

Abstract

(Session 3) Knowledge Sharing for Developing Ports(with ADB)

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Ports Business Environment and Implications for Financing

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Efficient and reliable ports are essential to global trade and economic development. Market Demand for port services is inelastic to price; it is generally a small component of total supply chain costs. The sector features extensive cooperation between state and private entities and high barriers to entry and is characterized by local oligopolies and generally stable long-term returns. This creates an environment in which finance is available for bankable projects. Infrastructure and pension funds have been enthusiastic investors in the sector.

Current geopolitical turbulence and shifts in trading patterns create both opportunities and risks for the sector that will need to be navigated with care.

The decarbonisation of the port sector creates an investment challenge of a different order since the business case for investment in the energy transition is not always compelling. A clear and consistent regulatory environment, including international cooperation, will be essential to the financing of the energy transition in the port sector.