



Newsletter

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Link road, rail, sea!

Council Of Intermodal Shipping Consultants

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PORTS AND TERMINALS

UK RO-RO PORTS 'CATASTROPHICALLY UNPREPARED FOR BREXIT'

UK ro-ro ports such as Dover are "catastrophically unprepared for Brexit" and could face chaos if so-called 'Rest of the World' (ROW) rules apply after Brexit to inspection of food imports from the EU, the CEO of the United Kingdom Warehousing Association (UKWA) has warned.

Peter Ward explained that there are no inspection facilities at ro-ro ports such as Dover, nor the time or space to build any ahead of the UK's planned March 2019 exit from the EU.

This could result in unprecedented delays at the port, he said.

"Irrespective of the final form of Brexit – 'no deal', 'hard' Brexit or 'soft' Brexit – we expect an interruption in food supply chains.

Market forces will mitigate the risk of delays by holding more stock closer to consumers in the UK, which may be good news for the warehousing industry in the long term, but from March 2019 there is simply not sufficient capacity nor the infrastructure to cope."

Ward argued that developing the necessary infrastructure will take years and considerable investment, illustrating the point by using as an example a facility at London Gateway, an 19,000 sqm (200,000 sq ft) multi-temperature state-of-the-art purpose-built facility with 22 loading doors and sufficient power to plug in hundreds of reefer containers.

"44% of what we eat comes into Dover from the EU, which is the equivalent of 1,000 trucks per day through the port on ferries and the tunnel," said Ward.

"If we are going to take real control of our borders, how this food is going to be inspected consistent with ROW rules from March 2019 is critical, especially as port of Dover doesn't have any such facilities as those at London Gateway, nor the necessary plug in points to power temperature-controlled vehicles.

The only way to keep food cool while waiting for inspection will be to keep diesel engines running, costing more money and impacting badly on the environment."

Although London Gateway was built for non-EU trade, as a container port it has been designed to meet the requirements of the future.

Even so, Peter Ward emphasizes that there is no such thing as “frictionless trade” either at London Gateway or anywhere else.



Accordingly, on behalf of the UK warehousing industry, UKWA is calling for urgent action from government to recognize and respond to the challenges ahead.

“We are proposing that the government considers a change of legislation to allow food inspections at inland premises,” Ward said.

“Currently inspections must be conducted within the port boundary, but post-Brexit clearly this will be impractical.

Such a change would bring opportunities for UKWA members and others to adapt existing premises to accommodate inspection facilities and bring online necessary capacity more quickly.”

He acknowledged that given the volumes involved, location of facilities would need to be close to both power supply and a sustainable labour pool, which in turn will trigger other concerns.

“The question is how the trade-off between national planning policy, devolved to local authorities, and resistance of local residents to large warehousing or distribution developments on the doorstep will be balanced against the need to ensure the nation continues to be fed.”

Ward added that UKWA was consulting with government and providing feedback from members on all these issues, “supplying the necessary detail to enable coherent and effective policy to be formulated going forward”.

He added: “UKWA is here to help government understand the perspective of the industry on the real impact Brexit is likely to have, particularly on food supply chains.

Meantime, we are advising our members to prepare for a ‘no-deal’ Brexit and the 300,000 business that currently trade with the EU only to classify goods per UCC (Unified Customs Code), apply for deferment accounts, and find partners and trade association that can help them prepare for the turbulent times ahead.”

At the time of writing, no one at the Port of Dover had responded to questions from Lloyd’s Loading List about the issue.

However, as Lloyd's Loading List reported last week, in the event of a 'no deal' Brexit, port sources who have been briefed on UK government thinking expect that the UK will "wave trucks through" UK ferry ports pretty much as they do now, with minimal physical checks, allowing any necessary customs clearances to be handled inland.

The hope is that these steps would avert a congestion crisis at key ro-ro facilities such as Holyhead and Dover, which many in the industry regard as a real risk unless Britain and Brussels come to a workable arrangement on the UK's departure from the EU.

Only 1-2% of inbound lorries currently experience any kind of checks at all, largely to circumvent potential people trafficking or cigarette smuggling, or on the basis of specific intelligence.

The best outcome, most ports industry people believe, would be a negotiated settlement that gives the UK at least the main benefits that flow from EU customs union membership.

While there is little apparent enthusiasm for inland clearance, which would probably entail the use of customs agents at cost to the consignee, it would at least avert worst-case scenarios.

Nevertheless, allowing customs clearances to be performed inland does not take into account the increased need for food and phyto-sanitary inspections in the event of a no-deal Brexit, logistics observers note, as highlighted by UKWA CEO Peter Ward's concerns.

The discussions come after UK Brexit minister Dominic Raab last week launched the first batch of what will eventually be 70-80 so-called technical notes, outlining how the government will deal with a possible no-deal Brexit scenario.

Exporters are advised that in the event of a no-deal Brexit, trade would revert to World Trade Organization terms, and it may be easiest for them to hire a customs broker, freight forwarder or logistics provider to take on the red tape.

With the UK expected to take a pragmatic approach in the event of a no-deal Brexit, the immediate border concerns may be greater from the EU side.

As Lloyd's Loading List reported last week, the European Commission has put in a place a post-Brexit plan which proposes revising the 'North Sea-Mediterranean transport corridor' which links Ireland with the UK, Benelux and France to incorporate direct shipping connections between Dublin and Cork and ports such as Zeebrugge, Antwerp and Rotterdam.

Although not stated explicitly, the plan is thought to have been prompted by the Commission's concerns at the prospect of serious truck congestion in northern France if customs checks are introduced to cross the Channel in the event of a 'hard' Brexit, plus the risk of strike action by French port workers.

Currently, the vast majority of Irish imports and exports from and to the EU transit via the Dover-Calais crossing.

European Commission efforts to re-route Irish supply chains via Belgian and Dutch ports to bypass UK and French ports have come in for heavy criticism from UK hauliers.

Rod McKenzie, the UK Road Haulage Association's (RHA) managing director of Policy & Public Affairs, said Dover-Calais was the long-standing, primary route for Ireland's EU freight and Irish hauliers would have to re-invent their supply chains if this changed, which they would be unlikely to want to do.

"It's difficult enough being in the haulage business and having to operate to just-in-time supply chains without having new obstacles put in your way by bureaucrats who don't understand the business," he said.

"And that's exactly what's going on here."

Turning to the UK haulage industry's efforts to prepare for Brexit, McKenzie revealed that the RHA had been told in recent meetings with UK government ministers "not to worry and that everything was going to be fine", with the UK expecting a last-minute softening from EU negotiators.

"But this doesn't work if you're running a business," McKenzie stressed.

"We want to see proof - actual concrete agreements.

There's a lot of grandstanding going on by the UK government and EU negotiators.

They just need to get on with it now."

McKenzie added: "From a haulage point of view, leaving aside the political views about Brexit, the important things we need are free-flowing borders and an absence of time-consuming customs checks that cause delays.

The implications of not delivering that are 20-mile long queues of trucks in built-up areas on both sides of the Channel and people not getting their fresh strawberries.

The peril is there; the jeopardy is there for everyone to see.

But the substantive talks on these issues have yet to start and time is running out.

It's incredibly frustrating."

(from: lloydsloadinglist.com, August 30th 2018)

MARITIME TRANSPORT

FIVE MISCONCEPTIONS OF WIND PROPULSION SOLUTIONS FOR COMMERCIAL VESSELS

There has been a significant trend developing around wind propulsion technologies over the last 12 months and with potential fuel savings of 10-30% for retrofit installations and up to 50% for optimised new builds it is no wonder that the industry is sitting up and taking notice.

Gavin Allwright, Secretary General of the International Windship Association (IWSA), has fielded thousands of questions over the years and comments: "the same misconceptions about commercial wind propulsion solutions keep coming around, many of these are rooted in old appraisals of technologies used decades ago or on perceptions of stepping backwards, however the wave of technologies and projects coming through now are firmly focused on a modern, decarbonised fleet fit for purpose in the 21st century."

Allwright will attend SMM 2018 next week in Hamburg in support of the five IWSA members that will be exhibiting at the event including; Norsepower, Bound4Blue, MARIN, MariGreen/MARIKO and Peace Boat – EcoShip and he has highlighted five key misconceptions of wind power solutions that many visitors to their booths will bring with them.

Wind propulsion is an old technology

While it is true that the harnessing of wind for vessels is millennia old, the technologies that are being developed now have built on that wealth of knowledge, updated the systems, introduced new materials and automated the operations.

Jarkko Väinämö, Norsepower CTO states, "Our Rotor Sails are a modernised version of the Flettner rotor, which was invented almost 100 years ago.

We have implemented high-tech materials and state-of-the-art automation technology for developing a reliable, efficient and economically feasible Rotor Sail design."

The new rigs and rotors are untried & untested

Rogier Eggers, senior project manager at MARIN states, "MARIN has already built a firm understanding of the performance of wind (assisted) ship propulsion and is continuing to broaden and refine its prediction methods.

With this background we can assist to verify and improve performance together with operators, owners, yards, designers and wind propulsion suppliers.”

Allwright adds, “I often hear this straight after fielding the ‘old technology’ question.

Over the last couple of years we have seen extensive R&D work, certification of designs by class, and an increasing number of both prototypes and installations of rigs on vessels, all generating substantial data on performance and viability and this is set to continue strongly over the next 12 months.”



A number of companies at SMM 2018 will be showcasing their prototype installations, these include a ground-breaking retractable wingsail designed by the Spanish company Bound4Blue to be retrofitted to two vessels over the next few months and results from MariGreen’s EcoFlettner sea trials on the MV Fehn Pollux earlier this year.

Wind-assist and primary wind systems are only suitable for small ships

Allwright continues, “This is a common refrain and wholly inaccurate, yes wind propulsion systems work very well on smaller vessels and there should be much more development in the fishing, general cargo, small ferry sectors, however there are wind propulsion solutions for all sizes and types of vessels, and in part that is the reason that different systems are being developed, as one size doesn’t fit all.”

SMM 2018 will give visitors a chance to see this up close, with Norsepower’s Rotorsails having recently been fitted to the Viking Grace and two 30m rotors on the 109,000dwt Maersk MV Pelican LR2 tanker.

Peace Boat’s EcoShip design, which will be the world’s most sustainable cruise vessel, uses rigid sails as wind-assist on it’s 55,000 ton, 2,000 passenger vessel which will be built over the next few years.

These systems need more crew, more training

Some of the smaller, more traditional sailing rigs do need more sailing knowledge and crew, however most of the commercial wind propulsion

systems are automated, turn-key solutions that are optimised through weather analysis, routing and other operational parameters.

Finally, wind propulsion is costly, with high capex and long roi's

Installing a wind propulsion system is not inherently costly, and the costs of manufacture and installation will come down as more rigs are installed.

With an increasing choice of technologies, from lighter, easily installed rotors to larger more substantial rigs, there are variable costs and returns.

Fuel prices are again on the rise making these systems more attractive, and the beyond compliance and future proofing of vessels is also a key advantage.

Allwright concludes, "If a leasing or rental agreement is used, then CAPEX outlay will be substantially reduced with the provider and ship owner sharing the savings in fuel costs.

Wind propulsion also reduces the amount of bunkering and fuel storage required for a vessel, thus reducing costs associated with other alternative, low carbon fuels too, making those more cost efficient into the bargain."

(from: hellenicshippingnews.com, August 31st 2018)

RAIL TRANSPORT

BEFORE MODAL SHIFT, MENTAL SHIFT NEEDED IN RAIL

The environmental arguments for rail as a transport mode are not enough to push for a modal shift.

The positive impact of rail is 25 per cent more than road, and rail creates more jobs than other modalities.

These arguments should also be emphasised in pointing out the benefits of rail, according to Belgian scientists.

The Belgian Federal Science Policy Office assigned scientists of the universities of Antwerp and Liège to take a closer look at the rail freight industry and its potential within the framework of a project named Brain Trains.

Europe has set the goal to realise a shift from road to rail or barge of 30 per cent of all long-haul traffic exceeding 300 kilometre by the year 2030.

The environmental benefits and positive effect on road congestion have been acknowledged by most people, but have not resulted in this modal shift, the scientist argued.

More impact

“We have concluded that the direct impact of rail on the economy could be 25 per cent higher than that of road transport.

Rail is also responsible for more job creation.

With every work force in the rail freight industry, four additional jobs are created in the national economy”, said Frank Troch, Departement of Transport and Spacial Economy at the University of Antwerp.

In order to achieve the desired modal shift, a mental shift is needed, said the researchers.

This mental shift entails innovation of business models, which should lead to increased productivity and profitability.

Groupage transportation, or the bundling of cargo, as a good example of how costs can be reduced to a minimum while the capacity is optimally used, said Thierry Vanellander of the University of Antwerp.

Conditions modal shift

In order for the mental and modal shift to really happen, a few conditions must be met by railway operators, governments and the market, the researchers said.



“Having a good and strong market regulator is crucial, so that the market can be properly observed and the influence of large operators can be limited”, suggested Vanellander.

In conclusion of the Brain Trains project, the researchers made 25 recommendations.

“The government should be organised in such a way that different sections and services are integrated and cooperate in the most effective way.

An uncoordinated implementation of policy can result in a waste of public support and be a hurdle to intermodality for the railway sector, where measures with the right purpose can be counterproductive with other measure.

There should be an organisation exceeding different themes, allowing for example the environmental policy to play a role in the rail freight industry”, said Vanellander to name a few.

(from: railfreight.com, August 31st 2018)

ROAD TRANSPORT

TRUCK MAKERS PUSH BACK AGAINST EU'S FIRST EVER CO2 LIMITS

The European Commission's proposal to mandate a 15% cut in CO2 emission from trucks by 2025 is overly ambitious, according to industry association ACEA, which said a 7% objective would be more "realistic" given the technologies currently available.

The EU executive unveiled the bloc's first-ever emission target for trucks in May as part of a two-step approach leading to 2030, when the Commission proposes to aim for an aspirational 30% CO2 reduction goal.

"All sectors must contribute to meet our climate commitments under the Paris Agreement," Climate Commissioner Miguel Arias Cañete said as he unveiled the proposals in May, insisting the 2025 interim target can be met with existing technology.



But while ACEA supports the step-wise approach, it says the mandatory 2025 objective should be revised downwards.

"Given the state of the market and technology today, a 7% CO2 reduction by 2025 would strike the right balance between being both ambitious and realistic," says ACEA in a position paper published on Monday (27 August).

For 2030, it suggests a 16% reduction goal – around a half of the 30% proposed by the Commission.

Moreover, a planned 2022 interim review should also allow a downward adjustment of the 2030 objective, it argues – not just upward.

ACEA's main argument is that truck makers are already implementing CO2-cutting measures wherever possible because emissions are closely linked to fuel consumption, which is the single most important selling point for trucks.

Fuel represents about 30% of hauliers' costs, according to the industry association.

Trucks also have a longer lifetime than cars – about six times more – and therefore take longer to replace.

Heavy fines

The industry is particularly worried about the penalties foreseen against manufacturers in case CO2 targets are not met, saying the Commission defined its 2025 and 2030 objectives by comparing CO2 emissions from vans with those of trucks, measured in grams of CO2 per kilometre.

However, ACEA says "this comparison is misleading, as a heavier truck carrying a greater load is more efficient than a lighter one" and should therefore be measured in grams of CO2 per tonne-kilometre.

MAN, the German truck manufacturer, has calculated that the proposed fines of €6,800 per exceeded g CO2/tkm could quickly add up to the "three-digit million range" for manufacturers, which could threaten some of them with bankruptcy.

Trucks "are not simply big cars," ACEA argues, rejecting the Commission's approach as overly simplistic.

"Heavy-duty vehicles are business tools owned by professionals who, for commercial purposes, are always looking for the best performing vehicle, taking into account fuel consumption and efficiency," it says.

European Parliament kicks off debate on Wednesday

The official position from ACEA comes days before the European Parliament kicks off discussions on the proposal to limit trucks' CO2 emissions.

Bas Eickhout, a Dutch lawmaker, will present his draft report to Parliament's environment committee on Wednesday (29 August).

Eickhout, a firebrand MEP from the Greens political party, has called for determined EU action in the face of diesel pollution and climate change, and wants to ramp up the Commission's proposed CO2 reduction target to -25% by 2025, going up to -45% by 2030.

That position is backed by a group of four EU countries – including the Netherlands, Ireland, Lithuania, and Luxembourg – which sent a letter to the Commission earlier this year, calling for a CO2 target for trucks of at least 24% for 2025 and 35-45% for 2030.

France has also called for “ambitious objectives” but did not give specific figures.

The Dutch MEP has also called for “a binding minimum share of zero- and low-emission vehicles for each manufacturer both in 2025 and in 2030”.

By that date, he says all new buses placed on the EU market should be zero-emission.

“The market for zero-emission regional and urban delivery trucks is changing fast,” Eickhout argues in his report, saying those vehicles are expected to reach cost parity with diesel in Europe “within the next five years”.

There is “a clear environmental and economic interest in marketing such vehicles as soon as they are available,” Eickhout says, arguing a minimum share will ensure investment certainty for the rapid uptake of electric buses in the EU.

(from: euractiv.com, August 27th 2018)

INTERMODAL TRANSPORT

MORE SURCHARGES AS RHINE LEVELS REMAIN LOW

Low water levels on key European hinterland artery the Rhine are exacerbating already challenging conditions for European intermodal barge transport companies and their customers and leading to further, higher surcharges.

Intermodal operator Contargo last week reported that according to forecasts from Germany's 'Electronic Waterway Information System' (Elwis), the level of the Ruhrort gauge will fall below the 181 cm mark in the next few days.

"This will further reduce the load capacity of the barges.

Unfortunately there is already a shortage of available inland vessel capacities and weather forecasts do not predict any substantial rainfall, so that the situation cannot be expected to improve in the short term," the Rhenus-owned logistics subsidiary said.

It has informed customers that if the gauge level does fall below 181 centimetres, it would have to extend its low-water surcharge rates for Ruhrort to €125 per 20-foot container and €160 per 40-foot container.

These rates apply for full containers transported by inland waterway between the seaports of Rotterdam or Antwerp and the Koblenz, Neuss and Duisburg terminals.

"We shall continue to make every effort to transport your containers punctually and in good time," the intermodal operator said.

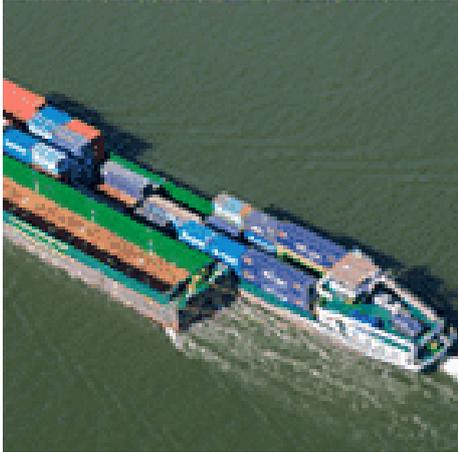
"As an alternative, we can offer rail transport from our terminals in Duisburg and Neuss.

However, these capacities are also limited."

It added: "Due to the difficult situation, we must regretfully point out that adherence to delivery dates can no longer be guaranteed in every case and that, according to our General Terms and Conditions, an obligation to transport on our part no longer applies when the level at the Duisburg-Ruhrort gauge falls below 181 cm."

The latest reading of the water level at Ruhrort, yesterday, August 28, showed an increase of eight centimetres on the previous day to 190 centimetres.

Also last week, Contargo warned that the level at the Kaub gauge will probably soon fall below the 61 cm mark, and if this did occur it would introduce a second tier of low water surcharges: € 320 per 20ft container and €425 per 40ft container.



Earlier this month, Contargo extended its low-water surcharge rates for Kaub when levels fell to 0.80 metres or below.

The gauge currently stands at 73 centimetres (-1 cm compared to yesterday), a level at which surcharges are applied of €175 per 20-foot container and €225 per 40-foot container.

These are levied on full containers transported by inland waterway between Rotterdam or Antwerp and locations on the Rhine-Main above Koblenz.

Even before low water levels became an issue, the two ports had suffered chronic delays for barge traffic.

Contargo estimates that current waiting times for its vessels in Antwerp and Rotterdam are 12-24 hours and 12-48 hours, respectively.

(from: lloydsloadinglist.com, August 29th 2018)

TRANSPORT & ENVIRONMENT

ELECTRIC TRUCKS ARE NECESSARY – AND ON THEIR WAY, ANYWAY

Op-ed piece in Euractive from some of the analysts at the Transport & Environment lobby group in Brussels on the future of electric trucks in Europe.

It concludes that the technology is already both technically and economically viable for three main reasons.

“Battery prices are falling faster than ever before; electric drivetrains are much more efficient than outdated diesel technology; and 65% of the trips by trucks in Europe are less than 500 km, which means there is no need to have the same range as a long-haul diesel truck for most journeys.”

At some point in the future – it may be 10 years, it may be 50 – people are going to think of the act of manually driving a vehicle the same way we think of employing animals to haul a plough across a field.

That is, something from a bygone age.

* * *

Last spring Daimler/Mercedes, the world’s number one truckmaker, was caught with its pants down by the Deutsche Post DHL Group.

During a testing day organised by DP-DHL, which was presenting its self-developed electric van, the StreetScooter, one of its vehicles being trialled by potential customers went way outside the test drive area, with its GPS showing it was en route to Stuttgart.

What happened?

Apparently Daimler/Mercedes – using a fake company name to claim they were a nursing service provider – hijacked the vehicle and took it to their testing lab.

But, as Der Spiegel reported, the GPS system betrayed them.

DP-DHL went to Stuttgart, knocked on Daimler’s factory door, and took their e-van back.

No apologies from Daimler – ‘a common procedure’ so they claimed.

A story that not only illustrates the arrogance but also the clumsiness of the world’s biggest truckmaker in making a shift away from diesel trucks to electric vehicles.

But things can change fast, even in the trucking industry.

In the last 12 months not only Daimler but nearly all major European truckmakers including Volvo-Renault, MAN and DAF have announced production and sales of electric trucks for the coming years.

When we speak to policymakers in Brussels and European capitals about electric trucks, the topic frequently elicits frowns and scepticism.

Aren’t trucks too heavy, distances too long and batteries too big and expensive to electrify these mammoths?

Well, the recent announcements by truckmakers show this is not true.

Our own analysis shows that even the heaviest 40-tonne trucks are technically and economically viable.

This is mainly down to the following reasons: battery prices are falling faster than ever before; electric drivetrains are much more efficient than the outdated diesel technology; and 65% of the trips by trucks in Europe are less than 500 km, which means there is no need to have the same range as a long-haul diesel truck for most journeys.



On top of this, electric vehicles in the current Eurovignette proposal would get a major discount on tolled roads of at least 50% compared to the best-in-class diesel truck.

All these factors make electric trucks – even with a high upfront cost – very competitive compared to their diesel counterparts.

Increasing diesel taxes to a more sustainable level and getting rid of the far-too-generous rebates for truckers would make the picture for electric trucks even brighter.

But we also urgently need electric trucks today to meet tomorrow’s climate goals.

Trucks account for 22% of vehicle emissions while making up less than 5% of the vehicles on the road.

The EU and all the member states have formally committed to the Paris climate agreement, which means limiting the temperature increase to 1.5°C.

A new study commissioned by the Dutch Environment Ministry shows that in order to meet this target, one out of three new trucks will need to be electric or zero-emission by 2030 – otherwise we will never make it.

Achieving such a large market share is a huge challenge and can only be met if we take strong measures today.

Electric trucks are compelling as they reduce emissions on a well-to-wheel basis (that means taking into account the 'upstream' emissions of producing electricity or refining fuel).

Compared to a 2015 fleet average truck, a highly aerodynamic electric truck can reduce well-to-wheel emissions by up to 67%, and a less aerodynamic variant can reduce emissions by 58%, based on the 2014 EU grid.

This will only improve as the electricity sector decarbonises under the EU emissions trading system.

The only way we can achieve this, and guarantee that Europe sticks to its promises made in Paris, is by introducing ambitious and mandatory sales targets for electric trucks as part of the recent truck CO2 standards proposal.

Such a target would oblige European truckmakers to really start selling electric trucks, backing up high-profile media announcements with substantial sales.

Cities and businesses are waiting for cleaner vehicles, and Europe now has the opportunity to strike.

What is it waiting for?

(from: theloadstar.co.uk/euractive.com, September 7th 2018)

LOGISTICS

TWILL SWITCHES BRAND AFFILIATION FROM DAMCO TO MAERSK

AP Møller-Maersk is realigning the brand affiliation of its in-house digital freight forwarder Twill from Damco to Maersk, a move it said was in line with its strategy to become a global integrator of end-to-end container logistics.

Launched in April 2017, Twill was created as a 'Damco innovation' – a digital freight forwarder designed to make shipping simple – and operated as a partner with the freight forwarder and supply chain management company, which is also part of AP Møller-Maersk.

"The realigning of the brand will make it possible to offer Twill to all Maersk customers, in line with the AP Møller-Maersk strategy to become a global integrator of container logistics offering end-to-end solutions," the group said.



"The easy-to-use online Twill platform provides greater control of shipments by offering instant price quotes and booking, transparency and tracking services, simplified paperwork and proactive customer care."

Troels Stovring, CEO of Twill said: "The Twill mission is to make shipping simple – as easy as booking airline tickets, a taxi or hotel – and we are just at the beginning of an exciting journey.

To reach that vision it is critical for us to reach a wider market.

The Maersk brand is highly recognized and leveraging that awareness will be of significant strategic advantage to us."

Vincent Clerc, CCO of Maersk, commented: "Maersk is becoming an integrated company, delivering best-in-class services across customers' entire value chain.

With Twill, we are offering small and medium-sized companies a simple and easy way of shipping their goods, providing them better control of their supply chains.

We are excited to now be able to offer this service to customers across the Maersk business.”

The group said AP Møller-Maersk’s scale and more than 114 years of history in global markets will bring new opportunities to Twill, while Twill will bring “online innovation and simplicity to existing Maersk customers”.

As of today, the Twill logo [has been] updated to position the brand as ‘a Maersk Innovation’.

However, all shipping currently handled through Twill will continue to be operated by Damco, the group said.

Maersk stressed that “Twill is a multi-carrier platform that will continue to freely choose between ocean carriers to provide customers with the best and most relevant solution besides its affiliation with Maersk and Damco”.

It said Twill enabled customers to book, manage and monitor shipments at the click of a button – from quotation and documentation through to delivery.

“Building on the expertise of its partner company Damco, Twill’s agile approach to the development of freight forwarding means that it can be responsive as the market continues to evolve.”

Twill currently serves full container load, ocean services from port to door, importing from China (including Hong Kong and Taiwan territories), India, Vietnam, Indonesia, Thailand and Malaysia to the UK, Spain, Poland, Mexico, United States, the Netherlands, Denmark, Norway, Germany, India, China (including Hong Kong and Taiwan territories) or the Czech Republic.

“Dedicated Twill customer care teams at origin and destination countries make the process as simple as possible,” the group said.

(from: lloydsloadinglist.com, September 3rd 2018)

LAW & REGULATION

IMPACT ON CHARTERPARTIES – TIME TO ACT NOW

The challenges introduced by the global sulphur cap are not exclusively technical.

The new limits are likely to impact contracts and charterparties.

Forward planning now could help to avoid painful disputes in the future.

Time charterparties will require particularly close attention, with more challenges anticipated for vessels already in long-term charterparties that span the enforcement date of 1 January 2020.

Unfortunately, there is no single “magic” charterparty clause to deal with all of the issues that might arise.

All bunker clauses will almost certainly need to be reviewed but other clauses might also need to be considered, depending upon the chosen method of compliance.

Below, we look at some of the issues that we anticipate will more commonly arise.

Carriage of non-compliant fuel

It is likely that a prohibition on the carriage of non-compliant fuels will come into force on 1 March 2020 for vessels not fitted with Exhaust Gas Cleaning Systems (“EGCS” or “scrubbers”).

Non-compliant fuels will have to be removed to avoid fines or the vessel being detained.

Assuming such fuel is not consumed before 01.01.2020, who is obliged to arrange or pay for the removal of such fuel will depend upon the wording of the charterparty, so it will be important for this to be considered at the drafting stage.

There may be significant logistical difficulties in removing non-compliant fuel and it is likely that the re-sale value will be less than the original purchase price.

Issues might also arise over who owns the non-compliant fuel and who therefore has the right to remove it.

Definition of 'high sulphur' and low sulphur'

At the moment, vessels burn either 'low sulphur' (0.1%S max) fuel in ECAs or 'high sulphur' (3.5%S max) fuel outside ECAs.



In 2020, there will be three sulphur types (<0.1%S, <0.5%S and >0.5%S).

This raises the question: what will 'low sulphur' mean in 2020?

Will it be <0.1% or <0.5%?

It is therefore advisable to move away from the use of terms such as 'high' and 'low' sulphur but instead to specify the exact sulphur limit of fuel e.g. <0.5% sulphur content; <0.1% sulphur content etc.

Bunkers on redelivery ("BOR")

When a vessel is redelivered by a time charterer, the charterparty usually requires that the vessel is redelivered with approximately the same quantities of 'high sulphur' and 'low sulphur' fuel as on board at delivery.

The owner will usually be required to buy this fuel back at a certain price (often the same price as at delivery).

'High sulphur' fuel bought from the charterer at redelivery will have little value to the owner unless the vessel is fitted with scrubbers.

BOR requirements in the charterparty might mean that the charterer can redeliver the vessel with insufficient compliant fuel on board to reach a bunker port.

Therefore, owners might want to ensure that BOR clauses are adjusted accordingly.

Bunker quality clause

Some bunker quality clauses require the charterer to provide fuel that complies with the international quality standard ISO 8217.

However, not all fuels are covered by ISO 8217 (e.g. hybrids) so the bunker quality clause might need to be amended to ensure that the charterer is obliged to provide fuel of the correct specification, which is safe and suitable for the vessel, and in compliance with MARPOL and any other relevant regulations.

Fuel availability

Although it is anticipated that there will be enough compliant fuel available to meet demand, it may be geographically fragmented.

So a vessel might trade in areas where compliant fuel cannot be supplied or even be unable to trade in such areas, such that trading limit clauses might need to be reviewed.

The same is likely to be true for new hybrids/blends, and LNG is already known to have limited availability.

Bunker tank cleaning

Bunker tank cleaning will be needed if switching from heavy fuels to hybrid/blends/distillates.

Tank cleaning might also be needed before switching between different products, depending upon the advice given by the relevant fuel provider.

Cleaning products will be needed, waste will need to be disposed of and time might be lost during the cleaning.

Responsibility for all of this will depend upon the charterparty wording.

Performance warranties

Different fuels have different calorific values and energy densities.

The performance of the vessel could be affected by any of the chosen compliance methods so the performance warranties might need to be amended.

Owners should check with engine manufacturers.

Costs of installing an EGCS

It is unlikely that existing charterparties will expressly say who is to pay for a vessel to have an EGCS installed.

If the charterer is likely to benefit in fuel cost savings then there may be scope for a commercial agreement as to who will pay.

Can owners be compelled to install an EGCS?

The Court of Appeal considered this type of issue in the *Elli and the Frixos* [2008] 2 Lloyd's Rep. 119.

In 2005, new MARPOL regulations came into force, which made it unlawful for any ship to carry fuel oil as cargo unless it was either double-hulled or double-sided.

Expensive modifications would be required to the ships in question to allow them to comply with the new regulations.

The Court found that the owners were in breach of certain clauses in the particular charterparties for not having carried out the necessary modifications, namely; a warranty relating to compliance with MARPOL and a clause requiring the vessel to have on board documents required by any applicable law to allow the vessels to trade.

Installation of an EGCS is only one option for compliance and, as things currently stand, it will be possible to meet the new sulphur requirements without installing an EGCS.

Therefore, the absence of an EGCS on a vessel will not necessarily put the vessel or its owner in breach of MARPOL or impact on the vessel's documentation.

Hence it seems likely that the *Elli and the Frixos* will not apply but it will depend on the facts of the individual case.

Fines for non-compliance

In the first instance, the owner will be responsible for paying any incurred penalties but they might be entitled to be indemnified by the charterer depending upon the charterparty terms.

It might be less clear who will be responsible for lost time and costs if the vessel is detained by port state control.

Looking ahead

Early consideration of the above issues will be key to avoiding future headaches.

The solutions will not be the same in every case and will be best considered in the context of the trade that the vessel is going to perform.

Additional issues could arise as technologies develop and as we get an idea about availability of compliant fuels etc, which might necessitate further review of charterparties from time to time.

(from: hellenicshippingnews.com, August 25th 2018)

STUDIES & RESEARCH

UAE AND SAUDI'S PORTS ARE KEY TO CHINA'S BELT AND ROAD PLAN

In the coming years, China's Belt and Road Initiative will become a major player in the international economy.

The UAE and Saudi will play a very important role in contributing to that plan's success.

As it currently stands, the ports of these Gulf States have been underutilized.

According to a report by The Loadstar, a UK logistics news site, "the Middle East Gulf region could be faced with substantial overcapacity of container terminal and air cargo infrastructure if all planned projects proceed, a new report from Transport Intelligence (Ti) warns."



"An audit of GCC and Iran airport and port infrastructure reveals that the UAE remains the dominant location for both container and air freight traffic," it says.

In fact, Ti's research shows that significant underutilization of facilities already exists in several ports: Bahrain's throughput in 2016 was around 300,000 TEU (twenty-foot equivalent unit), while its Khalifa Bin Salman port has an annual capacity of 1m TEU; Qatar handled just under 500,00 TEU, but has capacity to handle four times that, Loadstar explained.

According to recent Alphaliner data, the Saudi ports of Dammam and Jeddah and the UAE's Khor Fakkan, were among the top ten largest losers of container volumes last year – Dammam saw volumes decline 11% to 1.6m TEU and Khor Fakkan was down 6% to 3.8m TEU, Loadstar continued.

The good news is that these ports will be able to support the forecasted demand coming from China's belt initiative.

But, how can Saudi and the UAE mirror the success of their European counterparts such as being properly equipped and manned for what's to come?

According to a recent report by Stratfor, a global intelligence site, the five biggest ports in Saudi and the UAE “are essentially stopping points along longer trade routes, [and] offer even more economic opportunity than endpoint ports, where products are either offloaded or exported, because they allow for the development of businesses that provide insurance, offer import and export services, charge berthing fees and more.”

In fact, Saudi and the UAE upgrading their ports will serve more than just meeting Chinese requirements – it will in fact help diversify their economies, as the “shipping industry is a stable, year-round business.”

As it currently stands, most shipping jobs go to foreign employees, whether they are blue-collar workers or white-collar managers.

As nationalization practices sweep the region, such as the Saudization-influenced fees on businesses hiring expats, it is in these companies’ favor to hire nationals, lest they incur unforeseen costs.

Stratfor further elaborates by explaining that this hurts Emirati and Saudi nationals in the long run, with shipping wage revenues flowing out of the country.

Manual labor continues to be the major force driving these ports.

As ports become more and more automated across the world, Saudi and the UAE will have to keep up, otherwise, they will be eclipsed by the more cost-effective ports abroad.

An inclination towards a technological upgrade will only help cement these Gulf ports as major players in the East Asian maritime route.

With women finally allowed to drive, they could also offer an entirely untapped employee market that could revolutionize the shipping industry.

It will be up to the major shipping corporations to train and hire the best female minds for the job.

The 5 biggest ports in Saudi and the UAE

According to the Observatory of Economic Complexity (OEC), Saudi Arabia exported \$163B and imported \$131B in 2016, resulting in a positive trade balance of \$31.8B.

According to the Saudi Ports Authority, their 9 ports collectively handle 532 million tonnes and 13 million containers.

The UAE exported \$174B and imported \$196B during that year.

Most of those goods arrived at or departed from the two nations' many ports.

The biggest ports in the two countries are as follows, according to Stratfor:

- Saudi: The King Abdulaziz Port in Dammam, Jeddah Islamic Port, and the King Abdullah Port.
- UAE: The Jebel Ali Port in Dubai, and Port Khalifa in Abu Dhabi.

Other revenue streams

These ports have been witness to another activity: transshipping.

These 5 hubs witness import and export activities where they are the starting or ending points of transactions, while also serving as transshipment intermediaries, where products travel through them for a certain amount of time before continuing on to their final destination.

This is where the two countries will play the greatest role in the Belt and Road Initiative, and China's latest actions confirm this.

It should come as no surprise then why China is pledging \$20 billion in loans, and about \$106 million in financial aid to the Middle East, now of all times.

The Middle East, and more importantly key countries such as the UAE and Saudi, is at an important crossroads for China's planned maritime route.

The route, which aims to connect China to Southern Asia, the Middle East, Africa and Europe, will need robust, effective ports at all the key points across its path.

Saudi and the UAE are the main economic hubs in the Middle East, and it is therefore crucial for them to be improved and up to par with China's standards.

As the saying goes, a chain is no stronger than its weakest link, and it is in the GCC's favor not to be that link.

(from: hellenicshippingnews.com, August 28th 2018)

REEFER

GLOBALIZATION RELIES ON REEFERS

Avocados, fish, blueberries – today, consumers all over the world expect to be able to buy the freshest products at their local supermarket throughout the year.

This, of course, would be impossible without reefer containers transporting temperature sensitive cargo across the globe.

Refrigerated containers keep temperature-sensitive cargo at their required temperature throughout the transportation, making sure that consumers worldwide can enjoy quality products anytime and anywhere.

No longer than ten years ago, you couldn't find seasonal products like blueberries outside the summer months in most cities in the developed world.



But today, around 8.8 million TEU of refrigerated cargo is exported worldwide each year, with a big portion of it being shipped from Latin America.

Meat, fruits, and fish are amongst the most exported commodities from this region, and they end up on the store shelves especially in Europe, North America and Asia.

Hot demand for cold shipping

A large majority of the global reefer transportation takes place between December and April, during the harvest season of many of the fruits and vegetables from the Southern Hemisphere.

These transports ensure that consumers located in northern parts of the globe have access to fresh produce even during the winter months.

The demand for global reefer shipping is growing steadily and upcoming markets – such as Colombia and Peru – are booming.

One great example is the increase in global cherry exports, which have grown by almost 70 percent in just the last three years.

However, agricultural goods aren't alone responsible for the steady growth in the reefer market.

For example, the pharmaceutical industry has experienced rapid growth over the past years and is opting to have a larger and larger volume of its products transported by ship rather than by the traditional method of air freight.

Hapag-Lloyd has also chosen growing and profitable reefer segments, such as pharmaceuticals and blood plasma, as strategic focus markets for the years ahead.

Reefer investments on the rise

To keep up with the growing industry, Hapag-Lloyd has been continuously investing in new reefer equipment in recent years.

In August 2018, the company announced yet another investment in its reefer fleet: an order of 11,100 new state-of-the-art reefer containers.

Since 2015 alone, and including the most recent order, the company has purchased a total of 30,550 new reefers to ensure that it can offer modern equipment and sufficient seasonal availability to its customers, particularly during peak times.

"There are several reasons why continuous investments are important," says Clemens Holz, Director Reefer Products.

"We need to make sure we can meet both our growth expectations and growing market demands as well as keep our reefer fleet reliable and efficient.

Furthermore we want to take advantage of opportunities in the fast-growing reefer technology segments, such as Controlled Atmosphere."

The 11,100 new containers will be gradually integrated to Hapag-Lloyd's existing reefer fleet just in time for the upcoming peak season.

A young and modern reefer fleet is critical when it comes to reefer transportation, as high-end technologies play a key role in ensuring that sensitive commodities arrive at their destination in optimal condition.

This is where Controlled Atmosphere technologies, such as ExtraFresh and ExtraFresh Plus, come into play.

They slow down the ripening process and prevent decay-causing organisms from growing, which results in longer shelf lives and top quality products.

This week, the biggest players in the reefer business – including Hapag-Lloyd – will gather in Hong Kong at Asia Fruit Logistica, the largest reefer trade fair in the region.

Around 13,000 decision-makers from more than 70 countries are expected to attend the fair.

Source: Hapag-Lloyd.

(from: hellenicshippingnews.com, September 10th 2018)

CONFERENCES

MARITIME FUTURE SUMMIT: EVOLUTION, NOT REVOLUTION

The topic is reiterated in every discussion revolving around the future of the sector: unmanned shipping.

But it will be a long way until truly autonomous ships become a reality.

At this year's Maritime Future Summit, held one day ahead of the SMM Hamburg 2018 opening, tomorrow's innovative and visionary technologies were therefore not the only issues addressed by the speakers.

Under the motto "Mind the Gap – Bridging Disruptive Technologies", they devoted considerable time to the required organisational initiatives and the numerous obstacles that still must be overcome in day-to-day maritime business.

In his keynote titled "New Thinking in Shipping – a liner company's perspective", Hubert Hoffmann, CIO & CDO of MSC Germany, set the stage for the conference.

"It is not the technology as such that presents the challenge but changing our way of thinking."

Hoffmann pointed out that the business and bureaucratic processes in ocean shipping have remained virtually unchanged over the past 80 years.

The same applies to port registration procedures which still have not been harmonised globally.

His conclusion: outdated analogue procedures must be digitalised and standardised.

Taking the right steps

A view shared by Mark O'Neil, CEO of Columbia Marlow Holding.

"Digitalisation will primarily enable optimised work processes."

This will most likely occur in an evolutionary process rather than an abrupt revolution as frequently suggested by the media.

To handle the enormous cost of digitalisation, O'Neill recommended that the industry adopt a strategic approach.

In his speech titled "Digitization in fleet operations – a ship manager's perspective", his advice was this: "Ship managers should primarily focus on the customer's technical needs."

Nevertheless, when it comes to making crucial decisions it would be unwise to procrastinate, he said.

His creed: "It would be better to take the right step at the wrong time than vice versa."

How to become a true pioneer by taking the right steps at the right time was the subject of a presentation by Ulf Siwe, Manager at the Swedish Maritime Administration.

Maritime Future Summit



The government-supported Mona Lisa project developed the Sea Traffic Management (STM) methodology as a common, automated communication standard for ships and ports.

Its benefits include a reduced administrative burden on crews, in particular with regard to reporting; reduced fuel consumption thanks to optimised routes and coordinated port calls; and increased safety through the avoidance of collisions and groundings.

Lower noxious emissions would be an additional benefit.

STM has already been implemented on 300 ships.

Vision and reality

ABB Marine and Ports Business likewise believes in network integration as a means to improve performance.

The technology group offers its customers remote condition monitoring solutions enhanced by augmented reality.

A much greater challenge appears to be the use of fuel cell technology in shipping as discussed by Mikko Lepistö, Director of Software and Automation Operations at ABB Marine and Ports Business, in his speech "How to cope with disruptive markets".

Another highly sophisticated technology, the Digital Twin, has been embraced by the industry rather quickly.

A digital twin is a virtualisation of an actual ship that is used to simulate and explore the ship's behaviour.

Dr. Pierre C. Sames, Director of Maritime Technology at the ship classification society DNV GL, explained: "The digital twin can be used to determine the most fuel-efficient ship design or forecast the lifespan of individual components."

The better the algorithm and the more powerful the virtualisation system, the more accurate the predictions will be, he added.

"In future, smart, self-learning machines will be used in autonomous ships," Sames believes.

An outlook into a more distant future was presented by Kohei Matsuo, Project Director R&D at the Japanese National Maritime Research Institute, in his speech "A Technology Roadmap to 2050 – a perspective from the Far East".

Matsuo suggested that big data will enable the use of ultra light, extremely robust materials, which might give rise to entirely new ship types.

He also expects flexibility to increase: "In the age of 3D printing, production will no longer be confined to one particular location.

Everybody will be able to build ships at any place."

If autonomous ships travelling the world's ports and oceans are to become a reality one day, an appropriate legal framework will be needed.

Wu Sun, Deputy General Manager of the China Classification Society (CCS), provided an overview of potential conditions of class and technical safety requirements which will have to be created for such ships.

Plug & Play

And what about the logistics chain of the future?

Christian Roeloffs, Managing Director of the start-up company Container xChange, believes that conventional all-round providers will be at a disadvantage.

"The winners will be specialists occupying specific niches of the value chain.

At the same time, online platforms will play an and ever more important role as the mediators between manufacturers and buyers in shipping.”

In the final Q&A session, Nick Danese, CEO of the software supplier NDAR, summed up the core issue: “Based on my professional experience of 35 years I can say that the willingness to embrace new technologies is generally overestimated, whereas the necessity to do so is clearly underestimated.”

Pierre C. Sames added: “Those who are capable to adapt and to cooperate with other players by using overarching systems will be successful.”

The Maritime Future Summit co-organised by the industry magazine HANSA has provided plenty of food for thought, and the SMM exhibition offers visitors great opportunities to see live demonstrations of innovative technologies and form cooperation partnerships that could enable them to better tackle the challenges of the future.

(from: hellenicshippingnews.com, September 5th 2018)

ON THE CALENDAR

- 24/09/2018 – 29/09/2018 Napoli Naples Shipping Week 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
- 28/11/2018 – 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.