

A major reshuffle in ports: China sells its terminals to the US

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On March 4, CK Hutchison, a Hong Kong-based holding company, announced an agreement to sell 90% of its stake in Panama Ports Company (PPC) and 80% of its stake in Hutchison Port Holdings and Hutchison Port Group (HPH), with the remaining 20% owned by the Singaporean port operator PSA since 2006. CK Hutchison Holdings, owned by Hong Kong billionaire Li Ka-shing (who holds a 30.36% controlling stake in the company), comprises businesses operating in various sectors, including telecommunications, infrastructure, and port terminal management. The buyer of these port assets is a consortium comprising the US investment fund BlackRock (the world's largest investment fund), its subsidiary Global Infrastructure Partners, and Terminal Investment Limited, a subsidiary of the Swiss-Italian Mediterranean Shipping Company (MSC), the world's largest shipping operator.

As a result of the transaction, the new investors will take over management of the ports of Balboa and Cristobal, located on either side of the Panama Canal, as well as 43 container terminals in 23 countries worldwide. These include the Netherlands (Rotterdam, Amsterdam, Velsen, IJmuiden), Belgium (Antwerp), the United Kingdom (Felixstowe, London, Harwich), Germany (Duisburg), Sweden (Stockholm), Spain (Barcelona), and Poland (Gdynia; see Appendix), as well as locations in Australia, South Korea, Mexico, Saudi Arabia, and the United Arab Emirates. However, CK Hutchison does not intend to sell its terminals in mainland China and Hong Kong.

The transaction involving Panama Ports Company (PPC) will be conducted separately, pending approval of the proposed purchase and sale terms by the government of Panama. The consortium expects the deal to be finalised by 2 April 2025. The acquisition of the 43 terminals worldwide is set to proceed on an accelerated timeline, provided BlackRock-TiL completes due diligence, submits the necessary documentation, and obtains approvals from all required regulatory authorities. Although no specific completion date has been indicated for this transaction, antitrust proceedings – particularly within the European Union – are likely to extend the process.

Commentary

- **The acquisition is publicly presented as a business investment, unrelated to the current tense relations between Washington and Beijing**, including the ongoing trade war and the potential introduction by the United States of port fees for ships built in Chinese shipyards, as well as for Chinese operators and shipping companies (including the US-flagged vessels) and owners who have ordered new ships from China. Evidence suggesting that business motivations may have driven the sale of assets includes CK

Hutchison's deteriorating market position in recent years. The holding's shares have remained at the same level as twenty years ago, and over the past decade HPH has fallen from second to sixth place among the world's largest port operators, despite its cargo transshipment volume remaining largely unchanged (44 million TEU in 2012 compared to 43 million TEU in 2023).

- **CK Hutchison's decision to sell its foreign assets may, however, be linked to pressure from President Donald Trump to take control of the Panama Canal.** To date, no public information has emerged regarding any potential political negotiations on this matter. Li Ka-shing, the owner of CK Hutchison, is originally from Hong Kong and maintains a degree of independence from Beijing, although he conducts extensive business operations in China. The Panama route holds strategic importance for the United States, accounting for 40% of container traffic, reducing shipping time from Asia to the US East Coast by approximately two weeks, and serving as an alternative to rail transport between the western and eastern regions of the country. The transaction, however, does not involve management of the canal itself, which remains under Panamanian control, but only the two terminals located on either side of it.
- **In recent years, the Singaporean port operator PSA (which manages Baltic Hub in Gdańsk, among others) had planned to sell its 20% stake in Hutchison Port Holdings for approximately \$4 billion to other entities.** The potential buyers included the state-owned China Merchants Group and another Chinese state investor, the shipping company COSCO, which operates the world's fourth-largest container line. The transaction likely failed to materialise due to pressure from the United States, which sought to prevent Chinese companies from strengthening their position in ports worldwide. The change in the majority shareholder may now discourage PSA from selling its stake, as the port operator has close ties with the MSC.
- **The transaction, valued at \$22.8 billion, represents the most expensive port terminal acquisition in history.** As a result, MSC, the global leader in container shipping, will become the world's leading port operator, surpassing Singapore's PSA. MSC will hold stakes in terminals located in 11 of the 15 largest container ports in Europe, with the only exceptions being Piraeus in Greece, Algeciras in Spain, Marsaxlokk in Malta, and Gdańsk in Poland.
- **Through this acquisition, MSC will strengthen its position in the shipping market, increasing its influence over port operations, including those in Poland.** The company will have greater capacity to organise its shipping service networks around its own terminals, a common practice among shipping lines. At the same time, MSC is expanding its logistics, freight forwarding, and customs services worldwide through its subsidiary MEDLOG. In Central and Eastern Europe, it is also developing intermodal transport via METRANS, a subsidiary of Hamburger Hafen und Logistik AG (HHLA), a German logistics and port operator. Last year, MSC acquired a 49.9% stake in HHLA, with the ambition of gaining full control of the entire logistics chain.
- **The transaction could also provide an impetus for the development of the GCT terminal in Gdynia, particularly in the area of military mobility, while increasing MSC's presence in the port.** This could lead to an increase in shipping connections with Gdynia, not only for MSC but also for its partners in the Premier Alliance, a consortium operating between

Europe and Asia as well as between the Mediterranean and Asia, comprising container shipping lines operated by Japan’s Ocean Network Express (ONE), South Korea’s HMM, and Taiwan’s Yang Ming.

APPENDIX. List of terminals in European ports, owned by Hutchison companies

Country	Terminal and its stakeholders
The Netherlands	Rotterdam: Euromax (45%), ECT Delta (89.37%), Delta 2 (60.78%) Amsterdam: Amsterdam Container Terminal (100%), TMA Amsterdam (50%) Velsen: TMA (50%) IJmuiden: IJmuiden Csy Haringhaven (50%)
Belgium	Antwerp-Bruges: TMA Antwerp (50%)
Spain	Barcelona: Barcelona Europe South Terminal (100%)
Sweden	Stockholm: Hutchison Ports Stockholm (100%)
Poland	Gdynia: Gdynia Container Terminal (100%)
United Kingdom	Felixstowe: Port of Felixstowe (100%) Harwich: Harwich International Port (100%) London: London Thamesport (80%)

Source: author’s own analysis based on sector data.