

HOW GEOPOLITICS IS CHANGING BREAKBULK FLOWS

WHITEPAPER

From conflicts and sanctions to CO₂ regulations and nearshoring, the international situation is affecting breakbulk flows towards Rotterdam.

World trade is changing rapidly. Conflicts, political tensions and new European regulations are prompting companies to choose other source countries or adopt alternative routes. As breakbulk is directly linked to industrial production, we see these shifts reflected quickly in the market. In Rotterdam, we notice them early through the inflows, storage demand and the decisions shippers and operators take.

In this article, we explain why flows are changing, which corridors are expanding or contracting, and the implications for terminals, modalities and the supply chain.



WHY ARE BREAKBULK FLOWS SHIFTING?

Conflicts and instability are changing routes

The war in Ukraine has shifted trade patterns within Europe. Shipments of steel, machine parts and project cargo are seeking new routes, often via land, or production closer to home.

In the Middle East, political tensions and risks surrounding strategic straits, such as the Strait of Hormuz, lead to uncertainty in the supply of metals. Part of the aluminium capacity in this region has been temporarily taken out of operation, leading to higher prices and fluctuations in availability.

The indirect effects extend beyond the metal market, impacting energy prices and industrial expenses across Europe. In addition, heightened risks and rising insurance premiums on the long Asia–Europe corridor are making this route less predictable.

The tensions at the Bab el-Mandeb Strait, at the entrance to the Red Sea, are prompting many vessels to avoid the Suez Canal and sail around the Cape of Good Hope. As a result, trips are becoming longer and more expensive, motivating some shippers to opt for shorter and more reliable routes.

Geopolitical trade policy guides source choices

Sanctions against Russia result in trade flows being diverted. Companies are actively seeking alternatives within and outside Europe. At the same time, countries are concluding new trade agreements, often in response to US trade policy, making certain markets more attractive for European companies.

The CBAM and European CO₂ regulations are pushing demand towards regions closer to home.

The introduction of the CBAM (Carbon Border Adjustment Mechanism, a European CO₂ levy on imports) makes CO₂-intensive products from outside the EU more expensive. This is particularly evident in steel, aluminium and cement. Importers will face so-called default values until 2027, creating additional costs and uncertainty. Consequently, regional or cleaner production becomes more attractive.

Nearshoring and strategic autonomy

Europe aims to reduce its reliance on distant markets for critical production chains, such as steel and metals. Companies are increasingly choosing production or semi-finished products closer to home, for example in North Africa and Eastern Europe, to mitigate risks and shorten delivery times.

Changing costs in the market

The costs and risks associated with long deepsea routes have risen. At the same time, container prices are currently unusually low. As a result, some cargo that would normally be transported as breakbulk is temporarily being shipped in containers.

WHAT DOES THIS MEAN FOR FLOWS?

In Eastern Europe, including Poland, the Czech Republic and Romania, exports of machine parts and steel products are on the rise. Delivery is reliable and turnaround times are short. In Rotterdam, we see this reflected in increased flows from nearby European regions, within a market that remains heavily oriented towards short-sea shipping.

North Africa is emerging as a key alternative

Egypt, Morocco and Algeria are expanding their industries and supplying increasing volumes of steel, metals and building materials to Europe. This is attractive to shippers as North Africa is close by, and the supply routes are more stable and shorter than those from Asia. The focus on CO₂ costs further reinforces this choice.

Asian long-haul routes are under pressure

China, South Korea and Southeast Asia remain important suppliers, but companies are increasingly diversifying their risks. Longer transit times and higher insurance costs are prompting some volumes to shift to regions closer to Europe. In addition, low container rates mean that cargo still arriving from Asia is sometimes transported in containers rather than as breakbulk.

More growth within Europe

Trade within Europe is on the rise. Routes to Germany, the Baltic States, Spain, Italy, Portugal, Scandinavia and the UK are becoming busier. Companies are choosing European suppliers for their reliability, security of supply and predictability. Nearshoring and higher European production volumes are also contributing to this trend.

Fluctuating volumes in the Middle East and more semi-finished products

Supply from the Middle East remains important, particularly for metals. However, political tensions and temporary smelter closures can cause significant fluctuations in volumes.

WHAT ARE THE IMPLICATIONS FOR MODALITIES, TERMINALS AND THE SUPPLY CHAIN?

Short sea continues to expand

Breakbulk is inherently a short-sea market and current shifts are reinforcing this pattern. Increasing volumes of cargo from nearby regions, such as Southern Europe and the Baltic States, are making reliable short-sea connections ever more important.

Greater use of barge and rail within Europe

As trade within Europe expands, so too does the use of inland shipping and rail. Companies are opting for modalities that are stable and predictable, with lower risk of delays, a crucial consideration for time-sensitive cargo.





Deepsea volumes vary per product group

For products such as steel and aluminium, we see shifts towards regions closer to Europe. Nevertheless, some deepsea flows remain essential, including aluminium from Africa, the US, Canada and the Middle East, albeit with varying volumes.

Terminals remain flexible

Breakbulk terminals are defined by their flexibility. Terminals have been adapting their sites for years to meet current demand. This can mean handling steel first, then aluminium, followed by project cargo, and

accommodating car storage or offshore mobilisations in between.

This adaptability remains crucial at a time when volumes are fluctuating more frequently.

Growing demand for CO₂ transparency across the supply chain

While terminals are not yet required to provide emission data, pressure is mounting across the entire chain. Shippers want a clearer understanding of their emissions across the full route, heightening the need for transparency and digital information exchange.

WHAT DOES THIS MEAN FOR ROTTERDAM?

Rotterdam continues to maintain a strong position in breakbulk thanks to:

- Extensive short-sea connections to Southern Europe, Scandinavia and the Baltic States
- Robust multimodality where barge, rail, road and deepsea converge
- Flexible terminals capable of adapting to fluctuating demand
- Large clusters for steel, non-ferrous metals and project cargo
- Heavy-lift and offshore capacity that is unique in Europe

The future of breakbulk is less predictable, but it is precisely for this reason that Rotterdam is well positioned. The versatility of the port area ensures that we can respond to new market opportunities and changes in the supply chain.

