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## C.I.S.C.O. NEWS

### GENOA SHIPPING WEEK: C.I.S.CO. PROMOTES THE "CONTAINER IN THE CITY" PROJECT

In the week from September 14th to 20th 2015 will be held in Genoa at Palazzo San Giorgio, home of the Genoa Port Authority of Genoa, and at the Aquarium of Genoa, the second edition of the *Genoa Shipping Week*.

The week, organized by Assagenti (Association of shipping and air agents and brokers) and Clickutilityteam (a leading Italian company in the design and



■ 14 – 20 SETTEMBRE 2015 ■

implementation of B2B events for the areas of sustainable transport, logistics, energy, environment and high tech) will host a series of conferences, workshops, summits and meetings open to the entire community in the international

shipping sector, which will end with the traditional Gala Dinner Party, organized by brokers and shipping agents in Genoa.

The *Genoa Shipping Week 2015* will be one of the highlights of the program for Milan EXPO 2015 organized by the Regione Liguria.

The *Genoa Shipping Week* is a unique opportunity to meet and share ideas and opinions with representatives of all the different realities of the maritime sector.

*Genoa Shipping Week* offers to interested companies and organizations various opportunities to organize workshops, meetings and cultural events aimed at its stakeholders and to the entire community of Italian and international shipping.

The main areas will be:

- New markets: areas of development for the maritime cluster and national logistics;
- Smart port & logistics: cutting-edge projects for the optimization of port logistics and land;

- Green shipping summit: company's best practices, technological innovations and new fuels to reduce the environmental impact of shipping and ports;
- Management models of urban-port waterfronts;
- Infrastructure, logistics and financial instruments;
- Cruising system and tourism promotion of port cities and the coast;
- Safety accident prevention and safety in the shipping and port logistics.

The special theme for EXPO 2015 will be "Food logistics and food security."

### *C.I.S.Co.'s "Container in the city" project*

At the event *Genoa Shipping Week*, C.I.S.Co. - Council of Intermodal Shipping Consultants - in collaboration with Clickutilityteam will promote the "Container in the city" project.

The initiative involves the creation of a promotional, cultural and training pole in the center of the city of Genoa.

The project will develop from September 14th to 20th next, when Genoa will host the shipping world with over 5,000 guests from over 40 countries which will participate in conferences and events on the subject.

The tangible product that C.I.S.Co. intends to propose is to install a 20 ft customized container to be positioned in the center of Genoa's Piazza De Ferrari (De Ferrari Square).



The container will be modified and prepared to stand/interactive showroom with dedicated staff.

Through audio-visual media it will have the opportunity to project night and day promotional videos and documentaries of companies operating in the containerized logistics.

The goal that C.I.S.Co. wants to achieve through this initiative is to offer the possibility of finding a cognitive and promotional window to companies, creating aggregation work, information for citizens and visitors and opportunities for interaction between supply and demand.

The design concept provides a breakdown in "theme days" based on the following types of operators:

- Shipping agencies and shipping companies
- Terminal and port operators
- Labour suppliers and port services
- Shippers and container transport operators
- Deposits & Repairers - Builders - Sale - Rental - Leasing - container experts
- University, Region and other training bodies
- Public bodies and associations
  
- Utility/consulting companies related to container

In the context of the *Genoa Shipping Week*, operators above, part of the "cluster of container", will have dedicated rotation days, during which their representatives can promote their companies (or entities), share knowledge, seize opportunities of collaboration and identify project and development ideas.

## PORTS AND TERMINALS

### **ANTWERP CREATING ADDITIONAL SPACE FOR CONTAINER HANDLING**

With growth of 5.9% the port of Antwerp has got off to a strong start in 2015.

In terms of container handling (in TEU) Antwerp even achieved growth of 9.5% in the first three months of this year.

The 2M alliance of MSC and Maersk which last year opted resolutely for Antwerp is of course not unconnected with these growth figures.

During the next few months preparations will be finalised for transferring the activities of the MSC shipping company – currently operating in the Delwaide dock on the right bank area of the port – to the Deurganck dock on the left bank of the Scheldt.

This dock with its annual capacity of 11 million TEU will enable MSC to further develop its activities.

However, according to the latest forecasts Antwerp will need to have new container handling capacity as of 2020-2021.

The Port Authority is therefore already making preparations for a new, large tidal dock with matching terminal capacity on the left bank.

#### *Saeftinghe Development Area*

The port of Antwerp has a development area of more than 1,000 hectares available on the left bank which is expected to enter operation in phases.

The Port Authority plans for the first phase of the Saeftinghe dock to be operational as of 2021, with 1,400 m of quay and a minimum capacity of 5.1 million TEU.

The costs for this first phase of the dock are estimated at 660 million euros.

For Antwerp, the second-largest port in Europe, being able to accommodate the long-term growth of shipping companies is essential.

“We operate in an international, competitive environment where maintaining a top position is a daily challenge, not something to be taken for granted,” says Luc Arnouts, Chief Commercial Officer of the Port Authority.

It is not yet clear when the second phase of the Saeftinghe dock, which ultimately will be more than 4 km long, will enter operation.



“The Port Authority aims for controlled expansion of capacity,” explains Arnouts.

“This means in practice that we have to keep a very close watch on the market, and not simply throw more capacity

onto the market if there is no demand for it.

We were already prepared to offer the Saeftinghe Development Area on the market in 2008, but in view of the timing – right on the edge of the worldwide economic crisis – we put the project on hold.”

In addition to construction of the first phase of the Saeftinghe dock the project also includes the development of non-maritime zones and backquay terminal areas.

### *Delwaide dock*

The MSC shipping company is due to shift its operations in Antwerp from one bank of the Scheldt to the other at the beginning of 2016.

In the meantime the Port Authority issued a Call for Proposals at the end of last year to discover what interest there might be in taking over the concession in the Delwaide dock that will be freed up by the move.

Various project proposals were submitted by candidates and examined by the Port Authority.

The Port Authority board of directors announced on the evening of Monday, 4 May that it would open exclusive negotiations with the Saudi Arabian company Energy Recovery Systems (ERS) for the southern and northern sides of the concession, representing an area of 150 hectares.

ERS proposes to use the site to set up a new production unit for “green” ammonia and urea, representing an investment of 3.7 billion euros.



The plant will provide employment for 900 people.

The Port Authority now has the task of negotiating further with the company with a view to making a concession agreement.

More news is expected in the next few months.

### *Churchill Industrial Zone*

The Churchill Industrial Zone is situated just a stone's throw from the Delwaide dock.

Until a few years ago the 88 hectare site accommodated a General Motors car assembly plant.

When GM decided to shut down its activities in Antwerp the Port Authority initiated a procedure to acquire this valuable site.

In the middle of last year an agreement was made under which the Port Authority became the owner.

In view of the unique nature of the site, located in the heart of the port and with multimodal access, the Port Authority preferred to seek an industrial investor who would make use of the full area.

A worldwide Call for Proposals was issued in mid-October 2014.

Since this has so far not produced suitable results, the Port Authority recently decided to extend the search for an integral industrial use for the site by a further two years.

*(from: shippingherald.com, May 8<sup>th</sup> 2015)*

## MARITIME TRANSPORT

### **HAMBURG SÜD EYES OCEAN THREE MEMBERSHIP AS IT EXPANDS INTO EAST-WEST TRADES**

Hamburg Süd would be interested in joining the Ocean Three alliance if its first steps into the east-west trades prove successful.

That would also mean becoming a tonnage provider and eventually contributing 18,000 teu-class ships in the Asia-Europe leg of the global partnership, Hamburg Süd's executive board chairman Ottmar Gast said in an interview following the release of the German line's 2014 performance review.

Acknowledging that becoming the fourth member of the new alliance was still a sensitive issue and not under formal negotiation at this stage, Mr Gast nevertheless said in the long-run, it would "make sense" for Hamburg Süd to have "a higher share of the overall capacity" in the Asia-Europe trades if its initial foray works out.

That could result in full membership of the Ocean Three group of CMA CGM, United Arab Shipping Co and China Shipping, which was formally inaugurated a few weeks ago, if the other members agreed.

Hamburg Süd has already signed a global co-operation agreement with UASC that will give it access to the Pacific and Asia-Europe trades through slot charter arrangements.

In return, UASC will have space on some of Hamburg Süd's South American trades.

Unlike the other global alliances, Ocean Three is a more flexible group that allows members to team up with other carriers where appropriate.

Hamburg Süd also collaborates with CMA CGM in some trades.

CMA CGM group vice-chairman Rodolphe Saadé said last month the Ocean Three group could accept more partners.

"We are open, if we wish, to add more players to Ocean Three," he told Lloyd's List.

North-south specialist Hamburg Süd needs to reduce its dependence on the South American trades, which have suffered from stiff competition in recent years as lines with ultra large containerships cascaded displaced tonnage into other markets, Mr Gast acknowledged.



Although freight rates in the highly commoditised Asia-Europe corridor have plummeted over the past few months, the South American trades had been even more badly hit, said Mr Gast.

Spot freight rates between Shanghai and the South American east coast, at around \$440 per teu, are almost as depressed as those from Shanghai to northern Europe.

But ship sizes are smaller, making slot costs more expensive.

Port charges are also higher.

So pressure on the bottom line is even worse than in the Asia-Europe trades, Mr Gast pointed out.

“We are too dependent on the markets where we [used to have] a high trade share,” he said.

As lines that had focused on east-west operations started to move into the north-south trades, so privately-owned Hamburg Süd began to lose the competitive advantage it had enjoyed for so long.

In an interview with Containerisation International and Lloyd’s List, Mr Gast said the Ocean Three alliance would be the most logical one for Hamburg Süd to join, assuming the three founders were in favour, since the older partnerships such as G6 or CKYHE would not have welcomed a newcomer to the already crowded Asia-Europe route.

“Nobody would have invited us to join an established co-operation.

We have not been in the east-west trades before, so we would not have expected somebody to say ‘hey, come in, we are looking for another competitor’,” said Mr Gast.

But UASC, having ordered 18,000 teu ships and with global ambitions of its own, was looking for a partner with a good reputation and also able to generate cargo, particular from Asia to South America via Europe.



“This is an opportunity to step into these markets without taking too high a risk, because if we had entered the east-west trades by ourselves, we would have had to establish our own ship system, and would have created so much overcapacity that we would have destroyed the market and produced large losses, which would have been

unacceptable,” said Mr Gast.

The intention, he continued, is to go slowly at first, gain experience of these new markets, and then decide whether or not the expansion had been successful.

“If yes, then I think we should continue,” Mr Gast said.

At that stage, Hamburg Süd probably would have to contribute its own ships to both the Pacific and Asia-Europe trades.

Whereas Hamburg Süd’s 9,000 teu and 9,600 teu newbuildings would be suitable on the Pacific, vessels of 14,000 teu up to 18,000 teu or more are becoming the workhorses of the Asia-Europe trades.

“If you do not have these ships, you cannot be competitive,” Mr Gast noted.

But initially, the line might deploy smaller ships it already has in its fleet in one of the sub-trades along the main east-west corridor.

Once fully committed to the main Asia-Europe trade, however, Hamburg Süd would have to make a similar big ship commitment, he agreed.

At what stage Hamburg Süd becomes a tonnage provider in the east-west trades depends on market developments in these trades, and the prerequisite that the existing consortium decided to increase capacity and perhaps introduce an additional string.

With no market protected from outside competition any more, the goal is to broaden Hamburg Süd’s network as a hedge against particular weakness on one route when others might be doing better.

Mr Gast defended the recent acquisition of CCNI, which will increase Hamburg Süd's exposure in the Latin American trades, as a line that had been in the German carrier's sights for a considerable length of time.

"From one perspective, it does not make sense," he admitted of the investment, "but we have been after CCNI for many years, and this was the last potential carrier that we could take over."

After a long wait, the opportunity finally arose to buy CCNI, with the deal giving Hamburg Süd more influence in certain trades.

While the overall strategy is to reduce dependence on the South American trades, Mr Gast more or less ruled out further merger or acquisition activity in other sectors.

"There is nothing left," he said, with Hamburg Süd not interested in combining with another line that was the same size, or bigger.

However, Ocean Three membership is of interest to Hamburg Süd.

And should that happen, the line would almost certainly have to provide ships as well, Mr Gast predicted.

*(from: lloydsloadinglist.com, April 28<sup>th</sup> 2015)*

## RAIL TRANSPORT

### **MARATHON SETS THE PACE FOR LONGER FREIGHT TRAINS**

Train length has long been considered one of the key limitations to improving the competitiveness of railfreight in Europe and despite some localised improvements in recent years, the pressures of running freight trains between passenger services on a network largely dating back to the 19th century has limited the potential for increasing payload.

However, there is increasing pressure to find a financially-viable solution.

Freight trains are vying for capacity on key corridors with faster and more frequent passenger services.

Furthermore, there is a need for rail to adapt to meet the increasing capacity of container ships, many of which can now carry more than 14,000 TEU.

This creates a challenge for hinterland transport because only a small number of ports can handle such large vessels, putting pressure on road and rail infrastructure due to the increased number of movements from these locations.

Longer trains will therefore be a necessity if the benefits of bigger ships are to be extended through the supply chain.

In September the conclusions of a €4.38m research project into the operation of longer freight trains on conventional mixed-traffic lines were presented at the InnoTrans exhibition in Berlin.

Backed by the EU and 17 rail industry partners, the three-year Marathon project sought to validate the performance of 1500m-long freight trains running at up to 120km/h in everyday operating conditions.

As well as examining the technical feasibility of 1500m-long freight trains, the project sought to establish the economic impact of their operation and the potential efficiencies that could be generated.

Marathon's target was a 40% cut in network capacity usage per tonne with cost reductions of up to 30% and 5% less energy consumption per tonne.

"Marathon is driven by the need to make better use of what we've already got," explains Marathon project coordinator Mr Franco Castagnetti.

"No government has the money for major expenditure on railfreight infrastructure in the short-term, so we need to look differently at what we have now."

The Marathon operating concept is based around the coupling and splitting of two standard-length freight trains to optimise track capacity usage on busy freight corridors, using distributed traction to enable operation with a single driver.

Conventional trains from two different points of origin converge on a freight yard, where they are coupled for the journey to a second yard.

Here the trains are uncoupled and continue to their destinations as two or three conventional trains.

When the two trains are coupled, the inner locomotive or slave unit is controlled via a radio link from the lead locomotive, the master.

The only additional equipment required for the operation of two trains in multiple is fitted to the locomotives and no modifications are made to the wagons.

Marathon says the installation of equipment on the locomotives was extremely straightforward and comprises just three main components:

- a radio control unit (RCU) providing communication between the two portions of the train
- a distributed power control unit (DPCU), which acts as a gateway between the two locomotives, and
- a radio data transmission system.

The Marathon onboard equipment is compact, making it easy to fit, and there was no need for any modification or additional certification of the locomotives before they could be used in distributed traction mode.



Furthermore, no additional man-machine interface (MMI) screens were needed in the locomotive cabs.

Following laboratory testing and economic analysis, the next phase was to test the concept on the main line.

The first trial run took place on January 18 between Sibelin yard near Lyon and Nîmes, a distance of around 300km.

Three regular Germany - Spain intermodal trains operated by Kombiverkehr were reformed into two 750m-long consists, which were coupled together at Sibelin to form a 1476m-long, 63-wagon, 3309-tonne consist with two 4.2MW Alstom class 37000 electric locomotives operating in distributed traction mode.

A second test train ran on April 12 when two 3.2MW Vossloh Euro 4000 diesel locomotives, again in distributed traction mode, hauled a 1524m-long 72-wagon, 4026-tonne intermodal train over the same route.

Both tests were deemed successful, with the trains travelling at over 100km/h on long stretches of the route, punctuated by braking sessions to test train stability under a variety of braking conditions.

The tests proved that the longer trains were highly stable and longitudinal dynamic forces were found to be smaller than laboratory testing had indicated.

Crucially, in simulations and field trials Marathon demonstrated that longer trains could brake safely within standard stopping distances in all operational scenarios, and the project examined compressive forces across a wide range of different wagon types and train lengths.

The Kombiverkehr intermodal wagons used on the mainline trials comfortably accommodated compressive forces of up to 400kN.

Coupling of the two trains was completed in less than 15 minutes in the first test and Marathon says this could be reduced to 10 minutes.

Marathon identifies the reduced demand for train paths and drivers as the key cost savings generated by longer trains, and while there are likely to be additional costs associated with linking two trains efficiently, these are considered to be small in comparison with the reduction in traincrew and infrastructure costs.

"Longer trains might require a different approach from shippers, but if we can tell them that they will share the benefits of this 30% cost reduction there will be a lot of interest," Castagnetti says.



"I'm sure people will start to change their minds about rail as a shipping option at a corporate level if we can offer the market a system that offers real costs savings.

For many companies this could be the beginning of an opportunity for modal shift to rail.

Our partners decided to increase their spending on this because they believed they were doing something important for the industry.

It is a solution that can bring important results to the market in a relatively short space of time."

While Marathon proves that running 1500m-long freight trains in normal operating conditions is technically feasible, the project team acknowledges that operating such trains on a commercial basis will depend on overcoming a number of infrastructure and operating constraints.

Maximum train lengths vary widely across Europe, from just 450m in some parts of Spain to 575m in northern Italy and 750m in France, and the full benefits of longer trains will only be realised if train lengths are harmonised along entire international corridors.



This is a key issue as the Marathon concept has been designed specifically for international flows.

It is likely that investment will be required in longer loops and signalling modifications, which may be difficult for some countries to fund entirely through their own resources.

"There needs to be further study into the location of longer loops, whether it is every 200km, every 40km, or something in between," says Marathon project technical coordinator Mr Armand Toubol.

"We also have to convince funders that the operation of longer freight trains will not have a detrimental effect on regional passenger services."

For the splitting and joining of trains at marshalling yards, punctuality will be vital.

"For this to work in practice trains need to meet at the right time, and this could be an issue," Toubol says.

Longer trains will also require a very different approach to operations in a market where the emphasis until now has been much more on competition than collaboration.

Castagnetti notes that partnerships have emerged in other sectors of the freight transport business to take advantage of potential operating efficiencies, and he sees no reason why this should not happen in rail.

SNCF, one of the participants in Marathon, has indicated that it could begin operating longer, heavier, and faster freight trains with distributed traction on a commercial basis as early as 2016.

Marathon says that the short time to market proposed by SNCF demonstrates that the technologies used in the project offer the right level of security and maturity for immediate deployment on the railway.

Having proved that distributed traction can offer significant gains in productivity for both railfreight operators and infrastructure managers, the Marathon project offers considerable food for thought for the future of railfreight in Europe.

While the technical viability of 1500m-long trains is beyond question, disparities in train length across Europe work against commercial implementation of the concept.

Furthermore, infrastructure managers will need to work more closely with operators, particularly across borders, to ensure the high level of punctuality that would be needed for efficiently coupling and splitting trains with multiple origins and destinations.

Operators themselves will need to work together in unfamiliar ways to unlock the efficiencies of this method of operation.

But if these challenges can be overcome, longer trains potentially offer a compelling solution to achieving modal shift to rail in Europe.

*(from: railjournal.com, April 29<sup>th</sup> 2015)*

## INTERMODAL TRANSPORT

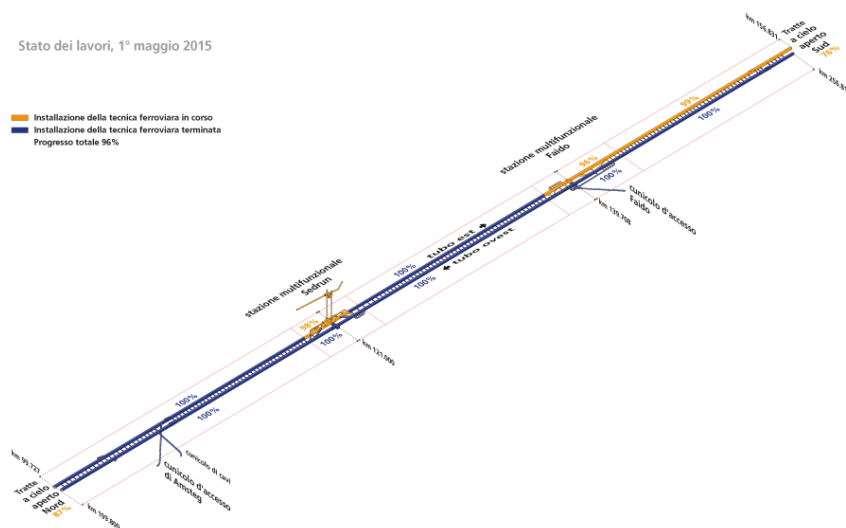
### WILL RAIL TAKE THE STRAIN WHEN GOTTHARD ROAD TUNNEL CLOSES?

Even if the Swiss say yes to the construction of a second SFr 3bn (\$US 3.1bn) Gotthard road tunnel when they go to the polls next year, it is widely assumed that it cannot possibly be ready for operation before the existing tunnel closes for essential maintenance work, which ideally will happen between 2018 and 2020.

Studies have been completed and plans are already being drawn up for rail transport to carry the vast amount of traffic that uses this route.

The Gotthard Base Tunnel is due to open in 2016 and the existing mountain route will be retained for regional and tourist services, as well as for other freight and passenger traffic if required.

According to a study by the Swiss Federal Office of Transport (FOT), the best option would be to divide the traffic.



A car shuttle would operate through the existing railway tunnel on the mountain route between Göschenen and Airolo, while lorries, buses and other large vehicles would travel on a rolling road service through the base tunnel between Rynächt/Altdorf and Biasca.

This is the only variant that meets all requirements: the mountain route could not take all the traffic - there is no land available to construct loading terminals in the Alpine valleys - and diverting traffic to the Lötschberg route or setting up a longer rolling road service (eg Basle - Lugano/ Chiasso) would not cover regional needs.

Precedents exist for both types of service.

BLS, Switzerland's second largest railway company runs an efficient and successful car shuttle operation year-round on the Lötschberg between Kandersteg and Goppenstein.

BLS has already made it clear that it is prepared to offer its expertise and resources on the Gotthard route, and the shuttle trains that will have to be acquired could be used by BLS afterwards on the Lötschberg.

As for lorries, intermodal operator RAlpin runs equally efficient and successful rolling road services between Freiburg-im-Breisgau, Germany, and Novara near Milan via the Lötschberg and to Lugano via the Gotthard.

RAlpin's expertise could also help in setting up a similar, much shorter, service on the Gotthard, possibly with two or even three loading points on each train to speed up turnaround times at terminals.

However, both services will only work successfully if the turnaround time and frequency is regular and efficient enough to avoid unacceptably long queues.

In this context it is worth looking at Innovatrain, a competence centre for developing intermodal systems for time-critical goods over short distances.

Innovatrain focuses especially on heavily populated areas, where space for transshipment and interim storage is scant and local rail facilities are limited.

The system relies on precise planning, careful siting of hubs, good timing, the right rolling stock and a system for horizontal transshipment of 20-foot containers and standard swap-bodies called ContainerMover 3000.

Retailers, major manufacturers such as Coca-Cola, Nestle, and the postal service are all turning to intermodal operations in Switzerland in the face of chronic congestion on major roads.



Innovatrain's expertise could also be utilised in the organisation of the new services.

### *Wider view*

No firm decisions have been reached on precisely when these new services will have to be in operation, or exactly what form they will take.

But this situation has wider implications, which existing and potential players on the Gotthard route are already looking at.

Whether the Swiss voters decide in favour of a second road tunnel or not, will road haulage firms immediately shift back to pure road transport when the maintenance work is finished or will they become intermodal?

In other words, will the new facilities still have a job to do?

To a certain extent, this depends on whether the Alpine initiative of 1994 to halve the number of lorries passing through Gotthard road tunnel to 650,000 units a year can be achieved.

Traffic has averaged around 1.25 million units a year since 2000, but it is difficult to see how further reduction can be achieved in the face of projected growth rates on the north-south trade routes, and there is already a move to readjust the target to a higher, more realistic level.

Nonetheless, there is an opportunity here, which innovators in the intermodal field have already scented.



Most road freight travels in semitrailers, the vast majority of which cannot be lifted by gantry crane or reachstacker.

Around 3.5% of semitrailers have been modified to be cranable and can be handled in all intermodal terminals.

For the rest, the only intermodal transport possibilities are the rolling road, which is inherently uneconomic and has to be subsidised, or to use one of the new transshipment techniques developed in the last few years.

All of these have been tried out in commercial service with varying degrees of success, and all have their advantages and disadvantages.

CargoBeamer, developed in Germany, is perhaps the most versatile: the semitrailer is driven on to a cradle which can then be lifted normally, or moved horizontally onto a wagon, in which case specially-equipped terminals are needed.

With Nikrasa (Germany), the semi-trailer is also driven onto a cradle which can be lifted, but this needs a portable ramp.

Modalohr (France) needs special terminals and wagons, while Megaswing (Sweden) also needs special wagons: both are purely horizontal systems with a swivelling section which enables the semitrailer to be driven directly onto the wagon.

The question of who is the first to commit to using one of these systems on the Gotthard route has already been answered.

Last month BLS Cargo launched a new Cologne - Melzo (Italy) service with CargoBeamer for semi-trailers with a corner height of 4m.

This represents a breakthrough in every respect, and it will be interesting to see how long it takes for others to follow suit, what system they will choose, and how quickly road hauliers respond.

In the meantime, the priority is to establish a basic concept for rail operation during the closure of the road tunnel.

*(from: railjournal.com, May 5<sup>th</sup> 2015)*

## TRANSPORT & ENVIRONMENT

### THE BALLAST WATER DILEMMA

The shipping industry, despite those who might suggest otherwise, has a very respectable record of environmental improvement stretching back very many years.

It responds to societal demands to clear up pollution, to eliminate harmful emissions and operate in a more sustainable manner.

But in its response, it consistently points out that the need of a global industry is world-wide implementation of regulations and that the International Maritime Organisation must be regarded as the vehicle for all regulatory change.

BIMCO has pointed out time and time over the years that unilateral or regional regulations make the operation of ships in world-wide trading both expensive and impractical.

Shipping will do all that is asked of it, so long as this is reasonable and international.



For some time, BIMCO, in conjunction with its Round Table partners International Chamber of Shipping, Intertanko and Intercargo has been warning about the problems of a realistic implementation schedule for the international convention to regulate ships' ballast water.

There is no sense that the industry is trying to delay the process or that it regards the aims of the convention, to prevent the transfer of invasive species and pathogens in ballast water, as anything other than valid and necessary.

The problem is solely that of implementation and the concerns that this convention might enter into force next year, with the owners of some 50,000 ships having to fit compliant equipment costing between \$1m and \$5m to their vessels.

The Round Table has now reiterated its concern, with the US system of approval for this equipment different to that of the IMO regime, pointing out that owners who have spent heavily to fit IMO approved equipment, may find that this fails to fulfil the requirements of the USCG testing regime and this expensive investment will have to be replaced within five years in order to continue to trade in US waters.

As the ratification procedure of the convention approaches its conclusion, the dilemma facing operators becomes ever more acute.

To date, there are 54 systems which have been approved under the IMO regime, but none have so far been approved by the US and only 17 manufacturers have indicated intent that they will submit their system for the US approval process.

As the Round Table notes, there is no guarantee that these will meet approval so the investment of an operator working into US waters may indeed be in vain.

The word "reasonable" has acquired a great deal of importance in the world-wide regulatory process which has been developed over the years at the IMO.

There is a pleasing pragmatism about maritime regulations, which recognises commercial realities and technical developments, which is, in most respects – reasonable.

But in this dilemma facing owners, what is reasonable and pragmatic seems to have been stretched to breaking point.

Why would a sensible owner invest huge sums (which of themselves make a ship neither more efficient or enhance its earning power) in equipment which may subsequently fail to meet USCG requirements and in time become so much scrap iron?

But if the US has not approved any of the systems on the market, what on earth is the owner to do?

This is a real dilemma, which must be addressed with the utmost urgency.

*(from: hellenicshippingnews.com, May 12<sup>th</sup> 2015)*



## LOGISTICS

### **DACHSER SEEKING TAKEOVER TARGETS IN THE US TO REINFORCE ITS FORWARDING NETWORK**

German road transport giant Dachser is looking for acquisition targets in the US to strengthen its global freight forwarding network.

At the Transport Logistics event in Munich yesterday, chief executive Bernhard Simon told The Loadstar: "In the forwarding market there might be some minor acquisitions needed to complete our network – this is the case in the US, where we are not yet at the size we want to be.

It will be something that fits with what we already have there."

Dachser is engaged in what Mr Simon described as an "interlocking" project, which is bringing together the road transport division and the air and sea freight forwarding division, and "a lot of our growth after this will be through efficiency gains".

The company's current approach is for each country manager to target local exports, he said.

"We are encouraging each of our country managers to think "exports, exports, exports".

Europe is made up of export markets and if you capture this cargo you have a Dachser subsidiary at the other hand receiving the freight."

Last week at the Multimodal show in Birmingham, Dachser UK managing director Nick Lowe told The Loadstar that in 2014 the volume of exports from the UK to continental Europe that the company handled was up 15%, above the market growth, and described it as "our core focus".

Mr Simon said this approach meant there was relatively little need for it to make further European purchases: "Within Europe we are convinced that we are running the densest road transport network there is, and we do not need to make acquisitions – although if the right opportunity came along, at the right price, we would of course consider it, but it is not something we are actively seeking.

"We have become the market leader in road transport in Tunisia and Morocco, but we don't have plans to create the sort network we have in Europe in other continents.

We use a lot of road transport outside Europe to support our supply chain management activities, but much of that is subcontracted.



"To set up a network like that is something you can't just do overnight.

It takes years, decades even.

And once you are in a mature market it is not feasible for others to come in because the barriers to entry are so high – the investment required is huge, the margins are low and

there are big fixed costs," he said.

Dachser is currently running around 8,000 trucks per night in Europe.

"No one asks whether they are full or not, but we have to run that number to maintain the frequency of services a 24-hour Europe-wide network demands – and that 8,000 doesn't include peaks," said Mr Simon.

Much of the interlocking project is a response to the combined challenges of the sclerotic behaviour of the global economy following the financial crisis and the opening up of European markets which – notwithstanding its current slackness – has led to a huge increase of interest in outsourcing logistics and supply chain management activities.

He said: "Since 2009 globalisation isn't taking place at the same pace as before – where logistics companies saw growth of 10% or more.

"In the medium term, we see growth of 5-9%, which is challenging when you are running a large company.

Globalisation will continue and it is demanding the development of different systems that require a lot of complexity.

"Our future is in targeting exports throughout Europe and linking our transport provision to them through all these electronic data processing services," he said.

Mr Simon described the impending acquisition of Norbert Dentressangle by XPO Logistics as “a big surprise”, adding that it demonstrated an “interesting appetite for risk”, and predicted that the future landscape of the global logistics industry would likely be dominated by a “handful” of global operators.

However, he also predicted a healthy future for smaller players.

“There will always be a need for local solutions and we will still see regional markets where you have local heroes specialising in particular geographies or verticals.

“I see a very positive future for companies with revenues of €200-400m that have these sorts of specialities.

However, they will then find it very difficult to grow beyond that size because the barriers to switch from regional to global operator are huge.”

*(from: theloadstar.co.uk, May 7<sup>th</sup> 2015)*

## LAW & REGULATION

### FREIGHT FACES 'HUGE CHALLENGE' OVER NEW BOX-WEIGHING RULES

Shippers, freight transport companies, and the whole supply chain face a huge challenge over new box-weighing legislation being introduced from July next year, although the UK has been leading the way in interpreting the new IMO legislation, winning vital container concessions to keep trade flowing, speakers told this week's Multimodal event in Birmingham.

As container ships grow ever larger – vessels of 24,000 TEU are now on the drawing board – the risk posed by overloading grows greater too.

While this adds justification to the decision by regulators that, from July next year, all containers must be weighed before loading, interpreting the new rules in a way that will keep sea freight flowing is key.

And different countries are approaching the new rules in differing ways, speakers said, with some countries apparently ignoring the new rules.



Captain Richard Brough, Technical and Administration Director of the International Cargo Handling Coordination Association (ICHCA), said that in a recent survey, 10% of containers were found to have wrongly declared weights.

Chris Welsh, Director of Global and European Policy at the Freight Transport Association, said, "The change in legislation is a huge challenge for all parties in the supply chain to understand and manage.

We in the UK are ahead of the rest of the world."

Welsh, who is also Secretary General of the Global Shippers' Forum, added, "Shipper organisations in other countries see a lot of sense in the UK approach."

Capt. Brough added: "Some countries are ignoring it altogether and hoping the issue will go away. It won't."

Outlining the problems caused by overweight boxes, a third member of the expert panel, Keith Bradley, Hazardous Cargoes Advisor at the Marine and Coastguard Agency, showed examples of container stacks collapsing and cited one case where an unnamed vessel recently lost more than 500 containers overboard.

These either stay afloat at sea and endanger shipping, or damage the environment when they wash up on shore.

But the problem extends to overland transport too, and Capt. Brough showed graphic images of derailed freight trains and cars crushed by unstable containers falling off trucks.

Welsh made clear it is the shipper who is responsible for declaring a container's weight, but said it "makes life difficult" when they are not truthful about the nature of the goods involved.

There were also complications around groupage containers and consolidations, he added.

The FTA suggests ports may have to carry out verifications via weighing devices on reach stackers in cases where the shipper has failed to provide the data.

Realistically this was too late in the process, however, and Welsh warned of potential disruption.

"The technology exists but it's difficult to change the stow plan.

Containers would have to go back to the stack, risking delays," he said.

Some member countries of the International Maritime Organization (IMO), which is implementing the new legislation, argued that every container must be weighed individually.

The FTA and Bradley, as the UK's principal advisor to the IMO, successfully fought for a more user-friendly approach that allows certain shippers to verify box weight through a pre-calculated method.

The drinks industry, which ships regular large quantities of homogeneous product, will know for example how many packages are in the container and what each package weighs, so only has to factor into its calculation pallets, dunnage, securing material and the tare weight of the box.

Welsh said shippers using recognised existing audit-based systems such as ISO 9001 or 28000, or those with Authorised Economic Operator status, could also use existing data to fulfil the requirements of calculated method.

The FTA is working to introduce an accreditation scheme for member companies by September, nine months ahead of the new legislation entering into force.

*(from: lloydsloadinglist.com, May 1<sup>st</sup> 2015)*

## PROGRESS & TECHNOLOGY

### CONTAINERTUG DESIGNS MINI VERSION THAT CAN BE MOVED AS EASILY AS A TEU BOX

ContainerTug has developed a tug boat that can be handled like a 20-foot container can be shipped around the globe and trucked to even the remotest of locations by a 4x4 / 6x6 truck with a knucklehead crane.

According to the developer's director Bob Scheiberlich the mini tug may offer operators savings of up to 80 per cent on transport costs and help meet increased short-term demand for flexible capacity that can be rapidly deployed at ports during peak periods such as port construction and dredging, reported London's Port Finance International.

"There are situations where a small tug may be required but may not be part of the local scene and available to those involved," Mr Scheiberlich said.



"When working on construction or dredging projects mobilisation, installation, dismantling and demobilisations are always fairly large costs, especially on smaller projects."

The firm has launched the ContainerTug CT600S to

meet this demand with a collapsible wheelhouse that can be quickly added to the hull at the site.

The CT600S has length 6.06 metres by breadth 2.44 metres with a draught of one metre.

It has a depth during transportation of 2.59 metres which extends to 3.55 metres when the wheelhouse is fully assembled.

"If you relate [transportation costs for] the CT600S against say a small harbour tug required at Cost Rica's Moin project, for the tug you would be

looking at bulk cargo rates being € 6.174 one way while for the CT600 you would pay 1x 20' container rate ~ € 1.300," Scheiberlich added.

The increase in dredging activity at ports around the world to provide access for deeper vessels often creates a short term demand for flexible capacity that can be rapidly deployed at a site.

"When for example you have to dredge a medium size port in say Takoradi, Ghana for your floating equipment this would often involve transport overseas by cargo ships or submersible like Jumbo etc. even for small auxiliaries this means in-survey / sea-fastening / insurances / on-off loading specials / etc," Scheiberlich said.

"Compare this to a small tug which handles like a 20'container can be shipped 'standard' around the globe and trucked to even the remotest of locations by 4x4 / 6x6 truck with a knucklehead crane."

*(from: seanews.com.tr, April 24<sup>th</sup> 2015)*



## STUDIES & RESEARCH

### STUDY SHOWS NEW SHIPS ALREADY MEETING 2020 DESIGN STANDARD: GREATER AMBITION REQUIRED AT IMO

A new CE Delft study has revealed that many recently constructed ships already meet the International Maritime Organisation's design efficiency standard for 2020, indicating that there is significant room for tightening these standards when the IMO meets next week.

The study, commissioned by Brussels based NGOs Seas at Risk and Transport & Environment, calculated the Estimated Index Values (EIVs) of new ships built between 2009 and 2014 and concluded that the majority of container and general cargo ships built in recent years already meet the IMO's Energy Efficiency Design Index (EEDI) standards set for 2020 [1].

While there was a small improvement in the design efficiency of new ships between 2009 and 2012, this changed significantly in 2013 and 2014.

The table below shows the percentage of ships built in 2013 and 2014 with EIV scores that meet or exceed the EEDI for 2020.

	Containers	General cargo	Bulkers	Tankers	Gas tankers	Combination carriers
2013	51%	66%	3%	5%	6%	11%
2014	61%	50%	8%	26%	13%	13%

Of the ships in the study that were built in 2014 some 34% of containerships and 43% of general cargo ships also met the EEDI target for 2030.

The study also shows that the actual percentage of ships meeting the EEDI targets will be greater, as the EIV is in general an underestimate of the EEDI score [2].

The study identified a large variation in the EIV of ships of similar type and size, indicating that large additional fuel savings and associated reductions in CO2 emissions would be possible if all ships were built to the best available designs and technologies.

The EIV improvements have coincided with increases in average design speed and decreases in main engine power for a number of ship categories, suggesting that hull or propulsion efficiency has been improved.

The findings also suggest that, if design speeds were kept constant, larger improvements in design efficiency would have been possible.

The IMO's Marine Environment Protection Committee (MEPC) will hold its 68th session in London from 11-15 May, and will be reviewing the suitability of existing EEDI targets.

The shipping industry claims that it is already doing enough on the environment and regulators should look elsewhere.

However a recent study for Seas At Risk and Transport & Environment has already shown that recent ship designs are actually, on average, less efficient than those from 1990.

This second study shows that much greater efficiencies can be delivered quickly if EEDI targets better reflect best available designs and technologies.

Bill Hemmings, Shipping Programme Manager with Transport and Environment: "Along with the earlier study of historical design efficiency trends, this latest work only confirms that the EEDI targets need substantial revision.

The current standards fail to reflect best practice or the speed with which improvements in efficiency can be brought about."

John Maggs, Senior Policy Advisor with Seas At Risk and President of the Clean Shipping Coalition: "Shipping is a significant and growing contributor to global greenhouse gas emissions.

If the IMO's Energy Efficiency Design Index is to be fit for purpose, new reduction targets must be agreed that take account of what "best in class" designs can already achieve."

1. As of January 1st 2013, all newly constructed ships have to meet design efficiency standards adopted by the IMO (Energy Efficiency Design Index – EEDI values).

The design efficiency standards that new ships must meet are a function of ship type and size of ship.

The standards are based on an empirical regression line of the efficiency of ships built between 1999 and 2009 which is called the reference line (RL).

Below the EEDI design efficiency standards that need to be achieved:

Year	2013	2015	2020	2025
Required	RL	RL -10%	RL -20%	RL -30%

2. While the EIV score used in the report is not the same as the EEDI score, CE Delft has compared known EEDI scores of recently built ships with their EIV scores and determined that there is a very significant correlation, allowing EIV to be used as a proxy for EEDI in assessing the effectiveness of the EEDI.

Seas At Risk and Transport & Environment are both members of the Clean Shipping Coalition which has Consultative Status at the IMO and will be attending MEPC68.

*(from: hellenicshippingnews.com, May 6<sup>th</sup> 2015)*

**ON THE CALENDAR**

- 21-22 May ESPO Conference 2015 Athens, Greece
- 28-29 May 4th Black Sea Ports & Shipping 2015 Istanbul, Turkey
- 6-9 Jun 3rd International Marine Exhibition of Iran Tehran, Iran
- 7-9 Jun CMI Colloquium Istanbul, Turkey
- 9-11 Jun TOC Europe in Rotterdam Rotterdam, Netherlands
- 24-25 Jun 13th ASEAN Ports and Shipping 2015 Jakarta, Indonesia
- 24-27 Jun ECONSHIP 2015 Chios, Greece
- 7-11 Sep PIANC-SMART RIVERS 2015 Buenos Aires, Argentina
- 17-18 Sep 10th Southern Asia Ports, Logistics & Shipping 2015 Mumbai, India
- 14-20 Sep Genoa Shipping Week, Genova, Italy
- 22-25 Sep NEVA 2015 St. Petersburg, Russia
- 26-28 Oct 6th Global Free Trade & Special Economic Zones Summit Dubai, UAE
- 29-30 Oct 13th Intermodal Africa 2015 Lusaka, Zambia
- 25-26 Nov 14th Intermodal Africa 2015 Lagos, Nigeria
- 8-9 Dec TOC Middle East in Dubai Dubai, UAE

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