The latest BPO report analyses the impact of climate policies and regulations on the port sector

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The Baltic Ports Organization (BPO) has recently finalized a new report[1] focusing on the influence of the European Green Deal (EGD) and various other climate-related policies and regulations on the future of the port sector (the report will be made available per request upon contact with the BPO Secretariat).

The report, focusing first and foremost on Baltic seaports, analyses said impact, considering several aspects. The EGD and the recently introduced Fit for 55 package influence, and will continue to do so, numerous areas relevant to the port sector, such as the cargo structure, role of seaports in the context of energy transition towards renewable energy, development of refuelling infrastructure for unconventional ship fuels, as well as strategies and tools for reducing emissions with the goal of climate neutrality.

Within the report, readers will find numerous examples from seaports around the Baltic Sea region, presenting their activities and procedures related to the abovementioned areas. The report also includes a handy overview of relevant policies on both the international (dating back to the 1991 Rio Convention) and EU level, with a run-down of the current key targets set by the policymakers.

Main findings

The EU climate policy will have a major impact on a broad range of industries in the decades to come, especially because of the planned energy transformation and associated shifts in trade paths and the growing significance of renewable energy sources. These changes will present new opportunities for the port sector but also bring along various challenges.

The expected fall of fossil fuels' share in primary energy consumption from about 70% (2018) to a projected 39% (2050), mainly crude oil and coal, will affect the cargo handled in ports. While this process may progress at different paces and intensities in various countries and ports, those involved in handling fossil fuels will need to seek new strategies and business opportunities to secure future revenue.

Gas, however, may follow another path, as opposed to oil or coal. Natural gas is expected to overtake oil as the largest primary energy source by 2030 and keep its market share at approximately 27% within the European energy mix by 2050. Liquefied natural gas (LNG) is set to gain increased importance in the Baltic and beyond in the following decades, also considering the recently introduced REPowerEU initiative. Right now, the Baltic LNG market is only a decade old and still in its development stage.

Due to the expected continuous increase in the demand for new, renewable energy sources, new investments in areas such as wind energy, especially in the offshore sector, will create demand for large port installation bases and small terminals for operational and maintenance functions – thus presenting new opportunities for ports.

Overall, climate policy-driven change will stimulate investments in the whole energy value chain, and ports will have an important role to play – be it production, storage, or their function as energy hubs and logistic distribution centres. ■

[1] *The report was finalised in March 2022, shortly after the outbreak of war in the Ukraine towards February 2022. The geopolitical impact of the conflict has had significant immediate and long-term impact on energy security policies, as well as global energy markets. This effect has not been analysed. However, some consequences have been signalised in the report's conclusions.*