



Newsletter

February 15th 2017

Link road, rail, sea!

Council Of Intermodal Shipping Consultants

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PORTS AND TERMINALS

THE PORT OF BARCELONA SETS NEW RECORD FIGURES IN FOREIGN TRADE CONTAINERS, VEHICLES AND PASSENGERS

The Port of Barcelona closed financial year 2016 with several new record figures in traffic, such as the volume of containerised foreign trade cargo (1,202,007 TEU - 20-foot container equivalent units), total vehicles (916,834 units) and passenger movements (3,958,960 passengers, counting ferries and cruise ships).

"These three most strategic segments of activity at the Port of Barcelona registered significant year-on-year increases," declared the organisation's President Sixte Cambra during the press conference held yesterday.

"The positive performance of traffic segments shows that we are well-positioned to achieve the goals we set in the Port of Barcelona Third Strategic Plan".

Regarding total containers, which are a reliable indicator of progress in the surrounding economy, the Port moved more than 2.2 million TEU (20-foot container equivalent units).

This record represents an increase of 14.5%, the highest in the last decade.

All sections of this traffic behaved very positively: foreign trade containers (import and export), cabotage with the Balearics and Canary Islands and transshipment (where containers are unloaded at the port to be shipped on to their final destination).

During 2016, foreign trade containers continued to increase, reflecting the efforts of the hinterland producers to open up to international markets and showing a clear recovery in domestic consumption.

So it was that export container numbers grew by 3.8% (to reach 683,527 TEU) while import containers advanced at a rate of 8.7% (totalling 518,480 TEU).

Meanwhile, containerised cargo in cabotage to the Spanish islands surged 10% (up to 124,455 TEU) and containers in transshipment increased by 47% (431,750 TEU).

This latter figure indicates a trend towards a recovery in traffic that was severely affected during the crisis.

As far as the geographical distribution of the containers handled by the Port is concerned, Asia stands out as the origin of 77% of the imports and the recipient of 43% of exports leaving the precinct.

By country, China remains the largest trading partner, since it is the origin or destination of 23% of the containers passing through the Port.



The Americas account for 25% of exports and 9% of imports.

United States (+7%), Mexico (+9%) and Brazil (+17%) are the fastest-growing countries in the Americas in terms of their exchanges with the Port of Barcelona.

Vehicle movements at the Port grew 4% in 2016 to reach a record 916,834 units.

Most of these (778,109 cars) are foreign trade: exports continue to grow (+3%, with more than 465,000 units), while imports are progressing at a rate of 20%, although they account for fewer units in absolute terms (206,000).

Passenger movements also registered record highs, with nearly 4 million passengers (3,958,960 in total, up 6.7%), a figure that includes both ferries and cruisers.

Ferry passengers (1.27 million) travelling to the Balearic Islands, Italy or North Africa increased by 9%.

Meanwhile, cruise passengers numbered 2.68 million (+5.6%).

Particular mention should be made of the fact that passengers in turnaround (starting and ending their cruise in Barcelona, who therefore make a greater contribution to the local economy) represented 58% of all the Port's cruise passengers, increasing by 14% in 2016.

However, the number of passengers merely stopping over to visit the city for a few hours decreased by 4%.

The Port of Barcelona handled more than 370,500 ITUs of ro-ro traffic (cargo loaded onto a ship on a truck, platform or trailer), up 2.9% year on year.

This business segment includes exchanges of ro ro cargo with the islands (235,400 ITUs, or intermodal transport units, up 7.4%) and traffic on the motorways of the sea or Short Sea Shipping (SSS), which channelled more than 135,000 ITUs with several destinations in Italy and North Africa.

This figure means that more than 135,000 lorries were diverted from the road to the maritime mode, which is more economical and environmentally efficient because it reduces emissions.

During the period, the Port of Barcelona transported 11.4 million tons of liquid bulk, 5% less than the previous year.

However, shipments of diesel/gas oil (the main hydrocarbon passing through our facility) grew by 16.4% to 2.7 million tonnes.

Meanwhile, the volume of dry bulk remained practically stable compared to the previous year, with 4.4 million tonnes handled.

The top products in this section were cement and clinker, up 9%, and cereals and meal, which also increased by 9%.

Financial results

Regarding the Port of Barcelona's financial results during 2016, we should underline the organisation's considerable capacity to generate resources, with a cash flow totalling €86.2 million, a year-on-year increase of 17%.

Net turnover remained stable compared to the previous year, with € 155.3 million despite the significant cuts to Port fees applied to concessions, which are the result of new land valuation.

Provisional figures for the close of the financial year indicate that the Port of Barcelona obtained profits of € 33.2 million (-16%).

This decrease is due mainly to the fact that extraordinary profits were obtained in 2015 from the sale of various financial assets.

In 2016 the Port of Barcelona managed to reduce significantly the long-term debt contracted with the European Investment Bank (EIB).

After the early cancellation of € 20.8 million, added to the forecast amortisation timetable, the facility reduced its debt by 13% to a current level of € 303.9 million.

During the period investments were made to the tune of € 25.9 million, the most significant of which include several works projects related to rail access, the actions on Prat wharf, extending the rail terminal on the South Dock, the

new road and rail access to Alvarez de la Campa wharf and the new ice factory at the fishing facilities, among others.

(from: ajot.com, February 1st 2017)

MARITIME TRANSPORT

TRANSPACIFIC OCEAN FREIGHT OUTLOOK 'GOOD'

The rush to stock up US retail inventories ahead of factory shutdowns in China for the Lunar New Year celebrations has boosted both volumes and freight rates on the transpacific trade so far in 2017.

And, according to the latest Global Port Tracker report, demand will remain buoyant through the first half of the year.

The report, produced by the National Retail Federation and Hackett Associates, forecasts that US box imports to major retail container ports would increase 4.6%, year on year, during the first half of 2017 "as the nation's economy improves and retail sales continue to grow".

"This is very much in line with what we are forecasting for retail sales and consumer spending this year," said Jonathan Gold, NRF Vice President for Supply Chain and Customs Policy.

"Retailers try to balance inventories very carefully with demand.

So, when retailers import more merchandise, that's a pretty good indicator of what they are expecting to happen with sales."

The early Chinese New Year has boosted volumes and supported freight rates on the transpacific trade so far this year.

The port of Long Beach, the leading west coast gateway on the transpacific lane, reported yesterday that extra ships calling ahead of the Lunar New Year had resulted in an 8.7% year-on-year gain in throughput in January.

The bump was notable given that TEU traffic in January 2016 jumped 25% from the same month in 2015.

"It was a tough benchmark, so we're very happy with the way the new year is starting in Long Beach," said Lori Ann Guzmán, Board of Harbour Commissioners president.

Long Beach's performance was replicated across the US.

Global Port Tracker forecasts that US retail imports will total 1.59 million TEU in January, up 6.6 percent from January 2016.

February is forecast at 1.53 million TEU, down 0.6 percent from last year, but thereafter growth is set to again resume giving lines a useful bargaining chip ahead of Q2 Transpacific contract negotiations.

March is forecast to total 1.43 million TEU, up 7.8 percent from last year; April at 1.56 million TEU, up 8.2 percent; May at 1.66 million TEU, up 2.3 percent, and June at 1.65 million TEU, up 4.3 percent.

“Those numbers would bring the first half of 2017 to 9.4 million TEU, up 4.6 percent from the first half of 2016,” said the report.

“That would be almost three times the 1.6 percent growth seen in the first half of 2016 over the same period in 2015.”

In December, the latest month for which after-the-fact numbers are available, Global Port Tracker said box imports had totalled 1.58 million TEU, down 3.8 percent from November as the holiday season came to an end but up 10.2 percent from December 2015.


 The logo for Global Port Tracker features the words "GlobalPortTracker" in a blue, sans-serif font. The letter "o" in "Global" is stylized to resemble a port container. Below the text is a solid blue horizontal bar.

That brought 2016 cargo volume to a total of 18.8 million TEU, up 3.2 percent from 2015, which had grown 5.4 percent from 2014.

The cargo numbers come a day after NRF forecast that 2017 retail sales – excluding automobiles, gasoline and restaurants – would increase between 3.7 and 4.2 percent over 2016.

“The United States is well placed in 2017 and is likely to outperform most of the rest of the developed economies,” said Ben Hackett, Hackett Associates Founder.

“If the infrastructure investments promised by the new administration come about, we can expect stronger growth than in 2016, but that assumes good relationships with US trading partners and no recourse to trade barriers that would result in a tit-for-tat response.”

(from: lloydsloadinglist.com, February 10th 2017)

RAIL TRANSPORT

TAKING STOCK AFTER 57 DAYS IN SERVICE: STEADY TRAFFIC THROUGH THE GOTTHARD BASE TUNNEL

Scheduled services have been running through the 57-kilometre-long Gotthard Base Tunnel for 57 days now.

No fewer than 2816 passengers and 3980 freight trains have passed through the world's longest railway tunnel during this time.

InterCity and EuroCity services have seen demand increase by some 30 percent compared with the same period last year.

Operations have been largely free of disruptions.

Punctuality on the Gotthard corridor has improved since early December, with the planned reductions in journey times achieved for both freight and passenger services.

Nevertheless, there is still work to do in this regard.

This will focus on the delays affecting trains coming from Italy and the availability of rolling stock.

* * *

The Gotthard Base Tunnel (GBT) has been placed successfully in service.

Following intensive testing, the systems and technical installations have now proved themselves robust during normal operation as well.

Stability in the national timetable has essentially been maintained.

Journey times on the north-south Gotthard corridor are thus 30 minutes shorter than they used to be.

Customer punctuality on passenger services on the Gotthard line has improved from 79.6 to 86.8 percent since early December.

Connection punctuality in Arth-Goldau has risen from 94.4 to 97.1 percent.

Operations are also running steadily on the Gotthard panorama route, with punctuality nearly at 100 percent.

As expected, passenger volumes on the panorama route have fallen sharply since the GBT was placed in service as well as being low due to the time of year.

Expressed in a different way, fewer than 500 people are travelling between Göschenen and Airolo every day.

From April to October an extra train will run between Zurich and Bellinzona and back on the Gotthard panoramic route at weekends and on public holidays.

The new "Gotthard Panorama Express" will also operate during this period, taking passengers by boat from Lucerne to Flüelen, where they board the train to continue along the Gotthard panorama route into Ticino, or vice versa.

The situation regarding services from Italy remains challenging.

The EuroCity trains from Milan are often delayed and depart from Chiasso with an average delay of eight minutes.

However, the time lost can generally be made up using the journey time reserves factored in between Chiasso and Arth-Goldau.



A total of 43 trains have been cancelled since the timetable change on 11 December 2016, mostly due to vehicle breakdowns.

Thanks to the replacement train stationed in Ticino specifically for this purpose, however, the impact on national services has been minimal.

Demand along the Gotthard corridor was encouragingly high over the public holidays, with some 8,800 people passing through the GBT every day on average.

This is around 30 percent more than in the same period last year.

In some cases the capacity was limited over the public holidays because there were not enough trains available or because system restrictions prevented any additional ones from being put on.

In a handful of cases, passengers had to be asked to wait for the next train or were diverted via the Gotthard panoramic route.

SBB is working on solving the challenges posed by any more spikes in capacity utilisation.

Very high passenger volumes are expected at Easter, particularly on Zurich–Milan EuroCity trains, meaning that people are also advised to reserve seats on journeys to Ticino (reservations for services within Switzerland can be made at the ticket counter or by calling Rail Service on 0900 300 300).

The findings gleaned from the first few weeks of operation will facilitate further improvements to services.

Extra staff will also be on hand at Bellinzona and Arth-Goldau stations in future to provide customer information and operational support.

Freight services running on time

SBB Cargo began its first scheduled freight services through the Gotthard Base Tunnel on 11 December 2016.

“WLV 2017”, a regular-interval timetable for wagonload freight, was also launched throughout Switzerland at the same time.

SBB Cargo is now adapting in line with the increased speed of logistics operations and is serving some places as many as three times a day rather than just once as previously.

Train path capacity for freight services along the Gotthard corridor is not yet fully utilised due to the time of year.

Demand for transport by rail will increase during warmer season especially in the construction industry.

A hundred trains travel through the GBT each day on average.

These transport some 41,000 tons of goods daily, saving the equivalent of 3,600 LGV trips.

The GBT is also benefiting SBB Cargo’s customers: the time saving of about 30 minutes, for instance, means that PostLogistics can now wait until later to load its postal trains heading to Ticino from the letter centre in Härkingen in the canton of Solothurn.

This enables it to switch a large number of night-time LGV journeys to the railway.

Freight services will reach their full potential—260 trains per day in each direction and a train length of 750 metres—when the Ceneri Base Tunnel and the 4-metre corridor open in late 2020.

Freight services are essentially running on time and without any recurring delays.

Breakdowns affecting several railway companies' locomotives and alarms in train monitoring systems are still restricting services in isolated cases.

The causes are being analysed on an ongoing basis and appropriate corrective action is being taken.

The specified timings for passing through the Gotthard Base Tunnel are being kept to and the delays that trains can sometimes incur while approaching the tunnel can usually be partially or even completely made up on their way through.

Only a few freight services are still using the Gotthard panoramic route.

This mainly happens overnight from Monday to Tuesday, when maintenance work in the tunnel limits its capacity to only one tube.

SBB upgrading the north-south Gotthard corridor

The new Gotthard Base Tunnel embodies Swiss precision, innovation and reliability.

Its opening on 11 December 2016 marked the key milestone for the renovated north-south Gotthard corridor.

By the time the Ceneri Base Tunnel and the 4-meter corridor are placed in service in late 2020, some 25 construction projects will have been carried out on the approaches to the two base tunnels between Basel and Chiasso.

Using a range of measures relating to rolling stock, construction and operations, SBB will limit the impact on customers as much as possible until the projects are completed.

(from: sbb.ch, February 6th 2017)

ROAD TRANSPORT

NINE EUROPEAN STATES LAUNCH ALLIANCE AGAINST 'UNFAIR' ROAD FREIGHT COMPETITION

Nine European states have launched a road freight alliance to defend fair competition and workers' rights in the sector.

It follows a letter sent by Transport ministers from a number European states to EU Transport commissioner Violeta Bulc in October last year highlighting their growing concerns over alleged violations of EU labour laws and illegal business practices within the road haulage sector, which they claim has led to unfair competition and 'social dumping'.

An EU source told Lloyd's Loading List at the time that the European Commission (EC) shared a number of the views expressed in the letter and was currently working on a number of initiatives for the road haulage industry, to be presented in 2017, "to bring more clarity and a better enforcement of labour legislation".

However, the Road Alliance initiative is clear evidence of sentiment among some national governments that the EC is not moving quickly enough in response to such issues and the calls for urgent action.

The states making up the Alliance are Austria, Belgium, Denmark, France, Germany, Italy, Luxembourg and Sweden, plus one non-EU member, Norway.



"The road haulage sector today is particularly prone to sophisticated fraud which circumvents the internal (EU) market regulations and employment law," a Memorandum of Understanding states.

Officially launched in Paris yesterday, it focuses on implementing "a common action plan to promote a single road haulage market that better ensures fundamental social rights and more efficient controls."

In compliance with existing European law, the Road Alliance's three main objectives are to bring together certain measures which implement European regulations, (in particular social ones), to facilitate their enforcement by operators; improve control practices on the basis of mutual experiences and strengthen our co-operation "in order to make the fight against fraud (relating to social, safety and labour rules) and abusive practices more effective" and "define common positions for the future of European road haulage policy" aimed at combating social dumping and promoting fair competition.

It also highlights the need for a strong legislative framework for driving and rest periods in order "to ensure a high level of protection" as well as "effective mechanisms for coordinating and enforcing controls to verify, in practice, the proper application of the rules applicable to the sector".

The MoU goes on to underline that only if harmonisation of relevant social legislation relating to road transport has been implemented in practice, "can any discussion about further liberalisation of the road transport market, in particular as regards cabotage by road, be envisaged."

The prime mover in the creation of the Alliance has been French Transport minister Alain Vidalies who has called for a European agency to be set up to regulate road haulage along the lines of those that already exist in the air and maritime sectors.

Evoking unfair competition through doctored tachographs to mask driving hours that exceed the legal limits, he said the agency would serve to clean up the sector and rid it of firms who exploit 'posted' workers in the EU.

(from: lloydsloadinglist.com, February 1st 2017)

INTERMODAL TRANSPORT

EKOL OPENS TRIESTE-KIEL INTERMODAL CONNECTION

Ekol Logistics has continued to execute its strategy to expand its intermodal connections in Europe, launching a new block train service between Trieste, Italy, and Kiel, Germany.

Linking with a sea connection between Kiel and Goteborg in Sweden offered by Stena Line, it said this solution "will be the first train connection from the Port of Trieste to link the Baltic-Adriatic Corridor".

The ambitious Istanbul-headquartered transport and logistics group, which recently acquired the majority of shares of the EMT Terminal in Trieste and also operates ro-ro ferry services between Istanbul and Trieste, said the launch of the new service on 25 January provided further evidence of the port of Trieste expanding its inland market.



Ekol already operates 44 weekly rail freight services between Trieste and Cologne or Ludwigshafen in Germany, and to Ostrava in the Czech Republic.

Ekol said the new service would allow the transport of various types of equipment including mega trailers, containers, and swap bodies.

The train will be composed of 16 double-pocket wagons able to carry 32 intermodal units – containers of 45' or 13.6 metres - and will depart every Wednesday at 11.00 from Trieste and reach Kiel at 16.00 the next day, while the return will depart every Sunday at 13.00 from Kiel, to arrive in Trieste Monday at 17.00.

The intermodal product is offered in cooperation with TX Logistik AG and Mercitalia for the rail connection, with the Port of Kiel and Stena Line providing the sea voyage between Kiel and Goteborg.

The rail distance between Trieste and Kiel is 1360km, with a further 234 nautical miles for the sea voyage to Gothenburg.

Wilfried Klein, project development manager at Ekol, said: "The train connection arriving in Kiel will be able to forward shipments to other regions, like Gothenburg.

At the same time, we can deliver to other destinations in Northern Germany and Denmark by road."

Meanwhile, Alaa Jennane, the Ekol's director of engineering business development stressed the broader trans-regional potential of the link, commenting: "We are very glad to offer a new intermodal bridge linking Scandinavia, North Germany, Russia and the Baltic sea with South Europe and the Middle East, for example Turkey or Iran.

We are sure that this new innovative solution will be appreciated as it will be the best direct service that will open new economic business opportunities for those regions."

Zeno D'Agostino, president of Trieste Port Authority, commented: "This project confirms the great rail location of Trieste – not only do we confirm the role of our port as the preferential entry gate for Central and Eastern Europe, but we can also expand our market to the North of the continent, reaching North Germany, Denmark, Finland and Sweden via Kiel."

(from: lloydsloadinglist.com, January 30th 2017)

TRANSPORT & ENVIRONMENT

ETI AGREES TO FUND DEVELOPMENT OF WIND-POWER SYSTEMS TO CUT CARGO SHIP EMISSIONS

The Energy Technologies Institute (ETI) will fund development of flettner rotor systems for cargo vessels, arguing that wind power represents the only credible way to cut shipping's CO2 emissions.

A flettner rotor system uses a spinning cylinder to convert wind force into thrust that helps propel a ship.

The ETI is a public-private partnership between global energy and engineering companies and the UK government and acts as a conduit between academia, industry and Whitehall to accelerate the development of low-carbon technologies.

In its report HDV Marine Insights, the ETI says non-fossil fuels, including nuclear, don't present a credible power source in the medium-to-long-term to cut the industry's emissions, which the International Maritime Organisation (IMO) forecasts could increase 250% on 2011 levels by 2050.

The IMO said that reducing fuel consumption, rather than trying to eliminate fossil fuels altogether, was more a plausible way for shipping to reduce its emissions.

Stuart Bradley, ETI strategy manager and the report's author, told The Loadstar that a combination of flettner rotors, waste heat recovery and high-efficiency propulsion systems could result in 30% fuel saving, to which flettner rotors could contribute 17%.

"Shipping emits significant amounts of CO2 which, without intervention, will rise as a proportion of our national emissions as other sectors become less carbon dependent," said Mr Bradley.

"Unlike the power and heat sectors and other forms of transport, there does not seem to be a credible alternative to fossil fuels to power vessels.

So in the medium-to-long-term, the best potential to achieve substantial CO2 reductions is by reducing fuel consumption."

The Netherlands' University of Delft also released a report, commissioned by the EC, on wind powered systems that suggests flettner rotors could save as much as 23%, depending on speed.

Its report, *Analysis of Market Potentials and Market Barriers for Wind Propulsion Technology*, says four barriers would have to be overcome for any system to succeed: carriers must be able to retrofit the technology to ships; the system must offer cost efficiencies; the shipowner must be assured of these efficiencies; and shipowners must be able to finance the acquisition and installation of any system.



Mr Bradley agreed, saying the technology must be demonstrable if the industry is to have the confidence to make the required investment.

Gavin Allwright, secretary general of the International Windship Association (IWSA), told *The Loadstar* that Finnish operator Viking Line's decision to retrofit two Norsepower rotor sails – an update on the flettner rotor – to one of its cruise liners indicated the industry was coming to terms with wind-powered systems.

The deal was announced this week, and Ulf Hagström, senior vice president, marine operations & newbuildings, at Viking Line, said: "Our cruise vessel is the first to use a combination of alternative clean fuels, modern rotor sails, electric propulsion and a hydrodynamically optimised hull.

We believe the technology's ability to enhance our ship's performance by enabling significant reductions in fuel burn and costs, as well as carbon emissions."

Mr Allwright added: "It seems the market has already decided there is a place for flettner rotors, and this follows increased viability for the technology in recent years with ships in operation and expectations for further commitments and orders over 2017," he said.

"Enercon's E-Ship 1 has been at sea for seven years, this ship was not retrofitted but built from scratch with four flettner rotors, and although the firm put further development on hold – the executive behind it being ill – it has claimed fuel savings of 15%."

Last year, ETI sought proposals from companies for the development of a flettner rotor system that could deliver fuel savings of at least 10%.

Next, ETI will look to identify the costs involved in development and will move forward with select firms to deliver a full-scale demonstration on a large, internationally traded ship in the next three years.

(from: theloadstar.co.uk, January 27th 2017)

LAW & REGULATION

DRONES – FRIEND OR FOE?

The use of drones at sea is becoming more and more widespread.

But what are the insurance risks?

Why did the arrival of a box of cookies on a Maersk tanker make headlines earlier this year?

Because the cookies were delivered from a barge to the ship by a small UAV (Unmanned Aerial Vehicle).

And this was just the tip of the iceberg.

Maersk told journalists that the use of drones could save thousands of dollars in costs per vessel per day, by reducing the need to hire tenders for deliveries when a ship is not in port.

On land, Amazon has been busy this year testing the use of drones to deliver packages to customers and the Rwandan government is using drones to make up to 150 emergency deliveries of blood a day to a number of transfusing facilities in the western half of the country.

Use of drones at sea

We are accustomed to the idea of the agricultural industry using UAVs for crop surveillance and treatment.

Yet out at sea, and out of sight, drones are increasingly being deployed for tasks such as inspecting offshore wind turbines, oil rigs and vessels.

The advantages are clear, says Alastair Long, Aviation Associate with law firm Hill Dickinson.

“Take offshore windturbines – conditions can be very harsh, and climbing up the side of a turbine is dangerous.

If you are able to fly a drone in to inspect the structure, it is significantly safer and potentially more accurate, too.

“We are seeing drones used for various operations – whether in harsh climates or in remote areas too dangerous for human intervention - using drones is a significant way of reducing risk.

Interestingly we are also seeing unmanned submarines being used in this way.”

It is a case of mixing and matching this automated technology to reduce risk, he says.

And in tough times for shipping, there is increasing focus on the cost saving potential.

Risks

Not unusually, the opportunities come with their own set of challenges and risks.



The use of drones raises issues around privacy, security, liability and nuisance, quite apart from the risk of a UAV simply crashing into something or somebody.

Compared with the risks of operating drones over densely populated land areas, the issues may be less of a problem out on the open sea: “But operators would still need to be very mindful,” says Long.

“This is a nascent industry that is still feeling its way through as to how the market is going to grow and how regulators are going to respond to that growth.”

He quotes an obvious but brutal truth; a 2 kg drone malfunctioning and falling from the sky could be just as fatal to someone as a 20 kg one.

Liability if a drone crashed into a dozen people in a bus queue would be based on the law of the state.

Out at sea it may be less clear-cut – what would happen if a drone malfunctioned and slammed into the side of a ship or injured a member of the crew?

Liability in the shipping industry

"Drones are becoming more complex and more automated, with less and less human intervention.

AI (artificial intelligence) units are starting to make decisions themselves.

In the event of an accident, that makes it 'greyer' to work out what has happened, how it went wrong, and the liability issues.

"However, having said that, I suspect in the shipping industry the operator will be more readily identifiable than the amateur where a drone suddenly appears in the flight path of a descending aircraft landing at Heathrow."

Current aviation regulations are broadly international, because manned flights generally fly a reasonable distance, says Long.

"But drone regulation has so far been quite local, almost parochial, simply because the technology limits civilian drones as to the distance they can go.

Apparently in Kentucky you can legally shoot down a drone that is over your land; but you may not be able to do that elsewhere.

It is different with shipping.

A tanker in the shipping lane is in international waters; you are talking vast expanses of sea and the industry will seek to employ fairly substantial drones that can carry quite a lot of, for example, medical supplies or emergency rations to a stricken ship in the middle of nowhere."

In theory a drone operating over the open sea poses less of a risk, he says.

"The worst case scenario might be that it crashes into the sea – unless it hits a passing ship."

The future

These sorts of liability issues will be generated as drones become more mainstream, says Long.

And one thing, he says, is certain – the use of drones is set to grow.

"It will be a profitable market because it will respond to the requirements of business to save costs and reduce risk.

We will see a quiet, steady proliferation of UAV activity in the shipping sector, in commercial operations, deliveries, surveillance and security monitoring.

"The cookie delivery made news – the fact that drones inspected the inside of a vessel in a shipyard in Gdansk is not so newsworthy.

Drones will, in time, slot seamlessly into an everyday part of operating ships.

Smaller ships have serviced bigger ships since time immemorial – in many ways, this is not so very different.”

(from: swedishclub.com, February 7th 2017)

PROGRESS & TECHNOLOGY

SHIPPING IS GOING DIGITAL, OR IS IT?

INTTRA processed 16% more container orders on its platform last year, while at the same Freightos finds that 20 freight forwarders took an average of four days to provide an online spot rate quote, if they could provide one at all.

The very different announcements highlight that shipping is still, at least for now, making the digital transformation one process at a time.

Furthermore, the large number of separate transactions and processes involved in container shipping continue to insulate the industry from a rapid disruptor like Uber suddenly changing the market.

INTTRA's announcement indicates where progress in the "digital transformation" is being made.



The company generated 16% growth in 2016 over 2015 in container orders, which include bookings, shipping instructions and shipping orders.

INTTRA processed 38.5M container orders on its platform, during a year when containership sailings in the industry rose by just 3% in 2016.

Overall INTTRA tracked a record 427M container status events in 2016 through its Track & Trace service.

"INTTRA played a significant role in 2016 as the rate of technology and digitization accelerated rapidly in the ocean industry.

We believe that digitization is now indispensable," said INTTRA CEO John Fay.

As to where the industry is going, Fay said: "The changes in ocean shipping over the past twelve months show that the digital divide is widening and the path to success in ocean shipping is combining the best of digitization with a strong physical network.

This trend will continue and INTTRA is committed to helping our customers achieve this synergy with innovative solutions that leverage the technologies of today and tomorrow."

In a more shipper focused development Freightos, which itself wants to be a disrupter in the market, "decided to find out just how well the top forwarders are engaging in digital marketing and online sales in a 'mystery shopper' report of the world's top twenty freight forwarders".

Repeating an exercise it did in 2015, Freightos made identical quote requests online for an LCL shipment from China to Chicago, purporting to be a rapidly growing mid-sized US-based wholesale company using forwarder's quote request web pages.



When these were lacking contact forms on websites were used, and when these were not available no quote requests were submitted.

Freightos found:

- Kuehne + Nagel is the first major forwarder to instantly quote multiple modes on their website without a paywall.
- Most forwarder's processes are still manual.

It took on average 101 hours (4 days) to provide a simple manual spot quote, 11 hours longer than in 2015.

- It took an average of 15 hours to personally follow up a quote request (7 hours in 2015), only 9 out of 20 forwarders provided a quote (the same number as last year), and only three subsequently followed up (one less than in the previous survey)."

Freightos makes the point that freight forwarders are at risk from competitors "already making their moves to digitize freight sales, and gain market share at the expense of top forwarders", including carriers and "tech giants" like Amazon, Alibaba and Uber.

The company maintains the industry is ripe for disruption, despite its transactional complexity: "While it's true that freight may be incredibly convoluted; other industries, like banking, faced tougher challenges in their transition.

The top forwarders have the inside running for now, but there are winners and losers.

It's not yet clear how the race will end, but it is clear that the online race is well and truly on", said Dr. Zvi Schreiber, CEO and founder of Freightos .

(from: worldcargonews.com, February 9th 2017)

STUDIES & RESEARCH

FORWARDERS AND SHIPPERS 'DO NOT KNOW WHAT THEY SHOULD BE PAYING'

Wide market price variations indicate that forwarders and shippers do not know what they should be paying and it is time for freight buyers to reassess the role of data and transparency can play in updating their once-successful business models, according to the CEO of freight digitalisation specialist Freightos.

In an article published today in Lloyd's Loading List, Zvi Scheiber said the lack of data transparency within the logistics industry meant the freight market was not functioning efficiently.

He commented: "The hallmark of a functioning market is information flow, empowering buyers with the knowledge to make a smart choice while enabling sellers to selectively differentiate and compete.

But data transparency within the logistics industry is lacking at best.

"Take a look at the range in carrier prices for forwarders along one of the world's busiest routes – Shanghai to Long Beach, California – in a data snapshot from mid-December 2016.

For top twenty carriers, the price range varied by over 30%.

This wasn't the result of deliberate price discrimination either; the higher prices were not correlated with bigger customers," he stressed.

"In plain English, that means that forwarders and shippers do not know what they should be paying.

When someone buys a car, they compare prices, with most prices settling at the nexus of supply and demand, and make an educated decision based on value and cost.

In freight, supply and demand can take years to synchronize.

For the most part, these costs are simply passed on to the less-sophisticated forwarders and shippers."

While import volumes generally flatlined in 2016, he said freight rates were anything stable, although he observed some interesting variations and patterns hidden within this volatility.

"A range of unexpected factors, like the Hanjin bankruptcy, as well as normal seasonal factors, meant that rates changed dramatically," noted Schreiber.

"Observing nearly one million data points from the Freightos database, there's a clear trend of reduced volatility for the higher tier of rates, while the lower rate tiers fluctuate much more dramatically.

In other words, forwarders and shippers paying high prices are effectively paying the same stable high price – peak season prices – year round.

Companies with more aggressive pricing pay for it with increased external exposure to market changes.

For example, prior to the Hanjin bankruptcy, there was a 30% markup from the 10% percentile of pricing to the 90%.

Days after the Hanjin bankruptcy, 10% percentile rates shot up.

Quoting with Freightos

Contract Management

Easily upload Excel rates

Specify customer-specific markups

Ensure real-time information distribution throughout entire organization

Contract Management → Route optimization → Instant Pricing → Freightos Network → Sales Management

The 90% percentile prices, of course, stayed the same."

He said overcapacity had defined the ocean freight market in 2016, with one byproduct of this being a premature peak season, where the post-Hanjin September spike brought Greater China-US freight shipping prices up to peak season prices, where they stayed until mid-December.

But he said supply chains that increasingly shift producers, lead times, and volumes need agile data movement to support that degree of flexibility.

Meanwhile, capital-rich companies are looking at logistics inefficiencies and have decided to make their move.

"This has become more evident every single quarter, from a proliferation of 'Uber for Trucking' companies (including Uber itself) to Alibaba and Amazon sector involvement," Schreiber observed.

"The one unifying factor? Driven by either market opportunity (like Uber) or high expenditure on logistics costs (Amazon), tech powerhouses are doing what they do best – developing technology to make a mark."

But he said Fortune 500 tech developments were only the tip of the iceberg.

“An army of LogTech startups, focusing on tracking, data analysis, freight marketplaces, and more, are emerging: backed by over US\$5 billion dollars in investments in 2016,” he noted.

What this all means for global forwarders and carriers is that “2017 is kicking off with a hesitant excitement, accompanied by some very real worries”, Schreiber observed, adding: “A volatile and rapidly changing industry means opportunities to differentiate – but volatility also means that there are downsides – just ask anyone at Hanjin.”

He concluded: “As the freight industry reshapes itself from the combined influence of tech companies, ocean carriers, enterprise logistics companies and startups, 2017 is the year to assess the role data and transparency can play in supporting once-successful business models that just aren’t doing the trick anymore.”

(from: lloydsloadinglist.com, January 31st 2017)

REEFER

SEATRADE, THE WORLD'S LARGEST REEFER SHIP OPERATOR, GOES CONTAINERS

Seatrade has expanded its use of container vessels on its Fast Direct Dedicated (FDD) service between Europe and New Zealand, adding another nail to the coffin of its aging conventional reefer fleet.

The Meridian service launched on 9 January on a Rotterdam – Dunkirk – Radicatel – Papeete – Noumea – Nelson – Napier – Tauranga – Callao – Paita – Philadelphia – Zeebrugge – Tilbury – Rotterdam rotation.

Cutting out transshipment ports, the origin-to-destination service will run on a 10-day frequency, with Peru and the US east coast added to the northbound New Zealand to Europe service.

Seatrade said transit times of 23 days from Europe to Tahiti; 30 days to New Caledonia; 30 days from New Zealand to Europe; 21 days from New Zealand to the US east coast; 16 days from Peru to Europe; and eight days from Peru to US east coast would make it the fastest service on these routes.

“Running free of any alliance commitments with other carriers, Seatrade puts the customer at the heart of the Meridian service,” the carrier said.

“The service was shaped and designed to meet customers’ needs and offer logistics solutions to highly sensitive and delicate cargo, without any compromise on service quality.”

Eight container vessels will operate the service, including Seatrade’s four 2,200 teu colour class newbuilds with capacity for more than 700 plugs each.

Dutch shipping consultancy Dynamar said the carrier would be taking delivery of two more vessels shortly, complementing the service with chartered units.

“Meridian represents a major happening: the world’s largest conventional reefer ship operator goes containers,” said Dynamar

The consultancy also noted that containers were not entirely new to Seatrade, which already operates eight box ships of between 1,100-2,500 teu with 250-500 plugs in two different services: Agadir-St Petersburg and Caribbean-North Europe, the latter operated by subsidiary StreamLines.

“But ultimately, as part of its 2020 fleet renewal programme, the number of similar containerships should grow to 20, thereby replacing most of its largest conventional vessels,” added Dynamar.

With a 14.7% share of the conventional reefer ship market, Seatrade is the sector’s biggest player.



However, 31 of its 56 ships are more than 20 years old, with five set to reach 30 at the turn of the decade.

Dynamar expects the global conventional reefer fleet to shrink

35% by 2025 as ships begin to reach the average scrapping age of 30, although it did note that delivery of four ships in 2016 and orders for a further 16 had slowed the market’s decline.

The orders were for ships between 120,000 and 650,000 cft, with four in the upper range.

Dynamar said these were destined for Star Reefer, with two orders confirmed by the Anglo-Norwegian carrier.

Dynamar said many of the smaller units, those with capacity of up to 350,000 cft, were for the seafood sector, including four on order by Seatrade.

“With an average rising age and slowing newbuild activity, the conventional reefer fleet continues its decline, although slowed somewhat by the current orderbook and ships delivered,” said Dynamar.

“Yet, by 2025, ships built before 1995 will reach the average scrapping age of 30, causing the fleet to fall by some 400 units.”

(from: theloadstar.co.uk, January 30th 2017)

ON THE CALENDAR

- 23/02/2017 – 24/02/2017 Manila 9th Philippine Ports and Shipping 2017
- 22/03/2017 – 23/03/2017 Antananarivo 11th Indian Ocean Ports and Shipping 2017
- 19/04/2017 – 20/04/2017 Cape Town 17th Intermodal Africa 2017
- 18/05/2017 – 19/0520/17 Georgia 6th Black Sea Ports & Shipping 2017
- 06/0720/17 – 07/07/2017 Yangon 15th ASEAN Ports and Shipping 2017
- 28/09/2017 – 29/09/2017 Tallinn Baltic Sea Ports & Shipping 2017
- 26/10/2017 – 27/10/2017 Barcelona 5th MED Ports 2017
- 29/11/2017 – 30/11/2017 Abidjan 18th Intermodal Africa 2017

The Secretariat of C.I.S.Co. is able to communicate detailed information on the programs of all the events and how to participate.