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« Eastern Europe : a maritime review post-EU integration »

Both a consequence and a driver of the economic growth and globalization that followed the Second World War, the 2000s marked the momentum of a new world that can be baptized as global, but it was also characterized by the continentalization of the European Community. The major enlargement of the European Union from 2004 to 2013 integrated the three Baltic States, four Central European countries, and four Balkan nations. This integration enabled the constitution of a vast bloc where Eastern Europe brought as many new consumers as it did new workers. The maritime European Community thus expanded in the Baltic to include Estonia, Latvia, Lithuania, and Poland; in the Adriatic to include Slovenia and Croatia; and in the Black Sea to include Romania and Bulgaria. This new maritime Europe possessed its own heritage of ports, shipyards, shipping companies, and seafarers. Stemming from 45 years of communist regimes and a rapid democratic and liberal transition, the "blue" Eastern Europe had to adapt, facing improved situations (port development, worker opportunities), ambivalent dynamics (shipping companies), or difficult realities (shipbuilding).

The new scale of ports

The Baltic States

The port system of the Eastern European countries was originally calibrated for a low level of internationalization typical of socialist economies. With European integration and major economic modernization, these ports are finding a new dimension, as evidenced by the growth of containerized flows and Ro-Ro trade. A portion of the new Europe's countries is landlocked (Czech Republic, Slovakia, Hungary), and one of the challenges is to integrate these dynamic hinterlands through the North (Poland) and the South (Slovenia, Croatia), or even the East (Romania). Ports in the Baltic and Adriatic therefore harbor legitimate European ambitions.

Emancipated from the USSR as early as 1991, but adjacent to Russia and Belarus, and more closely tied to Poland, the three Baltic countries form a sort of insular territory within the EU, much like Finland. Connections with Germany, Sweden, and Finland are partly carried out by sea through a dense network of ferry and Ro-Ro lines.

The Port of Tallinn, along with its peripheral outports of Muuga and Paldiski, serves small Estonia with 20 Mt and 223,000 TEUs. The beautiful capital attracts Swedish and Finnish tourists (10.6 million passengers) as well as cruise passengers (600,000 passengers). In Latvia, the Port of Riga has always been an important general cargo port (32.7 Mt). Container traffic remains limited (0.466 million TEUs), while the ferry destination is modest (0.8 million passengers). The Port of Riga traditionally exports Russian coal (10 Mt in 2019), but demand is declining in Western Europe. Latvia, with barely more inhabitants than its northern neighbor (2 million), possesses two other ports: Liepāja (7.3 Mt) and Ventspils (20.4 Mt, half of which consists of petroleum products). Finally, Lithuania (3 million inhabitants) relies on only one major port, Klaipėda, which handles substantial activities: 46.3 Mt (including 300,000 Ro-Ro freight units and 703,000 TEUs).

The Baltic port system is traditionally oriented by rail toward Belarus¹ and Russia. The Baltic States (members of both NATO and the EU) are simultaneously distrustful of and economically linked to their Russian neighbor. The development of St. Petersburg, Primorsk, and the new port of Ust-Luga naturally causes a decline in interest for Baltic ports, which nevertheless require Russian potential. Since 2008, MSC has become involved in the Klaipėda container terminal and wishes to develop eastward intermodality from there.

¹ The political situation in Belarus and Lithuania's support for the opposition can have significant economic and port consequences.

An inverse phenomenon drives the gas issue. Connected to the Russian grid system, the three Baltic countries wish to possess maritime supply alternatives. The first country to cross this threshold was Lithuania in 2014 with a Floating Storage and Regasification Unit (FSRU) in Klaipėda. Tallinn, at the Muuga site, will host an LNG terminal operated by Vopak (Netherlands), as will Latvia at the port of Skulte north of Riga, though the latter still faces an uncertain timeline.

Poland

Poland is the largest country in Eastern Europe, with 38 million inhabitants and an economy that has largely benefited from European integration. This is clearly visible in its port activity, which has been growing for 20 years and is distributed across three main ports. In the far west lies the twin port of Świnoujście on the Baltic and Szczecin (Stettin) on the lower Oder, posting 32.2 Mt, nearly half of which is linked to ferry operations. To the east, Gdynia (24 Mt) and Gdańsk (52 Mt) are separated by only 20 km due to Poland's complicated history².

Polish port activity relies on various structuring freight sectors, each with its own trends. As a country driven by industrial offshoring, Poland maintains ferry connections that secure trade in goods with Sweden and, beyond that, Norway. The annual traffic of Świnoujście and Gdynia represents 1 million passengers and 340,000 Ro-Ro freight units. Among commodities, coal was long exported by Poland, but today the situation is reversed, with 20 Mt imported primarily to supply the steel industry. Petroleum is of Russian origin and exported via storage facilities in Gdańsk. Gas, as in the Baltic States, is a highly political topic³. Since 2015, an LNG terminal has been operating in Świnoujście, allowing for gas imports (2.6 Mt in 2019), which covers a large quarter of Polish requirements. The terminal is set to be expanded, while an FSRU project is concurrently underway in Gdańsk⁴.

Polish container traffic stands at 0.9 million TEUs in Gdynia and 2 million TEUs in Gdańsk respectively for 2019. The potential of the largest domestic market in Eastern Europe has attracted global container players. Gdynia possesses two terminals operated by HPH and ICTSI. In 2007, Gdańsk equipped itself with a deepwater terminal, the DCT, which successfully secured one of Maersk's Asia–Europe loops since 2009, ensuring substantial transshipment volumes within the Baltic. The terminal's capacity was recently doubled to 3 million TEUs while undergoing a change in operators, as the Australian fund Macquarie sold its control to PSA, allied with a Polish state fund. Gdynia also has a project for a new terminal, and Świnoujście has just announced its plans for a deepwater port.

Gdańsk's transshipment function has become highly notable and is the core driver behind the rapid growth of flows in recent years. The two Polish ports must compete with Hamburg, which deeply irrigates Poland and Central European countries⁵. Rail intermodality sits at the very heart of both ports' strategies, already capturing 35% of landward hinterland containers in Gdańsk and 26% in Gdynia. Finally, the Port of Gdańsk has also positioned itself to receive direct transcontinental trains from China.

The Adriatic Sea

When Yugoslavia recovered Istria from Italy in 1947, it granted Slovenia a fraction of the coastline featuring the city of Koper (Capodistria). Thus, the small, rather Alpine nation possesses a commercial port, Luka Koper, which, located just a few kilometers from Trieste, has firmly established itself with a traffic volume of 22.8 Mt in 2019. Beyond small Slovenia, the port radiates across Central European countries. The transit of new vehicles hovers around 700,000 units, comprising 250,000 imported units and 350,000 exported units (driven by the nearby Renault factory, as well as plants in Germany and Central Europe). For containers, Luka Koper is now brushing against the one million TEU mark, with a performance that—in the absence of transshipment operations—is uniquely based on its landward

² With the status of the Free City of Danzig / Gdańsk, the newly independent Poland of 1920 established its own port in Gdynia.

³ The Eastern EU member states, along with Austria, are grouped within a 'Three Seas Initiative' whose primary goals include securing LNG energy supplies through Polish and Croatian terminals.

⁴ In parallel, a subsea and terrestrial gas pipeline will connect the southern Norwegian gas fields to Poland via Denmark in the future.

⁵ The cargo handling company HHLA invested in two rail operators that have since merged: Poland's Polzug and the Czech Republic's Metrans.

hinterland, drawing an arc from Austria to Serbia⁶. The port relies on a handful of regular direct lines and feeder connections with the hubs of the Central and Eastern Mediterranean.

Croatia possesses a distinct geography. The capital, Zagreb, is clearly located within the Central European space, whereas Dalmatia stretches its tourist-heavy coastal cities (Zadar, Split, Dubrovnik) along the sea. Croatia is a small country, and the hinterland of Bosnia and Herzegovina remains more than limited. Much like in Greece, insularity and tourism drive a highly dense maritime activity. In 2019, Croatia posted: 13.8 million domestic ferry passengers, 0.4 million trans-Adriatic passengers, and 1.1 million cruise passengers.

The major port of Croatia is Rijeka (11.5 Mt), acting as a pivot between three areas: Istria, Dalmatia, and the inland regions. Rijeka is far from having reached the prominence of Luka Koper, handling only 272,000 TEUs in 2019. However, the Croatian port shares the exact same ambition as the other members of the North Adriatic Ports Association (NAPA)⁷: radiating across the Central European hinterland. The port authority has constructed a new deepwater terminal for which the bidders, in the spring of 2020, paired the Maersk group with a Croatian partner against a pool of Chinese port corporations. Granting the contract to the Chinese companies would certainly fuel analyses regarding the New Silk Roads in Mediterranean Europe⁸.

As seen in the Baltic, Croatia is taking the LNG turn. The project concerns the north of the Krk peninsula, where the Omišalj oil terminal⁹ of the Port of Rijeka is already situated. Here again, through the deployment of an FSRU, the terminal—calibrated at 2 Mt per year—will be connected in 2021 to the region's grids and beyond, stretching as far as Poland within the framework of reinforcing European gas autonomy.

The Black Sea

The only major Romanian port is located in Constanța, on the southern part of the Black Sea coast, posting 66.6 Mt in 2019. The former socialist regime built a canal connecting Constanța to the Danube, further reinforcing the privileged status of the seaport. The lower Danube ports notably include Brăila, Galați, and Tulcea.

Romania is the third-largest producer and the second-largest exporter of grain in the EU. For the 2019–2020 season, exports stood at 5.7 Mt of wheat, 6 Mt of corn, and 1 Mt of barley. The Port of Constanța recorded 21.3 Mt of grain, as it also handles production from the wider Danube basin (Hungary, Serbia, Bulgaria). Romania's other key agricultural position is the export of livestock, particularly to the Middle East, involving one million sheep per year. Container traffic in Constanța, managed across two terminals (DP World and Maersk), has remained relatively constant for 10 years at around 600,000 TEUs, as it is almost exclusively destined for the domestic market.

In the Black Sea, LNG is also on the agenda. Romania is planning the development of an LNG terminal in Constanța for the early part of the decade. Consequently, the state-owned company Romgaz withdrew from the Greek project in Alexandroupolis (Thrace), which will nevertheless involve Bulgarian participation.

Small Bulgaria possesses two main ports: Varna is the port for the northern Danubian regions, while Burgas serves the southern part of the sea stretching inland to Sofia. As one of the least advanced economies in the EU, it maintains modest port activity, with Varna (9 Mt, 150,000 TEUs) holding prominence over Burgas (4 Mt, 50,000 TEUs).

Merchant navies

Among the Eastern European countries, Poland undoubtedly possesses the longest maritime tradition. Two state-owned companies established in 1951 dominate the landscape: Polstream (PZM) and Polish Ocean Lines (POL). The former remains under the umbrella of the Polish State today, with operations in both dry and liquid bulk. POL disappeared following privatization, and a portion of its heritage is now

⁶ The Slovenian port claims 260,000 Austrian TEUs, 200,000 Hungarian TEUs, 144,000 Slovak TEUs, and 72,000 Czech TEUs. Half of the containerized freight is handled by rail.

⁷ The North Adriatic Ports Association brings together the ports of Ravenna, Venice, Trieste, Luka Koper, and Rijeka.

⁸ Established in 2017, Ocean Rail Logistics, operating under the umbrella of COSCO in Greece, is active across the region's ports and rail terminals.

⁹ In central Dalmatia, at Ploče, the Adriatic Tank Terminal dedicated to the storage of petroleum products is partly controlled by VTTI, a subsidiary of the Vitol Group (Netherlands), one of the giants of global commodity trading.

found in Euroafrica—a shipping line based in Cyprus but Polish in essence. In 1976, the government created the Polish Baltic Shipping Company (PZB) for ferry operations, which remains a public enterprise today as several sales attempts have failed in recent years. In 1994, a second company, Unity Line, based solely in Świnoujście, was established under the framework of Polstream.

Poland also possesses two highly unique companies, as they were created by the socialist regime respectively with the China (Chipolbrok, 1951) and North Korea (Chopol, 1987). Chipolbrok, whose headquarters are located in Shanghai but still maintains public capital from both nations, is a specialist in conventional cargo flows.

During the communist period, the Baltic States and Croatia were integrated into the USSR and Yugoslavia respectively. After 1989, the Baltic States had to build their own maritime tools, notably for connections with other Baltic Sea countries. Croatia, for its part, received the bulk of the Yugoslav heritage (the remaining portion being Montenegrin).

The Danish Ro-Ro giant DFDS successively acquired Lisco (Lithuania) in 2001 and Latline (Latvia) in 2003, and more recently Navirail, a freight operator between Finland and Estonia. In Estonia specifically, the destiny of Tallink took a different path. Established during the final years of the USSR, Tallink expanded by connecting Estonia to Finland and Sweden with modern vessels (cruise ferries, fast ferries). Tourist appeal does not explain everything; the sale of cigarettes and alcohol in Estonia and on board benefits the private Estonian shipping line as it competes with Finnish shipowners.

The Yugoslav national shipping company, Jugolinija, became Croatia Line but disappeared in 2000. Established at the request of Dubrovnik in 1955, Atlantska Plovidba remains active in the bulk sector. The state-owned enterprise Jadrolinija operates 36 ferries and passenger vessels, alongside a few fast craft. Founded in 1947, it handles the bulk of the domestic island connection market and a few lines to Italy. This enables Croatia to stand as the largest maritime State in Eastern Europe. The Baltic States, for their part, host the fleet registrations of DFDS and Tallink.

Romania's maritime culture is very limited, as its Danubian river dimension is far superior. Bulgaria, however, preserves its heritage¹⁰. The company Navbul, whose container branch was formerly known as Bulcon, became a private German-Bulgarian corporation in 2008; it remains active with a ferry branch operating from Varna toward Ukraine and Georgia—a segment where the private operator PBM is also present from Burgas.

Shipbuilding

Although Bulgaria maintains modest activity, Poland, Croatia, and Romania each possess a maritime tradition that has endured. Overall, the expertise and competitiveness of Eastern European shipyards were major assets at the turn of the century, and all three countries experienced a peak in activity (with 627,000 GT delivered by Poland in 2000 and 342,000 GT by Croatia). However, the 2008 crisis and fierce Chinese competition took a heavy toll on shipbuilding across these three nations, forcing a reduction in production—a decline accelerated by the fact that European integration dealt a severe blow to state aid mechanisms.

Three major Polish maritime cities boast a naval tradition that has, however, severely contracted. Thus, the Gdańsk Shipyards—successively privatized and then nationalized—have nearly disappeared, leaving only a wind energy company, GSG Tower¹¹. Nevertheless, Northern Europe's primary ship repair yard, Gdańsk Remontowa, which was privatized in 2001, remains active. Szczecin and Gdynia both lost their primary shipyards in 2009, though Gdynia still hosts a few commercial players (Damen, Crist, Nauta) alongside military operations (Naval Shipyard Gdynia).

Romanian shipbuilding is heavily characterized by internationalization. In 1997, the Korean giant DSME took control of Romania's primary shipyard in Mangalia on the Black Sea. Facing an empty order book in 2018, the yard was sold to the Dutch Damen Group, which had already been active in Galați since 1999. Finally, the Italian Fincantieri Group (via its subsidiary Vard) operates sites inherited from Aker and STX in Brăila and Tulcea. Bulgaria relies on a small shipyard in Varna, primarily geared toward local ship repair operations.

¹⁰ Bulgaria possesses a classification society known for working with the most 'exotic' flag management companies. Unlike its Croatian counterpart, it is not a member of IACS.

¹¹ Poland is poised to become one of the next countries to establish a comprehensive development program for marine renewable energies.

Yugoslavia was historically a powerhouse in shipbuilding, a legacy that carried over into modern Croatia. Initially, the country ranked among the most dynamic European nations in the sector, specialized in Ro-Ro vessels and car carriers. It still constructs expedition vessels, yachts, and small cruise ships, albeit within a drastically reduced industrial fabric. The strict prohibition of state aid measures triggered the bankruptcy of the Uljanik shipyard in Pula. This enterprise had acquired the Rijeka shipyard (3. Maj) in 2013, which has since been resold to another Croatian shipbuilder, Brodosplit (DIV Group).

The decline of Eastern European shipbuilding is manifest; its survival now hinges on maintaining niche activities, either through domestic firms or within large international groups. The order book has become nearly anecdotal on a global scale. In July 2019, the combined order books of Poland, Romania, and Croatia represented only about thirty vessels of all sizes.

Labor force

At the time of the collapse of the Eastern Bloc, Eastern Europe thus possessed three sectors: shipbuilding, shipping, and ports. During the same period, Western European shipbuilding and maritime transport were facing international competition, notably from Asia. The transfer of industrial and seafaring labor from the Eastern European countries then represented a formidable opportunity for Western European enterprises.

The cost of Western European seafarers is often viewed as a long-standing issue for the competitiveness of shipping lines. The arrival in the 1980s of mariners from Eastern Europe and the former USSR provided an advantage: they were well-trained, culturally close, and came with competitive working conditions and wage costs. Accession to the EU the following decade merely facilitated matters. Today, a European vessel frequently operates with Eastern European officers, within a salary bracket that leaves Baltic, Polish, and Croatian nationals slightly above Romanian and Bulgarian ones.

An older statistic (ISF/BIMCO, 2011) details the number of Eastern European seafarers (both officers and ratings): 23,000 Baltics, 23,000 Poles, 20,000 Croatians, 24,000 Romanians, and 33,000 Bulgarians—representing a combined pool of 123,000 seafarers alongside 103,000 Russians and Ukrainians. A more recent study by the European Maritime Safety Agency (EMSA) estimates the number of Eastern European officers at 61,000 individuals. In an era of acute officer shortages, Eastern European seafarers remain an opportunity, provided that the attractiveness of seafaring professions endures along the shores of the Baltic, the Adriatic, and the Black Sea.

Shipyards and, more broadly, industries in Eastern Europe have trained thousands of skilled employees. In the 1990s, Finnish, Norwegian, German, French, and Italian builders were able to draw from this pool of expertise. The underlying strategy at the time was to reduce costs in order to sustain an industry that is particularly labor-intensive. International subcontracting was one of the channels utilized, bringing in Eastern European employees with highly sought-after technical skills. Today, posted workers (*travailleurs détachés*) from Latvia, Poland, Croatia, and Romania populate the industrial fabric of Western European shipbuilding and clearly constitute one of its competitive operational models.

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