

Newsletter

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Link road, rail, sea!

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PORTS AND TERMINALS

CHINA CONTINUES INVESTMENT IN OVERSEAS PORT ASSETS, BUT HASN'T REACHED HIGH TIDES YET

Chinese companies have been ramping up their efforts in acquiring port assets around the world.

Experts say, while not totally trouble-free, investment in port assets could turn out to be a good bargain.

Such efforts have also been intensifying the economic relations between China and the countries of the purchased ports.

Experts have forecast a rising trend in Chinese global port assets shopping for the coming decade, as China emerges as a maritime power.

As the world's shipping and harbor industry undergoes a fundamental restructuring process, countries from around the world want a slice of it, which has caused a recent spending binge, said Luo Hu, deputy director at the research and consulting center of China COSCO SHIPPING Corp.

For China, its investment in the world's ports has doubled over the past year after announcing plans to buy or invest in nine overseas port projects from June 2016 to June 2017, the Financial Times (FT) reported on July 16, citing a study conducted by London-based investment bank Grisons Peak.

These projects valued at a total of \$20.1 billion, doubling the \$9.97 billion figures Chinese overseas port projects valued in the year-ago period, the FT report said.

"Entering into the post financial crisis era, the world's merchant fleets started making themselves bigger and bigger to reverse slack business, and shipping companies forged alliances.

In the meantime, the world's shipping vessels grew tremendously in size," Luo told the Global Times on Monday.

The demand for the development of the Arctic shipping route as well as the expansion of Egypt's Suez Canal and the Panama Canal caused a worldwide systematic overhaul of the world's ports to make them wider and deeper yet smarter and greener, Luo noted.

“Keeping the bigger picture in mind, the volume of investment mentioned in the FT report is not so impressive.

Perhaps what makes China a ‘media darling’ in shipping news is its status as an emerging player and that it has switched its gears up recently,” Luo said.

Spending binge

Many shipping-related investments are made by China Merchants Port Holdings and China COSCO SHIPPING Corp.



China Merchants Port Holdings Co Ltd said that through banking on the China-proposed “Belt and Road” (B&R) initiative, it is actively looking for investment opportunities at overseas ports, logistics facilities and related

infrastructures to optimize its global port network.

The company’s invested-in venues include Djibouti and Turkey’s Kumport.

In 2016, container throughput at overseas ports owned by the China Merchants Port Holdings Co Ltd accounted for 17.7 percent of the company’s total container volume, with overseas ventures becoming increasingly important vehicles for growth drive, the company said in a statement sent to the Global Times on Friday.

As of the end of 2016, the company owned 28 ports in 15 countries and regions.

Currently, the company is looking at Southeast Asia, South Asia, Central and Eastern Europe, the east and west coasts of Africa and Latin America as possible investment destinations, according to the statement.

Zheng Ping, chief analyst of Beijing-based industry news site chineseport.cn, told the Global Times Sunday that China’s merchant fleets are already the No.3 or the No.4 in the world, with its domestic port assets pertaining to world class standards, but China’s overseas port assets still fall short.

“While merchant fleets are floating on the ocean, overseas port assets are like catapults launching the local economy into steady growth and further

strengthening economic relations between China and the country where the port sits.

Port assets are also often bundled with development strategies involving industries and urban areas that surround the ports," Zheng said.

"The investment in ports serves as a mechanism for China to export its capital, management expertise, equipment and even development models," Zheng noted.

China Communications Construction Co (CCCC) has completed 95 deep-sea berths in B&R regions and provided 754 quay cranes, according to a statement the company sent to the Global Times.

ZPMC, a container quay crane maker under CCCC, owns about 80 percent of global market shares.

Rising Chinese investment

"It is not just about obtaining a stake in a port, but also about buying a port, sending or attracting ships loaded with goods and having a plan ready in hand for future development.

It is the actions taken after the acquisition that really characterizes Chinese companies' abilities," Luo said.

The invested ports became important links for the B&R initiative.

For instance, the throughput of the Port of Piraeus in Greece has been improving greatly after obtaining investment from COSCO and the port has now become a pivotal transport artery stretching across Central Europe, Luo said.

However, some of these commercial projects are met with challenges.

For example, they are being doubted by some in the West over potential military use, and the operation of overseas projects has to withstand pressure from foreign law, media and unions, said Zheng.

"But those that can withstand the initial pressure have turned out to be sound," he opined.

China Merchants Port Holdings Co Ltd said it plans to build its overseas port assets into the trading posts of the B&R and to explore the development model of its port with regard to the integration of industrial parks and urban development.

Such a model is based on the development of Shekou in Shenzhen, South China's Guangdong Province.

Ports acquired by the company have also seen a rise in throughput in recent years.

In the first half of 2017, throughput at China Merchants Port's two green-field projects – Colombo International Container Terminals Ltd (CICT) in Sri Lanka and Lome Container Terminal (LCT) in Togo, West Africa – increased 21.2 percent and 42.2 percent from that of last year, respectively.

In 2016, terminals operated by the CICT handled more than 2 million twenty-foot equivalent units (TEUs) for the first time in history.

The figure was up 28 percent year-on-year.

The FT report said nearly two-thirds of the world's top 50 ports had some degree of Chinese investment in 2015, up from about one-fifth in 2010.

This, and the fact that six of the world's top 10 container ports are in China, have made Chinese port operators the world leaders, the FT report said.

However, Chinese investment is heavily concentrated in the emerging markets.

Also, there are less significant investments or shareholdings in the world's shipping hubs because this is where old money lies, which is off limits to Chinese investment, Luo noted.

Good investment target

"Putting the accuracy of the FT data aside, such a level of investment could extend well until the current circle expires, which could last for another decade," Luo said.

The world's investors are distressed by an acute shortage of bankable projects.

Financial investors are willing to invest in ports, which, if successful, can generate long-term stable returns over several decades, compared with some traditional cyclic businesses, Luo said.

Zheng predicted that overseas asset ownership and enhanced economic relations between China and its maritime trading partners "will provide a great breeding ground – including insurance, consultation, and the compilation of key industrial indexes – for China to develop its services industry for maritime trading."

(from: hellenicshippingnews.com, July 27th 2017)

TOP EU CONTAINER PORT REGIONS (2007-2016): THE RISE OF SOUTH EUROPE

Total container throughput in the EU increased by 13.9% between pre-crisis year 2007 and 2016.

Rotterdam is the largest container port in Europe (12.38 million TEU in 2016) followed by Antwerp (10.04 million TEU) and Hamburg (8.91 million TEU).

When grouping seaports together in multiple-port regions we get a better picture of the container port handling hotspots in Europe.

Observation 1 – The Rhine-Scheldt Delta is, more than ever, the stronghold of the Hamburg-Le Havre range

With 24 million TEU handled in 2016, the Rhine-Scheldt Delta remains the most important container port region in Europe in volume terms.

Compared to 2007, the Delta's container throughput increased by 2.47 million TEU or 11.5%.

The share of the Rhine-Scheldt Delta in total EU container throughput shows moderate fluctuations in the 23-25% range since 2007.

In 2016, its share reached 23.4% compared to 23.9% in 2007.

Rotterdam and Antwerp, the largest container ports in the region and Europe, have seen healthy growth figures in the period 2007-2016 (i.e. 14.8% and 22.8% respectively).

Belgian coastal port Zeebrugge witnessed a decrease of 31% in the same period, mainly caused by a weakening position in the calling patterns of alliances/carriers on the Europe-Far East trade.

Observation 2 – North-German port system back at pre-crisis volumes, but not more than that

The North-German container ports (initially only Hamburg and Bremerhaven, but since 2012 also Wilhelmshaven) managed to increase the joint traffic share in Europe from 13% in the late 1990s to 16.5% in 2007.

Bremerhaven's volume surge and Hamburg's pivotal role in feeder flows to the Baltic and rail-based flows to the developing economies in East and Central Europe were the main causes.

However, sharp volume drops in 2009, i.e. minus 28% in Hamburg mainly due to a loss of transshipment flows to Rotterdam and minus 16% in Bremerhaven, brought the traffic share below 15%.

By 2012 the region's position recovered to 15.8%, but then gradually slipped to 14.6% in 2016.

The North German port system recorded a minuscule growth of 0.6% between 2007 and 2016 to reach 14.94 million TEU in 2016.

The region welcomed newcomer Wilhelmshaven in 2012 when the JadeWeserPort was opened for business.

With a volume of 481,720 TEU in 2016, volume growth at the new large scale terminal facility is picking up although the overall volume remains far below the terminal's capacity.

Hamburg's container volume in 2016 was 10% below its record year 2007.

The deepening of the Elbe river is high on the agenda in Hamburg as the port is currently facing some restrictions to accommodate the largest container vessels.

Observation 3 – Seine Estuary below 2007 volume, but stable volume share in past few years

The Seine Estuary, the third region in the Le Havre-Hamburg range, suffered from a gradual decline in its share from 5.5% in 1989 to 3.0% in 2007.

The 'Port 2000' terminals in Le Havre, a new hinterland strategy, the completed port reform process and the HAROPA initiative aimed at closer cooperation between Le Havre, Rouen and the inland port of Paris are aimed at a 'renaissance' of Le Havre.

While the Seine Estuary's TEU throughput is about 8% below the 2007 volume, the region's share in European container traffic remained rather stable at 2.5% in the past few years.

Observation 4 – Southern European ports are on the rise

The graph clearly shows that port regions in south Europe (all indicated in red) are the major winners in volume terms in the period 2007-2016.

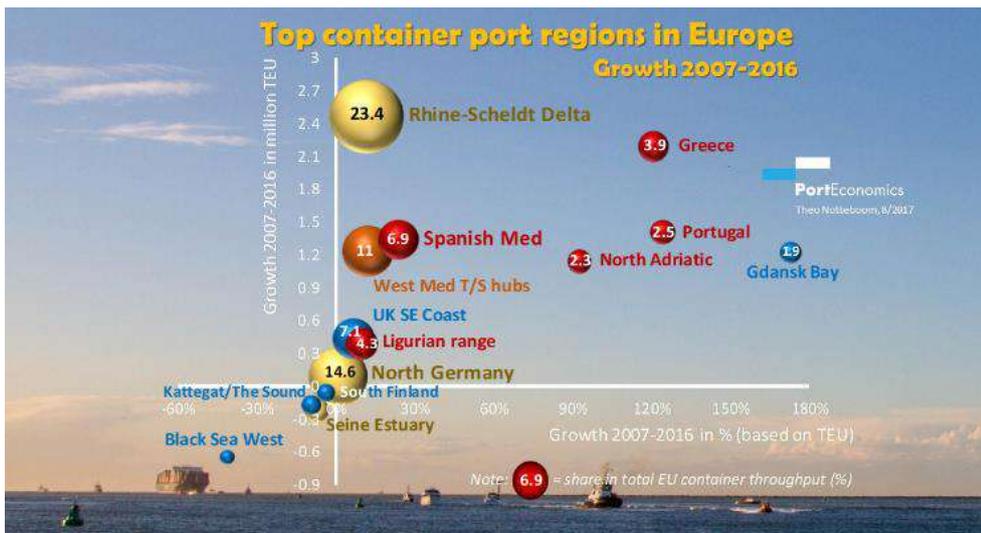
Piraeus is responsible for the steep growth of the Greek container port system.

The port's container volume increased from 1.37 million TEU in 2007 to 3.67 million TEU in 2016.

Despite traffic losses in Thessaloniki during the same period, Greece now ranks as the seventh largest container port region in Europe with a share of 3.9% of total EU container throughput (up from 2% in 2007).

The region recorded the second highest TEU growth in Europe in the period 2007-2016 (only preceded by the Rhine-Scheldt Delta) and the third largest growth in percentage terms (after Gdansk Bay and the Portuguese port system).

Portuguese ports are trying very hard to expand business by developing a transshipment role as well as tapping into the Spanish market through rail corridor formation and dry port development.



Portuguese port system succeeded to lift its European share to 2.5% in 2016 (up from 1.3% in 2007).

The port of Sines recorded the strongest traffic growth mainly due to increasing volume commitments of MSC and a further extension of the PSA/MSC operated terminal facility.

Sines reached 1.51 million TEU in 2016, 10 times more than in 2007.

The volume of Leixoes increased by 50% in the same period, while Lisbon handled 30% fewer West containers in 2016 compared to 2007.

For a long time, the North-Adriatic ports had been facing lower than average growth rates.

However, since the crisis year 2009 the tide seems to have turned.

In 2016, this port region already represented 2.3% of the total European container volume.

In the 2007-2016 period, the North Adriatic added 1.15 million TEU to its container throughput or a high growth of 92%.

The cooperation agreement NAPA (North Adriatic Ports Association) underlines the ambition of the region to develop a gateway function to Eastern and Central Europe and the Alpine region.

The port region is also very active in tapping into the One Belt One Road (OBOR) initiative.

Before the crisis, the Spanish Med port region recorded a growth of its European share from 4% in 1993 to 6.3% in 2007.

By 2016, its share increased further to 6.9% representing a growth of 1.34 million TEU or 23.6% compared to 2007.

However, the growth path of the individual ports is quite different.

Barcelona was hit hard by the crisis with a volume drop from 2.57 million TEU in 2008 to 1.8 million TEU in 2009.

Container activities started to recover only in the past few years to reach 2.24 million TEU in 2016.

At the other extreme, Valencia recorded a spectacular and consistent growth (also during 2009) from 3.6 million TEU in 2008 to 4.47 million TEU in 2012.

MSC's choice to use the port as a hub for the region boosted transshipment volumes.

After a short period of stagnation, growth resumed in the past few years to reach 4.72 million TEU.

Malaga and Tarragona are among the smaller container ports in this port region.

Ligurian ports in Italy represent some 4.3% of the total European port volume in the past few years, a decline compared to 6-7% throughout the 1980s and 1990s.

The port system saw a modest growth of 9.8% in the 2007-2016 period.

It is the only south European port region showing a figure below the 13.9% growth of the entire EU port system.

Genoa, the largest port in the region with 2.3 million TEU in 2016, is the strongest grower in the 2007-2016 timeframe (+24%).

Ligurian ports rely heavily on the cargo rich economic centres in northern Italy.

Observation 5 – Strong growth differences between Europe’s ‘pure’ transshipment hubs in the West Med

The ‘pure’ transshipment hubs in the West Med emerged in the mid 1990s mainly to serve the growing number of Asia-Med services.

Combined, these hubs saw a growth of 12% and 1.2 million TEU in the 2007-2016 timeframe.

Algeciras at the southern tip of the Iberian Peninsula was the first to reap the benefits of its geographical location, but is now facing strong competition from newer kids on the transshipment business block such as Tanger Med (Morocco) and Sines (Atlantic side).

Still, Algeciras managed to realize a growth of 39% between 2007 and 2016 to reach a record throughput of 4.76 million TEU last year.

The Italian transshipment hubs showed mixed results.

Gioia Tauro passed the 3 million TEU marker back in 2003, but has been facing some up and downs since then.

The port recorded a traffic loss of 17% between 2007 and 2016.

Taranto reached nearly 0.9 million TEU in 2006, but at present does no longer play a role in the transshipment market.

Cagliari’s container traffic has been fluctuating around 600,000 TEU since 2005.

Observation 6 – Revival of the UK Southeast coast?

In the 2007-2016 period, the UK SE Coast port region added 0.44 million TEU to its container throughput.

This represents a modest growth of 6.4% or less than half the growth of the total EU container port system in the same period.

This port region witnessed a rather significant decrease in its EU container share till the early 2010s.

With new capacity in place, the UK ports have been able to attract more direct calls and to increase their joint share from 6.4% in 2012 to 7.1% in 2016.

Felixstowe and Southampton remain the main gateways in the UK container port system, while Thamesport gradually lost its role as port of call on the major east-west trade routes.

The relatively new London Gateway is starting to have an impact on competitive dynamics as well.

Observation 7 – Gdansk bay as star region in the Baltic/Scandinavia

In the last couple of years, the ports in the Bay of Gdansk are witnessing a healthy growth and an increasing traffic share in Europe (now 1.9% compared to 0.8% in 2007 and 0.5% in 2004).

In the 2007-2016 period, the Gdansk bay port region added 1.23 million TEU to its container throughput or a high growth of 173%.

For a long time, the Polish load centres were bound by their feeder port status, competing with main port Hamburg for the Polish hinterland.

However, the Polish port reform process gave impetus to the development of new container handling facilities.

While Gdynia gained only 4.5% more container volume in the period 2007-2016, Gdansk saw a steep growth from 97,000 TEU in 2007 to 1.3 million TEU in 2016.

The DCT facility in Gdansk serves as a port of call on some of the main Europe-Far East services.

The port is determined to become a hub for Central and Eastern Europe and Russia.

The success of the Gdansk bay port region is in contrast to the modest traffic losses in the port system at the entrance of the Baltic (Kattegat/the Sound) and South Finland.

While both port regions are losing ground in traffic terms, Scandinavian ports remain highly dynamic players in the market and are European pioneers in far-reaching port cooperation schemes and sustainable port development.

For example, the port of Gothenburg in Sweden serves as a good practice in intermodal network development: half of the port's container volume is transported inland via an extensive domestic rail network of container shuttles.

Observation 8 – No revival (yet) of the EU Black Sea ports

The Black Sea ports, Constantza in particular, were on the rise in the early 2000s from virtually no traffic to a European share of 1.7% in 2008.

Constantza attracted terminal investments given its potential to serve as a gateway to eastern Europe and a transshipment hub for the Black Sea area.

The crisis abruptly ended this unfolding success story: Constantza's container throughput fell sharply from 1.38 million TEU in 2008 to 594,299 TEU in 2009.

In the following years, the port could only present a modest growth to reach 711,339 TEU in 2016.

The Bulgarian ports of Varna and Burgas remain small players in the container market.

Overall, the western part of the Black Sea port region recorded a decline of some 640,000 TEU in the 2007-2016 period which represents a traffic loss of some 42%.

The traffic decline in Black sea ports is in sharp contrast to strong growth witnessed at Piraeus and Turkish deepsea ports near the Sea of Marmara.

This development demonstrates shipping lines for the time being prefer a hub-feeder model in the Med to service the Black Sea area instead of direct deepsea calls in the Black Sea.

Source: Theo Notteboom, Professor in Port and Maritime Economics and Management.

(from: hellenicshippingnews.com, August 7th 2017)

MARITIME TRANSPORT

CONTAINER SHIPPING'S CONSOLIDATION IS 'CREATING AN OLIGOPOLY'

The rapidly consolidating liner sector is becoming increasingly oligopolistic, setting the scene for a return to industry profitability this year on the back of an "unprecedented" 16% estimated increase in average global freight rates, according to container shipping and logistics analyst Drewry.

Speaking in a webinar yesterday, Philip Damas, director of Drewry's Supply Chain Advisors, said the bankruptcy of Hanjin last year and frantic liner merger and acquisition (M&A) activity in the last few years constituted a fundamental structural shift in the carrier base and the competitive forces in container shipping.

Most noticeably, he said, this was evident in the reduction of global liner operators from about 20 to 11 in just two years.

This restructure would force shippers and suppliers to look for new strategies when doing business with shipping lines, and help lines manage excess supply and, potentially, prices in the coming years.

"This is a significant decrease in the number of global carriers," said Damas.

"And this, we suggest, will have deep repercussions on the entire industry – on shippers, on suppliers, shipyards and also on the level of competition between the carriers, because the container industry is frankly moving towards oligopoly.

This will give carriers much more control than they have had in the past."

Martin Dixon, director of research products at Drewry, said the restructure had created "a very different playing field" in terms of the number of lines shippers could now choose from.

"And the risk really to shippers here is that the tide of low freight rates is clearly reversing," he added.

"We're forecasting that rates will rise on average by 16% this year – this is on average across all the different trade routes, head-haul and back-haul, east-west and north-south.

So it's quite an unprecedented rise in overall rates.

On some routes the increase in rates will be significantly greater than that.

And we expect next year that rates will continue to rise."

The shift in power from shippers to lines will help enable carriers to overcome excesses of slot capacity, according to Drewry.

Dixon outlined that while the supply-demand balance had tightened since 2015, not least due to a record 660,000 TEU of scrapping in 2016, many newbuild deliveries had been deferred.



As a result, the orderbook still stands at over 3 million TEU and some 57 ultra-large container vessels of at least 18,000 TEU capacity are due to be delivered.

This will see vessel supply growth accelerate this year to around 3% and then surge by 5% in 2018.

"A number of ships in the 13,500 TEU to 16,000 TEU size range will remarkably become too small for the Asia to Europe trade and these will be progressively moved into the Transpacific, Asia-Med and Asia-Middle East trade lanes over that period," Dixon added.

However, Damas said that even though demand growth of 3.5% is forecast for 2018 versus supply growth of around 5%, lines would still hold most of the cards in freight negotiations.

"Overall the trend towards a tightening of capacity will stop and will be reversed a bit," he said.

"But these numbers in my mind are not large enough to stop the momentum which is currently in favour of carriers.

There will be some areas of weakness, particularly for the spot market on some routes.

But I don't think it will be anywhere near as bad as what we saw in 2015 where there was a complete overcapacity crisis."

Damas continued: "There is also clearly much lower risks for investors – we see a return to profitability for the carrier industry this year, particularly for the larger and stronger carriers.

The container shipping industry is going to move from fairly large deficit in 2016 to a profit this year which we estimate will be about \$5 billion dollars."

(from: lloydsloadinglist.com, July 26th 2017)

SPECTRE OF OVERCAPACITY RETURNS TO HAUNT LINER SHIPPING AS NEWBUILDS QUEUE UP

The spectre of overcapacity is clouding recent analyst optimism that ocean carriers could be heading for a period of sustained profitability.

During the first six months of this year, 26 newbuild ships of 14,000 teu-plus have been delivered – many of which will have been deployed between Asia and Europe, and according to Alphaliner, at least one new ultra-large vessel a week is set to be delivered before the market slips into the traditional slack season in October.

Plus, encouraged by better-than-expected demand, several carriers have brought forward the delivery dates of large newbuild orders, added the consultant.

They had pushed back the deliveries, based on the less-optimistic forecast a year ago.



Bringing forward ULCV delivery dates has also been prompted by a dearth of spot tonnage charter availability in the larger sectors.

And with the height of the peak season still to come, carriers are getting worried that they might not be able to take full advantage of the strong demand.

The current optimism is supported by Alphaliner's bellwether idle fleet chart, which has shrunk to its lowest level for two years at 176 ships for 472,995 teu, representing just 2.3% of global cellular tonnage.

According to Alphaliner data from 24 July, there were just seven 5,100-7,499 teu ships open for charter, seven vessels of 7,500-11,999 teu available, and only one ship of over 12,000 teu that could be fixed for employment.

But it is what happens after the peak season that gives concern.

With more than 700,000 teu of new capacity expected to hit the water during the next five months, supply could once again get out of control, Alphaliner warned, suggesting that laid-up tonnage could rocket to just under 1m teu again by the end of the year.

The slowdown in the demolition market since April – a consequence of perceived improvements in the charter market – will not now receive a boost from the enforced scrapping of non-compliant middle-aged ships, following the postponement of new ballast water regulations for two years.

However, the orderbooks of Asian shipyards are virtually empty, and the supply of new tonnage will dry up.

For the South Korean yards this means massive lay-offs of workers over the next year or so.

The yards are trying to diversify into other sectors, such as cruise ships, supply and off-shore vessels, but this is unlikely to improve their position dramatically.

So any carrier that regains its appetite for ordering ULCVs will receive an extremely competitive price.

Meanwhile, unsubstantiated rumours have been circling that CMA CGM is ready to return to ordering, and its forthcoming demotion to fourth-largest carrier, following the takeover of OOCL, could prompt the French carrier into swift action.

According to a Splash247 report today, CMA CGM is said to be about to order a series of 22,000 teu ships from Chinese or South Korean yards.

(from: theloadstar.co.uk, August 2nd 2017)

KOREA'S 14 CONTAINER SHIPPING LINES TO FORM NATIONAL PARTNERSHIP

Amid a slow recovery in the sector, South Korea's container shipping companies are banding together to present a united front in the face of an increasingly competitive global market and in light of Hanjin Shipping's demise.

According to a statement from the Korea Shipowners Association, the nation's 14 boxship owners are scheduled to ink a memorandum of understanding as they seek to form a national shipping consortium, named Korea Shipping Partnership.

The companies are Hyundai Merchant Marine, CK Line, Dongjin Shipping, Don Woo Shipping, Dong Young Shipping, Hansung Line, Heung-A Shipping, KMTC, Namsung Shipping, Pan Continental Shipping, Pan Ocean, Sinokor Shipping, SM Line and Tai Young Shipping, according to an HMM official.

Through the agreement, the shipping lines intend to make themselves more competitive by sharing cargo capacity on vessels, rationalising trade routes, jointly forming and operating new routes, and implementing the joint utilisation of overseas terminals to optimise costs and improve the quality of services to clients.



The partnership plans to establish operational guidelines this year and expects to start operations in full by 2018.

In the meantime, the Korea Shipowners Association will be responsible for the administrative functions of the partnership.

The collaboration will be the first of its kind in terms of scale.

There have been smaller partnerships such as Hyundai Merchant Marine's HMM plus K2.

In January this year, HMM inked an MOU with Heung-A Shipping and Sinokor to form the aforementioned consortium to strengthen its regional presence in the intra-Asia trade.

The collaboration involves vessel sharing, slot exchange and slot purchases.

The Korean shipping lines' move follows the Japanese trio of MOL, NYK and K Line establishing a holding and operating entity named Ocean Network Express to improve their global competitiveness amid an unprecedented round of mergers and consolidations, on top of the formation of global alliances among major industry players.

The three Japanese lines are already members of The Alliance, along with Germany's Hapag-Lloyd and Taiwan's Yang Ming Marine.

(from: lloydsloadinglist.com, August 7th 2017)

RAIL TRANSPORT

HOW 3D PRINTING IS REVOLUTIONISING RAILWAYS AROUND THE WORLD

In the field of medicine, it can manufacture fully customisable artificial limbs.

In catering, it could expedite the delivery of food.

And in creative spheres, it promises to change the face of art – quite literally!

3D printing – also known as additive manufacturing – has been around for decades but has slowly moved towards the mainstream as it becomes increasingly commercialised.

A number of sectors have found ways it can benefit them but what use is 3D printing currently having on railways around the world?

The United States of America

Rail freight operator Union Pacific (UP) first experimented with 3D printing in 2013.

Back then, it created a handheld automatic equipment identification (AEI) device, which is used to track rolling stock and make sure it's assembled in the correct order.

Early prototypes were fragile but UP has stuck with the technology and continues to embrace it four years down the line.

"Today, we're using tougher plastic, allowing 3D printed parts to be dropped or treated like any other piece of equipment," says UP's senior system engineer Royce Connerley.

"It's critical in a railroading environment."

In a basement room of UP's Omaha headquarters, in Nebraska, the company's 3D printer runs constantly.

The process begins when engineers create a virtual design of the object they want to create using computer aided design (CAD) software.

From there, the process is as easy as clicking file and print, according to UP.

Once it's finished, the product needs to be cleaned before it's ready to be used.

Printing 3D parts in-house has accelerated UP's rate of change by removing the need to go back and forth with an external party.

Connerley says design tweaks can be made, and new 3D parts printed, "within hours".

UP's 3D printer is playing a critical role in machine vision, the company's automatic laser inspection system.

Using the printer, the team at UP designed a crucial component that blows air across the laser for cooling and provides outward air flow to keep debris out.

The operator says that 3D printing gives it "a competitive edge" and "room to experiment in ways never previously dreamed".

For now, it seems the technology is just used for experimental purposes but it is still in its relatively early days.

Great Britain

In England, Scotland and Wales, the arms-length public body Network Rail owns and operates 20,000 miles of track but 3D printing currently plays no part in its maintenance operations, according to a spokesperson.

That does not mean, however, that 3D printing is not being talked about in the country's industry.

A group of researchers from the University of Birmingham is looking at using it to automate inspection techniques, adding material back onto the surface of wheels to repair damage as it's detected.

The group is assessing the feasibility, so it's still in its early stages, but it has the potential to reduce train maintenance costs by reducing inspection times and extending the life of wheelsets.

Germany

From headrests to ventilation grilles and braille signage, Deutsche Bahn (DB) – the largest railway operator in Europe – has already made 1,000 spare parts using 3D printers.

It expects that number to double by the end of 2017 and has even more ambitious plans for 2018, planning as many as 15,000 components.

The first spare part was a coat hook made of plastic but now metal items are also being produced.

Using this technology, DB has even been able to fabricate terminal boxes for Germany's high-speed ICE trains.



Not only is it more flexible and cheaper, says DB, but faster too, expediting the production of spare parts to get trains back operating as soon as possible.

Meanwhile, in the Bavarian city of Erlangen, Siemens has opened up an additive manufacturing centre which continuously produces spare parts to specification for the

railway industry.

Instead of weeks or months, the production and delivery time is shortened to days, all without the need for ordering a minimum amount.

Around 460 spare part models are 'stored' in its virtual warehouse but, in the future, Siemens wants to reduce the amount of stock, saving on storage costs in the process.

The municipal transport company in Ulm, Germany, has been one of the beneficiaries.

After the company launched a small fleet of Siemens Combino streetcars in 2003, several streetcar drivers said they would like to have additional switches on the driver's seat armrest for the turn signals and for setting switch rails.

But, because the number of units required was very small, conventional manufacturing methods would have been impractical.

Thanks to a digital model of the armrest, Siemens announced in April 2017, that it was possible to redesign it with cavities into which switches could be installed.

In addition, it is also possible to remanufacture parts which are no longer available off the shelf.

Some items are too big to be made inside the chamber of Siemens' 3D printer but a part can sometimes be assembled through a number of smaller components.

The above is but a snapshot into how the industry is adapting to 3D printing.

As it becomes cheaper, more accessible and as its applications grow in number, 3D printing could revolutionise the means of production and, who knows, one day we might see passenger trains being made in factory-sized 3D printers.

(from: globalrailnews.com, July 25th 2017)

RAIL FREIGHT NETHERLANDS-ITALY SURGED WITH TWO-THIRDS

Rail freight between the Netherlands and Italy has surged with two-third between 2010 and 2016, concluded Statistics Netherlands (CBS).

The Netherlands ships twice as much freight by rail than by road transport to Italy.

Accounting for 15 per cent of all freight transported to and from the Netherlands by rail, Italy is the second biggest rail freight partner for the Netherlands.

Around two-third of the total moves between the Netherlands and Germany.

However, freight transport to and from Germany has declined, while 2016 witnessed an even steeper increase of the volumes of freight transported between the Netherlands and Italy than in the year before.

Success factors

Rail freight volumes from the Netherlands to Italy surpassed volumes transported by road in 2011, a trend which has continued since then.

In 2016, rail freight export to Italy accounted for double the amount as per road for the first time.

A good rail connection and sufficient freight to be transported are key in sustaining a feasible railway connection, CBS stated in its report.

The opening of the Gotthard tunnel in Switzerland has greatly contributed to the expansion of rail freight on this connection.



The journey is now shorter, available to longer trains and can be passed with a higher speed.

For every 100 tonnes transported from the Netherlands to Italy, 83 tonnes found its way in the opposite direction last year.

A total of 3088 tonnes was transported from the Netherlands to Italy per rail, as compared to 1483 tonnes transported per road.

Other figures

Rail freight from, to and within the Netherlands increased by 2,3 per cent, concluded CBS.

The total volume accounted for more than 37 million tonnes, of which 93 per cent was transported across its border.

Rail freight from and to Italy, Belgium and the Czech Republic increased, while volumes decreased between the Netherlands and France, Germany and Switzerland.

While freight transport from the Netherlands has traditionally exceeded its import by rail, import is growing faster than export.

In 2016, import by rail rose with 4,5 per cent, compared to a 1,6 per cent growth of export.

(from: railfreight.com, August 3rd 2017)

ROAD TRANSPORT

COMMISSION INDICATES BREAKTHROUGH ON SAFER TRUCKS

The battle to make urban trucks safer for all road users appears to have taken a significant step forward.

The European Commission has admitted it is considering making the required field of vision for a truck driver dependent on the class of vehicle he or she is driving.

This could mean safer standards come into effect much sooner than originally feared.

Efforts to make the design of goods vehicles safer for all road users have focused on the 'direct vision' field for drivers.

By defining a minimum field of vision that a driver must be able to see without mirrors or cameras, driver blind spots can be reduced.

This should lead to numerous road deaths being avoided, especially among cyclists and pedestrians who many truck drivers do not see.

But progress has been slow, with the Commission promising only to introduce direct-vision standards for the biggest trucks, and then only from 2028.



Now the internal market commissioner Elzbieta Bienkowska has said the Commission is considering differentiating direct-vision requirements by class of vehicle when it revises vehicle safety rules early next year.

This means there could be different requirements for urban delivery vans, construction trucks and long-haul lorries, which would mean truckmakers could adapt each class of vehicle in its fleet more quickly.

T&E's trucks officer Stef Cornelis said: 'The current plan to limit direct vision standards to the biggest trucks is inadequate, and the target date of 2028 is far too late.'

The Commission's plan to differentiate the standard by type of truck will address the problem more directly and allow for quicker solutions, thereby reducing the number of people unnecessarily killed on Europe's roads.'

The Commission's proposals were due by the end of this year but may not be published until early 2018.

Bienkowska's admission that Brussels is considering differentiation by vehicle class came in a response to a parliamentary question from an MEP.

It is available online but has not been widely publicised.

(from: transportenvironment.org, July 26th 2017)

TESLA DEVELOPING SELF-DRIVING TECH FOR TRUCKS

Tesla Inc is developing a long-haul, electric semi-truck that can drive itself and move in "platoons" that automatically follow a lead vehicle, and is getting closer to testing a prototype, according to an email discussion of potential road tests between the car company and the Nevada Department of Motor Vehicles (DMV), seen by Reuters.

Meanwhile, California officials are meeting with Tesla on Wednesday "to talk about Tesla's efforts with autonomous trucks," state DMV spokeswoman Jessica Gonzalez told Reuters.

The correspondence and meeting show that Tesla is putting self-driving technology into the electric truck it has said it plans to unveil in September, and is advancing toward real-life tests, potentially moving it forward in a highly competitive area of commercial transport also being pursued by Uber Technologies Inc [UBER.UL] and Alphabet Inc's Waymo.

After announcing intentions a year ago to produce a heavy-duty electric truck, Musk tweeted in April that the semi-truck would be revealed in September, and repeated that commitment at the company's annual shareholder meeting in June, but he has never mentioned any autonomous-driving capabilities.

Tesla has been a leader in developing self-driving technology for its luxury cars, including the lower-priced Model 3, which it is beginning to manufacture.

Several Silicon Valley companies developing autonomous driving technology are working on long-haul trucks.

They see the industry as a prime early market for the technology, citing the relatively consistent speeds and little cross-traffic trucks face on interstate highways and the benefits of allowing drivers to rest while trucks travel.

Some companies also are working on technology for "platooning", a driving formation where trucks follow one another closely.

If trucks at the back of the formation were able to automatically follow a lead vehicle, that could cut the need for drivers.

Silicon Valley startup Peloton Technology, for example, is working with several truck makers including Volvo on its platooning system, which it sees as a precursor to autonomy.

Tesla's high-flying shares, up almost 70 percent this year, closed down 0.5 percent at \$363.53 on Nasdaq, but rose slightly after hours.

Prototype tests

An email exchange in May and June between Tesla and Nevada DMV representatives included an agenda for a June 16 meeting, along with the Nevada Department of Transportation, to discuss testing of two prototype trucks in Nevada, according to the exchange seen by Reuters.

"To insure we are on the same page, our primary goal is the ability to operate our prototype test trucks in a continuous manner across the state line and within the States of Nevada and California in a platooning and/or Autonomous mode without having a person in the vehicle," Tesla regulatory official Nasser Zamani wrote to Nevada DMV official April Sanborn.



He made no reference to any dates for potential road tests.

No companies yet have tested self-driving trucks in Nevada without a person in the cab.

On July 10, Zamani inquired further to the Nevada DMV about terms for a testing license, an email seen by Reuters shows.

California DMV spokeswoman Gonzalez said that Tesla had requested a meeting on Wednesday to introduce new staff and talk about Tesla's efforts with autonomous trucks.

She said that the DMV was not aware of the level of autonomy in the trucks.

Tesla declined to comment on the matter, referring Reuters to the previous statements by Musk, who has discussed the truck in tweets and at the annual shareholder meeting.

Nevada officials confirmed the meeting with Tesla had occurred and said that Tesla had not applied for a license so far.

They declined to comment further.

Skeptics

Musk has said that potential customers are eager to get a Tesla electric long-haul truck, but he faces doubt that the company can deliver.

While established trucking companies and truck manufacturing startups have poured resources into electrifying local package delivery fleets, battery range limitations have largely kept the industry from making electric trucks that travel across swaths of the country.

Lithium ion battery researcher Venkat Viswanathan of Carnegie Mellon University said electric long-haul trucking is not economically feasible yet.

“Your cargo essentially becomes the battery,” Viswanathan said of the massive batteries that would be needed to make range competitive with diesel.

Diesel trucks used for cross-country hauls by United Parcel Service Inc can travel up to 500 miles (800 km) on a single tank, according to UPS's director of maintenance and engineering, international operations, Scott Phillippi.

By comparison, the company's electric local package delivery trucks travel up to 80 miles on a full charge.

(from: theloadstar.co.uk/reuters.com, August 10th 2017)

INTERMODAL TRANSPORT

OVER 17,000 FREIGHT TRAINS PASSED GOTTHARD BASE TUNNEL

More than 17,000 freight trains have passed through the Gotthard Base Tunnel since its opening in June last year, revealed Swiss Federal Railways (SBB).

Though the construction of what became world's longest railway tunnel has spurred freight movement on the Rotterdam-Genoa corridor, its full potential is yet to be reached in 2020, the national company promises.

The Gotthard Base Tunnel was officially opened on the 1st of June 2016, but full service commenced on the 11th of December of that year.



The first flat, low-level route through the Alps indicated a breakthrough for the rail freight industry operating between northern Europe and Italy and since then, volume numbers have already significantly increased.

Full potential

When the north-south route will be cleared for 750-meter trains with a 4-meter profile, rail freight on this route is anticipated to witness an even further increase.

This is set to happen with the opening of the Ceneri Base Tunnel in 2020, a milestone much anticipated by rail freight operators.

In the past few months, freight trains passing the tunnel averaged 1080 tonnes in weight and 434 meter in length.

With accessibility to 750-meter trains, the maximum weight will be raised from 1600 to 2000 tonnes and the daily capacity will rise from 210 paths to 260, according to SBB.

"With improved production parameters such as these, we are able to produce more efficiently and thus compensate the reduction in operating subsidies," said Bernhard Kunz, Managing Director at Hupac, noting a decrease of route by

30 kilometers, fewer stops to change locomotives and lower energy consumption as contributing factors.

Challenges

There are however challenges on the road.

Currently, the biggest challenge proves the 6-months closure of the Luino line for gauge enhancement work.

A high number of trains are rerouted via the Lötschberg/Simplon axis, causing frequent delays.

Furthermore, waiting times at international borders can be long due to procedural hassles.

This leads to further delays in Switzerland.

“If we want to keep up with the road, standards have to be simplified and harmonised throughout Europe.

This involves qualification procedures for rolling stock, train-path price systems, safety and operating requirements, language regulations for train drivers, and much more”, commented Kunz.

(from: railfreight.com, August 9th 2017)

PIGGYBACK ON ITALIAN ADRIATIC

After many years of waiting, all the main rail freight operators active on Italy's Adriatic coast have announced new services for semi-trailers.

Up to now intermodal rail along the Adriatic has been all but confined to containers, due to structure gauge limitations, but RFI, the Italian rail infrastructure authority, is close to completing clearance work at the key pinchpoint, the tunnel at Ortona (near Pescara).

This is slated for completion at the end of this year, opening the whole line to P400 loading gauge.

In anticipation, GTS Bari is launching a P386 pocket wagon service on the



Adriatic routes covered by the group - Bari-Bologna-Padua and Bari-Piacenza-Milan - with 16 weekly train pairs, and is promising door-to-door transit ties comparable to over the road trucking.

"With the new P386 service we anticipate at least three more train pairs by the end

of the year," said GTS's MD Alessio Muciaccia.

In addition, Interporto Servizi Cargo (ISC) has introduced a semi-trailer service between the Puglia region and the north.

Part of Interporto Campano di Nola (Naples), ISC focuses on trains between Verona and Giovinazzo (Bari) in partnership with Lugo Terminal.

"The new service will allow semi-trailers moving on the Greek and Turkish ferries to be transported to/from the UK, Benelux, Germany and Scandinavia over Verona, thanks to the established services of Verona Quadrante Europa," explained ISC in a press statement.

ISC will also be the first rail freight company to introduce P400 services on the western (Tirrenian) coast, thanks to an agreement with RFI that gives it access to the high speed line from 2019 onwards.

Finally, Hupac has announced a P386 gauge service between Bari and Busto Arsizio, its big rail hub on the Swiss-Italian border.

Some problems remain on the Busto-Bologna and Pescara-Bari sections limiting them to C45/P364 profile, but it is possible to obtain out-of-gauge permits for up to P386 shipments.

Hupac is planning three train pairs/week between Busto and FSI's Ferruccio terminal in Bari.

A semi-trailer service between Pescara and Novara (near Torino, for northern Europe) was started a few months ago by IFR Srl in Pescara and MVT Italia Srl in Novara.

The latter is part of Antwerp's Michel Verscheure Transport BVBA.

(from: worldcargo news.com, August 5th 2017)

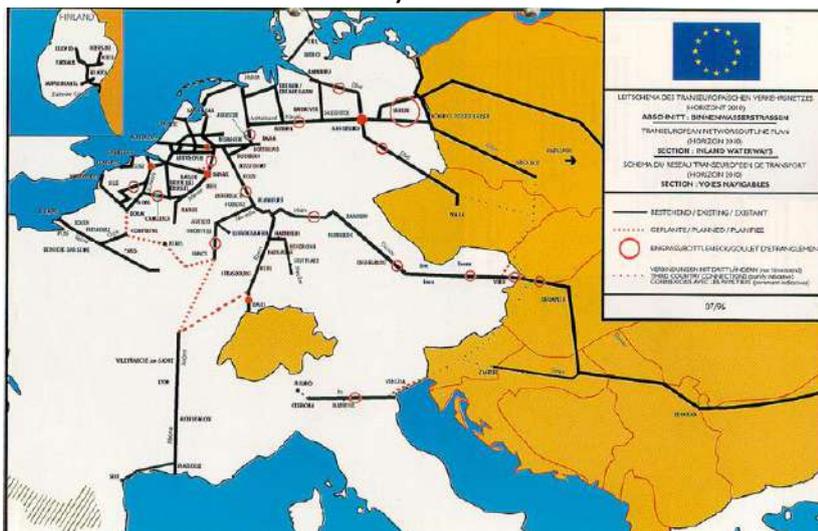
INLAND RIVER TRANSPORT

THE STATE OF THE INLAND WATERWAYS

It is well known that waterway transport offers a powerful sustainable answer to expensive road congestion, with a smaller carbon footprint and an 85% reduction in air pollution.

Some of Europe's largest seaports already use inland waterways to tackle increasing congestion and the lack of rail capacity, including Rotterdam, Antwerp and Hamburg.

But the inland waterways network has been marred by a reputation of slow progress in development over the last few decades.



At least, that was the view of a 2015 report by the European Court of Auditors (ECA), which showed that projects co-funded by the European Union have not been implemented effectively with gains made at the expense of road transport minimal.

Alexander van den Bosch, director, EFIP agrees.

He told GreenPort: "The inland waterway network has a number of critical bottlenecks of which many can be considered cross-border sections as they are situated in border regions between core nodes."

A priority

The European Commission had set inland waterways as a priority back in 2001 with its report *Inland Waterway Transport in Europe*.

It said back then that it would concentrate on funding projects with advanced plans for eliminating bottlenecks.

But the trouble is, according to the ECA, that the cost of eliminating them is in excess of the funding available from the EU budget.

Several European organisations, including the European Sea Ports Organisation (ESPO), the European Federation of Inland Ports (EFIP) and the European Barge Union (EBU) have previously published an open letter regarding their concerns over possible funding concerns.

The ECA's new report (<http://www.greenport.com/news101/Regulation-and-Policy/prioritising-inland-waterways>) recommends that the EC analyses the potential benefits of inland navigation and use this to co-ordinate the implementation of core European TEN-T networks across member states.

It also wants member states to be required to produce detailed national inland waterway maintenance plans.

Bottlenecks

Some examples of these bottlenecks include the low level of bridges in the 19km long canal of the Port of Brussels to the strategic important E40 waterway which connects the Baltic Sea with the Black Sea (through Poland, Belarus and Ukraine).

If this issue was tackled, Mr van den Bosch says, it could open up a market of 100 million people and potentially 4 million tonnes of cargo annually.

Today the E40 is partly unnavigable along the section between Warsaw and Brest, but a canal needs to be built to unlock this potential.

Meanwhile, the Rhine-Danube Corridor, which provides the main east-west link in Europe connecting France and Germany, Austria, the Czech Republic, Slovakia, Hungary, Romania and Bulgaria along the Main and Danube rivers to the Black Sea, is suffering from its own troubles.

Its main missing link concerns the navigability on the Danube River which must be improved in order to offer a real modal choice for freight transport, says Mr van den Bosch.

On-going actions on the Danube include the refurbishment of navigability in the section east of Vienna until the border with Slovakia is successfully dealt through practices currently being tested via a pilot project inside the natural protected area.

The old bridge in Bratislava is being lifted up in order to allow the transit of vessels at category VI and in Hungary, a study has been performed to evaluate the necessary intervention in thirty-one sites.

But works have not yet started as the study is apparently being kept on hold for environmental reasons.

Studies have also been undertaken in the section that forms the border between Bulgaria and Romania.

An inter-ministerial committee has been set up in order to coordinate the efforts and to develop a strategy for a territorial development of the region along the Danube.

In Romania, at Calarasi-Braila, an experimental monitoring programme, supported by the ICPDR, has been set up to evaluate the impact on the flora and fauna during and after the construction of the infrastructures meant to redirect part of the flow from the Bala branch to the main branch of the river.

Going forward

The trouble is, Mr van den Bosch says, is that the job to sort out inland waterways infrastructure is mainly the task of waterway managers.

There are only a few ports where both the waterway manager and port authority are committed to lift bottlenecks which stand in the way of seamless navigation.

Creating a stable investment pipeline when public budgets are under pressure is a huge challenge for the sector especially taking into account the demanding European objectives for inland waterways.

With the emergence of Network Corridors and the Ten-T Comprehensive and Core Networks, inland ports have increased opportunities to influence the environmental management of the hinterland connections and performance of logistic services.

As seaports have taken on the remit of environmental considerations to include port-city links and the logistic chain, so the brief for inland ports has evolved exponentially to include considerations far outside the immediate port area.

The connection to inland waterways is also crucial for inland ports to turn into multi-modal hubs and poles of regional development.

By the year 2030, The European Commission wants as much as 30% of the European Union road transport to be diversified to include other means of transportation, including inland waterways (a target of 50% has been set by 2050).

Mr van den Bosch says in the EU, inland waterways transport with its 40,000 km navigable waterways, has a commendable 6.9% share of freight volume in

the EU, which is considerably higher in countries with good waterway infrastructure - The Netherlands, Belgium, Germany.

But there is still a lot of potential to be untapped, especially on The Danube and the Oder.

If it is ever to discover this untapped potential, greater effort is needed to create a connected Europe with a sustainable transport strategy, Mr van den Bosch concludes.

(from: greenport.com, July 26th 2017)

LOGISTICS

3PLS PREPARE TO SEE OFF DIGITAL START-UPS

The major recent investments in innovation and technology by a number of large third-party logistics providers (3PLs) may limit the opportunities of digital start-ups in the sector, some of whom may decide their future lies in niche sectors or partnering with 'bricks and mortar' rivals rather than remaining independent.

That's the view of leading industry analyst Evan Armstrong, president of 3PL market research company Armstrong & Associates, who told Lloyd's Loading List: "In third-party logistics, technology can disrupt and create competitive advantage until it is replicated and becomes commonplace across multiple 3PLs.

This adaptation tends to take from six months to two years.

Startups need to act fast to build on technological advantage before it is replicated.

The other option is to sell to a 3PL."

In his company's Third-Party Logistics Market Results and Trends for 2017 report last month, Armstrong highlighted "the interesting competitive paradigm" that had developed in the marketplace, where large 3PLs were perceived as "not innovating", while innovative start-ups were perceived as being unable to develop a network scale.

"The consensus is that large 3PLs will be acquiring, or leveraging, the technology developed by the most interesting innovators - such as the deal DB Schenker has done with uShip in Europe.

Similarly, Amazon acquired Kiva Systems, which is now Amazon Robotics," Armstrong noted.

But innovation was now also being driven by 3PLs more than ever, as well as by IT companies.

This could render the need for 'tech' acquisitions by some 3PLs superfluous.

"Most large 3PLs have more people in IT and financial resources than startups," Armstrong noted.

"The key is to build a culture of innovation.

We feel that many large 3PLs such as DHL Supply Chain, C.H. Robinson, Transplace, and (UPS-owned) Coyote Logistics are also leaders in innovation."

He noted the recent financial support from venture capitalists into US digital freight-booking startups



Convoy and Transfix, which secured combined funding of more than \$100 million, but added: "The approximate \$300 million plus of venture capital investment in 'digital freight matching' companies, such as Convoy, is still relatively small considering trucking costs exceed \$3 trillion globally and \$742 billion in the US alone."

Armstrong believes that the future of the so-called disruptors as 'stand-alones' lies in a tighter market focus.

"You can have the best app in the world, but unless you can offer a significant amount of volume to the carriers you work with, you're not going to be able to negotiate the most competitive rates with those

carriers.

So, startups such as Uber Freight, Convoy, and Transfix, in the digital freight matching space, must cater to mid to small sized shippers for volumes, given their lack of network scale and limited pricing leverage.

Most large shippers have established and in some cases highly-integrated relationships with 3PLs and transportation providers and have less interest in using a startup app for significant volumes."

Asked about Amazon's ambitions in logistics and freight forwarding, Armstrong noted: "Amazon has to build significant infrastructure to support its rapidly growing book of e-commerce business.



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If it does enter the 3PL space as a provider over and beyond its current Amazon Marketplace sell, I think many mid to small size shippers could benefit from its fulfillment expertise and leverage Amazon's lower transportation rates."

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

LAW & REGULATION

IMO TO LOOK AT SULPHUR VERIFICATION FOR 'IN USE' SAMPLES TAKEN FROM SHIPS

A proposal to apply the same sulphur verification procedure to samples taken from ships as the one prescribed by MARPOL Annex VI for the representative fuel oil sample taken at the time of delivery (the MARPOL sample) received wide support at the 71st session of the Marine Environment Protection Committee last week.

The proposal, put forward by China, noted: "Onboard sampling is an essential tool to verify the sulphur content of the "fuel oil used on board ships".

Some port States, such as the European Union (EU) States, the United States and China, have already started to sample fuel oil being used on board ships.

However, there is only a fuel oil verification procedure for the MARPOL samples, as required by appendix VI of MARPOL Annex VI.

As for in-use fuel oil samples, no harmonized verification method and procedure has been developed."

MEPC 70 approved MEPC.1/Circ.864 on Guidelines for onboard sampling for the verification of the sulphur content of fuel oil used on board ships, as the Committee recognised the need to establish an agreed method for sampling to enable effective control and enforcement of Regulation 14 of MARPOL Annex VI. Regulation 14 stipulates the relevant sulphur limits applying to fuel oils used by ships.

China proposed that regulation 18 of MARPOL Annex VI be amended to stipulate that the verification procedure for in-use fuel oil samples should be consistent with the procedure of the MARPOL sample, and that appendix VI of MARPOL Annex VI be amended to make it suitable for both the MARPOL sample and in-use fuel oil sample.

In discussions, several member states and shipping organisations supported the Chinese proposal, in particular with regard to using the same sulphur verification procedure for both in-use and MARPOL samples, but some practical and regulatory concerns were raised.

One delegation noted that Annex VI has no requirement to take in-use samples, and seeing as the taking of in-use samples are covered by guidelines, the verification procedure should also be addressed in a guideline.

Another delegation noted that any amendment should not be to Regulation 18, which relates to fuel oil quality as delivered to ship, but rather under regulation 14, because the in-use sample will be a physical representation of the fuel that the ship is actually burning.

IBIA also commented on the Chinese proposal at MEPC 71, supporting the



observation in China's proposed amendment to appendix VI of MARPOL Annex VI that the in-use fuel oil sample shall be used to verify the sulphur content of the fuel oil being used on board ships, while the representative fuel oil sample taken at the time of delivery, which we know as the MARPOL sample, shall be used to verify the sulphur content of the fuel oil

supplied to a ship.

IBIA also supported China's observation that seeing as appendix V of MARPOL Annex VI requires that the sulphur content of the MARPOL sample should be tested in accordance with ISO 8754:2003, the same test method should be applied for testing of in-use samples.

"As for the issue of the sulphur verification procedure for the in-use sample, we believe more work is needed because if it is applied as proposed, there is a risk of ships being falsely found 'guilty' of non-compliance. I'm not going into detail on that now but we think that there is work to be done to address this," IBIA told MEPC 71.

Following the discussion in plenary, it was agreed that the Chinese paper should be forwarded to the next session of the Sub-Committee on Pollution Prevention and Response (PPR 5) for consideration.

The instruction from MEPC 71 to PPR 5 was that the proposal from China will be considered under its agenda item on amendments to regulation 14 to require a dedicated sampling point to draw fuel oil samples on board ships.

PPR 5 is scheduled to take place from 5 to 9 of February, 2018.

(from: hellenicshippingnews.com, July 25th 2017)

STUDIES & RESEARCH

SEAINTEL RELIABILITY INDEX

In Q2 2017, global schedule reliability improved 2.3 percentage points from 72.3% in Q1 2017 to 74.6%, reports the Denmark-based shipping analyst SeaIntel.

On a Y/Y level, the score was down 10.4 percentage points from 85.0% recorded in Q2 2016.

In Q2 2017, 15 of the top 18 carriers saw a Q/Q improvement in their reliability scores.

Only PIL, Yang Ming, and Hamburg Süd saw their scores drop.

In Q2 2017 Wan Hai was the most reliable top-18 carrier with a schedule reliability score of 79.7%.

Hamburg Süd was the second most reliable carrier scoring 78.6%.

They were followed by MSC and Evergreen with 77.4% and 77.0%, respectively.

The biggest Y/Y decreases in schedule reliability were recorded by PIL, MOL, and Yang Ming, with drops of 13.8, 13.6, and 12.2 percentage points respectively.

On-time performance was based on 38,995 distinct vessels arrivals.

In Asia-USWC schedule reliability improved significantly by 17.7 percentage points Q/Q, reaching 76.5% in Q2 2017, and declined 7.1 percentage points compared to the 83.6% as seen in Q2 2016.

Niche carriers Matson and Westwood Shipping, and Evergreen were the top performing carriers in Q2 2017 with reliability scores of 100%, 87.9% and 84.2% respectively.



SeaIntel
Maritime Analysis

In Asia-USEC, on-time performance increased from 57.3% in Q1 2017 to 72.4% in Q2 2017, deteriorating significantly by 11.4 percentage points on a Y/Y level.

In the trade lane, Maersk Line, MSC, and Hamburg Sud were the most reliable carriers, reaching 85.6%, 85.6% and 81.0%, respectively in Q2 2017.

On-time performance in Asia-North Europe reversed its downwards trajectory and improved 11.4 percentage points Q/Q to 75.1%, yet it was still 6.8 percentage points below the level of last year.

The most reliable carriers were Evergreen, COSCO, and MSC reaching 82.2%, 82.2%, and 78.8% respectively.

In Q2 2017, schedule reliability in Asia-Mediterranean increased to 72.1%, which corresponds to a Q/Q improvement of 11.6 percentage points, experiencing a significant decline of 13.9 percentage points Y/Y.

ZIM, ANL, and COSCO were the most reliable carriers with reliability scores of 84.0%, 78.8% and 76.0%, respectively.

(from: worldcargonews.com, August 1st 2017)

OPTIMISTIC OUTLOOK WILL LEAD TO MORE M&AS INVOLVING CHINESE PORT OPERATORS

Drewry's Global Container Terminal Operators Annual Report 2017, now in its 15th year of publication, states that major merger and acquisition (M&A) deals are changing the landscape, with more to come.

The consultants's container port demand forecast is more positive than in last year's report, exhibiting a 4 per cent compound annual growth rate (CAGR) and adding a further 152 million TEU of port throughput to the global total by 2021.

This is a consequence of improved port throughput growth rates in the second half of 2016 and into 2017, and a more positive general global economic outlook.

However, there remain numerous risks and uncertainties at present, including tensions in the Middle East and Korean peninsula, the protectionist and unpredictable stance of the US administration, and the impact of Brexit.

This is perhaps one reason why the global container port capacity is projected to increase by a CAGR of 2.7 per cent, based on confirmed additions only.

This is markedly lower than the forecast demand, and hence, average utilisation levels are expected to rise.

Drewry's senior analyst for ports and terminals, Neil Davidson, said: "While there are certainly some encouraging signs for the demand growth outlook, the risk profile for terminal operators has increased and most of the traditional global/international players remain cautious.

The exception to this is the Chinese port companies who are pursuing expansion and investment both at home and overseas in an unprecedentedly aggressive manner."

M&A activity in the port sector is at a high level.

About US\$3.1 billion worth of deals have been struck so far in 2017, driven by Chinese companies such as Cosco Shipping Ports and China Merchants Ports.



In the last year, more than half of the acquisitions by global/international terminal operators have been made by Chinese players, according to the e-news magazine Maritime Logistics Professional.

"The Chinese players are more comfortable with risk than the established international operators right now, and have a geo-political strategy rather than a purely financial one.

They are snapping up assets and opportunities and have the appetite and financial clout to take many more in the coming years," added Mr Davidson.

(from: seanews.com.tr, August 6th 2017)

INFORMATION TECHNOLOGY

BIMCO PENS DEAL ON SHIP DATABASES

BIMCO, the largest of the international associations for shipowners, and the makers of database-boosting protocol Shipdex have signed a deal easing transfer of technical and logistic data for ships.

Shipdex is a collection of international business rules to be used onboard ships and provide ship supplier instruction manuals, maintenance plans, and spare parts catalogues.

Its adherents use a common source database to store, retrieve, publish and exchange technical and logistic data.

In doing so, its promoters aim to standardize the exchange and production of technical information between shipowners, shipyards, manufacturers, classification societies and application service providers.

Information in the database is distributed according to international S1000D specifications for technical publishing, already in use for civil aviation and military applications.

This data offers ship-owners a chance to eliminate or reduce the traditional high costs in retrieving technical information and loading ERP (Enterprise Resource Planning) and CMM (Computerised Maintenance Management) systems with contents from technical manuals, said BIMCO.



Regarding transfer of cargo data, BIMCO told PTI that while “any type of information could be exchanged based on the protocol, Shipdex is specifically aimed at production, exchange and maintenance of technical manuals for equipment in ships.”

BIMCO with the deal has also become an executive member of Shipdex steering committee.

Apart from BIMCO, the ten executive members include Grimaldi Group, Mastermind Shipmanagement, Alfa Laval Tumba, MacGregor Group, Man Diesel & Turbo, Shipdex Consulting, Yanmar Company, G&C Shipping and Rolls Royce.

BIMCO President Anastasios Papagiannopoulos also recently set it out ship digitalization as a key theme for his presidential term.

Lars Robert Pedersen, Deputy Secretary General at BIMCO said: "This new venture will be of great benefit to our members and will complement BIMCO's exciting portfolio of products and services.

Shipdex fits neatly with our objective to help ease the administrative burdens for ships and masters.

Shipowners will be able to reduce time, administration and costs as this new system is quicker and easier to use, with zero disruption to the ship at sea."

Shipdex Chairman, Giancarlo Coletta said: "We welcome BIMCO as an Executive Member of the Shipdex Protocol, as we work with the shipping industry to exchange electronic technical data between all parties, in a safe, reliable and effective way.

We are convinced that Shipdex Protocol is the best candidate to become the universal standard for the exchange of technical data.

Securing the support of the final user is the next step ahead for the diffusion of real electronic documentation, when this happens the industry will save money, time, paper and space because Shipdex Protocol has all the necessary features to become the universal standard for shipping industry."

(from: porttechnology.com, August 7th 2017)

REEFER

EUROPEAN COLD CHAINS ARE RIPE FOR TRANSFORMATION, SAYS EASYFRESH

European cold chains are ripe for transformation and the “first-mover advantage” is up for grabs, according to Valencia-based reefer logistics specialist Easyfresh.

“Not all areas have the same maturity level as the European region,” explained Easyfresh chief executive Rafael Llerena.

As a result, he contends, reefer shippers are demanding first-class, efficient and mature logistics solutions not normally provided in the market.

“The time for ‘classic forwarding’ or ‘usual or basic reefer shipping’ should be over, as it is already on the edge, regarding cargoes not requiring temperature-controlled environment,” he said.

“Average margins for food traders are low, while the cold chain services remain strongly fragmented.

A vision towards the global reefer logistics supply in a dedicated and reefer-focused way does not exist,” he added, except, he claimed, in the case of Easyfresh.

“Given our unique business concept, we strongly believe we are on the right path to be a real change agent,” Mr Llerena added.

Easyfresh describes itself as “the world’s only global, neutral and dedicated reefer logistics supplier”, as it has an exclusive focus on perishable logistics, does not engage in trading produce and is not linked to any carrier or shipping line.



Its core focus is Europe, including the Adriatic and Mediterranean regions, but with 8,000 staff across 140 locations, the company provides fresh and frozen cargo logistics services across the globe.

Indeed, Mr Llerena described the intra-Asia, Baltic and North Sea, Atlantic, and intra-Americas trades as all “booming”.

“We just finished the Egyptian grape season, which has been a tremendous success, mostly in our Koper Adriatic key hub.

Our Egyptian setup is becoming stronger and stronger, thanks to the tight collaboration in Koper, Slovenia and in Breda, the Netherlands, where we operate four cold stores.”

Easyfresh has observed a variety of new sources of fresh produce coming onto the market, including new aquaculture and seafood catches.

At the same time, there have also been fluctuations in commodity prices in the meat and poultry trades.

“This has led to a lot of potential, but also unstable cargo volumes.

Globally, the food trade is more and more complex, although it is growing year after year.

Global coverage and true specialisation is a plus when dealing with this rather new phenomenon,” Mr Llerena noted.

He says the food retail sector is changing rapidly due to increased competition, while e-commerce, food-waste concerns, organic food production and new players entering the market are all causing high levels of uncertainty and severe variations in traffic flows.

“To adapt to this uncertainty, complex but reliable cold chain solutions have to be provided.

However, neither the shipping lines, which are obviously paramount in the port-to-port leg, and only few reefer logistics players are able to cope with these trends, even just on a local or regional scope,” he added.

Furthermore, there is mostly no steady balance of supply and demand, according to Mr Llerena.

“Complexity and uncertainty are the real challenges.

Subsequently, reefer shipping cannot be separated from inland logistics.

The usual fragmentation of the cold chain requires it to be 'glued together' by specialised players.

This has to happen via a much tighter collaboration between the few carriers left and key global reefer logistics players," he said.

(da: theloadstar.co.uk, July 28th 2017)

ON THE CALENDAR

- 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.