Council Of Intermodal Shipping Consultants

Newsletter

June 15th 2017

Link road, rail, sea!

C.I.S.Co. - Via Garibaldi, 4 – 16124, Genova Tel. 010 2518852 - www.ciscoconsultant.it

YEAR XXXV
Issue of June 15th 2017

June 15th 2017

The content of the C.I.S.Co. Newsletter is also published in the newspaper "Informare" accessible on the Internet site http://www.informare.it

C.I.S.C.O. NEWS

CELEBRATION OF THE 50th ANNIVERSARY OF C.I.S.CO.

On the occasion of the "*Genoa Shipping Week 2017*", to be held in Genoa from June 26th to July 1st next, C.I.S.Co., in conjunction with its 50th anniversary from the foundation, organizes a series of events in partnership with the Chamber of Commerce Commerce of Genoa, BIC (Bureau International des Containers et du Transport Intermodal) and Saimare S.p.A.

Among others, in addition to the Assembly of Members, an exhibition (titled "*A container story*") with the aim of representing its fifty-year associative experience through appropriate communicational and visual tools and a convention on digitization in the container sector.

Below is the full event schedule.

For more information:

Council of Intermodal Shipping Consultants Secretariat
Via Garibaldi, 4 - 16124 Genoa (Italy)
Phone / Fax +39 0102518852
Skype ID infoc.i.s.co.
E-mail info@ciscoconsultant.it
Web site www.ciscoconsultant.it

50° C.I.S.Co. Anniversary Activities - Genoa Shipping Week 2017

26-30 June –9.00-1.00 am / 2.00-5.00 pm - 1 July 3.00 – 6.00 pm
"A container story" - 50° C.I.S.Co. Anniversary exhibit
Chamber of Commerce of Genoa – Via Garibaldi 4, Genova – Sala Corte
Free entry

Tuesday 27 June – 4.30 pm
Container Digitalization Conference
Chamber of Commerce of Genoa – Via Garibaldi 4, Genova – Salone del Consiglio
Subject: *The developments of digitalization in containerized traffic*
Registration required - info@ciscoconsultant.it

Tuesday 27 June – 7.30 pm
Opening cocktail of "A container story" - 50° C.I.S.Co. Anniversary exhibit
Chamber of Commerce of Genoa – Via Garibaldi 4, Genova – Sala Corte
Registration required - info@ciscoconsultant.it

Thursday 29 June 2017 – 3.00 pm
C.I.S.Co. Ordinary Assembly
Chamber of Commerce of Genoa – Via Garibaldi 4, Genova – Sala Dorata
Reserved event for members

Thursday 29 June 2017 – 4.30 pm
C.I.S.Co. Open Assembly
Chamber of Commerce of Genoa – Via Garibaldi 4, Genova - Salone del Consiglio
Subject: *The developments of containerization*
Participation on invitation

Thursday 29 June 2017 – 7.30 pm
C.I.S.Co. Anniversary Dinner – GSW 2017
EATALY - Calata Cattaneo, 15, 16126 Genoa (Porto Antico)
Participation on invitation

Information: ***C.I.S.Co.*** *- Via Garibaldi, 4 Genoa - Ph 010.2518852 - info@ciscoconsultant.it*

Camera di Commercio Genova

SAIMARE S.p.A.
SERVIZI AUSILIARI INTERNAZIONALI MARITTIMI

PORTS AND TERMINALS

TOWARDS A SHARING ECONOMY OF PORT TERMINALS?

There is a lot of excitement about what is called the "sharing economy".

Its genius: money is made by intelligently mutualising assets.

The advantage for companies: less need for investments in assets.

Its prime example: Uber.

Shipping is not usually associated with such cool things.

Quite the contrary.

At almost every shipping conference, people talk about that mysterious Uber of shipping that will come and disrupt nearly everything.

Many of us seem to be waiting for sexy sharing economy to finally meet rusty shipping industry.

What is easily forgotten is that container shipping is already a sharing economy.

Almost all global carriers share their vessels, via vessel sharing agreements or alliances.

There are three of these large alliances that together have a 95% market share on the important East-West container trades.

Container shipping has very high entry barriers, so vessel sharing agreements might be the closest that container shipping will get to a sharing economy.

This is disruptive enough: it will have radical consequences for the way ports are governed.

Over the last decades, consensus has been crafted around the merits of the "landlord port model".

In this model cargo handling operations are left to private operators that invest in cranes, equipment and hire port workers, whereas a public port authority

acts as the landlord: it gives out concessions, determines the rules and investments in common infrastructures.

The dominance of the this model could not be overstated: nowadays around 90% of all ports are landlord ports – and the model is at the core of World Bank's Port Reform Toolkit that inspired many port reforms.

However, times have changed and the landlord port is much less tenable in a world of strong alliances and the mega-ships that have facilitated these.

Why?

Mega-ships bring large cargo peaks that require the deployment of many cranes, equipment and workers – more than would be needed for smaller ships, even if the cargo amounts remain the same.

So: less return on investment.

There are only three alliances, so losing one or two alliances to a neighbouring terminal becomes a matter of life and death.

Thus, terminals might feel forced to make investments that do not make financial sense for them, as the alternative would be to lose a third, half or all of the cargo, which would mean making losses as well.

An impossible dilemma.

Enter the sharing economy.

Mutualising the assets of terminals in the same port would be a way out of the dilemma.

There could be a common pool of cranes, yard equipment, yard space and labour in every port that could be used by the terminals that need it at a particular moment (the peak) but not at other moments.

Such asset sharing agreements could help to better utilise port terminal assets, just like vessel sharing agreements help shipping companies to better utilise their ships.

This shared terminal assets model would arguably work best in terminals with adjacent quay lines and yards, so that mutualisation is possible at no other cost than taking out the fence between the terminals, allowing a free flow of gantry cranes and yard equipment.

In some cases, this might be more difficult, but also here the mutualisation of assets and labour, such as joint container depots and a labour pool, could help the utilisation of terminals.

The logical outcome of such a development could be the emergence of a new port governance model: some sort of a private tool-port, in which a joint organisation of the port terminal operators can commonly plan the deployment of common tools (equipment, labour, yard space) in that port.

They compete, but they also co-operate.

Quite something different than the current landlord port.

Will this ever happen?

The answer to that question depends on whether regulators will be willing to loosen anti-trust legislation for port terminals.

Such exemptions exist for liner shipping, so why not for the terminal business?

Policy coherence would require that both lines and terminal operators have such an exemption, or neither of them.

Allowing the sharing economy in container shipping but not in container terminals is untenable and deserves revision.

(from: shippingtoday.eu, June 5th 2017)

MARITIME TRANSPORT

CHINA'S BELT AND ROAD INITIATIVE: REARRANGING GLOBAL SHIPPING?

Interest in China's Belt and Road Initiative, now the preferred name for the One Belt, One Road scheme introduced by President Xi Jinping over three years ago, has intensified.

An international gathering in Beijing last month sharpened the focus.

This grand concept has two components, both of which are potentially of great significance for the global shipping industry.

The Silk Road Economic Belt of land routes, and 21st Century Maritime Silk Road of sea routes have been proposed as programmes to link China with Asian, Middle East, African and European countries more efficiently.

While the Maritime Silk Road naturally seems of most direct interest for international shipping, the Belt also has huge implications for shipping activities.

Infrastructure building or upgrading in numerous countries on these routes, facilitating trade movements and strengthening economic activity more broadly, is likely to prove influential.

Since its inception, the Belt and Road Initiative has often seemed rather vague, although individual projects discussed and arranged have provided some clarification.

The rationale has been revealed, even if the precise motivations for China's enthusiasm were open to varying interpretations.

Reasons for pursuing the scheme apparently are complex.

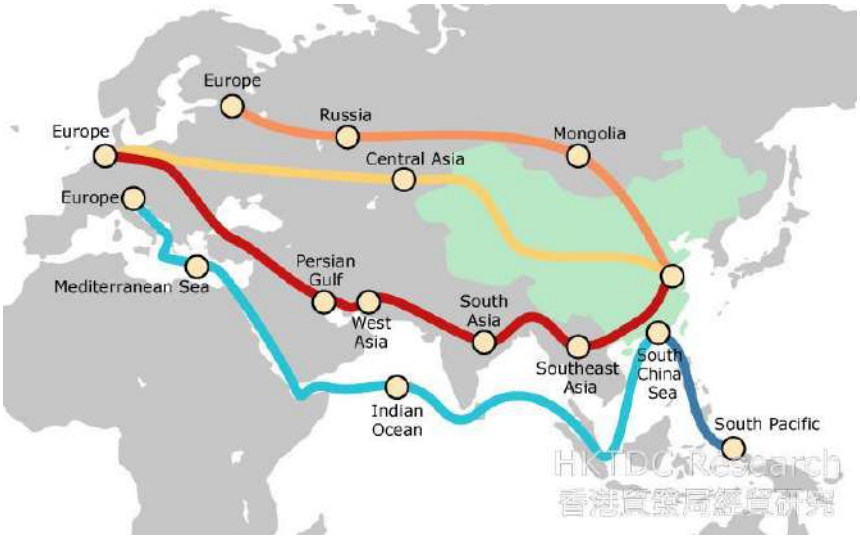
Potential benefits for international shipping, as commented in a recent editorial in Hellenic Shipping News Worldwide, are 'still a bit hazy', although positive expectations are widespread.

Additional attention to progress was attracted by the May 2017 Beijing forum focusing on the Initiative, attended by leaders from many countries.

There were no momentous announcements, apart from China's pledge to invest $124 billion.

But fresh impetus for projects could be derived.

A momentum boost may be needed: based on some measures, investment in the BRI declined last year.



What is being reshaped?

An overarching question has arisen: is the scheme reshaping global trade?

The answer probably depends on what is meant by reshaping.

Volumes and patterns of trade affected, and also the timescale of changes, are relevant aspects.

Reshaping, in this context, can be assumed to mean large changes or prospective changes in geographical patterns of international trade and in trade volumes moving.

Given the prominence of some individual projects within the Belt and Road Initiative framework, and the increasing frequency of news items about current and future projects, it could be concluded that a reshaping is indeed happening.

But is that conclusion realistic and accurate?

It is abundantly clear that a number of new international trade routes are being opened up, while others are being improved and upgraded.

These are having an impact on both the Belt and the Road portions.

The changes are significant and may become much more so over the years ahead.

However, it can be argued that evidence for labelling this process as a 'reshaping' of global trade is not, or at least not yet, entirely convincing.

An alternative characterisation might be suggested.

One of the most prominent aspects of the Belt and Road Initiative is a change (possibly a reshaping) in the pattern of global ownership and control of infrastructure which facilitates trade movements.

Investment or management, or both, by Chinese companies is typically a defining element of projects, often involving Chinese construction and equipment.

Infrastructure ownership and control by China is not always complete, but greater influence provides benefits and enhances the security of imports into and exports from China.

This aspect is certainly changing the dynamics of global trade patterns and trends.

Broad implications for sea trade

The Chinese authorities often emphasise what they regard as the Initiative's altruistic nature.

Its most visible manifestation is promoting activities strengthening international commercial trade, which are frequently described as 'win-win' ventures.

All participants are expected to benefit from this project.

Nevertheless, the underlying rationale for the Belt and Road Initiative is heavily focused on China's imports and exports, although other international trades may be affected indirectly.

Most emphasis is on the Belt portion, overland routes and connections.

Some are accompanied by port projects, which are considered part of the Maritime Silk Road.

Closer examination of the Initiative's, and in particular the Maritime Silk Road's, evolving impact on global seaborne trade highlights one feature in particular.

Many principal sea trade flows to and from China, as well as elsewhere, on high volume routes, seem likely to be unaffected or only slightly affected by BRI developments.

Examples of the largest volume trades, where a nil or minimal direct impact from Belt and Road projects is currently envisaged, are listed below.

Over a longer period there could be a larger impact, indirectly, as economic activity in some importing countries strengthens.

- Dry bulk sector: iron ore exports from Australia, Brazil, South Africa, Canada; coal exports from Australia, Indonesia, Russia, Colombia, South Africa, USA; grain/soya exports from USA, Canada, Australia, Black Sea, Brazil, Argentina; and many minor bulk commodity movements.

- Tanker sector: oil and gas movements from Middle East, West Africa, Caribbean.

  In some sea trades where partial transport by pipeline begins or increases as a result of new or expanded pipeline capacity, total transport cost could rise because of transhipment.

Sea trade impacts: pluses and minuses

Despite a large proportion of global seaborne trade probably seeing little or no impact from the Belt and Road Initiative, numerous positive effects are foreseeable elsewhere.

Various projects could strengthen seaborne trade volumes, which determine demand for shipping capacity.

By contrast, several actual or potential negative changes have become prominent:

- Container sector: an expanding overland route between China and Europe has already attracted movements of high value, time-sensitive goods which previously would have been transported by sea.

- Gas sector: moving more gas through new or higher capacity gas pipelines to China acts as a restraint on sea trade.

  Pipelines which carry gas which could have been shipped as LNG (liquefied natural gas) by tanker, such as the Myanmar/Chongqing gas link, or shorten sea distances, are detrimental.

- Tanker sector: some crude oil suppliers exporting to China are introducing new or increased capacity pipelines.

  The volumes moved potentially replace seaborne cargoes.

  Other pipelines, such as Kyaukphyu, Myanmar to Chongqing, shorten the sea distance from several supply sources.

These developments show that pipelines and associated port infrastructure resulting from Belt and Road Initiative projects could restrict or possibly even prevent seaborne trade growth in related trades.

But it appears unlikely that substitution or curtailment of sea movements will have more than a modest overall impact on the global seaborne trade pattern.

Looking at the positive effects foreseeable, these can be divided into direct and indirect influences.

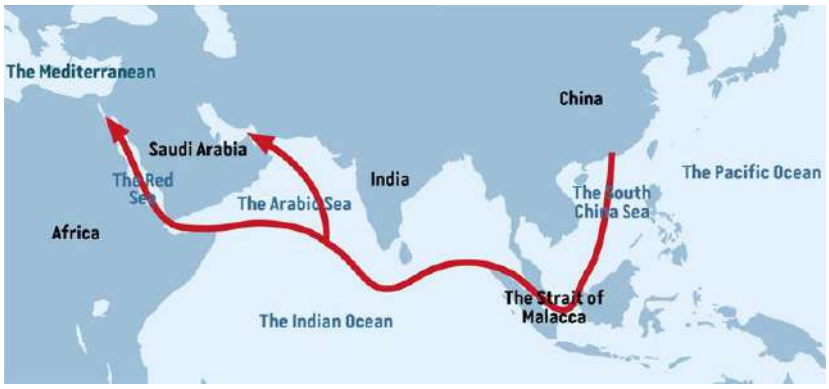
Both types of influence could increase raw materials or semi-finished and finished products quantities moving by sea, on a range of routes.

Perhaps most obviously, infrastructure building on an extensive scale will require increased volumes of construction materials.

Transport infrastructure involves new or upgraded roads, railways, pipelines and ports; distribution centres and industrial parks are also part of the vision.

Additional bridges and tunnels, harbour breakwaters, quays and cranes, plus warehousing will be required.

Together with power stations and electricity grids, and water control installations such as dams, developments are envisaged across a swath of Asian and Middle East territory.



Large volumes of construction project material such as steel products, cement and heavy machinery and equipment probably will be supplied by sea from China, as well as from other sources.

When these items are, in turn, produced wholly or partly in China from imported raw materials, a second support for global dry bulk trade arises.

Moreover, if new coal-fired power stations are built in some countries under the Belt and Road Initiative to boost electricity supplies, additional seaborne steam coal imports could result.

These direct impacts could be accompanied by an indirect boost.

Improvements in connectivity through enhanced transport infrastructure, linking manufacturing industry or agriculture to global markets, could strengthen many countries' economic growth.

A more rapidly developing economy usually boosts trade, with favourable implications in particular for container movements and bulk commodity as well.

More prosperity generally implies more sea trade.

How positive the seaborne trade trend contribution proves depends greatly on the nature and magnitude (number and size) of projects, and the development work timescale.

If all projects together are of relatively modest magnitude, and development work is extended over long periods, short term advantages for cargo movement volumes by sea may not be a notable feature.

But cumulative longer term benefits may still be significant.

Infrastructure building in Asian countries: how much is needed?

Potential for future infrastructure building in Asia was highlighted in a report published in February 2017 by the Asian Development Bank.

Depending on assumptions adopted, the ADB estimates that Asian countries need to invest between $22,600 billion and $26,200 billion during the period of fifteen years from 2016 to 2030.

These totals imply an average $1500bn to $1700bn annual spending on infrastructure.

Currently the region is investing an estimated $881bn annually, so a large increase is recommended.

Most of this projected spending represents physical infrastructure in four categories: (a) transport – roads, railways, ports and airports; (b) electrical power – generation, transmission, distribution; (c) telecommunications; (d) water supply and sanitation.

The lower end of the range of estimates reflects expenditure which excludes climate change mitigation and adaptation costs, while at the higher end, this item is included.

Power and transport are the two sectors with the largest spending requirements, comprising 52 percent and 35 percent of the total respectively based on the range's lower end.

The ADB's analysis, although not specifically related to China's Belt and Road Initiative, supports the argument that there is scope for additional spending on fixed assets.

These extra assets can further enhance a country's stock of capital.

ADB analysts state that 'the region's infrastructure has improved rapidly, but remains far from adequate'.

More and better transport, power supplies and other basic necessities could assist improved economic progress, enabling sustained rapid economic growth to be achieved across the region.

Maritime Silk Road shipping and ports

The shipping services involved have not received much attention.

At first glance, this lack of focus on a vital aspect might seem surprising.

There is a simple explanation.

Sea transportation services provided by the global shipping community, of which Chinese shipowners are a major part, are already supplying adequate capacity for the Maritime Silk Road routes.

Looking ahead, transport capacity and capability is likely to remain sufficient.

In many shipping sectors (container ships, bulk carriers, tankers and some specialised segments) global over-supply is a characteristic, and in several markets has been so for some time.

Many more new ships are under construction or on order, and there is currently no suggestion that shortages will emerge.

Consequently, extra shipping capacity specifically designed for Maritime Silk Road developments has not yet been seen as essential.

For China, involvement in shipping services on the Maritime Silk Road appears destined to expand over the years ahead.

Shipowners based in China control one of the world's largest merchant ship fleets, which has been growing rapidly in recent years.

These shipowners currently have the largest national volume of new ships on order, implying further strong fleet expansion.

Although this feature is only an indicator of China's future participation in specific trades, it reinforces a general impression pointing to sufficient transport availability continuing.

According to a recent UNCTAD report, internationally the Belt and Road Initiative 'may help reduce transport costs, increase trade flows and open new markets to all involved countries'.

The report adds that the Initiative's success, from a transport sector perspective 'rests heavily on optimization of the transport infrastructure and services, including shipping and logistics, required to support connectivity in China and beyond'.

Within the Maritime Silk Road framework, port projects are the prominent element.

In particular, several Asian countries – Pakistan, Sri Lanka, Myanmar and Malaysia – have been at the forefront.

At the other end of the Road, Greece has been a notable feature.

Developments are under way or under discussion also in Indonesia, Vietnam and at the western end, Georgia while the feasibility of a new canal across the Kra Isthmus in Thailand is being investigated.

Implied naval benefits?

Another aspect of the Belt and Road Initiative is relevant to freedom of commercial trade and free passage of ships in international waters.

Are China's foreign port investments at least partly motivated by possible military (naval) usage, if there is a crisis?

One research study saw this outcome as implausible, arguing that China is not building naval port installations, only commercial facilities.

Yet the 'string of pearls' concept, which can be interpreted as having ominous overtones, is a cause of anxiety in some Asian countries, especially in India.

This colourful name denotes a network of ports, which could be used by China to protect sea lanes along which a high proportion of its seaborne import and export trade is carried.

Crucial sea lanes are the Straits of Malacca and Hormuz.

Some of the ports in this category, it is suggested, could become strategic bases for the Chinese navy as well as their prime commercial function.

One contention is that formal naval bases are not so necessary if there is naval access at commercial facilities.

Other observers argue that ideas of military usage are unconvincing.

Concluding imponderables

Among Belt and Road Initiative ramifications, some downsides for the global shipping markets have become visible.

One prominent negative influence foreseeable is shorter loaded voyage distances in a number of major cargo trade movements.

These reductions could have an adverse impact on vessel tonne-mile employment, resulting in a weakening of requirements for sea transport services.

But such modifications seem likely to be more than offset by changes having a beneficial influence on demand for shipping capacity.

In particular, additional trade volumes as a direct or indirect consequence of projects stimulated by the Belt and Road scheme could provide a boost.

Large quantities of semi-finished of finished products related to construction activity probably will be needed, imported from China or other producers.

These, in turn, could strengthen long-haul raw materials movements.

In countries where infrastructure is expanded and improved, economic growth could be enhanced.

The mainly emerging market economies benefiting in Asia, the Middle East and elsewhere could see higher seaborne trade volumes – imports, exports or both.

But the impact will vary widely, depending on an individual country's specific circumstances.

For this reason much more detailed analysis is required to determine the full extent of likely changes and, even then, uncertainties of project magnitude and timing render forecasting a hazardous exercise.

(from: hellenicshippingnews.com, June 6th 2017)

RAIL TRANSPORT

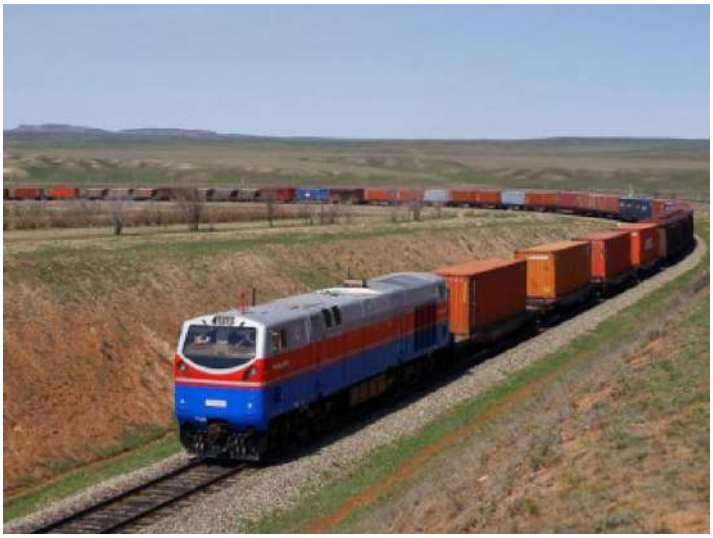
CHINA-EUROPE RAIL BOOM AS FORWARDERS LATCH ON TO COST ADVANTAGE FOR CUSTOMERS

China-Europe rail services are set to triple within three years as demand grows and shippers "catch on" to the advantages.

Asian media reports that during the recent 'Belt and Road' conference, China plans to increase the annual number of trains from 1,800 last year to 5,000 in 2020.

Meanwhile, this week three forwarders developed their services on the route and another city was added.

Shenzhen is now connected to Minsk, with the first train arriving in the Belarusian capital next week, with 41 feu on board, including mobile phones and automotive parts.



The route is managed by DHL Global Forwarding in conjunction with logistics provider China Brilliant, and offers both full-container-load (FCL) and less-than-container load (LCL) services.

It offers real-time GPS tracking of containers and customs clearance.

Demand from Eastern Europe is accelerating, according to the forwarder, as economies in the region grow.

Panalpina is to open a second consolidation point in Shenzhen in July, it said yesterday.

The forwarder currently consolidates cargo in Shanghai for a weekly train service.

"More than 150 customers have used the service so far, moving over 5,000 cubic metres of cargo, such as automotive parts for tier-2 and -3 providers, tablets, equipment for manufacturing lines as well as clothes and shoes," said Antonio Pacciolla, regional head of overland Europe at Panalpina.

"We expect these volumes to grow further as more of our customers in Germany, the Czech Republic, Slovakia, Hungary, Romania, Sweden the Netherlands and Belgium are now considering this transport option."

Nippon Express this week also launched new services: six westbound FCL destinations in China and 18 LCL and eight eastbound services from Europe.

The rise in rail has divided opinion in the freight business on whether it will most affect air or sea.

One shipper believed "hundreds of tonnes a month" were being stripped from air routes.

He said his company was looking at the services as a viable alternative to air freight into China, as well as air-sea into Dubai-Singapore-China.

Marie-Christine Lombard, CEO of Geodis, told The Loadstar: "Rail is an attractive option to ocean."

But she also noted that for shippers and forwarders, modal competition is irrelevant.

"Clients want the most competitive costs in the supply chain.

So you take into account your customers' needs.

On any tradelanes they want the best solution.

Rail for some flows is very appropriate.

If you have regular volumes which need speed, and you have the right flows, you add rail into that solution.

And it's also very competitive against air.

We see an opportunity there.

Geodis is a logistics company operating a network, but we are not focused on one mode.

We can design a multimodal solution that fits the underlying flows of the customer.

You always look at how to build a robust solution which is cost-effective."

And rail appears to be.

Mr Pacciolla added: "The rail service is one-third the cost of air freight and twice as fast as ocean freight.

It's an interesting proposition that is catching on."

(from: theloadstar.co.uk, May 26th 2017)

ROAD TRANSPORT

CONTROVERSIAL EU LABOUR RULES TACKLE TRUCK DRIVERS' PAY AND WORKING CONDITIONS

Truck drivers are the latest workers to come into the European Commission's sights in its bid to build a more 'social Europe', with new rules designed to prevent drivers from lower-wage countries from undercutting better paid workers when they travel to other member states.

The new set of rules that was presented today (31 May) changes how a controversial labour bill, the EU posted workers directive, applies to truck drivers.

The proposal follows a year of fighting between western and eastern member states over the posted workers bill and has already sparked uproar over how it will affect truck drivers and the road haulage market.

Under the Commission's new proposal, truck drivers can travel outside the EU member state where they live and still be paid according to their home country's rules for up to three days.

After that, drivers will fall under local rules of the country where they deliver goods.

Last minute changes leading to the three-day rule suggest that there were internal struggles at the Commission over the proposal.

An earlier draft of the proposal that circulated yesterday (30 May) suggested that local wages and working conditions would need to be applied starting after either five, seven or nine days abroad—but that document named a seven-day period as the "preferred solution".

The final version setting out a three-day limit marks a drastic cut from the earlier suggestions, and will please western EU countries that have pushed for stricter rules.

That three-day threshold is the Commission's response to what it calls illegal requirements in Germany, France and Austria for companies to pay drivers their national minimum wages.

The Commission has filed lawsuits against all three countries.

If the Commission had gone with a longer period of five, seven or nine days before the posting of workers directive applies to drivers, that would mean that truckers could deliver goods at lower pay for an even longer time—exactly what France, Germany and Austria have tried to stop.

The three-day limit gives those countries a better break than they were expecting.

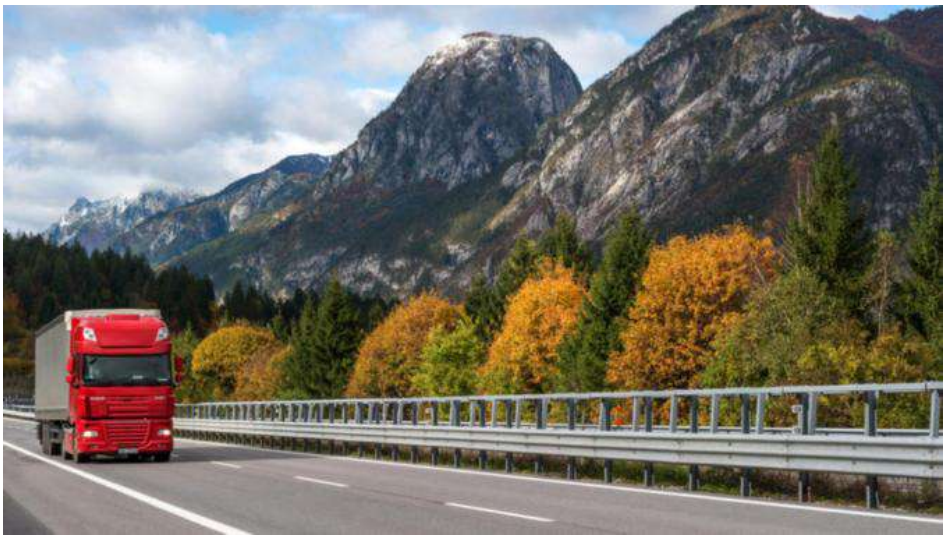
Another controversial change in the proposal is the lifting of any limit on cabotage, or the number different delivery trips drivers can make, within their first five days abroad.

Current EU cabotage law restricts drivers to making only three runs during a seven-day trip.

Germany, followed by France, host the highest number of cabotage operations, according to 2014 Eurostat data.

Poland supplies the largest amount of cargo delivered on those cabotage operations by volume.

Newly inaugurated French President Emmanuel Macron praised the posted worker rules in a joint press conference last week with Commission President Jean-Claude Juncker, during his first visit to Brussels since taking office.



Juncker has often repeated his mantra that workers should get "the same pay for the same work in the same place".

But the Commission's bid to crack down on lower-wage workers outside their home countries has spurred upset among eastern member states.

A group of nearly a dozen countries has opposed the posted workers bill, which was proposed last year.

A Polish diplomat said the proposal for a three-day limit on drivers working abroad is "not a compromise".

The Commission's proposal presents "a risk of legitimising protectionist measures taken by some member states, which will burden mostly transport companies from Central and Eastern Europe," the diplomat said.

EU Transport Commissioner Violeta Bulc indicated that she knows the new transport rules could also face fraught negotiations.

"Of course we cannot make miracles, but I think the European Parliament and Council is very much aware of the importance of this package," Bulc told journalists before today's announcement.

Under the new proposal, freight haulage firms will have to pick up the bill and pay higher wages earlier on during truck drivers' routes from one member state to another.

"I think a longer period would have made cabotage operations more practical and more efficient," said Stuart Colley, director of communications at the Brussels office of the International Road Union, which represents those companies.

Drivers' unions have taken a hard-nosed approach and argue that even the three-day limit still allows for three days of underpaid work.

On a ten-day delivery trip, employers will still need to pay higher minimum wages most of the time.

"What's the difference between applying the minimum wage to the 10 days instead of seven?

That's really an open door to unfair competition based on labour costs," said Christina Tilling from the European Transport Workers' Federation.

The proposal also requires employers to pay for a place where drivers can sleep during long trips abroad.

Professional drivers will not be allowed to rest inside of trucks.

The Commission hopes the improved conditions can even cut down on traffic collisions if drivers face "less stress and fatigue".

MEPs and labour unions have argued for the Commission to step in to improve work conditions and make sure drivers can't be forced to rest in their trucks.

"At the moment drivers live in trucks for weeks, far away from their homes and their families.

This cannot be the standard of the European Union in the 21st century," German Socialist MEP Ismail Ertug told EURACTIV.com.

The new rules also require truck drivers to manually register when they cross EU borders on a tachograph device to help controllers at roadside checkpoints determine whether they comply with the law.

Another part of the proposal allows drivers to replace paper documents with electronic proof to show controllers, which the Commission hopes will relieve drivers of tedious administrative work.

(from: euractiv.com, May 31st 2017)

INTERMODAL TRANSPORT

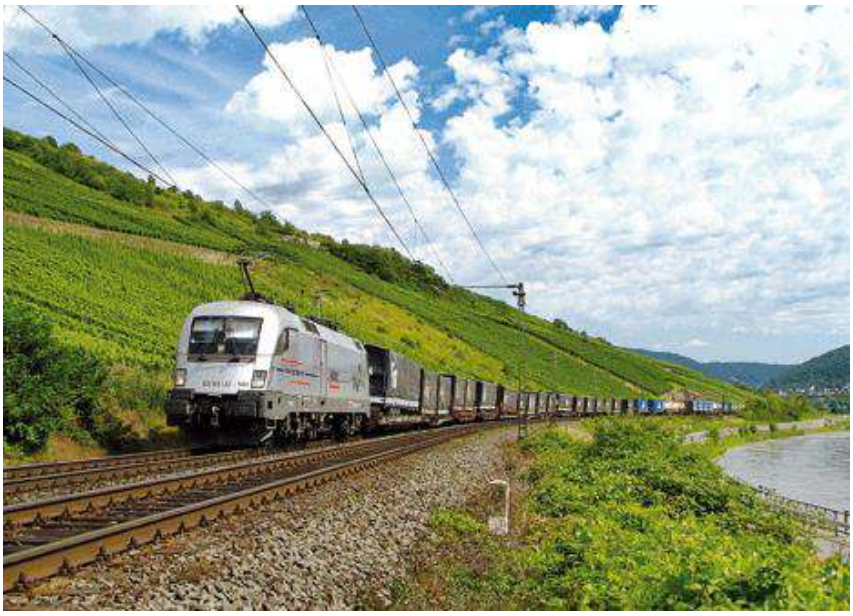
HUPAC AT 50 - A GOOD TIME TO CELEBRATE

The Swiss intermodal operator logged record shipments of 737,000 transported road consignments in its 50th year of existence.

As Hupac gets ready to celebrate its 50th anniversary with a special conference and customer event at Lucerne on 19th-20th June, it can report a record 2016 volume of 737,000 transported road consignments - up 11.5% on 2015 and equivalent to almost 1.5M TEU - and can boast of its achievements in shift heavy freight traffic from road to rail.

"For the first time in 20 years, less than 1M trucks crossed the Swiss Alps by road in 2016, thanks to Hupac", states Chairman of the Board of Directors Hans-Jörg Bertschi.

Around 110 trains were dispatched every day, mostly transalpine trains, but also throughout Europe and to Russia and the Far East (the Hupac train from China to France dispatched on 26th May is transporting 82 Bertschi tank containers).



In the core market of transalpine consignments through Switzerland, Hupac achieved growth in traffic of 19.4%.

The operation of trains through the Gotthard base tunnel, which started last December, is proceeding smoothly.

The heavy freight trains need one locomotive less on the flat track via Luino.

This important productivity gain will only be possible on the route via Chiasso from 2020, when the Ceneri base tunnel starts operation.

It has not yet been possible to achieve shorter travelling times in international traffic.

In the Benelux-Germany-Switzerland-Italy corridor, the same timetables are being used as in 2015.

"90% of the potential savings in time is offset by waiting", said Hans-Jörg Bertschi.

An internationally agreed train path planning, which will pass on the advances in productivity from the Gotthard base tunnel to the market, is still in its infancy.

For years, Hupac has been preparing itself for the abolition of the Swiss subsidies for combined traffic at the end of 2023. Lower production costs and more payload per train are the answer.

While in Switzerland the production conditions will be optimal with the completion of the 4m corridor via Chiasso and Luino, a delay in the removal of productivity bottlenecks along the Rotterdam-Genoa freight corridor can be observed.

"The parameters of 2000t train weight with one engine, 740m train length and 4m [P400] profile are the basic prerequisites for a cost-effective operation of the combined traffic," says Bertschi.

But there are still restrictions in Germany and Belgium with regard to train length and in Italy with regard to train weight.

"In order to compensate for the abolition of the Swiss subsidies from 2023, we have to increase productivity continuously and at all levels. While road markedly improves its competitiveness through low diesel prices and innumerable innovations, rail is noticeably losing ground."

Hupac suggests an internationally coordinated route plan for Swiss transit in the Benelux/Germany/Switzerland/ Italy freight corridor as a means to achieving the modal shift goals of the NEAT system.

"If the trains run instead of waiting at the border, everybody wins: the tracks are free, locomotives and drivers can be more productively deployed, the rotation of the wagons improves, terminal slots are used better, and the customers are happy."

The removal of pinch points in the infrastructure must also be at the top of the list of priorities of the transport ministries and the infrastructure operators, urges Hupac.

(from: worldcargonews.com, June 3rd 2017)

PROGRESS & TECHNOLOGY

A WINDSHIELD ON A CONTAINERSHIP SAVES FUEL AND CUTS EMISSIONS, SAYS MOL

Japanese ocean carrier MOL has successfully completed testing a windshield on the bow of one of its containerships, which it claims has saved fuel and reduced CO2 emissions by around 2%.

The windshield was installed on the 2010-built 6,700 teu MOL Marvel in September 2015 and was monitored during its service on the Asia-North America east coast route.

The horseshoe-shaped shield, which has sufficient strength to meet ClassNK rules concerning wave impact, encloses the front line of the stacked containers to optimise wind resistance.

MOL said: "With today's larger containerships, the height of the containers loaded on deck has increased, subjecting the vessels to greater wind resistance."

Obliquely setting containers behind the windshield made the vessel more streamlined, further reducing wind resistance, it added.

And MOL said the windshield also offered protection from problems caused by water, especially "green water" on the bow deck during bad weather.

Data was accumulated by comparing the operational performance of two sister ships on the same route, one with a windshield and one without.

The testing eliminated data from the impact of ocean waves and extracting only that on differences in wind resistance.

The results of the analysis were presented at the Japan Society of Naval Architects and Ocean Engineers' autumn and spring meetings in November and this month.

MOL said the test results confirmed "about 2% average CO2 reduction, sailing at 17 knots per hour, compared with an identical vessel at the same speed without the device installed".

The carrier was continuing the testing "to confirm the windshield's seaworthiness and sailing data analysis", and looked forward to "more advanced technological development" based on the research project.

Slow-steaming, bulbous bow design and retrofitting and hulls coated with anti-fouling paint are all deployed by the major ocean carriers in a constant quest to reduce fuel costs and associated carbon emissions.

Increased fuel costs were the primary reason why container lines generally posted disappointing first-quarter results this year.

A 60-70% hike in average bunker costs in the first three months on the same period of 2016 pushed both Maersk Line and Hapag-Lloyd into the red, despite analysts expecting the carriers to turn a profit on the back of a spike in freight rates.

MOL's research into improving the aerodynamics of containerships, thus reducing fuel consumption, by fitting windshields will therefore no doubt interest its carrier peers.

Meanwhile, MOL announced last week a joint project with Mitsui Engineering & Shipbuilding for developing a concept for "an autonomous ocean transport system".

MOL sees major benefits in the future of unmanned vessels, which it claimed include eliminating needless voyages, reducing logistics costs, offering a seamless connection with other modes of transport, minimising accidents at sea and reducing environmental impact.

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

STUDIES & RESEARCH

US WEST COAST FACES MAJOR CONTAINERSHIP SIZE UPGRADE

The number of containerships of 13,000 teu or above deployed on the Asia-US West Coast trade has nearly doubled since the start of 2017, according to container analyst Drewry, posing questions about how well terminals will cope and how long it will be before the trade is regularly served by 'mega-ships'.

Back in late 2015, French carrier CMA CGM trialled a single 18,000 teu Ultra Large Container Vessel (ULCV), CMA CGM Benjamin Franklin, on one of its Asia-US West Coast services to the port of Los Angeles.

But despite backtracking on a later plan to make the move permanent, CMA CGM and its rival carriers are increasingly trusting West Coast ports with bigger ships, Drewry observed.

Drewry research suggests that the number of 13,000+ teu containerships has risen from 21 units in January to 36 in May.

"At the time of the CMA CGM Benjamin Franklin trial-run, we questioned the ability of West Coast ports such as the Los Angeles-Long Beach complex to handle the 18,000 teu ULCVs on a regular basis, citing concerns over infrastructure, labour and the ability to efficiently move cargo to and from the port complex via truckers and intermodal railroad," Drewry noted in its latest Container Insight Weekly briefing.

"It would appear that carriers share some of the same fears as, thus far, they have resisted the urge to introduce mega-ships, limiting their ambitions to 14,000 teu units for the time being."

Drewry said the recent influx of 13,000+ teu ships into the Asia-WCNA trade coincides with the 1 April alliance restructuring that reduced the number of weekly services in the lane by one to 37.

"As more cargo is squeezed onto fewer weekly services, terminals have to prepare for much greater peaks in container activity," Drewry noted.

"This problem is exacerbated on the USWC as ships often only call at a couple of ports, unlike in Europe, meaning those US ports have to handle a higher ratio of boxes per ship call.

"Having a big import bias, as Los Angeles-Long Beach does – there were 2.4 times more loaded imports than loaded exports in 2016 – adds to the complexity as import moves require more exchanges between various equipment types, requiring more time, and more container terminal choreography than loading export containers."

Drewry said a swifter rise in exports of late will have helped smooth operations somewhat, but imports remain dominant.

"After four months of 2017, total port handling at Los Angeles-Long Beach has thrived, growing by 8% to 5.1 million teu," the analyst noted.

Loaded exports (1.14m teu) increased by 9%, while loaded imports (2.54m teu) were up by 6%, and empties (1.41m teu) rose by 10%.

The container shipping analyst predicted that ULCVs will eventually become a feature of the Asia-USWC container trade, "but the time is perhaps not now.

While the sheer scale of the concentrated container moves generated by the mega-ships at the highly-fragmented Los Angeles-Long Beach complex may appear daunting under 'normal' circumstances, conditions are currently less than perfect with major construction projects ongoing."

Road closures and detours linked to the $1.5 billion Gerald Desmond Bridge replacement project are also affecting traffic flows on California's highways to and from the Terminal Island facilities and will do so until completion, not expected until next year, Drewry added.

"At the same time, work continues in Long Beach on the $1.3bn Middle Harbor Terminal Redevelopment Project that will eventually combine two existing terminals (Piers D, E and F) into an all-electric, fully automated facility able to accommodate 24,000 teu ships when the second phase of the project opens in 2019, when it will have an annual capacity of around 3.4 million teu."

Drewry said there hasn't yet been any significant disruption caused by the big construction projects, according to the Harbor Trucking Association (HTA), which records the time it takes trucks to exit from any of the 14 Los Angeles-Long Beach terminals from when they first queued outside the gates.

HTA reported that the average truck turnaround time in April was 80 minutes, 4 minutes slower than March but faster than either January (88 mins) or February (89 mins).

"However, the HTA did point towards mixed results among the terminals, with better turn times at more automated facilities, such as Long Beach Container Terminal Pier E that recorded an average visit time of 41 minutes," Drewry noted.

"Terminals that saw increased business from the new alliance services worsened in April, according to HTA.

For example, a doubling of weekly container volume at the Total Terminals International (TTI) facility in Long Beach contributed to its average visit time extending to 106 mins in April, from 87 mins in March.

Drewry said the overnight alliance re-shuffle of services had once again changed the terminal landscape in Los Angeles-Long Beach, forcing importers to carefully consider their carrier choice if they have a preferred terminal.

"Alliance terminal calls are clearly skewed by the member carriers' equity holdings in certain facilities," it added.

"Inevitably, carriers want their alliance to call at their affiliated terminal, but with so many competing lines wanting the same thing that means the calls are spread out across the complex so that different strings of the same alliance call at different terminals.

Therefore, shippers regularly importing from Asia to Los Angeles-Long Beach will one week have to collect cargo from String 1 calling at Terminal A; the next week the cargo is on String 2 calling at Terminal B."

Analysis by Drewry shows that 2M + HMM has five weekly services from Asia to Los Angeles-Long Beach spread over three terminals; Ocean Alliance has nine services calling at four different terminals; and THE Alliance eight loops over four facilities.

"While the revised alliance set-up appears not to have disrupted operations significantly at the outset, that doesn't mean there is no risk of future congestion," it added.

"A combination of bigger ships, high-intensity terminal activity and construction work, particularly in the upcoming peak season summer months, could create some obstacles for importers delivering goods to their final markets."

Drewry concluded: "ULCVs will come to the USWC in time, but carriers should wait until the ports are completely ready for them – in the case of Los

Angeles-Long Beach, when most of the disruption surrounding the construction works is over.

Until then, importers would be wise to monitor the productivity of the various terminals and consider their terminal preference when selecting carriers."

(from: lloydsloadinglist.com, June 5th 2017)

INFORMATION TECHNOLOGY

MAERSK EXPANDING RANGE OF ONLINE SALES PLATFORMS

Maersk Line is now trialling a range of on-line sales platforms and trading initiatives in Asia as it strives to become a major digital player – including a number of pilots just to get experience with all the innovation that is taking place at the moment, the company has revealed to Lloyd's Loading List.

The world's largest container line recently dismissed claims that its trials with Alibaba – where it has been offering container slots via the Chinese online platform since December – had failed to generate much market interest.

But despite all the noise around the Alibaba tie-in, Robbert van Trooijen, Maersk Line's Asia Pacific CEO, told Lloyd's Loading List it was just one of a number of initiatives being undertaken as the line plotted a new digital future in response to evolving consumer and business trends and new online market entrants.

"The first thing we need to understand is digitisation is a seismic trend in our industry that is ongoing partly because of external parties that are going to disrupt our industry overall," he said.

"What Maersk is doing is looking at these trends and looking at these innovations and seeing what role we should play as the global integrator of maritime logistics in that arena.

We are committed to investing in digitized solutions in order to provide improved products and services to our customers."

Maersk started a new partnership with Chinese ecommerce platform Yun Qu Na in mid-February.

As with the Alibaba trial, the Yun Qu Na pilot features a web-exclusive product that allows platform users to lock in the price of required cargo spaces on selected routes by pre-paying a deposit amount.

A Maersk spokesperson said the only difference between the YQN and Alibaba deals was that "YQN is focusing only on direct customers, while Alibaba has both SMEs and forwarders buying our online products".

She added: "We have seen stable bookings on YQN.

Overall customers seem to be satisfied with our online service – many even describe it as better than offline.

We have close to 100% space guaranteed, and zero service failure so far."

The line is also collaborating with IBM to explore an end-to-end global digital trading network based on blockchain technology.

Maersk expects the blockchain network to enable the real-time exchange of supply chain events and documents, thereby reducing the cost of goods for consumers and enabling a greater flow of goods from small and medium sized companies around the world, but especially from those in emerging economies.

Van Trooijen said Maersk was also now working with Microsoft Azure, a cloud-based digital platform.

The strategy is to leverage the data available across its Transport & Logistics division, which includes Maersk Line, APM Terminals, Damco, Svitzer and Maersk Container Industry, to enhance operational performance, increase the visibility and predictability of supply chains and improve service to customers.

"So there are a number of collaborations that we have and Alibaba is one of them where we essentially get customers to book through the platform and they can get direct bookings with Maersk," he added.

"We're running a number of pilots just to get experience with all the innovation that is taking place at the moment."

He said Maersk also had a number of new digital initiatives in the pipeline.

"They're not ready to be announced yet but as with all of these innovations, there are a number of different things that are ongoing at the same time – so it's never just one project, there's a number of them," he added.

"They will be announced when we are ready to go public with them."

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

REEFER

CHINA PLANS COLD CHAIN REGIME FOR FOOD LOGISTICS AS SPOILAGE LIMITS VOLUMES

China is to act over concerns of inadequate cold chain infrastructure for food logistics.

Just 20% of perishables transported within the country move in refrigerated conditions, and spoilage is up to 30%.

The State Council, the nation's cabinet, has issued a document that calls for the creation of a cold chain logistics system to improve food safety, the Xinhua news agency reports.

It wants to establish a cold chain temperature tracking system and build up infrastructure, both in producing regions and consumer markets.

Demand for fresh food has soared in China, driven by growing affluence and rising demand for better quality in the country's expanding middle class.

For international airlines such as Cathay Pacific, carrying perishables from overseas producers to Chinese gateways has been a rapidly growing segment of their cargo business.

According to a research report on the cold chain logistics industry in China, published in March by Market Research Reports Store (MRRS), over 130m tons of goods were transported through cold chain logistics in the Middle Kingdom in 2016, constituting a market size of Rmb130 bn ($18.87bn).

The study's authors project CAGR of this market in China north of 15% during the 2017-2021 period.

The industry is scrambling to invest in cold chain infrastructure, but it has failed to catch up with the pace of demand so far.

Major international air cargo gateways including Shanghai and Guangzhou have cold chain facilities on site, but many other airports lack adequate facilities.

Even those airports which have coolers are struggling to accommodate growth.

Kunming supply chain firm YCH Group signed an MoU with Kunming Airport Logistics Industry in March to set up a cold chain building on 175 acres at the airport.

Last summer Henan Airport Group teamed up with Dalian Port Yidu Cold Chain Logistics to establish a 'Central China Hub of Frozen and Fresh Produce' with a total investment of Rmb100m.

Beyond the gateways, cold chain logistics are scarce.

The authors of the MRRS study found that only 20% of perishables transported within the country are refrigerated (compared with 80-100% in the US).

The estimated spoilage rate is between 20% and 30%.

The study suggests that at the end of last year, China's total capacity of cold storage amounted to about 114m sq metres and there were fewer than 100,000 reefer trucks in the system.

For international logistics firms that handle perishables, shipments to China typically end at the entry point, in most cases the large gateways.

"We are very involved in bringing perishables by air and ocean to the port of Hong Kong as well as those in China, but we are not much involved in any distribution after arrival and/or customs clearance into the country," said Markus Fellmann, global vice-president of Hellmann Perishable Logistics.

Chris Connell, president of Commodity Forwarders, said: "Our volumes fly into major airports such as Beijing, Pudong and – to a lesser extent – Guangzhou.

Flight schedules are the biggest reason for this, but a more centralised approach of customs and inspection in the large hubs compared with smaller airports also plays a role."

He added: "Some of these volumes do get sold in other cities hours away, but that is at the discretion of who imports the goods, the truck cold chain available and, in some ways, an almost just-in-time feeding of produce due to limited refrigeration in these 'beyond' cities at the wholesale markets."

A study by LEK Consulting, published in March, found that the use of active ULD technology is very limited in China, and the authors identified three reasons: the overwhelming dominance (about 85%) of narrowbody aircraft on domestic routes; frequent cold chain disruptions at the interface between air and ground transportation; and the investment required, which is not yet feasible for Chinese carriers at the current market size.

Shortage of cold chain capabilities puts a limit on the volume of fresh food that can be shipped to China.

For example, with cherries from Washington and California, Mr Connell said, these have to be sold quickly to avoid spoilage.

"One limiting factor is that this commodity goes straight to the wholesale market for distribution where there is limited cold storage, so volumes need to be sold rather quickly.

"Any back-up in products hurts air freight moves a few days down the line, as the price per box drops in order to clear cool room space out," he said.

"Chilean cherries which happen to be shipped during the colder months in China are less influenced by limited cold storage."

Bloomberg has recently published a series of articles on China's domestic food market – worth a read if you are in this sector.

(from: theloadstar.co.uk, May 24th 2017)

ON THE CALENDAR

▪ 06/07/2017 – 07/07/2017	Yangon	15th ASEAN Ports and Shipping 2017
▪ 28/09/2017 – 29/09/2017	Tallinn	Baltic Sea Ports & Shipping 2017
▪ 03/10/2017 – 04/10/2017	Las Palmas	ICHCA Conference
▪ 05/10/2017 – 06/10/2017	Las Palmas	ICHCA ISP Technical Panel & CARC Meeting
▪ 26/10/2017 – 27/10/2017	Barcelona	5th MED Ports 2017
▪ 29/11/2017 – 30/11/2017	Abidjan	18th Intermodal Africa 2017
▪ 24/01/2018 – 25/01/2018	Mauritius	12th Indian Ocean Ports and Logistics 2018
▪ 07/03/2018 – 09/03/2018	Padova	Green Logistics Expo
▪ 28/03/2018 - 29/03/2018	Beira	19th Intermodal Africa 2018
▪ 18/04/2018 - 19/04/2018	Livorno	6th MED Ports 2018
▪ 30/05/2018 - 31/05/2018	Varna	7th Black Sea Ports and Shipping 2018
▪ 04/07/2018 – 05/07/2018	Johor	16th ASEAN Ports & Shipping 2018
▪ 26/09/2018 – 27/09/2018	Riga	2nd Baltic Sea Ports & Shipping 2018
▪ 24/10/2018 – 25/10/2018	Aqaba	15th Trans Middle East 2018
▪ 28/11/2017 – 29/11/2018	Accra	20th Intermodal Africa 2018
▪ 30/01/2019 – 31/01/2019	Kuwait City	16th Trans Middle East 2019
▪ 20/02/2019 – 21/02/2019	Manila	10th Philippine Ports and Shipping 2019
▪ 20/03/2019 – 21/03/2019	Mombasa	21st Intermodal Africa 2019

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