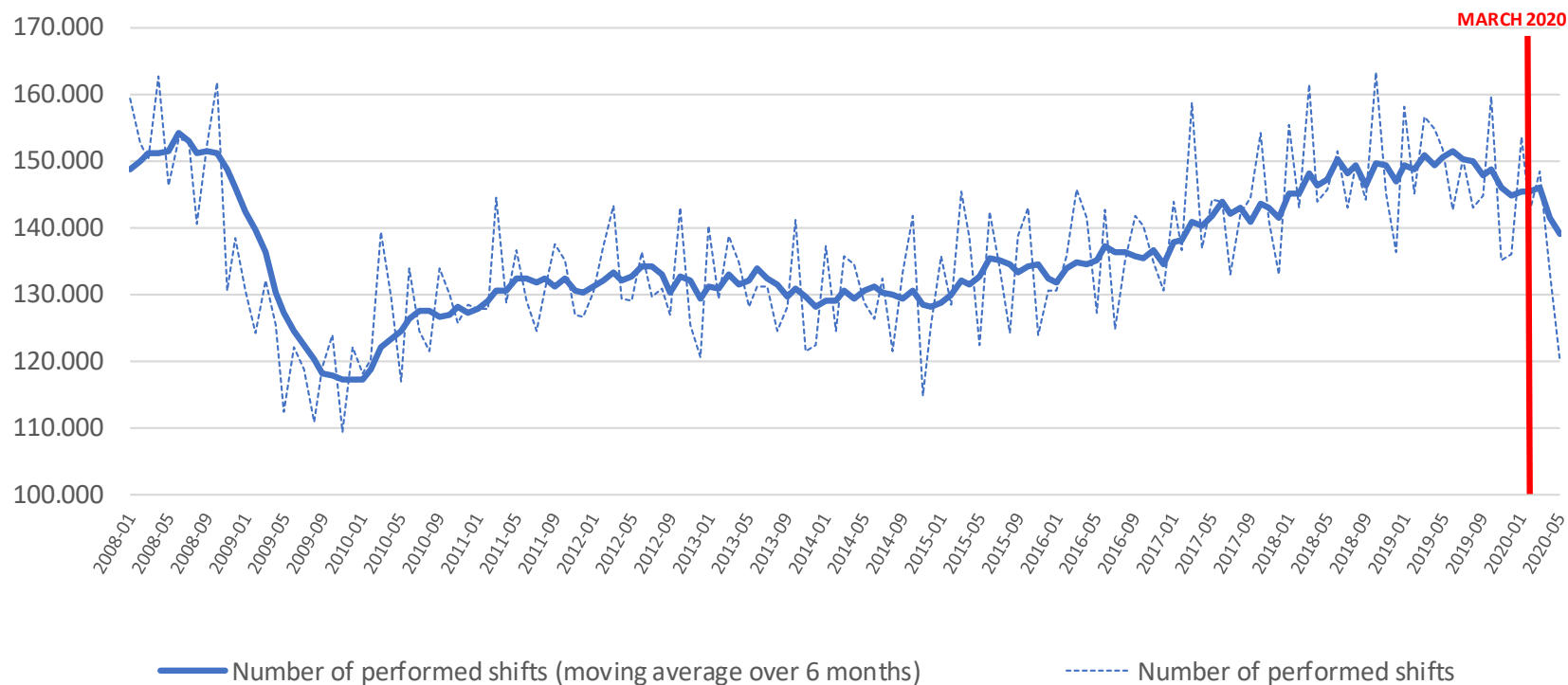
Private sector value added during the last three quarters of 2020
(monthly loss in output (-), in %)



COVID-19 crisis: much more profound

- Shock of unprecedented magnitude
- Slow recovery, quite certainly incomplete
- Relative optimism that normal growth rates could resume in course of 2022
 - Health crisis with economic impact due to lockdowns of companies and shops
 - Phased exit strategies make a relaunch of economic activity possible
 - Historical relationship between fall in world GDP and fall in trade flows: will overstate the current impact of world GDP on trade flows

IMPACT OF COVID-19 - on port of Antwerp - Performed shifts by dockworkers



Source: CEPA

In 1st semester 2020: cargo traffic declined by 4.9% YTD

Number of shifts done by dockworkers has dropped

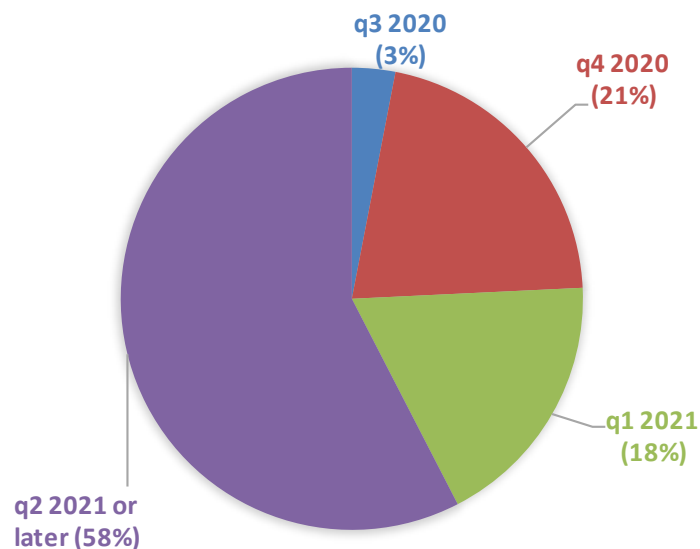
- Since mid-2019;
- Since March 2020: level continued to drop, slightly reinforced by corona-outbreak;
- Up until end of May 2020: level not as bad as during financial crisis in 2008-2009.

To date, port of Antwerp keeps well standing due to

- Geographical diversification;
- Buffering role of storage
- Chemical cluster

IMPACT OF COVID-19 - on port of Antwerp for maritime companies

Time needed to recover sales to pre-crisis level



Source: based on results of survey by Alfaport Voka

Survey among maritime companies

- Cargo-handlers
- Shipping companies
- Shipping agents and forwarders.

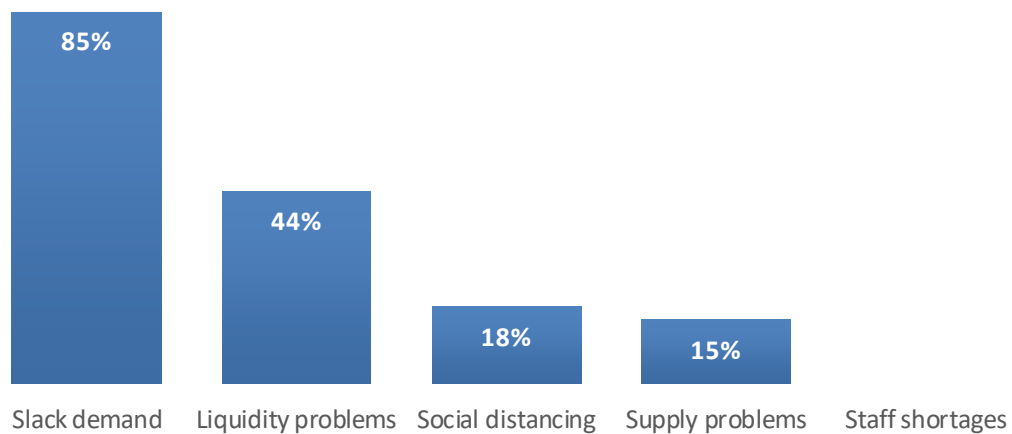
In 2020, turnover of average maritime company will drop 21%, with no pick-up to pre-coronavirus levels before 2021

One in two firms makes use of temporary lay-off scheme

- Maritime firms, recording a bigger decline in their sales, are making more extensive use of the temporary lay-off scheme
- A higher percentage of them report that it is likely that they will transform some of the temporary lay-offs into permanent redundancies when the scheme expires

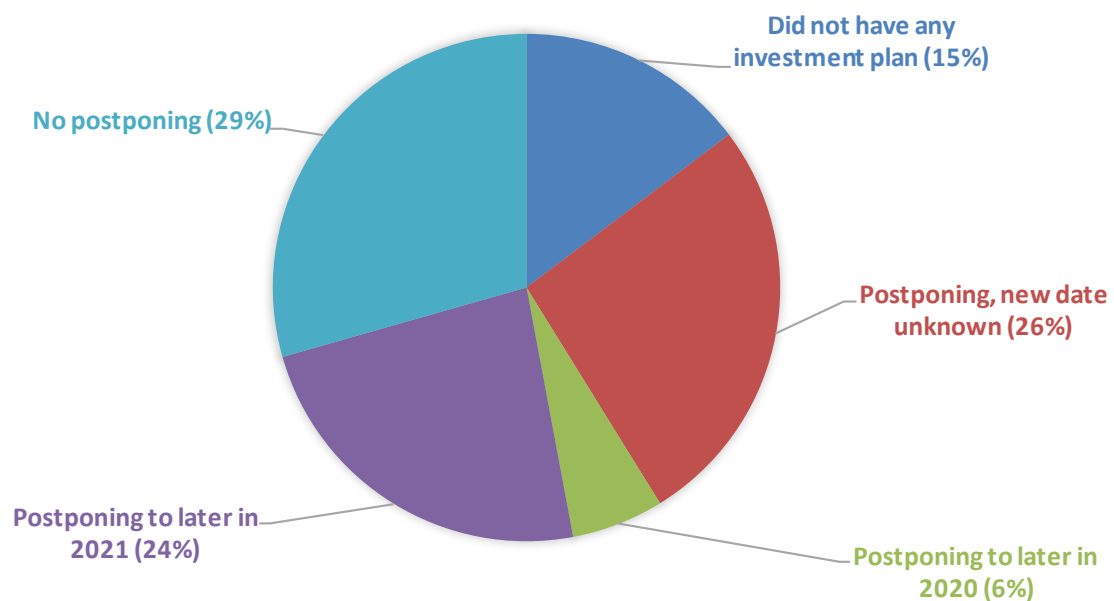
IMPACT OF COVID-19 - on port of Antwerp for maritime companies

Slack demand as main concern



Source: based on results of survey by Alfaport Voka

Many investment plans have been postponed



Source: based on results of survey by Alfaport Voka

CONCLUSIONS

- **Direct value added:**
 - Upward trend in 2013-2018 is mainly driven by the chemicals industry, trade and cargo handling
 - Decline in 2018 (-2.9%) due to energy and fuel production
- **Direct investment:**
 - Upward trend in 2013-2018 is mainly driven by the volatile evolution of investment generated by shipping companies. Making abstraction of this branch, investment is mostly affected by chemicals industry, cargo handling, energy and fuel production
 - After correction for merger: Investment declined by 4.4% in 2018 since investment volumes returned to earlier levels
- **Direct employment:**
 - Quite stable in 2013-2018, since financial crisis 2008-2009: negative growth until 2015, since 2016 small growth
 - Increase in 2018 (+1%) due to extra jobs in cargo handling, chemicals industry and other logistic services

CONCLUSIONS

- COVID-19 crisis is more profound than financial crisis in 2008-2009:
 - Negative impact on the number of shifts performed by dockworkers, but not as bad as during financial crisis
 - Maritime companies:
 - Expected drop in turnover in 2020 of -21% compared to 2019
 - 76% expect no recovery to pre-crisis level before 2021
 - One in two firms makes use of temporary lay-off scheme
 - Lack of demand as main concern
 - Many investment plans have been postponed or cancelled
 - Belgian ports are showing resilience, but uncertainty about the pace of the recovery

Q&A

Working paper, slides en webinar kan je vinden op www.nbb.be

Extra vragen: ilse.rubbrecht@nbb.be

IMPACT OF BREXIT - on Belgian economy

TABLE 3.1 MEDIUM-TERM IMPACT OF BREXIT ON BELGIAN ECONOMY⁽¹⁾

(total impact with respect to a scenario without Brexit, in % unless otherwise stated)

	FTA	WTO
Consumption prices	-0.2	-0.1
Export prices (<i>average over all destinations</i>)	-0.3	-0.2
Import prices (<i>average over all destinations</i>)	-0.2	0.0
GDP (<i>in volume</i>)	-0.3	-0.7
Private consumption (<i>in volume</i>)	-0.1	-0.2
Total investment (<i>in volume</i>)	-0.5	-0.9
Exports (<i>in volume, sum of all destinations</i>)	-0.9	-1.7
Imports (<i>in volume, sum of all destinations</i>)	-0.7	-1.4
Unemployment rate (in percentage point)	0.2	0.4
Employment	-0.2	-0.5
Disposable income of households (in real terms)	-0.1	-0.2

Source: NBB.

(1) Five years after the transition period ends.

Medium-term impact: two scenarios

- If ambitious FTA is reached:
 - Damage for Belgian economy: moderate
- If no deal is reached → hard Brexit:
 - Damage for Belgian economy will be more substantial