

# ATN Transport

Data below refers to 2019 DfT ports statistics due to coronavirus impacts in 2020/2021 data.

## 1. Drivers of Demand and Port Choice

- External factors determine the success of a port within its market environment. These factors include but are not limited to:
  - Location relative to production and destination
  - Proximity to desirable routes
  - Quality of infrastructure
  - Competitiveness of tariffs
- Port choice and the movement of goods (transport) is derived from the condition of the economy. As the UK and Scottish economies recover from the recession of 2020 as a result of the Coronavirus pandemic, the Scottish fiscal commission forecasts Scottish economy to return to pre pandemic levels by Q2 2022. This is only slightly slower than the OBR's latest forecast for the UK economy, which is now expected to return to pre-pandemic levels in Jan–Mar 2022.
- The pace of the rebound in growth for the Scottish and UK economies has led to inflation from both the demand and supply sides. Rising fuel and labour costs will impact port and logistics companies' competitiveness in the transport market. While increased demand continues to contribute as a result of Covid support schemes over the past 18 months.

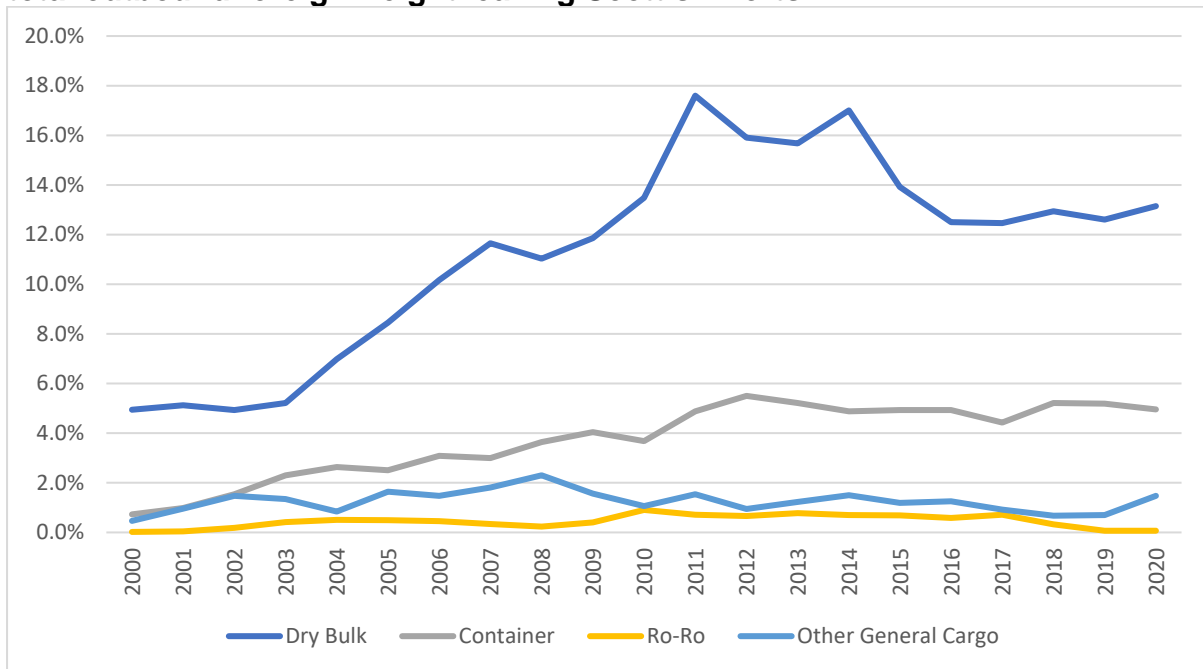
## 2. Current position

- The Department for Transport group port traffic into 5 main maritime categories: liquid bulk, dry bulk, container, roll-on/roll-off and other general cargo. The table below shows Scotland's mix of the 5 commodities over time.

**Table 1: Mix of Maritime Commodities leaving Scottish Ports (Outbound & Foreign)**

	2001-2005	2006-2010	2011-2015	2016	2017	2018	2019	2019 (UK Total)
Dry Bulk	6.1%	11.6%	16.0%	12.5%	12.5%	12.9%	12.6%	11.8%
Liquid Bulk	90.3%	82.8%	76.9%	80.7%	81.5%	80.9%	81.4%	44.5%
Container	2.0%	3.5%	5.1%	4.9%	4.4%	5.2%	5.2%	17.7%
Ro-Ro	0.3%	0.5%	0.7%	0.6%	0.7%	0.3%	0.1%	24.0%
Other General Cargo (Breakbulk)	1.3%	1.6%	1.3%	1.3%	0.9%	0.7%	0.7%	2.1%

**Chart 1: Mix of Maritime Commodities (Excluding Liquid Bulk) as a share of total outbound foreign freight leaving Scottish Ports**



- Commodity trends have seen dry bulk and container groupings grow over the past two decades. However, container freight as a share of total freight has remained broadly unchanged over the past decade.
- Table 1 also shows that compared to international outbound traffic leaving UK ports on average, traffic leaving Scottish ports is much more concentrated in the bulk categories (liquid and dry).

### 3. Future Projections

- Drewry Maritime Advisors produced a UK ports outlook with projections and forecasts for the years to 2026.
- Drewry’s forecast shows that volumes connected to fossil fuels are projected to decline in line with historic trends. Other volumes are projected to recover to pre-pandemic levels by 2022.
- The main factors related to liquid bulk will be lower demand for crude oil production, refinery and demand for refined products, as well as the extent to which it is the main source still used for electricity production.
- Containers (Ro-Ro/Lo-Lo) main driver of volume is economic growth. There is a varying degree of exposure to trade with the EU – containers least exposed while Ro-Ro is most exposed.

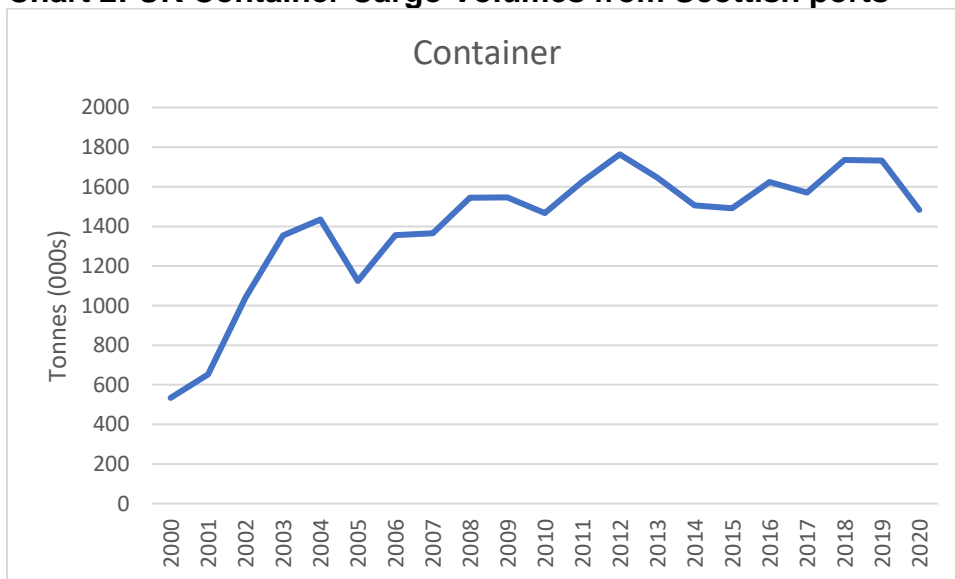
#### 3.1 Scottish Context

- Scottish port traffic is heavily concentrated in the liquid bulk category. In 2019 (latest “normal” year), liquid bulk accounted for two-thirds of all Scottish port traffic (domestic and foreign) in both directions. Looking exclusively at

outbound freight, this figure was 70%, and within that, accounted for 81% of all outbound foreign traffic.

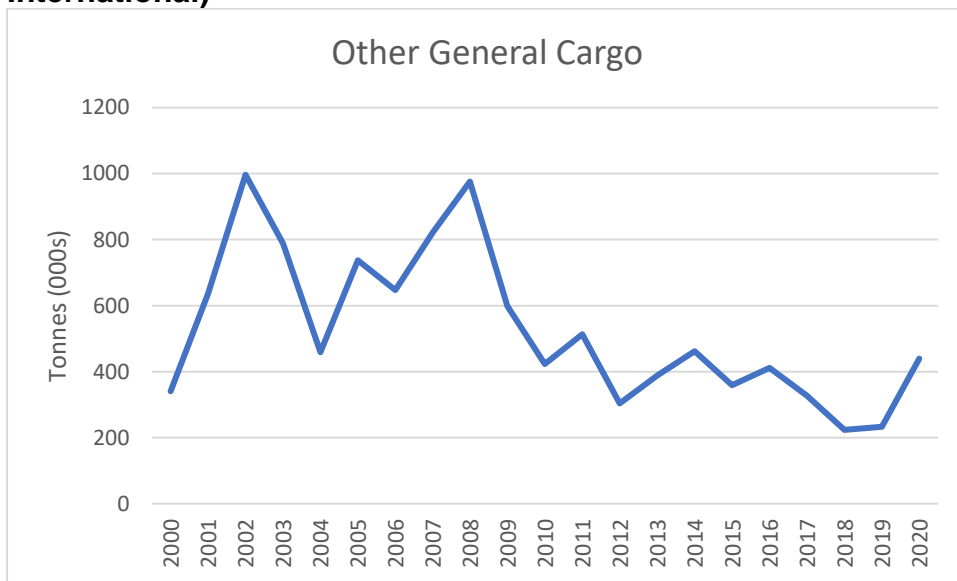
- Drewry's forecast liquid bulk to fall by 3.6% in terms of tonnage each year to 2026. Scotland's liquid bulk volumes historic trend which have fallen on average by 1.7% each year over the past decade, and are down over 60% compared to the turn of the millennium. At 2019 (outward and international) volumes, this is equivalent to a 0.85 million tonne reduction in Scotland's total each year. This would potentially free up the equivalent to 2.6% capacity.
- The commodity groups forecast to see the largest growth are 'Container' and 'Other General Cargo (breakbulk)'. These are projected to grow at annual rates of 1.8% and 2.7% respectively between 2019 and 2026. Scotland's container cargo has had a positive trend over the period highlighted in Chart 1, both in terms as a share of international outbound freight from Scottish ports and also in absolute terms – see chart 2 below. Outward international traffic from Scottish ports in the container category have grown on average 1.9% each year over the decade to 2019, largely in line with projected increases over the period to 2026.

**Chart 2: UK Container Cargo Volumes from Scottish ports**



- Other General Cargo is much a more volatile series, both at a UK level and a Scottish one. Over the past decade to 2019, this commodity group has fallen by an average of 6.4% each year.

**Chart 3: UK Other General Cargo Volumes from Scottish Ports (Outbound & International)**



- Combined, these two commodity groups account for approximately 6% of UK outbound foreign freight leaving Scottish ports, compared to nearly 20% for the UK as a whole.
- Looking at the projections from Drewry suggests a net tonnage decreases in volume for Scottish ports of roughly 0.94 million tonnes each year over the next 5 years (based on 2019 outbound, foreign traffic volumes). The projected declines in liquid bulk are not offset by increases from the other commodity groups and as a result a fall in volumes leaving Scottish ports is projected. The nature of the commodity groups forecast to grow – mainly container and Ro-Ro are not large commodity types from Scottish ports. Nevertheless, the spare capacity freed up from select liquid bulk rich ports creates the possibility for Scottish ports to diversify and potentially compete.
- The demand drivers for port choice highlighted at the start suggest that Scotland may be limited to how it can compete with other rUK ports. Given the location and proximity to continental Europe, these elements are not in Scotland's favour relative to rUK ports. However, quality of infrastructure and competitiveness of tariffs are areas that ports will likely have to work on to entice suppliers and logistics companies to route goods directly through Scottish ports.

## Scotland's ports gap analysis – breakdown by commodity

**Note:** These tables are the result of preliminary explanatory analysis and thus may be subject to change.

Commodity	OTS 2021 Q1-Q3	RTS 2021 Q1-Q3	Difference (£ million)	Difference (%)
Beverages	647	2,975	2,329	78%
Non-ferrous metals	11	705	694	98%
General industrial machinery	488	1,064	576	54%
Gas	330	899	569	63%
Chemical materials & products	409	870	461	53%
Electrical machinery & appliances	124	496	372	75%
Fish & seafood	374	743	369	50%
Professional & scientific instruments	256	611	355	58%
Medicinal & pharmaceutical products	164	511	347	68%
Power generating machinery & equipment	1,123	1,439	316	22%
Other transport equipment	140	434	295	68%
Machinery specialized for particular industries	135	392	256	65%
Manufactures of metal.	170	397	227	57%
Miscellaneous manufactured articles	105	322	217	67%
Telecomms & sound recording equipment	20	232	213	92%
<i>Proportion of gap for Scotland's exports (with exclusions*) accounted for by these commodities</i>			82%	

**Table 1. The 15 commodities (SITC 2) with the greatest value gap between Scotland's total goods exports (RTS) and UK exports leaving Scottish ports (OTS) for the first three quarters of 2021.**

Source: HMRC Regional Trade Statistics 2021 Q3 & HMRC Overseas Trade Statistics November 2021

**Table 2. The 15 commodities (SITC 2) with the greatest value gap between Scotland's goods exports to non-EU countries (RTS) and UK exports leaving Scottish ports (OTS) to non-EU countries for the first three quarters of 2021.**

<b>Commodity</b>	<b>OTS 2021 Q1-Q3</b>	<b>RTS 2021 Q1-Q3</b>	<b>Difference (£ million)</b>	<b>Difference (%)</b>
Beverages	541	2,013	1,473	73%
Non-ferrous metals	7	520	513	99%
General industrial machinery	438	682	244	36%
Professional & scientific instruments	216	422	205	49%
Medicinal & pharmaceutical products	58	250	191	77%
Electrical machinery & appliances	103	269	166	62%
Manufactures of metal	123	285	163	57%
Other transport equipment	72	234	162	69%
Fish & seafood	47	195	148	76%
Power generating machinery & equipment	872	1,017	146	14%
Machinery specialized for particular industries	119	237	118	50%
Miscellaneous manufactured articles	82	187	105	56%
Telecomms & sound recording equipment	13	113	100	89%
Organic chemicals	65	159	94	59%
Chemical materials & products	368	459	91	20%
<i>Proportion of gap for non-EU exports (with exclusions*) accounted for by these commodities</i>			<b>87%</b>	

Source: HMRC Regional Trade Statistics 2021 Q3 & HMRC Overseas Trade Statistics November 2021

**Table 3. The 15 commodities (SITC 2) with the greatest value gap between Scotland's goods exports to EU countries (RTS) and UK exports leaving Scottish ports (OTS) to EU countries for the first three quarters of 2021.**

<b>Commodity</b>	<b>OTS 2021 Q1-Q3</b>	<b>RTS 2021 Q1-Q3</b>	<b>Difference (£ million)</b>	<b>Difference (%)</b>
Beverages	106	962	856	89%
Gas	319	882	563	64%
Chemical materials & products	41	411	370	90%
General industrial machinery & equipment	50	382	332	87%
Fish & seafood	327	548	221	40%
Electrical machinery & appliances	21	227	206	91%
Non-ferrous metals	4	185	181	98%
Power generating machinery & equipment	251	422	171	40%
Medicinal & pharmaceutical products	106	262	156	60%
Professional & scientific instruments	40	189	149	79%
Machinery specialized for particular industries	17	155	139	89%
Other transport equipment	67	200	132	66%
Telecomms & sound recording equipment	7	120	113	94%
Miscellaneous manufactured articles	23	135	112	83%
Plastics in non-primary forms	11	90	79	88%
<i>Proportion of gap for EU exports (with exclusions*) accounted for by these commodities</i>			<i>79%</i>	

Source: HMRC Regional Trade Statistics 2021 Q3 & HMRC Overseas Trade Statistics November 2021

**Table 4. The 15 commodities (SITC 2) with the greatest value gap between Scotland's goods imports from non-EU countries (RTS) and UK imports via Scottish ports (OTS) from non-EU countries for the first three quarters of 2021.**

<b>Commodity</b>	<b>OTS 2021 Q1-Q3</b>	<b>RTS 2021 Q1-Q3</b>	<b>Difference (£ million)</b>	<b>Difference (%)</b>
Office machines	99	1,077	977	91%
Non-ferrous metals	18	601	583	97%
Articles of apparel & clothing accessories	62	390	328	84%
Electrical machinery & appliances	140	377	236	63%
Telecomms & sound recording equipment	40	267	227	85%
Miscellaneous manufactured articles	115	313	198	63%
Chemical materials & products	67	252	185	73%
General industrial machinery & equipment	162	342	180	53%
Other transport equipment	76	243	167	69%
Gas	2,137	2,300	163	7%
Road vehicles	20	152	132	87%
Metalliferous ores & metal scrap	9	137	128	93%
Professional & scientific instruments	154	279	126	45%
Machinery specialized for particular industries	131	238	108	45%
Textile yarn, fabrics, made up articles etc	30	137	107	78%
<i>Proportion of gap for non-EU imports (with exclusions*) accounted for by these commodities</i>			<i>77%</i>	

Source: HMRC Regional Trade Statistics 2021 Q3 & HMRC Overseas Trade Statistics November 2021

\*Excluding oil and commodities where UK goods exported via Scottish ports exceed Scotland's exports

[Trade data - UK Trade Info](#)