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C.I.S.Co. Newsletter January 31st 2014

YEAR XXXII
Issue of January 31st 2014

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PORTS AND TERMINALS

ANTWERP SETS NEW FREIGHT RECORD

The provisional traffic figure for 2013 is 190.6 Mt, an increase of 3.5% on 2012 and a new record for the port.

The previous record dates from 2008 (189.4 Mt), the last year before the global financial crisis.

The main driving force behind the growth in volume was liquid bulk, with the container volume being slightly down as a result of the continuing recession.

“Liquid bulk has given our port a particularly strong boost,” declared Port Authority CEO Eddy Bruyninckx.

“These freight volume results have been achieved thanks to investments by a number of large players over the past few years.

They are also the best proof that conversion of former breakbulk areas into tank storage facilities has paid off for our port.

When it comes to containers the stagnating economy continues to weigh on the figures, but this situation applies practically throughout the Hamburg-Le Havre range.

"In the case of dry bulk there has been a significant decrease in the volume of coal compared to last year.

This development is due to the closure of a number of blast furnaces in the hinterland, which will continue to affect the figures for dry bulk.”

The volume of liquid bulk rose over the past 12 months by 31.9% to 59.71 Mt.

The volume handled by Sea-Tank Terminal helped to boost the figures, and investments by Antwerp Terminal Processing Company and Independent Belgian Refinery (the former BRC) also helped to drive up the volumes.

The port of Antwerp is the largest petrochemicals cluster in Europe.

The volume of dry bulk fell by 26.8% to 13.98 Mt.

The contraction was due mainly to coal imports, in a mirror image of the situation in the Dutch ports.

The failure to build a coal-fired power station in Antwerp has acted to the disadvantage of the port, as trade has shifted to other ports that do have one or more coal-fired power stations and so are able to achieve critical mass.

The container volume dropped slightly, both in tonnes (102.2 Mt) and in the number of containers (down 0.7% to 8.572M TEU).

Prospects are deemed positive, however, thanks to the recent announcement of the P3 Network, with Antwerp set to win market share in Far East-Europe trades.

In addition, MSC is set to concentrate its activities in Antwerp (on the left bank).

Ro-ro traffic fell by 5% to 4.557 Mt, although the number of cars actually rose by 5.1% to 1,302,885 units.

Conventional breakbulk also contracted during the course of the year, by 6.8%, with the final figure expected to be 10.15 Mt.

However, says the port, "the significance of conventional breakbulk for the port cannot be simply reduced to the number of tonnes handled, as many breakbulk players in the central and southern areas of the port have been investing in handling facilities, resulting in significant added value above and beyond the classic breakbulk activities."

During the past 12 months the number of seagoing ships calling Antwerp was down 2.4% to 14,207, but gt rose by 3.8% to 330,459,546 gt.

The number of ULCS (10,000 TEU +) is expected to be 197 in 2013, 30 more than the previous year.

The growth has been particularly significant in the category of 13,000 + TEU vessels.

(from: worldcargonews.com, Decembre 30th 2013)

CONTSHIP ITALIA SEES OFF MED RIVALS TO POST DOUBLE-DIGIT GROWTH

Italy's leading container terminal operator Contship Italia saw its combined throughput grow by nearly 1m teu in 2013 as carriers opted for its dual central Med transhipment hubs of Gioia Tauro and Cagliari, and the development of its operation in Morocco continued apace.

Despite fierce competition for transhipment traffic from rivals Malta, Piraeus and Suez Canal Container Terminal, Contship's flagship Gioia Tauro terminal remade some of the ground it has lost since the recession and related Eurozone woes began, and handled more than 3m teu, compared to 2.7m teu last year.

The alternative transhipment hub at Cagliari, on Sardinia, also saw double-digit growth as throughput climbed 12.7% from 582,000teu to 656,000teu, largely as a result of the G6's decision midway through the year to use it as the heart of its Asia Suez Express service, and relay US east and Gulf coast cargo through it.

G6 member Hapag-Lloyd increased vessel capacity by some 30% over the course of the year on its Med Gulf Express service.

However, the largest growth for Contship was seen outside its Italian portfolio, at the Moroccan transhipment terminal of Eurogate Tangier, where volumes nearly doubled to just over 1m teu.

The company's north Italian gateway ports of La Spezia and Ravenna also saw growth, albeit of more modest rates of 4.1% and 7.8% respectively, mainly as a result of higher export activity, although there had also been slightly higher levels of import containers, the company said.

Despite the improving volumes, Contship president Cecilia Eckelmann-Battistello warned that 2014 would remain a challenging year as the whole container supply chain industry needed higher revenues to provide sufficient returns on investments.

"We are expecting further complex dynamics in the business of our valued clients whose revenues must be restored to sustainable levels in order to safeguard the increasing level of investment.

This must be considered as a key objective for the global supply chain, as clearly cost reduction in absolute terms, in network costs [and] port and terminal expenses has its own tipping point.

"Our businesses continue to be under pressure from this expectation, whilst at the same time we are, ourselves, impacted by the cost of investment, energy and labour costs," she said.

(from: theloadstar.co.uk, January 13th 2014)

UKRAINIAN PORTS OVERCAPACITY CRISIS

Ukrainian ports are continuing to under-perform because of huge capacity surplus, which a new report says there is no quick solution for.

The problem is that although capacity is up to 3m teu in 2014, supply only stands at 778,000 teu, according to 2013 figures.

Andrey Sokolov, project manager, Informall, told *Port Strategy*: "If it were possible to return the traffic in the Baltic Sea to the Black Sea ports it would give Ukrainian ports an extra 100,000 teu, it would not solve the problem of overcapacity, but might increase container flow short term."

The overcapacity crisis has many roots, some of them coming from a time of rapid development before the financial crisis of 2008, when many port development plans were approved.

Mr Sokolov said that there were container terminal projects on the table worth around 43m teu, but they have not come to fruition.

The study also revealed that the prospect of the P3 alliance holds missed blessings when it comes to dealing with overcapacity issues.

But it will have a clear effect on ports because together, P3 provides more than 51% of container traffic through Ukrainian ports.

At Odessa, the Hamburg Port Consulting (HPC) terminal is expanding and doing quite well.

Competing for attraction of lines and being one of the most productive terminals with expansion underway allows it to have a free window for berthing.

But the P3 alliance prospect could see it losing business to the neighbouring Brooklyn-Kiev Port (BKP) terminal – whose main client is CMA CGM, one of the partners in the alliance.

The TransInvestServis (TIS) container terminal at Yuzhniy port, partnered with Maersk, has shown 80% growth and will be another P3 contender because it has better navigational conditions and three STS super post-panama cranes.

P3 alliance aside, there are other issues to contend with.

Container Terminal Illichevsk (CTI) is losing share due to having absence of funds to invest into a new terminal.

And even though it’s a cheaper option, the nearby Illychevsk fish port, where everything is ready for container handling, stands empty.

Mr Sokolov pointed out that the long term solution to the overcapacity crisis would be to increase of container transit to Russia.

But this all down to Ukrainian customs performance at the border with Russia and the will of Russia to develop its own facilities in Novorossiysk and the construction of the new port, Taman.

(from: portstrategy.com, January 21st 2014)

MARITIME TRANSPORT

MAERSK SPINS OFF INTRA-AMERICAS SERVICE INTO INDEPENDENT COMPANY CALLED "SEALAND"

Danish container shipping giant Maersk Line said today it has formed an independent company to serve intra-Americas shipping lanes and has baptized the company with one of the most storied—albeit long-defunct—names in maritime history.

Under the arrangement, Copenhagen-based Maersk, the world's largest container shipping concern, has spun off its intra-Americas services to an affiliate company called "SeaLand," which will launch operations on Jan. 1, 2015.

The transition to SeaLand will be handled in phases throughout the year, Maersk said.

The new company's personnel, headed by CEO Craig Mygatt, a long-time Maersk executive, will be in place by July 1, the liner said.

Maersk Line's existing intra-Americas network, which consists of 22 services, will be the foundation for SeaLand's ocean products, Maerk said.

SeaLand will take over the management of those services and will be free to link up with other carriers to operate feeder sailings.

The new company's structure will be patterned after Maersk operations within Asia and within Europe, the liner said.

The new company will serve mostly smaller customers whose needs are often different than those of large, multinational businesses.

The objective, according to Maersk, is to provide a more geographically intimate level of service to these customers than they received from a global network not dedicated to their business.

"We heard from our customers that they value Maersk Line services, but they required greater service stability and commitment," Mygatt said in a statement.

Timothy R. Simpson, a Maersk spokesman, said smaller customers in the Americas "need an organization that is close to them and is reachable."

Simpson said the worldwide Maersk operation hasn't been consistent in providing services within the Americas because "we hadn't figured out how to be the right carrier to everyone in this trade.

"Shippers and beneficial cargo owners (BCOs) will ultimately benefit by working with an independent entity that is local and focused on their needs", he said.

The "SeaLand" name comes from the shipping and containerization company Sea-Land Services, which was once one of the most well-known names in shipping and was acquired by Maersk in 1999.

Maersk dropped the Sea-Land name altogether in 2006.

According to Simpson, Mygatt decided to revive the brand after discovering on various trips abroad that customers associated him with Sea-Land rather than with Maersk.

The new company will be based in the United States, although a location has yet to be determined, Maersk said.

Separate from P3

SeaLand's operations will have nothing to do with the proposed "P3" alliance, a vessel and port-sharing agreement between Maersk, CMA CGM Group, and Mediterranean Shipping Co. (MSC) that plans to operate on trade routes linking North America, Asia, and Europe.

The proposed alliance will give the three carriers control of about 43 percent of the Europe-Asia shipping market, 24 percent of the trans-Pacific, and 40 to 43 percent of the trans-Atlantic.

Regulators in the United States and Europe, which have investigated the alliance amid concerns of excessive market concentration and pricing power, appear ready to bless it.

Asian regulators have yet to be heard from.

(from: theloadstar.co.uk, January 9th 2014)

PANAMA CANAL, CONSORTIUM DISCUSS NEW FINANCING PROPOSAL

The Panama Canal Authority said on Tuesday it was in talks over a new financing proposal with the Spanish-led consortium in charge of expanding the waterway and its insurer aimed at ensuring work continues on the project, which faces huge cost overruns.

Canal Administrator Jorge Quijano said the consortium, led by Spanish builder Sacyr and which had threatened to halt work on the project this week, had pushed back its deadline to the end of January.

Earlier this month, the consortium had vowed to stop work by Jan. 20 unless the Panama Canal agreed to foot the bill for an estimated $1.6 billion in unforeseen additional costs.

The canal is one of the world's most important shipping routes and halting construction on the project would be a setback for companies eager to move larger ships through the waterway such as producers of liquefied natural gas (LNG), who want to ship exports from the U.S. Gulf Coast to Asian markets.

"There is a proposal on the table which the parties have put forward," Quijano told reporters.

"It could offer a pretty long-term solution so work can continue."

He said the consortium had sent a letter advising the canal authority it would not halt work before at least Jan. 31.

A canal authority official said that work at the construction site was running at about 25 percent to 30 percent of capacity.

The Panama Canal Authority said this week it had turned down an offer by the European Commission to mediate the multibillion-dollar dispute.

The canal is one of the world's most important shipping routes.

The entire project was due to cost about $5.25 billion, but the overruns could bump that up to nearly $7 billion.

The canal authority said last week it might take over a key part of the waterway's expansion if the consortium in charge of the project makes good on a threat to suspend work.

The consortium, which includes Italy's Salini Impregilo, Belgium's Jan De Nul and Panama's Constructora Urbana, won a contract in 2009 to build a third set of locks, the main part of the project to double capacity of the near 50-mile (80 km) transoceanic cargo route.

(gcaptain.com, January 21st 2014)

HAPAG-LLOYD AND CSAV INK DEAL TO FORM NO. 4 LARGEST SHIPPING COMPANY

Cia. Sud Americana de Vapores SA fell the most in more than two years after the Chilean shipping company reached an agreement to combine operations with Germany's Hapag-Lloyd AG.

The shares slumped 12 percent to 29.1 pesos at 4:43 p.m. in Santiago, the biggest fall since September 2011.

The shares had advanced 31 percent since Dec. 3, the day before the company, controlled by Chile's billionaire Luksic family, confirmed it was in talks with Hapag-Lloyd about a merger to form the world's fourth-largest container shipping company.

CSAV will own 30 percent of the new company and will join German billionaire Klaus-Michael Kuehne and the city of Hamburg to control a total of 75.5 percent.

The companies plan two capital increases of 370 million euros ($507 million) each, and CSAV will also seek to raise another $200 million to buy new ships.

The shares fell on concern minority investors will see their stakes cut by the capital increases, according to Arturo Curtze, an analyst at asset manager VanTrust Capital.

"It's not the first time that CSAV surprises the market with more and more capital increases," Curtze said in a phone interview from Santiago.

The companies, which both date back to the 19th century, are struggling to overcome a prolonged slump in the container shipping market and compete with larger rival A.P. Moeller-Maersk A/S.

The Luksics, Chile's wealthiest family, took a bet on the industry in 2011 when they began building a stake in CSAV.

The combined company will have revenue of $12 billion a year, CSAV said.

Tie-up Savings

Hapag-Lloyd currently operates a fleet of about 150 vessels, or 4.1 percent of the global container shipping industry, according to data compiled by consultant Alphaliner.

CSAV has 50 ships, or 1.5 percent of the global market.

The tie-up will create savings of 300 million euros ($406 million), CSAV said yesterday.

Maersk is the world's biggest cargo-box carrier with 14.6 percent of the global fleet.

Switzerland's Mediterreanean Shipping Co. has 13.3 percent and CMA CGM SA has 8.5 percent, according to Alphaliner.

CSAV didn't say if it will dissolve its Santiago listing as part of the deal or what terms will be offered to minority shareholders.

"Hapag isn't a listed company, so that is causing concern among analysts about how to value the deal," German Guerrero, a partner at Santiago-based brokerage MBI Inversiones, said in a telephone interview today.

Hapag-Lloyd may hold an initial public offering as part of the second transaction, CSAV said.

Asia Routes

Tour operator TUI AG (TUI1) still plans to list its 22 percent stake in Hapag-Lloyd in an initial public offering, Natascha Kreye, a spokeswoman, said in an interview today.

Hapag-Lloyd shareholders have delayed an IPO as they await improved market conditions, TUI Chief Executive Officer Friedrich Joussen said Sept. 27.

Kuehne, who controls Schindellegi, Switzerland-based Kuehne& Nagel, the world's largest sea-freight forwarder, owns a 28 percent stake in Hapag-Lloyd.

In June, Kuehne demanded a debate about Hapag-Lloyd's future after merger talks with German rival Hamburg Sued fell through in March.

Hapag-Lloyd will strengthen its presence on Europe-Latin America and Latin America-Asia routes through the deal.

The Luksic family controls CSAV with a 46 percent stake.

They have invested more than $1 billion in the company in the past two years after it lost a record $1.25 billion in 2011.

The company hasn't recorded a profit since 2010 and reported losses of $108 million in the first nine months of last year.

Guillermo Luksic, the oldest of three brothers that constitute Chile's richest family, was chairman of CSAV until he died on March 28.

Younger brothers Andronico and Jean-Paul appointed a non-family member, Francisco Perez Mackenna, as chairman.

The combination excludes CSAV's bulk and liquid cargo assets.

(from: cargobusinessnews.com/bloomberg.com, January 23th 2014)

RAIL TRANSPORT

EUROPEAN RAIL FREIGHT - FOR TRACK CARGO AND LOGISTICS GROUPS THERE IS GOOD NEWS AND BAD NEWS

Players in the European rail freight market have operated a 1.5 kilometre long freight train from the Sibelin Yard, south of Lyon, to Nimes as part of Europe's 3 year project to find ways to reduce operating costs by over 30% and increase efficiency and capacity on selected freight corridors across the continent.

This news comes as DB Schenker extends its network, but elsewhere, financial troubles lead a Dutch logistics firm to cease operations in its rail cargo division, and cause the latest privatisation attempts of the freight subsidiary of Croatia's national railway to fail.

First to France where on January 18, national railway SNCF in partnership with national rail network RFF and German intermodal operator Kombiverkehr and 16 other industry stakeholders, tested the 'long' freight train developed as part of a €4.4 million project, co-financed by a grant from the EU.

The test consisted three of Kombiverkehr's regular Germany - Spain intermodal trains (two 410-metre trains and another 620-metre train) which were repurposed as a pair of 750 metre long trains coupled together at Sibelin yard to form a 70 wagon unit, capable of carrying a maximum of 4,100 tonnes.

To move the monster two Alstom class 37000 electric locomotives, one positioned at the front and the other in the middle, were connected by a wireless radio system created by Schweizer Electronic and Createch.

This three year project launched on April 1, 2011, with a view to bring these longer trains into commercial service by 2016.

In other European rail freight news, DB Schenker Rail (UK) has announced additional freight services along High Speed 1 which will carry refrigerated containers of perishable foodstuffs and automotive components from Valencia, Spain to Barking and Dagenham, East London, via the Channel Tunnel.

The new contract adds to Schenker's oversize container service between Poland and the UK.

Neil McDonald, Head of Sales for DB Schenker Rail said: "We are pleased to further contribute to the growth of freight traffic on HS1.

The additional services from Spain will add to an already successful operation of twice weekly return services to/from Poland.

We have a strong positive relationship with HS1 which allows us to offer new and existing customers the opportunity of transporting goods to and from mainland Europe in wagons which are too large to be conveyed on the UK national network.

"These additional trains will further demonstrate the benefits of using the High Speed 1 rail route to trade with mainland Europe.

We look forward to building on our already successful relationship with HS1 to add further services in the future."

DB Schenker Rail's track access contract with HS1 for these additional services is initially for 6 months from the start date, January 13, with both parties intent on continuing the partnership.

Nicola Shaw from HS1 said: "We are delighted to welcome additional DB Schenker Rail freight services onto the high speed line.

This is a big step up for freight on HS1, and is an area in which we continue to grow.

The new contract demonstrates the value of the high speed network in the UK.

Due to size dimensions of the freight, it is something that can only be carried in the UK on the high speed network, offering the shipper a seamless European rail service.

We enjoy a good relationship with DB Schenker Rail and have always maintained that a partnership approach is crucial to the long term success of the HS1."

Whilst things seem to be going well for two of the biggest rail freight operators in Europe, Netherlands based intermodal logistics group Husa Transportation, has announced plans to cease operations in its rail freight divisions, Husa Transportation Railway Services (HTRS) Nederland and its German subsidiary HTRS Süd, by March 1 with proceedings underway to sell off the struggling business units, a process which has already reportedly generated a lot of interest.

Although none of the group's other divisions will be affected by this move, this divestment will see 75 employees be displaced, probably transferred over to other operators with existing ties with Husa, along with the subsidiaries contracts together with about 20 locomotives.

Speaking to local press, the group's founder and CEO Rob van Gansewinkel, said the company has become 'the victim of the ever-rising prices for infrastructure' and that there is an apparent 'lack of a level playing field' within the industry compare to other modes in particular the inland waterways, as they do not pay directly for use of the infrastructure where as rail operators pay the usage fee of infrastructure managers.

He went on to say: "The liberalisation of the railway market for us has failed.

It seems that only the former State-owned enterprises and a few large listed groups can survive in this market.

We feel after an effort of almost a decade as the famous dog, who has been running circles biting its own tail, but does not move forward."

Over in Croatia, negotiations have resumed for the privatisation of HZ Cargo after being initially abandoned on January 13.

The country's Ministry of Maritime Affairs, Transport and Infrastructure had been planning to sell a 75% stake in the state owned subsidiary to Romanian rail group Grampet Group but concerns had been raised by Grampet over property rights, ongoing legal disputes and the financial relationship between the railway and its intermodal subsidiary AGIT.

Grampet had also become concerned with HZ Cargo's debt which grew €2.7 million in the last quarter of 2013.

In a statement, the Ministry said: "It is expected that the end of the month we could have a final answer regarding the privatisation of [HZ Cargo].

Given the difficulties in which the company is [in financially] and the importance of resolving the situation in the entire railway sector, it is logical to think [of] alternative solutions in the event of a failed privatisation."

(from: handyshippingguide.com, January 24th 2014)

ROAD TRANSPORT

TRUCK AND VAN MARKET HITS FIVE YEAR HIGH

The commercial vehicle market hit a five year high driven by the imminent arrival of the Euro 6 regulations for heavy trucks combined with continuing strong demand for vans.

Figures from the Society of Motor Manufacturers and Traders show a 237 per cent increase in registrations of trucks over six tonnes in December compared to a year earlier.

This reflects the fact that companies have been determined to complete their fleet purchases ahead of the Euro 6 regulations which came in from 1st January.

Some 10,715 trucks over six tonnes were registered compared with 3,183 in December last year.

It means that for the full year, the market was up 28 per cent on last year at 49,430.

DAF maintained its position as market leader with a 28 per cent market share.

Mercedes consolidated its second place with and increase in market share to almost 18 per cent while both Scania and Volvo performed strongly to maintain third and fourth places respectively.

Iveco also gained ground with a 30 per cent improvement on last year.

The van market was up 13 per cent year on year, at 271,073.

Ford was market leader with a 25 per cent share followed by Volkswagen, Vauxhall and Mercedes.

"The 2013 commercial vehicle market rose 14.7 per cent, making it the best performance in the last five years," said Mike Hawes, SMMT chief executive.

"Boosted by a strong second half to the year, the truck market rose to pass 56,000 units, while van owners and operators responded positively to the wider economic recovery finishing the year more than 13 per cent up on 2012.

"The introduction of new Euro 6 trucks will be of key interest to the heavy end of the market in 2014, while we expect the forthcoming launches of several new light commercial vans to deliver further growth in this important sector."

(from: logisticsmanager.com, January 7th 2014)

INTERMODAL TRANSPORT

MEGATRUCKS VERSUS RAIL FREIGHT?

The Community of European Railway and Infrastructure Companies (CER) has published a brochure about 'Megatruck versus rail freight?'

The rail sector has long had concerns about the greater use of megatrucks (alternatively known as 'monster-trucks', 'gigaliners', or even 'ecocombis' by their supporters) and wants to outline, with this brochure, why attempts to further liberalise their use should be opposed.

In particular, the rail sector believes that allowing any wider use of megatrucks will inevitably lead to a 'domino effect' and, in time, to their general use across Europe.

This would, in addition, be contrary to the Commission's own agenda for modal shift from road to rail transport, most recently set out in the 2011 Transport White Paper which stated a goal of shifting 30% of road freight to rail and inland waterways by 2030, as part of the long-term move to significantly reduce greenhouse gas emissions from transport.

In June 2012, European Commissioner for Transport Siim Kallas announced he was reinterpreting Directive 96/53/EC on the weights and dimensions of vehicles to permit the cross-border use of megatrucks between two member states that approve their use within their own borders.

This announcement, which reversed the position the Commission had taken on this issue since the Directive was first approved, was made despite the strong opposition of MEPs on the European Parliament's Transport Committee, and from some member states.

In April 2013, this interpretation was included in the proposal put forward by the Commission to revise the Directive 96/53/EC, finally allowing MEPs and member states to properly consider the proposal.

It is important to point out that the debate on cross-border circulation does not just concern 60-tonne trucks.

If passed, the directive could permit the circulation of all trucks above 40 tonnes in weight and 18.75 metres in length if their member states agreed.

It should also be noted that, for the first time, control of international transport will be passed from the European level down to that of member states.

One of the rail sector’s primary political concerns is for a level playing-field and fair competition between all modes of transport.

Today, such fair competition is distorted by the lack of transparency into the societal costs of each transport mode, such as pollution, noise, congestion or accidents.

It is not the intention of the rail sector to ‘blame’ the road sector for trying to improve its efficiency.

However, any attempts to liberalise current restrictions on use could have major implications that would be contrary to wider EU goals.

The rail sector believes that the European Commission, the European Parliament, and member states should not look at this issue in a simplistic and short-term way, but take into account the dynamic effects of megatrucks and their impact on the transport system as a whole.

(from: eurift.be/cer.be, January 8th 2014)

AIR TRANSPORT

AIRLINES RESOLVED TO STAY BULLISH DESPITE ANALYSTS' BLEAK OUTLOOK FOR FREIGHTERS

It would be good to start 2014 with a note of optimism in the air freight business.

While, according to IATA, traffic in 2013 rose just 1% on 2012, November and December appeared to be stronger months as demand finally lifted and consumers showed more confidence.

While December's figures are not yet available, WorldACD reported that "November was plainly an old-fashioned good air cargo month".

Year-on-year data indicated that chargeable weight increased some 8% and revenues rose 5.2%, while the yield drop in November was 2.5% – although the yield looks better when set against October's figures, showing a decent rise of 3%.

Overall, WorldACD showed slightly better statistics than IATA, with a volume rise of 1.6% for January to end November, while year-on-year US dollar yields fell a rather dismal 3.7%.

As has been noted many a time in the past year, the growth in air freight capacity in 2014 will easily outweigh growth in volumes.

As analysts at Seabury noted at the end of last year: "Even with modest volume growth, the rise of belly capacity will outpace any growth in demand.

There is no doubt that if this continues, freighter operators will have a long-term challenge on their hands.

"While the operating economics of large freighters in past years have improved by some 15%, this has not been enough to offset the net yield decline of around 25%.

A holistic outlook shows that even if a 3 to 4% market growth rate is possible, there will be no such boost in yields.

There can be no optimistic forecast here."

This has not, however, put off Cathay Pacific, which last week announced an order for three 777-300ERs, for delivery next year, and a further 747-8F, to bring its fleet of the type up to 14 by 2016.

Cathay also saw the final three 747-8Fs of its 13-strong order delivered just before Christmas.

Boeing clearly had a busy month, with AirBridge Cargo receiving its delayed fifth 747-8F at the end of last month.

Meanwhile, Korean Air saw delivery of the fourth of its order for seven 747-8Fs.

As Cargo Facts reported, while passenger aircraft demand is clearly rising, freighter orders were something of a rarity last year.

Despite both Boeing and Airbus claiming leadership in freighter sales, in fact there were 31 freighter order cancellations and just 23 orders, leaving Airbus a net order book of minus 12, and Boeing with just four.

Capacity growth, sparked by the passenger business, is likely to continue to put downward pressure on air freight yields, but specialist air products are looking like a better business.

WorldACD reported a 7% growth in the sector, with valuables rising 14% and pharmaceuticals up 9%.

In fact, it said, pharma's US dollar yield was 49% higher on average than the general cargo yield on comparable routes.

This is one area where long-suffering European carriers could prosper, as 60% of all pharma shipments originate in Europe.

Asia Pacific took 22% of all pharma shipped by air, while North America accounted for 21%.

But, warned Seabury, Europe's top economy, Germany, began to see overall exports decline last year, and it could be another tough year for the continent's carriers.

(from: theloadstar.co.uk, January 6th 2014)

INDUSTRY

IDLE FLEET SWELLS WITH 40 OVER-PANAMAX SHIPS IDLE AT YEAR-END

Worlwide the total number of idle containerships bigger than 500 TEU stood at 235 units with an aggregate capacity of 779,230 TEU at the end of 2013, representing 4.5 per cent of the total cellular fleet.

The increase in the global idle box ship fleet was attributed to the impact of year-end void sailings and winter capacity adjustments, resulting in a number of larger ships being temporarily out of work, reports Alphaliner.

At the end of December, 13 vessels of above 7,500 TEU were without employment, along with a further 27 ships ranging in size from 5,100-7,500 TEU, bringing the number of idle over-panamax units to 40, the highest level in over a year.

Hardest hit continues to be panamax vessels in the 3,000-5,100 TEU range, with 75 units idle, representing 7.3 per cent of the total number of ships and 7.5 per cent of the total capacity in this size category.

The record level of scrapping in 2013 had only a negligible impact on the overall surplus position.

A total of 74 ships of between 3,000 and 5,000 TEU were scrapped, but did little to redress the over-supply of panamax tonnage.

The on-going surplus is expected to send more panamax ships to the scrapyards in 2014, including some relatively young ships of below 20 years.

Although the idle fleet could shrink slightly in January due to stronger demand in the run up to the Chinese New Year holidays, the impact will be short-lived.

Idle capacity is forecast to remain high until March, before the resumption of services withdrawn for the slack winter season is fully restored.

The container shipping market will also have to make room for a record 1.6 million TEU of new capacity due to arrive in 2014.

(from: schednet.com, January 15th 2014)

LOGISTICS

NEW FREIGHT AND SUPPLY CHAIN HUB FOR EUROPEAN LOGISTICS GROUP

Having secured a win in the Staff Development category of the annual BIFA Awards in the UK, principally for the excellence of its new training facility, Bavarian headquartered group Dachser has announced the development of its latest logistics hub in the Bern region.

This will be the ninth Swiss site for the group which has had a presence in the country since 1967 and will occupy an area of 12,200 square metres, creating around 40 new jobs in freight forwarding and supply chain operations for the region.

The construction site for the new premises in the Lyss industrial park witnessed Marcel Meier, President of the Board of Directors for Dachser Switzerland, in attendance, along with Urs Häner, Country Manager and Andreas Hegg, Mayor of Lyss for the ground breaking ceremony, and transport operations are due to begin in September 2014.

From 2015 on, Dachser will have a presence in the Canton of Bern in addition to its already existing locations in the Cantons of Zurich, Basel-Land, St. Gallen, and Waadt and the proximity to Western Switzerland will shorten runtimes as much as an entire day.

The first phase of construction entails a 2,260 square metre warehouse for industrial goods, where 18 trucks can be loaded and unloaded.

Each floor of the two-story office building is 680 square meters.

In addition, a 4,000 square metre area has been reserved for a possible building expansion currently planned to proceed in 2019.

Mayor Hegg welcomed the development saying Dachser was broadening the mix of job types for the region, with the expansion of logistics services benefitting local small industries and skilled trades and manufacturing plants.

Urs Häner commented: "The new site will enable us to develop our operations in the Bern region and, at the same time, to relieve the pressure on Birsfelden.

With its nine branch offices, Dachser now has a presence in Switzerland's most important economic centres."

(from: handyshippingguide.com, January 17th 2014)

LAW & REGULATION

IRU PUBLISHES SAFE LOAD SECURING GUIDELINES

The International Road Transport Union's (IRU) International Commission on Technical Affairs (CIT) today published International Guidelines on Safe Load Securing for Road Transport "to promote safe load securing practices to all stakeholders involved in the transport of goods by road and further increase road safety."

While the IRU guidelines are primarily based on a European standard on load restraining on road vehicles (EN 12195-1:2010), they also include other safe practices observed across the road transport industry, such as timber and vehicle transport as well as others, not covered by the European standard.

"The aim of these guidelines is to enable all stakeholders involved in road transport operations anywhere in the world to correctly load and secure goods on vehicles," said Mårten Johansson, President of the IRU CIT.

"If all stakeholders implement safe load securing practices from the outset, it will create sustainable improvements in transport operations and road safety standards at national and international level."

The IRU underlines that rules on safe cargo securing vary from one country to another, or do not even exist in some countries and regions, making it difficult for road transport operators to know the minimum requirements for international journeys.

The guidelines, developed in cooperation with partners in the health, safety and training industries, as well as the working environment, will help reduce the number of people injured and transport disruptions resulting from load related incidents in the workplace and on the road, the IRU adds.

(from: lloydsloadinglist.com, January 13th 2014)

SHIPPERS CALL FOR AN END TO EU CONSORTIA RULES

A prominent shipper group is urging the European Commission to stop treating shipping as a special case as far as competition rules are concerned.

The Global Shippers' Forum, which represents cargo interests around the world, has come out in support of a repeal of the block exemption currently granted to liner shipping consortia.

Consortia Regulation No 906/2009 expires in April 2015, and Brussels is considering whether or not to renew it, or let the industry be treated in the same way as other sectors.

At present, a shipping line consortium has a block exemption from EU competition laws if its market share is below 35%.

A larger alliance is not necessarily unlawful, but members must conduct a self-assessment to ensure there is no abuse of its dominant position.

Both the planned P3 Network between the three largest container lines in the world, and the expanded G6 alliance, would exceed the 35% limit on key trade lanes.

Some lawyers, who argue that the rules should be renewed, also want this 35% threshold to be raised to bring it into line with other jurisdictions where up to 50% may be permitted.

Consortia are co-operation arrangements between shipping lines such as vessel-sharing agreements that cut costs and improve operating efficiencies.

However, members continue to compete on price.

Brussels favours this type of collaboration, but is working towards a situation where all industries are treated the same.

The GSF has said that it favours the commission's general policy of repealing sectoral block exemption regulations.

Its recommendation was meant "to ensure that there will no longer be any special treatment of the maritime sector under EU competition law", the group said in a statement.

GSF' secretary- general Chris Welsh said: "As it is now well established what the acceptable parameters of consortia agreements should be, there is no

longer any obvious need for a BER ‘safe harbour’ as self-assessment is quite sufficient for standard consortia agreements.”

Accordingly, the GSF said the merits of standard consortia agreements will continue to exist in the absence of any block exemption regulation since self-assessment arrangements under the Horizontal Competition Guidelines will cover good agreements that genuinely confer benefits to shippers through reduced costs, lower rates and extended and enhanced services.

“GSF strongly believes that the P3 Global Alliance Agreement shows that carriers do not need the consortia block exemption to plan their co-operation.

Consortia agreements above a 30% market share threshold fall outside the consortia exemption and are subject to self-assessment, in any event.

It is not necessary to have a block exemption to indicate that consortia agreements between parties,” said Mr Welsh.

In the past, the threshold was 30% for conference lines, but was raised to 35% for all carriers when Europe outlawed collective pricing through conferences in 2008.

Consortia arrangements between lines have no pricing element.

(from: lloydsloadinglist.com, January 22th 2014)

STUDIES & RESEARCH

BIGGER ALLIANCES COULD END RATE WARS THAT HAVE PLAGUED BOX SHIPPING FOR FIVE YEARS

The advent of mega-alliances in the world's liner shipping trades could signal the end of the extreme rate volatility that has characterised the industry for the past five years, according to industry analyst Dirk Visser.

Mr Visser, senior shipping consultant at Dynamar, told *The Loadstar*: "In my view, if the alliances can do it properly, it will lead to an end of rate volatility."

Speaking as Dynamar's *Top 25 Container Liner Operators* annual analysis was published, Mr Visser said that the sheer size of the P3 could finally force competing carriers to resist dropping rates to win cargo.

"When you put Maersk, MSC and CMA CGM together, nobody will be able to beat them if comes to a rate war, but as the P3 they can go into a rate war and come out of it possibly even having made money.

"Obviously carriers have to play it quite prudently with regards to the regulators, but my advice to other operators is to come to the conclusion that the only way to compete with the P3 is to do so on service quality.

"This is something smaller carriers can do effectively – if you look at the large volumes of containers that the P3 carriers will put through ports, it is obvious that smaller operators, putting through smaller numbers of containers will be able to provide a better service to shippers in some respects."

In an interesting analysis, Mr Visser said that three key factors had led to period of extended rate volatility seen since 2009.

The first was the collapse of Lehman Brothers in September 2008 and the resulting shock to the global financial system; this was followed just a month later by the EU's abolition of the conference system; further followed in October 2009 by the creation of the Shanghai Containerised Freight Index,

which created “a new transparency and therewith a different rate level awareness.

The SCFI had soon become a benchmark to which levels shippers/consignees expected their rates to be adjusted every week again”.

He argued: “Prior to the end of the conference system and creation of the SCFI, the only rate indications we had were conference-set, and we knew that these rates were only really applied – people always had some kind of discount but there was very little insight into what these amounted to.

“But in recent times, we have seen a rate war between carriers of one alliance, which is crazy given that the costs are determined by the consortium in which they are operating.”

His prognosis for this year was that alliance building would continue, and likely by unimpeded by regulators.

“My opinion is that there will not be a problem with the regulators – even they will see that you can’t really stop these kinds of developments.

“The main routes have been spoiled by rates which are far too low, and they only way for the industry to respond is by some kind of cooperation,” he said, pointing to the fact that in some second-tier trades, such as those into Latin America, there were now no independent operators.

This analysis was also supported by research published by Drewry this week, which found that the number of strings in the Europe-east coast South America trade had fallen from 13 per week in 2008 to eight per week at the end of 2013.

“The significance of the service rationalisation that has been taking place in the north-south trades is that while regulatory authorities are considering whether or not the P3 and G6 alliance extension should be allowed in the east-west trades, shippers have already been confronted with many partner lines sharing vessels to similar extents – but without major protest so far,” Drewry said.

(from: theloadstar.co.uk, January 15th 2014)

DREWRY: CARRIER PROFITABILITY DRIVEN BY COST CUTTING AND ASSET SALES

Due to chronically low freight rates, carrier profitability is no longer tied to increasing container volume, but is instead tied to cost cutting measures boosted by the ongoing sale of non-core assets, according to Drewry Maritime Research.

Although ten GRI attempts were made last year on the Asia-North Europe trade, average spot rates were still about $450 per-FEU lower than January 2013 levels, according to the latest quarterly issue of Drewry's Container Forecaster.

Shipping lines reportedly handled capacity well in the headhaul East-West trades last year, and in October operational capacity had risen by only 0.6 percent year-over-year.

But even though carriers posted load factors of around 90 percent throughout 2013, freight rates plunged on the Asia-Europe trade to well below break-even levels in June and October.

Many carriers reported higher volume in 2013, but a third quarter industry EBIT margin of 0.9 percent (excluding the top performers Maersk and CMA CGM), Drewry says, proves that carriers can't depend on revenue or higher loads to secure future profitability.

The report notes that the industry has been given false hope by short-term GRI successes, such as the mid-December hike in the Asia-Europe trade, pointing out that many 2014 contracts have been signed on that route at rate levels that are $300 to $700 per-FEU lower than those signed in 2013.

The sale of non-core assets and cost cutting is a strategy that has been used by many shipping lines, which are falling back to core businesses to generate cash flow.

Drewry forecasts that the start of P3 alliance in the second quarter of 2014 will be a game changer in this sense for the three largest lines in terms of increased cost savings.

The report says that the day of the independent operator is over.

Approximately 56 ships of at least 10,000 TEUs are slotted for 2014 delivery, 52 for 2015, with more orders pending — creating an enormous challenge for a shipping industry already contending with vessel glut.

The researchers say operational alliances and vessel sharing agreements on all trade routes will increase out of necessity.

"The industry's major players are continuing to adapt to a new era in the container industry, characterized by too many ships and cargo volumes on many trade lanes that refuse to live up to previous expectations," said Neil Dekker, head of container research at Drewry.

"Some of their strategies are sound and we have highlighted for some time that the formation of new operating alliances are essential if the industry is to stabilize."

(from: cargobusinessnews.com, January 16th 2014)

ON THE CALENDAR

- 6th Intermodal Asia 2014
  Intercontinental Melbourne The Rialto, Australia
  Thursday 27 and Friday 28 February 2014

- Cool Logistics Africa
  Cape Town, South Afriica
  4-6 March 2014

- 12th Intermodal Africa 2014
  Lagos Oriental Hotel, Lagos, Nigeria
  Thursday 27 and Friday 28 March 2014

- Intermodal Asia 2014
  Shanghai, P.R. China
  1-3 April 2014

- Intermodal South America 2014
  São Paulo, Brazil
  1-3 April 2014

- TOC CSC: Asia 2014
  Singapore
  8-9 April 2014

- 2nd Med Ports 2014
  Kenzi Farah Hotel, Marrakech, Morocco
  Wednesday 23 and Thursday 24 April 2014

- 10th Trans Middle East 2014
  InterContinental Doha The City, Qatar
  Wednesday 21 and Thursday 22 May 2014

- SIL 2014
  Barcelona, Spain
  3-5 June 2014

- 12th ASEAN Ports and Shipping 2014
  JW Marriott, Jakarta, Indonesia
  Wednesday 11 and Thursday 12 June 2014

- TOC CSC Europe 2014
  London, U.K.
  24-26 June 2014

- RORO 2014
  ExCeL, London, UK
  24-26 June 2014

- Cool Logistics Global
  Rotterdam, The Netherlands
  30 September - 2 October 2014

- 3rd Black Sea Ports and Shipping 2014
  Istanbul Marriott Hotel Asia, Istanbul, Turkey
  Wednesday 03 and Thursday 04 September 2014

- 12th Intermodal Africa South 2014
  International Convention Centre Durban, South Africa
  Thursday 23 and Friday 24 October 2014

- Intermodal Europe 2014
  AHOY, Rotterdam, The Netherlands
  11-13 November 2014

- 9th Southern Asia Ports, Logistics and Shipping 2014
  ITC Grand Chola Chennai, India
  Thursday 27 and Friday 28 November 2014

- 9th Indian Ocean Ports and Logistics 2015
  Maputo, Mozambique
  Thursday 22 and Friday 23 January 2015

- 8th Philippine Ports and Shipping 2015
  Manila, The Philippines
  Thursday 12 and Friday 13 February 2015

- 13th Intermodal Africa North 2015
  Lagos Oriental Hotel, Lagos, Nigeria
  Thursday 26 and Friday 27 March 2015

- 11th Trans Middle East 2015
  Kuwait
  Wednesday 29 and Thursday 30 April 2015

- 4th Black Sea Ports & Shipping 2015
  Constanta, Romania
  Thursday 28 and Friday 29 May 2015

- 13th ASEAN Ports and Shipping 2015
  JW Marriott, Jakarta, Indonesia
  Wednesday 24 and Thursday 25 June 2015

- 10th Southern Asia Ports, Logistics & Shipping 2015
  Mumbai, India
  Thursday 17 and Friday 18 September 2015

- 13th Intermodal Africa South 2015
  Mulungushi International Conference Centre, Lusaka, Zambia
  Thursday 29 and Friday 30 October 2015

- 3rd MED Ports 2015
  Civitavecchia (Rome), Italy
  Thursday 26 and Friday 27 November 2015

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