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## TRADE AND MARITIME TRANSPORT IN EUROPEAN UNION

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**Summary:** *The paper presents the European Union trade and maritime transport development in the first decade of the 21<sup>st</sup> century.*

**Key words:** *maritime transport, maritime trade, European Union ports.*

### INTRODUCTION.

#### EUROPEAN UNION TRADE

#### ENVIRONMENT – GLOBAL MARKET

The global economy has been transformed in recent years. It has resulted in new growth markets such as China, India, Brasilia and Turkey and countries of Central and Eastern Europe. The growth of the economy is reflected on maritime transportation. A total volume of international trade in 2005 was 8,7 billion tons and international seaborne trade increased by an estimated 3.8% in 2005 to reach a total volume of 6,7 billion tons and 7 billion tons in 2006. Total demand for shipping services reached about 29 billion ton-miles in 2005, representing an increase of 5% compared to the year before. Europe remains a massive importer of crude oil and petroleum products with more than half a billion tons in 2005<sup>1</sup>. Europe also remained the largest dry cargo market with more than a billion tonnes of exports (22.7% of world total) and over 5 billion tons of imports (32.3%)<sup>2</sup>. In 1970-2005 years international seaborne trade increased by an estimated (+) 178%, and the seaborne liquid bulk trade amounted to 2.42 billion tonnes (77% crude oil and 23% oil products) in 2005, increased (+)93%, but a world total volume 4.69 billion tonnes of dry cargo was shipped in 2005 and increased (+)259% in 1970-2005<sup>3</sup>.

The EU and the U.S. are each other's main trading partners, accounting for the largest

bilateral trade relationship in the world. Their economies combined are 58% of global GDP. They account for 37% of world trade. EU-US trade in goods and services is worth around €420 billion a year or approx. €1.15 billion a day<sup>4</sup>. In the year 2006, the total amount of two-way investment was over €1.5 trillion, composed of €700 billion of EU Foreign Direct Investment (FDI) in the US and around €800 billion of US FDI in Europe<sup>5</sup>. The goods flows across the Atlantic are running at around €1.7 billion a day<sup>6</sup>. 14 mln workers are engaged in cooperation and production for both economies and illustrated strong correlation EU and USA economies of the both sides of Atlantic. In the year 2005, exports of EU goods to the US amounted to €250 billion, while imports from the US amounted to €234 billion<sup>7</sup>. Concerning trade in services, EU exports to the US amounted to €108.6 billion in 2004 while EU imports from the US amounted to €93.0 billion<sup>8</sup>.

Asia is next region with fast growing trade with EU25 countries. In 2003, EU-ASEAN (The Association of South East Asian Nations) trade represented about 6% of total EU trade. EU is currently ASEAN's 3rd largest trading partner, accounting for 14% of ASEAN trade. 15% of ASEAN exports are destined for the EU, which makes it ASEAN's 2nd largest export market<sup>9</sup>. South East Asia's current economic strengths and its great longer-term potential continue to make it

an attractive region for investment(s?) by EU economic operators.

The trade volume between China and the European Union (EU) rose 25.3% to hit 272.3 billion US dollars last year. China-EU trade accounted for 15.5% of China's total foreign trade volume last year, and EU remained the top trade partner of China, according to MOC statistics issued on its website. China's exports to EU reached US181.98 billion last year, a rise of 26.6% year-on-year, and its imports from EU went up by 22.7% year-on-year to hit US90.32 billion. According to EU figures, EU's imports from China was €135.6 billion, €4.6 billion more than its imports from the United States. China has replaced the United States as EU's largest import market<sup>10</sup>.

EU has been the largest technologies provider for China and it was the top source of technology

import for China in 2006. China imported 2,597 items of technologies from EU last year, with contractual funds totaling US8.66 billion or 39.3% of China's total. The contractual funds volume was higher than that with Japan, totaling US5.24 billion, and that with the United States, which was US4.23 billion. China had imported an accumulated 24.108 items of technologies from EU by the end of last year, with contractual funds of US98.66 billion<sup>11</sup>. The global trade UE with Central Asia and Pacific Region countries grew 10.5% in

1995-2000 years and in next 6 years XXI century this tendency continued. Trade deficit EU-Asia in 2000 was €121,5 billion, and the global trade balance with China, Japan and India was - €150 billion (table 1.).

**Table1.**

**EU trade with the main world partners in 2004-2005 years [billion euros]**

Country	export EU25			import EU25			Balance	
	2005	2004	Growth	2005	2004	Growth	2005	2004
United States	251.1	234.6	7%	162.9	158.4	3%	88.1	76.3
China	51.7	48.2	7%	158.0	127.4	24%	-106.2	-79.3
Russia	56.4	45.8	23%	106.7	80.7	32%	-50.3	-34.9
Switzerland	81.9	75.1	9%	66.1	61.6	7%	15.8	13.5
Japan	43.6	43.3	1%	73.0	74.1	-2%	-29.4	-30.8
Norway	33.8	30.7	10%	67.0	55.2	21%	-33.2	-24.5
Turkey	41.8	38.0	10%	33.4	30.9	8%	8.4	7.1
Korea	20.1	17.8	13%	33.2	30.3	10%	-13.1	-12.4
Canada	23.7	22.0	7%	17.2	16.3	5%	6.5	5.7
India	21.1	17.0	24%	18.9	16.2	16%	2.2	0.8

**Source: Euro-zone external trade surplus. Eurostat News Realise. 21 February 2006, p. 5.**

EU27 trade flows with its major partners grew. The most notable increases were for exports to Russia (+27% in 2006 compared with 2005), China (+22%), India (+14%), Norway and South Korea (both +13%), and for imports from Russia (+25%), China (+21%), India and Norway (both +18%). The EU27 trade surplus with the USA increased (+91.3 bn euro in 2006 compared with +89.0 bn in 2005), but decreased with Switzerland (+15.2 bn compared with +16.0 bn). The EU27 trade deficit grew with China (-130.5 bn compared with -108.5 bn), Russia (-68.2 bn compared with -55.7 bn), Norway (-40.8 bn compared with -33.3 bn), Japan (-32.1 bn compared with -30.4 bn) and South Korea (-16.0 bn compared to -14.2 bn)<sup>12</sup>.

The energy deficit grew strongly (-282.2 bn euro in 2006 compared with -226.7 bn in 2005), while the surpluses rose in the chemicals sector

(+75.1 bn compared with +68.4 bn) and for machinery and vehicles (+102.7 bn compared with +91.8 bn)<sup>13</sup>. Concerning the total trade of Member States, the largest surplus was observed in Germany (+161.9 bn euro in 2006), followed by the Netherlands (+36.8 bn), Ireland (+31.7 bn) and Sweden (+16.7 bn). The United Kingdom (-128.0 bn) registered the largest deficit<sup>14</sup>, followed by Spain (-88.4 bn), France (-35.6 bn)<sup>15</sup>, Greece (-33.7 bn) and Italy (-21.4 bn)<sup>16</sup>. Situation on the global market has a direct impact on the maritime transport.

**1. EUROPEAN UNION MARITIME TRANSPORT**

Europe has strong maritime position with 25% world trade. There are some 1,200 odd ports in Europe, including some of the world largest sea ports handled 3.5 billion tonnes of cargo per year (63% were unloaded goods). 350 million

passengers pass through European seaports. Approximately 350 000 people work in ports and related services which together generate an added value of about €20 billion<sup>17</sup>. European shipowners manage 40% world fleet. Maritime transport EU27 is the important part of EU economic area. 90% of the EU's external trade and over 40% of its internal trade is transported by sea. Europe's shipowners in this global industry is beyond any doubt with 40% of the world fleet<sup>18</sup>.

The EU is one of the most outward-oriented economies in the world. EU trade in goods and services accounts for 15% of its GDP (that is 3 points above the US or Japan). The EU is the first exporter of goods and services and the first investor abroad. It is natural way to dynamism activity European ports. In 2005, 3 718 million tonnes of goods were handled in EU27 maritime ports (+4.2% compared to 2004, 3.393 in 2003). Of these, 63% were unloaded goods. The very important fact is that all Member States unloaded more than they loaded. The United Kingdom has the highest share (16%) of the total EU-27 handling of goods in ports with 586 million tones and UK market for freight transport and distribution services was worth £74.45bn in 2006, having grown by 6.1% at current prices since the previous year<sup>19</sup>. The next countries are

Italy (with 14% share), the Netherlands (12%) and Spain (11%)<sup>20</sup>.

Some estimate of the relative importance of maritime ports in each of the EU-27 countries is given by the indicator "tonnes of goods handled in maritime ports per inhabitant". This varies from 44 in Norway and 34.6 in Estonia and 28 in Netherlands to 2.5 in German and Belgium, and 1.4 in Poland and Romania. The EU-27 average being 7.6 tonnes per EU-27 inhabitant<sup>21</sup>.

In most countries, liquid bulk goods (which include petroleum products) had in 2005 the highest share in total tonnes of cargo handled. At EU-27 level, liquid bulk represents 41% of the total cargo handled in ports, followed by dry bulk (26%) and large containers (16%). Rotterdam, Antwerp and Hamburg (Figure 1) maintained their positions as the three largest ports in terms of both gross weight of goods and volume of containers handled. In the first nine months of the year only in the port of Rotterdam goods throughput increased by 6.2% to 301 million tonnes (growth in the first six months was only 4.2%). Thanks to the sprint in the third quarter, throughput was pushed up mainly by the 30% increase in the transshipment of mineral oil products (+10 million tonnes) and 11% growth in containers (+8 million tonnes). Expressed in TEU, the rise was almost 13%<sup>22</sup>.



**Figure 1. EU Port Network**  
Source: Ecoports websites.

Europe's maritime sectors are global market and technology leaders, create jobs and value added through continuous innovation. European ports handle 25% of world seaborne trade, and European shipowners own 40% of the world fleet, including 4 European containerlines which are in the Top-5 world container operators. European shortsea shipping is 50% of world total and European inland shipping has a modern fleet of 9,400 ships. European shipbuilders have the highest turnover and European shipowners order 40% of new buildings. In Shipbuilding industry European marine equipment manufacturers produce 35% of the world market. European yachtbuilders produce 60% of the mega-yachts, and Polish yachtbuilders are leaders in small and medium yachts in Europe. European dredging companies have 80% of the open market<sup>23</sup>. In other hand European maritime services, maritime research, inland shipping, fisheries, and navies are world leading. Polish Maritime Academies (in Gdynia and Szczecin) and Polish Maritime Institute in Gdańsk are leaders in world education and research market.

The year 2006 showed again a healthy growth of world trade with, as a result, an increase of 5.5 % in tonne-miles of maritime transport - the main carrier of transport international trade. European shipping maintained its key role in global transport with a substantial share of 41 % of the global merchant fleet. For 2007/2008 a slightly lower increase in global merchandise trade of 6 % as against 8 % in 2006 is expected<sup>24</sup>. Demand for shipping services will be positive; however, high fuel costs, imbalances, particularly in container services and congestion, together with the effects of tonnage oversupply in some sectors, may have a negative influence<sup>25</sup>.

## 2. PORTS IN EUROPEAN UNION

On European port services market the United Kingdom (length of the coastline 12400 km) is the leading EU-27 country in seaborne transport of goods, with 586 million tones handled in 2005, representing nearly 16% of the EU-27 total. The UK is followed by Italy (7600 km), with a share of 14%, the Netherlands with the 451 km coastline (12%) and Spain (4964 km length of the coastline and 11% share in the market)<sup>26</sup>.

Table 2.

Top-25 container ports in Europe [TEU]

	Port	2005	2004	2003	2002	2001
1.	ROTTERDAM	9286757	8280787	7143920	6506311	6096142
2.	HAMBURG	8087545	7003479	6137926	5373999	4688669
3.	ANTWERPEN	6488029	6063746	5445437	4777151	4218176
4.	BREMEN/B'HAVEN	3735574	3469253	3189853	3031587	2972882
5.	ALGECIRAS	3179614	2937381	2517318	2234248	2151770
6.	GIOIA TAURO	3160981	3261034	3080710	3008698	2488332
7.	FELIXSTOWE	2700000	2717000	2482000	2684000	2800000
8.	VALENCIA	2409821	2145236	1992903	1821005	1506805
9.	LE HAVRE	2111000	2145000	1977000	1720459	1523493
10.	BARCELONA	2070726	1916493	1652366	1461232	1411054
11.	GENUA	1624964	1628594	1605946	1531254	1526526
12.	ZEEBRUEGGE	1407933	1196755	1012672	958942	875926
13.	ST. PETERSBURG	1119346	776576	639474	580639	481509
14.	AMBARLI	1118284	1078315	772873	571623	340000
15.	LA SPEZIA	1024455	1040438	1006641	973382	974646
16.	MARSEILLES	907918	916277	832986	808915	742020
17.	GÖTEBORG	787705	713439	634690	725652	662908
18.	IZMIR	782000	804565	700795	573211	484000
19.	CONSTANTZA	768099	386282	206450	136272	118645
20.	LONDON/TILBURY	735170	656783	579216	528406	481502
21.	LIVERPOOL	600000	550000	578000	535000	524000
22.	MERSIN	596000	532507	467111	365790	305860
23.	AARHUS	581000	500000	447000	396000	409000
24.	HELSINKI	459894	500000	471778	456598	438260
25.	GDYNIA	400165	377236	308619	252247	217024

Source: Hafen Hamburg 2006 and ports terminals reports.

In the part of European seaports main part of cargo is liquid bulk traffic. Main European 330 ports handling a total throughput of 58 billion tons of liquid bulk traffic in 2005. The lion's share of this volume was handled in ports in the United Kingdom (262.8 million tons in 2005), Italy (241.7), the Netherlands (201.8), France (180) and Spain (146.7 million tons in 2005). The biggest liquid bulk port in Europe is Rotterdam, handling nearly 170 million tonnes in 2005. This represents more than 10% of the combined liquid bulk throughput of the 330 ports in the Eurostat database. In 2006 more than 28 million tonnes of crude oil was transported through the Rotterdam-Antwerp Pipe Line (RAPL). In 10 greatest European ports liquid bulk throughput is the main cargo. In Port of Rotterdam (Netherlands) total handling in 2005 was 345.8 million tonnes, including 49% liquid bulk, Bergen (Figure 1) in Norway (79 million tonnes total, including 49%), in France Marseille (93.3 million ton, including 70%) and Le Havre (71 million tonnes, including 78%)<sup>27</sup>.

A large amount of dry bulk was handled in particular by the Netherlands (146 million tonnes), the UK (126 million) and Spain (114 million). Dry bulk goods represented 26% of the total cargo handled in ports at EU-27 level. Container transport was significant for Germany (with a 35% share) and Belgium (32%). The 5 top-container ports (Table 2) are Rotterdam (9.7 million TEU in 2006), Hamburg (8.9 million TEU), Antwerp (7 million TEU), Bremerhaven (4.5 million TEU) and Algeciras (over 3.2 million TEU)<sup>28</sup>. The share of Ro-Ro units was high for Denmark and Sweden (27% and 25% respectively). The United Kingdom recorded by far the highest weight (100 million tonnes) in relation to Ro-Ro mobile units handling. On the second placed is Italy with 51 million tonnes<sup>29</sup>.

## RUSSIAN PORT SECTOR

Russia plans the ports cargo turnover in 2007 in about 430-440 million tons (360 million tons in 2006), which is bigger, than the turnover of all Soviet Union ports turnover in 1980. By the 2010 the increase in turnover will reach 540 million tons<sup>30</sup>. The Russian North-West ports are the biggest cargo turnover hubs with 45% of the whole Russian sea trade volume. St. Petersburg (Figure 1) will process 50% of Russian export

cargoes to the European Union and over 50% of import cargoes from the European Union to Russia jointly with the nearby located ports of Leningrad Oblast Region<sup>31</sup>. It was decided recently to increase Russian oil cargo turnover via Primorsk Port by another 50 million tonnes per year. By 2015 the capacity of the Port of St. Petersburg will increase up to 85-90 million tons annually. The Russian port sector is buzzing on the basis of the re-development of the infrastructure, transport and logistic technologies in cooperation with the railway transport and the ports of neighbouring States<sup>32</sup>.

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## **ТЪРГОВИЯТА И МОРСКИЯТ ТРАНСПОРТ В ЕВРОПЕЙСКИЯ СЪЮЗ**

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**Резюме:** Докладът представя развитието на търговията и морския транспорт в Европейския съюз през първата декада на XXI век.

**Ключови думи:** морски транспорт, морска търговия, пристанища на Европейския съюз.