Centro Internazionale Studi Containers

Newsletter

March 31st 2019

Link road, rail, sea!

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

YEAR XXXVII
Issue of March 31st 2019

March 31st 2019

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

C.I.S.C.O. NEWS

THE BIC 2018 AWARD WAS RECENTLY PRESENTED AT THE WORLD CUSTOMS ORGANIZATION HEADQUARTERS IN BRUSSELS

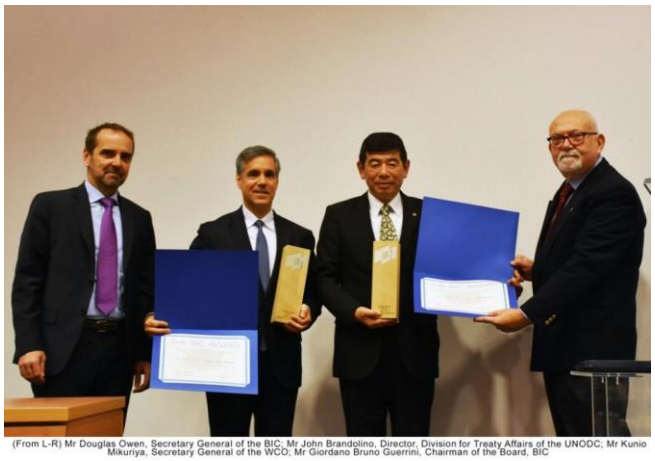
The Bureau International des Containers has announced that the UNODC-WCO Container Control Programme (CCP) has won its 2018 Award.

The Container Control Programme (CCP) is run jointly by the World Customs Organization (WCO) and the United Nations Office on Drugs and Crime (UNODC).

The CCP helps strengthen international supply chain security by building the capacities of national border agencies in tackling threats related to sea, land and air cargo.

It develops cooperation among national law enforcement authorities and private sector entities such as port operators and shipping lines.

The CCP's efforts have resulted in seizures of a wide range of prohibited goods, such as weapons, proceeds of fisheries, forest, wildlife and other environmental crimes, prohibited drugs, strategic goods, falsified or unlicensed medicines, precursors for drugs and weapons, cigarettes, and goods which are counterfeit or otherwise violate intellectual property law.



(From L-R) Mr Douglas Owen, Secretary General of the BIC; Mr John Brandolino, Director, Division for Treaty Affairs of the UNODC; Mr Kunio Mikuriya, Secretary General of the WCO; Mr Giordano Bruno Guerrini, Chairman of the Board, BIC

Kunio Mikuriya, Secretary General of the WCO and John Brandolino, Director, Division for Treaty Affairs of the UNODC, received the BIC award on the opening day of the annual Enforcement Committee meeting on the 11th March 2019 at the World Customs Organization headquarters in Brussels.

Presenting the BIC Award alongside Douglas Owen, Secretary General of the BIC, Giordano Bruno Guerrini, BIC's Chairman, commented: "The Container Control Program has been selected for its successes in improving security and mitigating smuggling in container transportation.

The BIC believes that the capacity-building efforts of the CCP, and its important work in promoting advanced risk-assessment around the world, are to be applauded and encouraged."

At present, the CCP is operational in 50 countries and has initiated activities in 12 other countries.

More than 80 Port Control Units (PCUs) and Air Cargo Control Units (ACCUs) have been established since the CCP's inception in 2004.

These inter-agency units are equipped to exchange information with their counterparts in other countries using a secure communication application, developed by the WCO, called ContainerComm.

It provides PCUs and ACCUs with access to a wealth of information that allows users to track, profile and identify high risk containers, verify their identification numbers and send out alerts to other PCUs and ACCUs.

(from: worldcargonews.com, March 16th 2019)

PORTS AND TERMINALS

ÖBB AND PORT OF TRIESTE INTENSIFY COOPERATION

A strong national and international economic area that offers many opportunities – this is how Italy presents itself.

At the heart of this is the port of Trieste, which not only plays the most important hub on the Adriatic, but also plays an important role for transports to the Far East.

The Adriatic port is now celebrating its 300th anniversary.

In the course of this, a strong signal was given for the future cooperation between ÖBB and the port – with the signing of two declarations of intent to strengthen rail freight traffic.

Trieste – "Vienna by the Sea" as a hub for freight transport

Trieste Freeport celebrated its 300th anniversary on 18 March 2019.

As the former main trading port of the monarchy, Trieste has once again become one of the main ports for Austria.

Last year, Trieste was once again Italy's strongest port location.

62.7 million tonnes of goods or 10,000 trains were handled last year.

And growth of 10% is expected for 2019.

The port has invested massively in expansion in recent years, from infrastructure and capacities to modern equipment.

For ÖBB, Trieste has been an important hub for transport to and from Austria and the hinterland of Europe for almost 25 years.

With a market share of around 45 per cent in the rail sector, the Rail Cargo Group is the clear market leader.

"Trieste is a role model for the efficient interconnection of different modes of transport.

Ship and rail are linked here to form an optimal transport chain.

We are very proud that the Rail Cargo Group is a strong logistics partner in the Free Port of Trieste," says Andreas Matthä, CEO of ÖBB-Holding AG.

Intensification of cooperation

The Free Port of Trieste is a central logistics hub for the economy of Italy and Austria - as well as for the entire Central and Southern European region as well as an important gateway to the Maritime Silk Road.

In the coming years, the Rail Cargo Group will continue to strive for further intensive networking in the port of Trieste.

In the course of the anniversary - in which the Carinthian provincial governor Peter Kaiser, the President of the Friuli Region, Massimo Fedriga and the Austrian Chamber of Commerce took part with a delegation – the mutual commitment was reaffirmed.

Two Memorandi of Understanding (MoU) were signed for this purpose:

- in the area of freight transport, the President of the Port Authority of Trieste, Zeno D'Agostino, was present to develop new transport routes and to discuss the future of freight transport;

- and to strengthen cooperation on infrastructure issues together with RFI.

"As an integrated partner with a strong rail network, we want to further boost rail freight transport and thus guarantee economical and environmentally friendly transport.

We are sure that together with our Italian partners we will continue to succeed in this in the future", Matthä confirms.

New connections already planned

RCG currently offers the full range of transport services with regular connections on a total of seven routes.

More than 3,300 RCG trains are handled annually from and to the port alone – in Italy this figure is many times higher.

From March and April, respectively, additional networking will take place: with the TransFER Wolfurt–Trieste in a round trip once a week and the TransFER Trieste–Vienna–Linz–Trieste in triangular traffic once a week.

(from: transportjournal.com/railcargo.com, March 20th 2019)

MARITIME TRANSPORT

CARRIERS AND PORTS AND SHIPPERS LOCK HORNS AS EC REVIEWS LINER BLOCK EXEMPTION

The European Commission's competition directorate has questioned whether the liner consortia block exemption regulation (BER) is the right tool to regulate the liner shipping industry in Europe.

Yesterday at the European Shippers' Council Maritime Day in Rotterdam, director general for competition Itai Rabinovici said the EC was considering amending and extending the BER.

"But we must also consider whether the block exemption is the right statuary instrument to achieve what the industry is calling for?" he said.

"We can amend it to suit the changes that have occurred in the industry, but we can only amend it in accord with the limits set out in the statuary instrument itself."

Presently, the EC's competition department is working on a technical paper, due out soon, that would address the options.

Shippers and carriers are split, many cargo owners and forwarders arguing that the BER is inefficient and should not be continued after its 2020 expiration date.

"Carriers believe the block exemption works well and should continue – they've specifically asked for another five-year extension; ports and shippers say 'no'," said Mr Rabinovici.

"Both options are still open, so we are assessing them at the moment but the mandate we have and the issue we can address is one of competition."

Even so, Mr Rabinovic said the paper would not make recommendations on whether or not to repeal the BER, noting this would be in the hands of the EC's commissioners.

Instead, it would focus on how well the system was working and whether in its present state it was failing to meet its aims or not.

"And there is, of course, a third option open to us, which is that we extend and amend the legislation in its existing form," he continued.

"This is a possibility – the commission is not closed off to such an idea and is generally very, very open to implementing new ideas, if they can be shown to work."

According to reports, the secretary general of the Federation of European Private Port Operators, Lamia Kerdjoudj Belkaid, welcomed the proposal to amend the legislation.

"We are now between two options: repeal or modify.

As we heard today, the EC is seriously considering the modification of the BER.

As terminals, we are pleading for a substantive modification of the regulation," she told JOC.com.

"We cannot continue with the joint purchasing behaviour that is used by the [shipping] alliances whenever they buy terminal operations."

For Mr Rabinovic, the purpose of the forthcoming technical paper is to provide an objective, unbiased report on the current state of play.

This, he said, required not only pulling objective data, but listening to those for and against the BER to make a thorough assessment.

"It is an investigation; you listen, you read, and then you try to make some sort of balanced argument," he continued.

(from: theloadstar.com, March 21st 2019)

ROAD TRANSPORT

A FIFTH OF DRIVER POSITIONS UNFILLED IN THE EUROPEAN ROAD TRANSPORT SECTOR

The European road transport sector is facing the most acute professional driver shortage in decades, a new report by the International Road Transport Union (IRU) has found.

The report is based on insight from stakeholders across the European transport industry and drawn from two surveys conducted by IRU.

Polling of IRU members and associated organisations in Europe from October 2018 to January 2019 revealed a visible driver shortage of 21% in the freight transport sector and 19% in the bus and coach sector.

The problem is accelerating, with the shortfall predicted to reach 40% in both sectors as demand grows in 2019.

Boris Blanche, IRU's Managing Director commented: "The transport industry needs to take immediate and decisive action to tackle the driver shortage.

Left unchecked, it will have serious implications for the European economy and lead to rising costs for businesses, consumers and passengers.

"But there is no shortage of opportunity in this profession.

In fact, our research found that job satisfaction tends to be high, with only 20% of drivers surveyed expressing any dissatisfaction with their work."

What's causing the driver shortage?

According to IRU's research:

- 57% of male drivers and 63% of female drivers believe the poor image of the profession is stifling recruitment.

- 79% of drivers believe the difficulty of attracting women to the profession is one of the top reasons for the driver shortage.

  This is underlined by data from the International Transport Forum, showing female drivers make up just 2% of European road transport drivers.

- 70% of drivers aged 25-34 believe the difficulty of attracting young drivers is one of top reasons for the driver shortage.

- Amongst drivers, 76% believe that working conditions, and 77% think long periods away from home deter many from entering the profession.

- The industry also suffers from an ageing labour force.

  In Europe the majority of freight transport sector companies are employing drivers whose average age is 44 years old, while in the passenger transport sector the average age of their employed drivers is 52 years old.

Mr Blanche continued, "A global effort must be made to address negative misperceptions and improve the image of the profession.

At the same time, all industry stakeholders must act to improve working conditions in the sector.

The treatment of drivers should be improved, with adequate and sufficient infrastructure and facilities provided."

The IRU Driver Shortage Road Map

To address these challenges, IRU has worked in close co-operation with its members to create an action plan of short, medium and long-term measures.

IRU has already taken steps, including the regular collection of solid company data, to find facts and monitor trends.

It has launched a joint initiative with the European Shippers' Council (ESC) to develop common principles aimed at improving the treatment of drivers at delivery sites.

IRU has also established an expert group to address driver training legislation and its effectiveness.

IRU will set up a Women in Transport Network, aimed at increasing the number of women in the transport sector and their representation at all working levels as well as to promote transport as an attractive field for women to work in.

It will contribute to incentives such as creating awards for female drivers and best performing companies in terms of recruitment, inclusiveness and retention.

Matthias Maedge, IRU's General Delegate, warned: "Already the driver shortage is creating serious headaches for transport operators, impacting the people and businesses that rely on their services.

Unfortunately, this is only set to worsen.

We should not be fooled into thinking automation will solve this issue.

There is still some way to go until the road transport industry sees full automation, and the partial adoption we are currently witnessing will require a sizeable workforce with an increasingly diverse skillset.

This makes the need for decisive action to attract new talent all the more immediate.

Additional statistics

In the UK, the country's exit from the European Union arrives just as its shortage of drivers is estimated to be growing at a staggering rate of 50 drivers per day.

The average driver age in Germany is now over 47, meaning that some 40% of the truck and 55% of bus driver workforce is expected to retire by 2027, creating a shortfall of around 185,000 drivers.

In Belgium, bus operators estimate that the needs of the industry will require them to hire 28% more drivers than levels in 2018, resulting in a driver shortage of almost 50%.

In Norway truck companies estimate that their demand for drivers will increase by 12% in 2019.

Combined with the 22% vacancy rate identified in 2018, this will increase their driver shortage to 35%.

Truck companies in Romania faced a driver shortage of 37% in 2018 and indicated that 32% more drivers would be needed for growth in 2019, creating a driver shortage of almost 70% if the problem is not addressed.

(from: transportjournal.com/iru.org, March 22nd 2019)

INTERMODAL TRANSPORT

ROAD AND RAIL WORK TOGETHER ON LIABILITY OF COMBINED TRANSPORT

Two large interest groups representing the rail and road sector respectively have joined hands to form a legal basis for combined transport.

The International Railway Committee (CIT) and International Road Transport Union (IRU) want to link the respective legal regimes on a contractual and legal level.

This should contribute to the reduction of legal and administrative obstacles in the multimodal transport and logistics chain.

The CIT and IRU have created a comparison table and a checklist, which they presented at the Railway – Road Transport Workshop held at the end of February 2019 in Bettemburg/Luxembourg.

It was the result of nearly two years of work, Deputy Secretary General of the CIT Erik Evtimov explained.

But it is only the start, as it should form the basis for a legal provision linking rail and road.

Challenges

The first joint CIT-IRU conference on multimodality highlighted important interfaces between rail and road transport.

However, many questions concerning the interaction between road and rail transport have not yet been clarified, Evtimov explained.

"For example, there is no clarity on the liability for transshipment in a container terminal from lorry to rail.

The same accounts for the loading procedure in a Ro-La shipment."

Such legal and administrative obstacles are unfortunate, as combined transport is promising to be the driver of growth in the transport sector.

The combined transport volumes are on a steady rise, unlike the general rail freight volumes which have been almost the same for the last ten years.

Since 2005, combined transport traffic volumes increased by 50 per cent.

Compared to 2015, the figures rose by 7.2 per cent.

And the future looks bright: the expectation is that in the next two years, the volumes increase by around 10 per cent.

Potential

"Considering the potential of combined transport, it is all the more important to push ahead with the targeted reduction of legal and administrative obstacles through the further development of multimodal products and respective legal instruments", he added.

"Legal solutions at an intergovernmental level are still some way off, but contractual solutions on a sector level allow a timely and flexible basis for implementation in combined transport.

CIT has therefore given more weight to the topic and, together with IRU, developed a framework contract for rail-road transport."

The contract comes in the form of a checklist and is a new legal document, bridging the respective legal regimes.

Basis for legal framework

But this is only a start, Evtimov continued.

"In order to draw up a framework agreement for rail-road transport, further studies and harmonisation efforts are required."

Since 2017, CIT and IRU have been working on a comparison table which serves as a working basis for the harmonisation of road and railway transport law.

"This creates the basis for initial proposals towards a framework contract, covering the interaction between road and rail carriers."

The aim of the final guideline is to produce a coherent legal comparison between the international carriage of goods by rail and the international carriage of goods by road.

These industries are currently covered by the legal frameworks of COTIF/CIM and SMGS for rail, and CMR for road transport.

"Since legal solutions at the international, intergovernmental level can only be achieved in the long run, the contractual solution offers a suitable and timely basis for the handling of multimodal transport in general, and combined transport in Europe in particular", said Evtimov.

(from: railfreight.com, March 26th 2019)

INLAND RIVER TRANSPORT

NO EASING OF EUROPE'S BARGE CONGESTION, DESPITE UPGRADED TRAFFIC SYSTEM

Delays of more than a day are still plaguing northern Europe's inland waterways after attempts to address the issues failing to have an impact.

Last May, the port of Antwerp announced an upgraded barge traffic system (BTS) as it sought to alleviate the congestion that had gripped it and Rotterdam for more than two years.

One source today told The Loadstar the new BTS had failed to deliver the expected improvements.

"This is not surprising, given that the crux of the problem surrounds the lack of dedicated barge berths and capacity," said the source.

"Plans on consolidation centres for less than 30 moves [per barge call] had been announced, but there has been no update on progress since."

The upgrade to the BTS was part of a commitment made by Antwerp stakeholders to improve services, laid out in a signed "roadmap of structural changes".

Among the agreements reached was a pledge to consolidate freight volumes, allowing barges to have larger call sizes at shipping terminals, with the aim being that each barge call should involve at least 30 moves, given that a large part of the problem is half-empty barges.

This looks set to be realised through a consolidation centre on the left bank of the port, and while the source said no update had been given, he did note that the process was out for tender.

"A consolidation centre on the left bank is much needed, 80% of container traffic requires one to connect the ocean-going vessels import and exporting the goods," added the source.

"There is also the proposed 'inland building', but what's happening here remains unclear."

When the plans were announced, SeasC4U's Gunther Ginckels told The Loadstar the decisions taken by the port authority were the right ones to address the problem.

However, Mr Ginckels suggested these measures – which have included a recent campaign to make working in the port more attractive – were "too little, too late".

"[The port] really needed one year and 40 workshops to take action and overcome this acute shortage," he added.

"The sun is already shining; it will soon be summer holidays again and the trade unions don't give a damn that there is insufficient working capacity."

Ongoing issues have not been helped by storm Eberhard, which has swept across Europe over the last week.

On Monday, trimodal transport operator Contargo said the storm had resulted in "massive" transport restrictions, including rail cancellations.

"Now storm Franz, followed by Gebhard, will be passing over Europe, bringing bad weather with wind speeds of up to 100 kph until the end of the week," it warned.

"Some seaport terminals have already suspended or are restricting operations temporarily," it added.

(from: theloadstar.com, March 13th 2019)

TRANSPORT & ENVIRONMENT

A FRESH WIND IS BLOWING THROUGH SHIPPING'S DECARBONISATION CHALLENGE

No one has a crystal ball, and predications about future pathways and fuel options in shipping are inherently difficult, but there is general agreement in the industry that we are in a period of major transition with great uncertainty and a significant pressure to decarbonise our operations.

The IMO initial strategy in April 2018 called for 'at least' 50% reduction in CO2 emissions by 2050 and the gauntlet has been laid down by Maersk with their announcement at the end of last year that their fleet will be carbon neutral by the same date.

What is required to achieve that goal and who is going to deliver on that?

One increasingly attractive option that provides some predictability and future proofing for vessels is the adoption of direct wind propulsion.

"We all face the immense challenge of rapidly decarbonising shipping and technology that can deliver 5-20%, possibly 30% fuel savings as retrofit options and 30% upwards for new optimised vessels can't be ignored – the issue is not why, but when and how we will install wind solutions" said Gavin Allwright, Secretary of the International Windship Association (IWSA) at the GREEN4SEA award ceremony at the Yacht Club of Greece when receiving the prestigious Initiate Award on Tuesday 12 March.

IWSA will be bringing the message that modern, automated wind-assist and primary wind propulsion solutions are a credible, viable and increasingly economically attractive package of solutions to Canada and the US in the next couple of weeks.

Holding a series of open, free to attend seminars at the Port of Vancouver (27 March), an NGO seminar in Washington DC (01 April) and at the San Francisco Boat show on (5 April).

Allwright will also be on shipping decarbonisation panels at CMA 2019 and Seatrade Global Cruise in Miami.

"The of use of wind propulsion technology is a growing trend in the industry with installations of Flettner rotors increasing strongly over the last 12 months, with six vessels and 14 rotors installed," adds Allwright, "however other developments with rigid sail, suction wings, kites and more traditional soft sail are also moving up a gear.

Recent entrants into the sphere of wind propulsion include; Maersk, Airbus, Renault group, Viking Lines, Chantiers de l'Atlantique, Drax, MOL and others, so the question is not why should we adopt direct wind propulsion but when and how?"

This diverse support for wind propulsion is also on show on this Canada and US tour, supported by IWSA members Anemoi Marine Technologies, Dasivedo Design, eConowind, Inerjy, MARIN, Neoline, Norsepower, Oceanfoil, Peace Boat – Ecoship Project, Sail Cargo Inc., Smart Green Shipping Alliance, Wind + Wing Technologies and also backed by key US and Canada based organisations Green Marine, NAMEPA and the leading shipping conference organisers SHIPPINGInsight.

As the industry moves past the sulphur cap compliance issues at the end of this year, all heads will be turned to decarbonisation and CO2 emissions.

The winds of change are clear to see and one certainty in the market is that wind propulsion technologies are here to stay.

(from: hellenicshippingnews.com, March 14th 2019)

LOGISTICS

WHAT ARE THE TOP TEN RISKS TO SUPPLY CHAINS THIS YEAR?

The top ten supply chain risks this year include raw material shortages, safety recalls, climate change and containership fires – alongside more obvious concerns, such as trade wars and the economy.

A report on supply chain resilience, published this morning by DHL, examines the biggest risks and where supply chains are most vulnerable.

Top concern is that trade wars will lead to restructured supply chains: Harley Davidson's decision to move manufacturing from the US to Brazil and Thailand is cited as an example.

DHL's Resilience360 authors said they "expect this trend to accelerate in 2019".

But, perhaps more interestingly, growing demand and shorter supply of raw materials is the second biggest threat, with the production of many materials still "highly globalised", while companies are increasingly looking to local or regional manufacturing strategies.

DHL suggests key materials are highly vulnerable to demand spikes or production bottlenecks and notes current shortages of some polyamides, due to the low supply of a chemical required – made in only five places in the world – while cobalt, a component in lithium-ion batteries, could also see shortages, "an area of growing concern over the longer term".

The report says: "Companies in the automotive, textile, electronics and packaging industries may be forced to switch to other products, at least temporarily, although this may not always be possible."

Recalls over compliance and safety issues come high up the list too.

Pharmaceutical recalls by the US FDA almost doubled between 2017 and 2018; manufacturers are sourcing more ingredients from developing countries, which have differing standards of oversight.

Climate change – and its remedy, tougher environmental regulations – come in at numbers four and five.

This year could be the warmest on record, with El Niño also expected to form in the first few months.

A hotter atmosphere contributes to droughts, intense rainfall, tropical storms and fires, although the direct impact on supply chains is hard to predict.

Last year saw rivers in Europe fall to such low levels that inland shipping was disrupted.

To mitigate this, and improve air quality, regulators are putting ever tougher restrictions on companies.

IMO 2020 is one obvious area, but in Asia, high smog levels have caused temporary factory closures, and regional emissions are under scrutiny.

Economic uncertainty and industrial unrest may be the next highest threats, fairly standard risks in most years.

Containership fires have been a definite problem already this year and, despite efforts by box lines, could continue to threaten supply chains.

The final two threats highlighted in the report are border problems and drones: migrant movement in western Europe and the US have led to border closures or congestion, while Brexit could lead to major congestion in the UK and Europe.

"While border closures at ports of entry will remain extremely rare, Resilience360 anticipates an increase in the frequency of these high-impact events in 2019," notes the report.

Aviation disruption from drones, a problem that has increased significantly, notably in the UK, is one which can be regulated.

The report cited near-misses in several countries, and a further seven countries which have imposed strict regulations or bans.

Interestingly, cyber attacks are not listed in the top 10, despite being a major problem in 2018.

"In 2018, Resilience360 recorded a total of 65 cyber attacks that directly impacted supply chain assets, with November experiencing the highest number of incidents at 20," notes the report.

Other issues last year not in this year's list include high fuel prices, port congestion and theft.

DHL's report goes on to break down the risks regionally.

(from: theloadstar.com, March 25th 2019)

LAW & REGULATION

IMO 2020 FUEL RULES SET TO CHANGE OCEAN FREIGHT LANDSCAPE

Next year will be a pivotal year for the container shipping market, with the imminent the IMO 2020 low-sulphur fuel deadline set to trigger more slow steaming and transhipment - and be potentially disastrous for some container lines if they fail to recover enough of their cost increases from customers, according to industry analyst Drewry.

In its Container Insight Weekly briefing today, Drewry noted that failure to recover more of the fuel cost from customers than in the past, when it was estimated to be around 50%, "could be ruinous for some lines, many of which are still operating with highly distressed balance sheets".

Drewry Supply Chain Advisors' February whitepaper 'IMO 2020 Low-sulphur Regulations' offered some pointers to shippers regarding the new fuel regulation to use in their contract discussions with carriers, and previously launched an 'IMO 2020 Cost Impact Calculator' to assess the ramifications, with Drewry noting: "From what we hear, there is a general acceptance among shippers that they will have to pay more towards the fuel cost burden, although there are still a number of sticking points regarding the mechanics of how it should be done.

On the other side of the table, carriers will argue that a short-term win for shippers could quickly turn into a loss.

It is something that shippers might want to consider during negotiations as any cost saving today might raise the likelihood of another carrier bankruptcy in the manner of Hanjin Shipping, causing unwanted chaos in the supply chain and further reducing the competition, thus increasing the risk of much higher rates at a later date."

Drewry said the reality was that carriers' fuel costs will start to differ to a considerable degree as the new fuels are pumped into their ships, with the variance to be largely driven by the type of fuel used.

It highlighted a new report by the International Energy Agency (IEA) that suggests marine gasoil (MGO) will be the preferred option for shipowners across all maritime sectors from next year when the new 0.5% sulphur limit becomes law.

Use of very low-sulphur fuel (VLSFO), which is expected to be cheaper at the outset, will gradually become more popular as concerns over the availability of blending materials dissipate, Drewry indicated.

The IEA said some shipping companies may also be reluctant to adopt a new fuel immediately and would prefer to use MGO until they have confidence that VLSFO will be easily available in ports and stable and compatible with similar grades, Drewry noted.

"Operators with a higher quota of ships fitted with scrubbers that are able to continue to use the cheaper high-sulphur fuel oil (HSFO) stand to make significant operating expense savings, after the initial retrofitting investment," Drewry said.

Last year, the premium between HSFO/IFO 380 and MGO at the port of Rotterdam was approximately $210 per tonne, it noted.

"Depending on their success in raising the fuel recovery rate, carriers will inevitably seek to mitigate the anticipated higher operating expenses.

One potential side-effect from the new regulations could be greater slow-steaming and use of transhipment - the logic being that as ships sailing speed is reduced and round voyages are extended carriers will drop ports from rotations to ensure that transit times to key points remain competitive.

Fewer direct port calls will induce greater need for transhipment and feeder operations."

Drewry research shows that in the past there is a reasonably high correlation between incidences of transhipment globally, as a percentage of total port throughput, and bunker prices, the analyst pointed out.

"The upside from this shift towards more transhipment from a ports and terminals perspective is that this will inflate the global port throughput sum as four container movements at the quayside will be required instead of two with direct port-to-port calls."

Drewry said it will provide more in-depth analysis of this issue, along with the likely costs implications for shippers and carriers related to IMO 2020, in its forthcoming Container Forecaster report, to be published at the end of this month.

It concluded: "Shippers rightfully want more transparency regarding how the new fuel surcharge mechanisms will work, but they should be mindful of the

potential risks to future service options, competition and rates if they don't concede anything to carriers."

(from: lloydsloadinglist.com, March 18th 2019)

PROGRESS & TECHNOLOGY

INSIGHT: AUTOMATION WITH INTELLIGENCE

Automation is a growing trend across a litany of global industries, facilitated by the rising sophistication and scalability of digital solutions and machine-to-machine (M2M) communications.

However, for ports and terminals operating within a competitive space, automation is a major investment which needs expertise and commitment in order to make it work.

While it is largely agreed by experts in the industry that everything which can be automated ultimately will be, many terminals have been eager to automate certain processes, or sit back and wait to see how automation is developing before committing heavily.

In many cases, the approach to automation, and intelligent planning for its implementation, is a serious barrier preventing some ports and terminals from tapping into the technology's massive potential.

As a result, industry expertise on the subject of automation, and where it can be used most effectively, is becoming increasingly valuable.

Automation difficulties

Negotiating a technological shift as complicated as automating day-to-day processes within a port or terminal, almost all of which must continue to function at their usual capacity during the upgrade, confronts operators and authorities with a number of challenges.

Although the most obvious hurdle to overcome is cost, there are several other issues which must be resolved.

A hot topic of conversation at present is the human role in an age of automation, with some workers' bodies and unions calling for the protection of jobs, while other institutions suggest the retraining of maritime professionals.

More recently, difficulties with automation have arisen from what Daniel Reiss and Joseph H. Discenza identify in a Port Technology white paper as "excessive complexity" as opposed to simplicity; a failure of implementation which creates more problems than it solves.

Reiss and Discenza make a clear case for the full automation of container terminals, arguing that the piecemeal approach of individual process automation only leads to further inefficiencies that damage performance instead of improving efficiency.

Collaboration as a solution

Fortunately, for ports and terminals hoping to benefit from the automation movement currently taking place on a global scale, there is expert support available from a growing number of consultants in the container shipping space.

While many of these companies work across a broad range of business areas, it is clear that operators are not alone in the quest to achieve more intelligent, efficient and safe day-to-day processes.

It is for this reason that the contemporary state of port and terminal automation is more hopeful than it is frustrating; there are many examples of successful implementation which have produced short-term advantages, as well as promising more benefits in the future.

China is certainly the leader in this field, and with a will, the space and financial backing to make it happen, it has.

That said, China may well benefit from a unique political, economic and social structure which has afforded it the opportunity to automate in ways the rest of the world can't.

The outlook for automation

Many of Europe's largest trade hubs now accessing the potential of automation as working methodologies become clearer.

Antwerp, for example, may be taking the "piecemeal" approach some consultants have advised against, yet the introduction of fully automated warehouses and unmanned cranes alongside existing operations has proven crucial as the port continues to manage increasing cargo volumes.

The boost delivered by intelligent automation, implemented here in a calculated, considered fashion, is best illustrated by Antwerp's further commitment to its

"Smart Port Vision", with plans already underway to integrate more autonomous technology with the overall port community.

Looking ahead to the future, it seems certain that no port will be an island isolating itself from the world to drive its own development in the field of automation and digitization.

Collaboration, with other ports and key consultants, will be pivotal for this movement and ensuring that a terminal or port is on the winning rather than losing side.

(from: porttechnology.org, March 13th 2019)

STUDIES & RESEARCH

ERAI RAIL TRANSIT INDEX INCLUDED IN DREWRY INTERNATIONAL SHIPPING REPORT

The "Eurasian Rail Alliance Index" (ERAI) which reflects the indicative cost of rail transit services on the 1,520 mm railway gauge used in the former USSR, has been included in the February issue of the «Sea and Air Shipper Insight» report prepared by Drewry, the leading independent provider of research and consulting services to the maritime and shipping industry.

This marks the first time that the role of Eurasian rail transit has been recognized and highlighted on an international level.

According to the Drewry report, the competitiveness of rail services has increased due to the reduction in the cost of transportation and an increase in the speed of delivery throughout the year 2018.

In all, 370 thousand TEU were transported by rail between China and Europe in 2018, an increase of 35% compared to 2017.

About 75% of the total traffic volume was routed via Kazakhstan, with the gross transit volume soaring by 59% compared to 2017.

This was due to the increase in the number of trains from 2167 in 2017 to 3384 in 2018, as well as the average number of carriages per train.

The current imbalance of East-West freight traffic has decreased during 2018: the number of westbound trains grew by 37% compared to a 90% increase in eastbound trains.

As noted in the report, a comparison of the ERAI index with the Drewry World Container Index, representing the cost of shipping, shows that the cost of rail transportation is less volatile than the price of sea delivery.

In addition, rail transport has achieved significant success in terms of cost reduction compared with maritime transport.

Although sea routes still account for about 98% of the trade volumes between Europe and China, Drewry expects that rail transport to further improve its competitiveness.

It is expected that cargo ships on the Asia — Europe trade will continue slow steaming, and freight charges will increase during 2019 and 2020, while the speed of rail traffic will increase.

To summarize, Drewry experts forecast that in the coming years high rates of growth in rail traffic are expected, in part due to the low initial base.

Drewry is known for its World Container Index which constitutes a set of freight rates on 8 major two-way routes between to the United States, Europe, and Asia.

The ERAI Index (http://index1520.com) was developed in October 2018 by the JSC "United Transport and Logistics Company – Eurasian Railway Alliance" (UTLC ERA) in order to help shippers in choosing the optimal way of cargo delivery.

Now, with the help of a new tool, each client can get up-to-date and transparent information on the cost of shipping container cargo on Asia-Europe-Asia routes direction and calculate and compare delivery times.

(from: utlc.com, March 15th 2019)

ON THE CALENDAR

- 14/05/2019 – 16/05/2019 Aktau 1st Caspian Ports and Shipping 2019
- 25/06/2019 – 27/06/2019 Casablanca 7th Mediterranean Ports and Shipping 2019
- 09/07/2019 – 11/07/2019 Constanta 8th Black Sea Ports and Shipping 2019
- 10/09/2019 – 12/09/2019 Phnom Penh 17th ASEAN Ports and Shipping 2019
- 22/10/2019 – 24/10/2019 Polonia 3rd Baltic Ports and Shipping 2019
- 26/11/2019 – 28/11/2019 Douala 22nd 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.