

Container shipping sector shrugs off sanctions

A new analysis by Drewry finds that while sanctions against Russia and Iran will have little direct effect on demand growth in the box segment, future growth opportunities will be stifled

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Sanctioned countries' contribution to container trade growth has been negligible and will have no significant effect on box shipping



PORT THROUGHPUT IN IRAN HAS FAILED TO RECOVER FROM ITS PREVIOUS PEAKS.

THE imposition of sanctions on Russia and Iran is unlikely to have any effect on the container shipping sector, but will represent a lost opportunity for potential future growth, according to Drewry.

“Previous trading restrictions have meant that neither Russia nor Iran has lived up to its billing on the container market,” Drewry said in a report. “A return to the trade wilderness through greater sanctions will only increase the likelihood of that untapped container potential going to waste.”

Despite their respective size and importance in the geo-political landscape, trading recoveries in Russia and Iran since earlier sanctions were lifted provided only a minor uptick to overall container demand growth last year.

Drewry estimates that Iran’s container port handling throughput increased by about 580,000 teu in 2017, while Russia’s improved by a little more than 630,000 teu.

“Significant sums in isolation, but combined still only around 3% of the additional 44m teu total port moves made last year,” it said.

Neither Russia nor Iran had regained throughput to match their pre-sanctions peaks, with Iran’s 2.9m teu last year representing only 90% of its 2011 peak and Russia’s 4.5m teu representing only 87% of its 2013 record year.

Before the imposition of sanctions, however, both countries had been growing rapidly, with Iran’s container ports recording a five-year compound average growth rate of 18% and Russia recording a five-year CAGR of 9% before limited sanctions were imposed in 2014.

“Had both countries not been banished to the naughty step and maintained those annual growth rates they would have been much more significant players in the container market world than they are today,” Drewry said.

[Mediterranean Shipping Co](#) and [Maersk](#) last week announced they would be winding down their services to Iran in order to avoid secondary sanctions imposed on companies doing business with Iran.