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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 Authorityof Genoa, and at the Aquarium of Genoa, the second edition of the *Genoa Shipping Week*.

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.

For further information: info@ciscoconsultant.it

RENATO CORONEO SECRETARY GENERAL OF THE PORT AUTHORITY OF PALERMO

On July 10th last, the Port Committee of the Port of Palermo resolved, on a proposal of the president of the Port Authority, Vincenzo Cannatella, the appointment of Dr. Renato Coroneo as secretary general of the organization.

Person with proven experience, Coroneo, former officer of the Capitaneria di Porto, now member of executive board of C.I.S.Co., is inside the Port Authority since 1987, where he held important positions, to direct the operational area, the heart of the port, and to put on for ten months as acting secretary general.

"The inner one - says the president of the Port Authority, Cannatella - seemed the most appropriate solution: Coroneo is the senior executive, is perfectly aware of the port’s fact and with him I shared profitably these two years earlier as special commissioner and then as president".

Coroneo is satisfied: "I get a prestigious position, which is the culmination of my professional career.

I thank president Cannatella and the Port Committee for the trust they placed in me: I shall repay them on the field, by engaging as always to the maximum for the growth of the ports of Palermo and Termini Imerese. "

PORTS AND TERMINALS

EUROPEAN COURT RULING HITS BREMERHAVEN AND HAMBURG'S DREDGING PLANS

The German port of Bremerhaven has lost a case in the European Court of Justice which will have implications for all ports in the European Union.

The port planned to deepen parts of the river Weser so that larger container ships can call at Bremerhaven, Bremen and Brake.

This plan to increase the depth of the navigable channel of the outer Weser from the sea to Bremerhaven by 1.16 m and to deepen the lower Weser by 1 m had been submitted to the German Federal Administrative Court.

However, a German environmental NGO called BUND argued that the plan has a number of environmental drawbacks including increasing the level of salt water in parts of the lower Weser.

This, BUND said, was a breach of the European Union's Water Framework Directive and the German court referred the matter to the European Court of Justice (ECJ).

The European court had to decide on the meaning of the Directive and concluded that the ultimate objective of it was to achieve 'good status' of all EU surface waters by 2015.

Specifically, the court said on 1 July, member states must prevent deterioration of bodies of water and, if they are not currently of good status, to restore and enhance them so that they are by the end of 2015.

The Court decided that this applies to individual projects such as the dredging of the River Weser.

Therefore member states like Germany are required to refuse authorisation to any project that may cause a deterioration of the status of a body of surface water or where it jeopardises the attainment of good surface water status or of good ecological potential and good surface water chemical status.

This ruling is likely to severely hinder the port of Hamburg’s plans to deepen the River Elbe, which had been put on hold pending this decision, and will have implications for any future deepening projects at EU Ports.

In April 2015, the Port of Hamburg’s CEO Axel Mattern said about the court case: “Everyone you ask in Hamburg and Berlin is convinced that we will have positive results after all these years.”

A spokesperson for the ECJ said there is no appeal procedure and that the German court will now use the ECJ’s ruling to make a decision on the specific case.

A spokesperson for BUND told CM that the debate would continue until the German court made its decision.

Spokespeople for the Ports of Hamburg and Bremerhaven were not available for comment.

(from: container-mag.com, July 3rd 2015)

MARITIME TRANSPORT

DREWRY: CARRIERS POSITION FOR PANAMA EXPANSION

Container lines are hurrying to start new Asia to U.S. East Coast services prior to the opening of the wider Panama Canal, according to a recent issue of Container Insight by Drewry Maritime Research.

The $5.2 billion project to widen the Panama Canal is almost finished.

According to the Panama Canal Authority (ACP), it was 89.8 percent complete at the end of May, with another important milestone reached in June — the filling of the Atlantic side locks.

Filling the Pacific side locks is now underway, at a rate of 37,000 gallons of water per minute, and should take 90 days.

Starting April 2016 container ships of up to 13,000 TEUs will be able to navigate the Panama Canal, more than doubling the existing maximum size of 5,000 TEUs.

Analysts say the expansion of this key shipping lane to bigger ships will give carriers an extra option to address the current supply and demand imbalance by offering more trade options.

In readiness, carriers are starting new Panama-transiting services to build up their customer base.

Since the start of the year there have been six new services created for the Asia to U.S. East Coast trade with all but one of them routed via Panama.

Part of the allure of the all-water option is the sizeable freight rate premium that carriers can charge, which grew larger during the slowdown on the U.S. West Coast.

However, that pricing differential is decreasing now that West Coast operations are normalizing and because of all of the additional East Coast capacity.

According to Drewry's Container Freight Rate Insight in February the average spot rate per-FEU from Shanghai to New York was nearly $2,800 more expensive than for the same box moving from Shanghai to Los Angeles.

By May that gap had shrunk to $1,700.

The USWC remains by far the most widely used gateway for Asian container imports but its share is dwindling quite rapidly.

At the start of the century the split was more like 84 percent USWC to 16 percent USEC but the latter coast has nearly doubled its share in 15 years.

The transfer of cargo seems to be intensifying too.

Since January 2013 the USWC's share has fallen from 73 percent to 69 percent, while the USEC has gained those four percentage points to reach 29 percent.

Much of the USEC's recent surge has come from greater use of Asia to U.S. via Suez Canal services that are able to accommodate larger ships.

But the researchers say that the trend is reversing to Panama.

There are currently 25 weekly Asia-USEC services with 16 going via Panama and nine via Suez.

When measured in effective capacity that takes into account the smaller size of ships on the Panama route, Drewry says services via Panama now account for just over half of all the available Asia-USEC slots.

Drewry concludes that container carriers will continue to build up their Panama services before 2016's opening of the expansion, but unless carefully managed, they risk losing more of the East Coast freight rate premium.

(from: cargobusinessnews.com, July 7th 2015)

RAIL TRANSPORT

NEW APPROVAL SYSTEMS FOR RAIL INTEROPERABILITY AND SAFETY: COREPER GIVES ITS GO-AHEAD

On 30 June 2015, the Council confirmed a deal struck with the European Parliament on faster and less burdensome vehicle authorisation and safety certification procedures for European railways.

The European Railway Agency (ERA) will play a key role in this.

Together, the updated interoperability and safety directives and ERA regulation make up the technical pillar of the fourth railway package.

"Wrapping up a deal on the technical pillar was the Latvian presidency's first priority in the field of transport - and together with all parties involved we have achieved it", said Anrijs Matīss, the Latvian Minister for Transport.

"The reform responds to requests from the European rail sector, which plays a substantial role in the EU's economy and helps make transport more environmentally friendly.

The agreement will cut costs and red tape, and will thus help a sector that is presently facing growing international competition.

An effective system should also contribute to jobs and growth in Europe."

Greater role for the European Railway Agency

The reform will give the European Railway Agency a greater role in safety certification of rail operators and authorisation of railway vehicles.

Until now, when a rolling stock manufacturer wanted to place a new vehicle on the market in several EU countries, it had to lodge separate applications with the authorities of each of these countries.

The situation has been the same for rail operators that want to provide services in various member states, as they need a certificate to prove that their safety management system is in order and that they are able to operate safely.

The new rules will eliminate the need for multiple applications.

The ERA will issue all authorisations for vehicles intended for cross-border operations and all safety certificates to railway companies running cross-border services.

National safety authorities will still have an important role in carrying out the necessary assessments.

For vehicles and operators involved in national transport only, the applicant will be able to choose whether its application will be processed and the authorisation issued by the Agency or the national authority.

The ERA will also have a greater role in the development of the European Railway Traffic Management System (ERTMS).

It will assess the technical solutions envisaged before any call for tenders relating to ERTMS track-side equipment is issued, to ensure that the projects developed are interoperable.

The ERA will take on its certification and authorisation tasks within three years after the entry into force of the regulation.

Member states will have one additional year to continue with the current system if they consider it necessary.

In that case, they will have to inform the Agency and the Commission of their decision and provide a justification.

Easy and consistent procedures

To make the procedures easy and transparent, the ERA will set up an information and communication system which will act as a single entry point for all applications.

In cases where the area of operation is limited to one member state, the applicant will use the system to select the authority it wants to process the application.

This "one-stop-shop" will allow both the Agency and the national safety authorities to follow the different stages of the application throughout the procedure.

The ERA and national safety authorities will also conclude cooperation agreements.

The one-stopshop and the cooperation agreements will guarantee a clear distribution of tasks between the ERA and the national authorities.

They will also ensure consistency in the case of different applications for similar authorisations or certifications.

The one-stopshop system is to be in place within three years from the entry into force of the regulation.

Towards a Single European Railway Area

This more centralised authorisation and certification system brings Europe closer to a Single European Railway Area.

It is expected to increase economies of scale for railway undertakings and manufacturers across the EU.

It will cut administrative costs and speed up procedures, while maintaining the current high level of safety.

At the same time it will help avoid any covert discrimination, in particular against new companies wishing to enter a railway market.

The new regulation will also result in a significant reduction in national rules in areas where harmonised EU level regulation is being introduced.

The technical pillar also sets up a coordination framework for national investigation bodies, while at the same time preserving their high level of independence.

New elements of "just culture" have been introduced: for instance, the Commission is given the task of analysing this approach in relation to future proposals.

Other measures of the railway package still under discussion

The fourth railway package also includes a market pillar, with proposals to liberalise domestic rail passenger services and to strengthen the governance of infrastructure managers.

The incoming Luxembourg presidency aims to achieve a general approach on the remaining two proposals in October.

A general approach on the proposal on the normalisation of accounts was already adopted in December 2014.

(from: consilium.europa.eu, June 30th 2015)

ROAD TRANSPORT

GERMANY DEFIANT AS BRUSSELS THWARTS MOTORWAY TOLL PLAN

The German government suffered a defeat on Thursday (18 June) when the European Commission launched a challenge to its planned road toll.

Federal Minister of Transport Alexander Dobrindt defended the proposal, saying it was a matter of national sovereignty.

Dobrindt's toll, which the German parliament approved in March, would charge foreign drivers up to 130 euros a year to use Germany's Autobahn motorways, which until now have been free.

They could also buy short-term passes costing up to 30 euros for 10-day to two-month periods.

German drivers would also pay the toll, which was set to start in 2016 but will now be postponed.

However, Germans would receive a corresponding reduction in automobile taxes.

Critics say that contravenes EU rules for equal treatment.

"A toll system can only be compliant with European law if it respects the fundamental treaty principle of non-discrimination," European Transport Commissioner Violeta Bulc said in a statement.

"We have serious doubts that this is the case in the final text of the relevant German laws.

We are now acting swiftly to clarify these doubts through an infringement procedure in the interest of EU citizens," she said.

The German government has two months to respond to Brussels.

If the two sides are unable to find an agreement, the case may eventually be settled in the European Court of Justice.

'It's not up to Brussels to decide'

The Commission had already warned that the German scheme was in violation of EU rules, saying it discriminated against other European drivers.

But Dobrindt insisted that the toll did not violate European laws.

"Nobody is being discriminated against, all motorists will pay the infrastructure levy," the minister told Bild.

"It's not up to Brussels to decide what we're doing with the motor vehicle tax, that's a matter of national sovereignty."

Dobrindt said that Germany would wait for the final court ruling, adding that Brussels' decision meant that the toll probably could not be introduced in 2016 as originally planned.

The German transport minister argued that the new motorway toll would generate some 500 million euros for the state each year, which would be invested in transport infrastructure.

A European Commission spokesman said it took note of Dobrindt's announcements and welcomed them for the time being.

Dobrindt and his Bavarian Christian Social Union (CSU) party had long wanted foreign motorists to pay tolls on motorways because they say it is unfair that foreigners travel for free in Germany while Germans have to pay tolls in neighbouring countries such as Austria, Switzerland and France.

While the toll is a pet project of the CSU, Merkel's bigger Christian Democrat (CDU) sister party and the co-governing centre-left Social Democrats (SPD) were long sceptical.

Merkel and the SPD finally agreed to the measure provided it conformed with EU rules that bar discrimination against foreigners.

(from: euractiv.com, June 18th 2015)

INTERMODAL TRANSPORT

PORT OF ANTWERP PARTICIPATES IN MARITIME RAIL LINK WITH DUISPORT

The Port of Antwerp and duisport are intensifying their cooperation as the Port of Antwerp will participate in the existing rail shuttle service connecting the two ports.

The direct rail connection from Duisburg to Antwerp was set up by the duisport Group in 2006 under difficult competitive conditions with regard to road and inland waterway transport.

The decision by the Port of Antwerp to participate in the rail link underlines the commitment of both ports to further develop this important European logistic corridor.

Since the beginning of this year duisport agency GmbH (dpa), a subsidiary of Duisburger Hafen AG, has offered a direct daily departure by rail to Duisburg from a deepsea quay (Q1700) in the Port of Antwerp.

The Antwerp-Duisburg rail shuttle was formerly offered by dpa in cooperation with a rail operator until the end of last year, when the latter decided to discontinue the service.

To underline the strategic importance of a frequent and reliable connection with Duisburg, the Antwerp Port Authority has decided to participate in the link for a period of five years, thus securing access to the port for a significant hinterland region.

"The participation of the Port of Antwerp in the rail link makes the train system even more reliable and strengthens duisport's role as the leading logistics hub in Central Europe," emphasized Erich Staake, CEO of Duisburger Hafen AG.

Antwerp and Duisburg as long-standing partners

The Antwerp and Duisburg port authorities have been closely collaborating for many years with a view to developing intermodal transport between their respective regions.

Duisburg and Antwerp already signed a Memorandum of Understanding in 1999, which was renewed and extended in 2013.

Duisport represents the leading hub where goods are consolidated and distributed throughout the European hinterland.

A reliable, stable rail link with the Port of Antwerp is essential for further developing this hub function.

Last year the Port of Antwerp handled almost 200 million tonnes of freight, much of it for the North Rhine-Westphalia region.

The open-access rail shuttle offers a direct daily connection between the Deurganck dock in Antwerp and logport I in Duisburg, thus assuring a trimodal link between the two regions.

“The move by MSC to the Deurganck dock, which will result in a significant concentration of containers, underlines the importance of an extensive, strongly intermodal service to assure fast and efficient handling of these freight flows”, states Marc Van Peel, president of the Antwerp Port Authority.

Via the hub Duisburg, the rail link also provides the Port of Antwerp with direct onward connections to other important destinations in Europe including Ludwigshafen, Vienna and Budapest.

(from: duisport.de, July 2nd 2015)

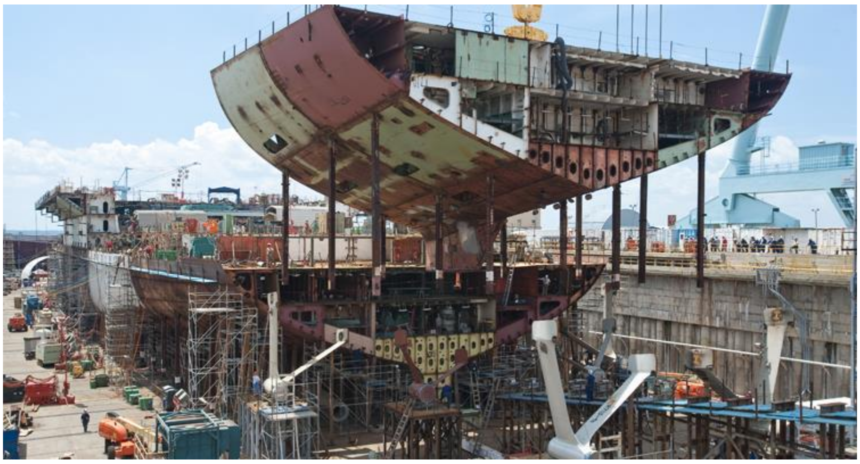
INDUSTRY

NEWBUILDING ACTIVITY SLOWS DOWN ONCE AGAIN

Newbuilding orders slowed down once more during the course of the past week, according to shipbrokers' reports.

According to Allied Shipbroking, "still on the course of a slumbering market, we continue to see limited activity in terms of new contracting.

No surprise on this regard, yet what has been the surprise this week is the move by Wisdom Marine to go forth and add 4 dry bulkers spread across one Chinese ship-builder (3 units) and one Japanese (1 unit).



This move has shown that there are still owners out there that are willing and able to take advantage of the low prices on offer and although these may well be placed on the back of predefined business that has been secured, it is nevertheless a bold move during a market which is already over supplied, while similar secondhand assets are offered at considerable discount.

On the other hand, the growing interest in the larger crude oil carriers has started to slowly surface in the newbuilding market as well, with yet another order reported this week", Allied noted.

Meanwhile, in a separate newbuilding report, Clarkson Platou Shipbroking noted that "the tanker market has seen a single order this week.

Dalian Ocean Shipping (COSCO Group) are reported to have ordered three firm 300,000 DWT VLCC at Dalian Shipbuilding Industry Co (DSIC) for delivery in 2017.

With this order, COSCO Group have extended their series at DSIC to eight.

In Dry, it came to light this week that Wisdom Marine Group have contracted three firm 81,600 DWT Kamsarmax with Tsuneishi Zhoushan for delivery throughout 4Q 2017 and 2Q 2018.

Wisdom Marine have also announced an order for one 80,800 DWT Kamsarmax at JMU Tsu shipyard and one 55,000 DWT Supramax at Kawasaki HI Kobe.

These will be the 3rd and the 4th unit in each series and both vessels are set to delivery in 1Q 2018.

Oshima Shipbuilding are reported to have won an order for one 55,300 DWT Supramax for Tamai Steamship for delivery in 2Q 2019".

It added that "there are no orders to report in Containers while there has been one order in Gas, with Neptun Werft contracting one 18,000 CBM LNG Carrier with Anthony Veder Rederijzaken.

This single unit will be delivered in 4Q 2017 and will be built to ice class 1A super.

Finally in other sectors, Zhejiang Yangfan are reported to have taken an order for five firm plus seven optional 7,800 CEU PCTC for the Grimaldi Group.

The firm vessels will deliver throughout 2017 and the optional vessels will deliver within 2018 if declared.

Rederi Gotland have announced the extension of their order at CSSC Offshore Marine (GSI) by declaring an option to build one 35,000 GT Pass/Car Ferry.

This will be the 2nd vessel in the series and will be delivered in 2018", Clarkson Platou Shipbroking concluded.

Meanwhile, in the S&P market, Allied Shipbroking said "with the freight market seemingly showing signs of slowly cooling off from previous week, it seems that the secondhand market started to move in line, bringing about some extra discounts in sight.

Activity levels held fairly well this week, though it looks as we may well be in sight for some lower prices levels as we move into July activity.

On the tanker side, demand holds firm for the larger crude carriers with yet another VL being reported this week.

Despite this a couple of smaller product tankers changing hands, things seemed to be moving more slowly possibly given to the fact that there are few serious sellers in the market right now at these levels, while buyers are not holding enough confidence to pay up any extra premiums just yet".

In the demolition market, Allied noted that "after several weeks of limited direction being seen in the market, it seems as though things took a more decisive downward turn in the Indian Sub-Continent.

Demand has dissipated to very limited levels brought about by the combination of the monsoon season as well as the continuation of the Ramadan festivities which have brought about a considerable slowdown in operations in the breakers yards.

All this has left minimal appetite for speculation amongst cash buyers, bringing about an over cautionary price offering by many who are unwilling to take any extra risk from any further drops that might unveil over the coming days.

At the same time it seems as though activity has also been limited, as sellers of overage units are holding back now in hope of seeing some better numbers down the line.

As things hold now, it seems as though we will be seeing one of the lowest points in the market in terms of pricing, while any reversal is unlikely to appear before the end of the monsoon season", the shipbroker concluded.

(from: hellenicshippingnews.com, July 1st 2015)

LOGISTICS

FEDEX SEEKS EUROPEAN APPROVAL FOR TNT EXPRESS ACQUISITION

European Union regulators should rule on FedEx Corp.'s bid to acquire Dutch logistics firm TNT Express by Aug. 3.

Memphis-based FedEx on Friday, June 26, submitted a required filing to the European Commission to obtain regulatory approval for the nearly $5 billion takeover of TNT Express, the largest deal in FedEx's 42-year history.

FedEx is seeking regulatory approval for its $4.9 billion takeover of TNT Express.

The proposed deal would significantly boost the company's European market share.

The preliminary review by the commission, the EU's executive body, can take up to 25 working days but can be extended by another 10 working days if FedEx makes concessions to allay any possible regulatory concerns.

Meanwhile, FedEx also intends to submit its formal offer document with the Netherlands Authority for the Financial Markets before Tuesday, June 30, the Dutch legal deadline for submitting the detailed takeover information.

FedEx now expects the deal to close during the first half of 2016.

Shares of FedEx closed Monday down $2.64 to $171.02.

FedEx announced in April that it had reached an agreement to acquire TNT, one of Europe's largest package delivery and logistics companies with an extensive road network.

While FedEx already has an extensive European air network thanks to FedEx Express, it has lagged behind rivals DHL and United Parcel Service in ground delivery services.

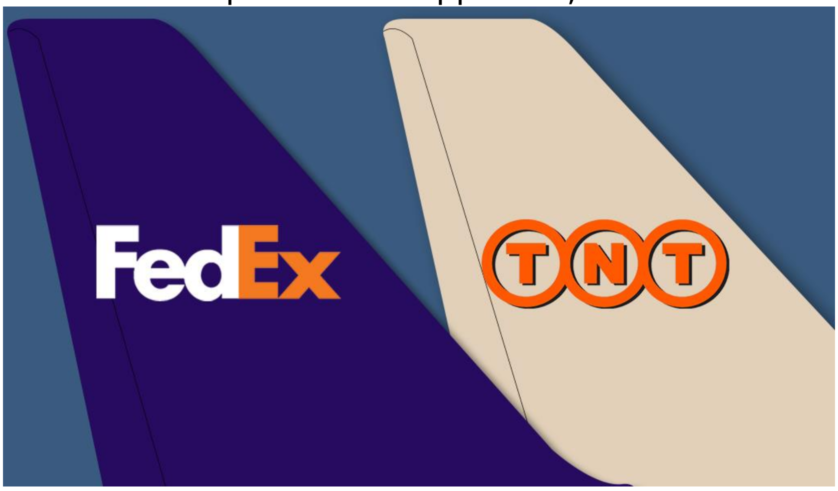
The acquisition of TNT would provide FedEx with an established ground delivery system, better positioning the company to take advantage of the expected growth of e-commerce in Europe.

"This transaction allows us to quickly broaden our portfolio of international transportation solutions to take advantage of market trends – especially the continuing growth of global e-commerce – and positions FedEx for greater long-term profitable growth," said FedEx chairman, president and chief executive officer Frederick W. Smith, in a statement.

FedEx’s TNT acquisition should lead to a large increase in the company’s European market share.

Currently, FedEx is one of the smallest logistics operations in Europe, trailing DHL, UPS and TNT.

Once the acquisition is approved, FedEx could replace UPS as the second largest logistics operator in Europe and trail only DHL in terms of market share.



FedEx said it will fund the purchase with about $2.3 billion in new debt, $1.7 billion in cash from existing resources and $1 billion from an existing credit facility.

FedEx’s push to acquire TNT comes two years after UPS dropped a $6.8 billion takeover bid for the company.

UPS withdrew its offer after European antitrust regulators said the proposed deal could have resulted in a duopoly between DHL and UPS.

FedEx’s push to acquire TNT and its extensive road network comes as the company prepares to invest heavily in FedEx Ground as it seeks to keep pace with the growth in online shopping.

FedEx is expected to spend around $1.6 billion this year on its ground-network expansion.

The TNT acquisition could help boost profits at FedEx, which missed revenue and earnings estimates in its fiscal fourth quarter.

FedEx, which released earnings June 17, reported a loss of $895 million, or $3.16 a share, for the quarter that ended May 31.

That's compared to a profit of $780 million, or $2.62 a share, over the same period last year.

FedEx reported an adjusted net profit for the fiscal fourth quarter of $753 million, or $2.66 per share, unchanged from $753 million, or $2.54 per share, a year earlier.

Analysts had expected earnings per share of $2.68 for the quarter.

FedEx said revenue and earnings were negatively impacted by lower fuel surcharges, unfavorable currency exchange rates and special charges relating to pension changes and a lawsuit settlement.

(from: memphisdailynews.com, June 29th 2015)

LAW & REGULATION

EUROPE APPROVES €13,1B INFRASTRUCTURE PLAN

Following its approval by the Council of Transport Ministers, a record €13,1B investment programme in 276 transport projects has been announced by the European Commission.

In all 276 transport projects have been selected under the so-called Connecting Europe Facility (CEF).

This investment will unlock additional public and private co-financing for a combined amount of €28.8B.

Along with the future European Fund for Strategic Investments (EFSI), the CEF will play a major role in bridging the investment gap in Europe, which is one of the Commission's top priorities.

Beyond transport, it will benefit the European economy as a whole by creating more favourable conditions for growth and jobs.

EU Commissioner for Transport Violeta Bulc said: "I am very pleased to propose the largest investment plan ever made by the EU in the transport area.

The projects we selected will serve citizens and businesses alike, by upgrading infrastructure and removing existing bottlenecks.

They will also promote sustainable and innovative mobility solutions.

This unprecedented investment represents a major contribution to the Commission’s agenda of growth and job creations.

Implementing the trans-European transport network could create up to 10 million jobs and increase Europe's GDP by 1.8% by 2030".

Selected projects are primarily located in the core trans-European transport network.

Among the beneficiaries are flagship initiatives such as Rail Baltica, the Brenner Base Tunnel, the Seine-Escaut waterway, the Caland Bridge and the Fehmarn Belt Fixed Link.

Smaller-scale initiatives include cross-border projects between Groningen and Bremen, the Iron Rhine rail line, LNG (Liquefied Natural Gas) deployment plans or projects enhancing the navigability of the Danube River.

Launched in September 2014, the CEF calls for proposals generated an unprecedented interest.

The Commission received 700 applications totalling €36B of requested funding, three times more than the available envelope.

This allowed the Commission to select what it says are the projects with the highest European added value, while guaranteeing a balanced distribution geographically and between the transport modes.

In particular, nearly €4.8B have been earmarked for Member States eligible for Cohesion Funds.

Contribution to other Commission priority actions, such as the Energy Union or the Digital Single Market, was also evaluated during the selection process.

The EU's financial contribution is made in the form of grants, the co-financing rate of which is between 20% and 85% of a given project, depending on its type.

(from: worldcargonews.com, July 2nd 2015)

PROGRESS & TECHNOLOGY

ALTERNATIVE FUELS FOR SHIPPING

The merchant world fleet gradually shifted from sail to a full engine powered fleet from about 1870 to 1940.

Steamships burning coal dominated up to 1920, and since then coal has gradually been replaced by marine oils, due to the shift to diesel engines and oil fired steam boilers.

The shift from wind to coal was driven by the developments in steam engines, and offered the opportunity for more reliable transit times, to a large extent independent of the weather conditions and prevailing wind directions.

The following shift, from coal to oil, was driven by increased efficiency, ease of handling, and cleaner operations.

The main drivers leading to the advent of alternative fuels in the future can be classified in two broad categories:

- Regulatory requirements and environmental concerns, and
- Availability of fossil fuels, cost and energy security.

The upcoming requirements for reduced sulphur content in the fuel will increase the cost of the fuel.

This effect will be more pronounced after 2020 (or 2025, depending on when the new regulations are enforced), when the sulphur content globally will be at 0.5% (or 5,000 ppm), which is lower than current levels for the ECAs.

Introducing exhaust gas after treatment systems, such as SOx scrubbers and urea-based catalysts for NOx reduction, can add significantly to the cost of a ship.

These systems are both space-demanding and costly, while they can increase the fuel consumption by 2–3%.

On the other hand, they allow for the use of less expensive, high sulphur fuels.

Introducing new, sulphur-free fuels can be a viable solution for this problem, provided that these fuels and the necessary technology are offered at competitive price levels.

The fuel consumption in the ECAs is estimated at approximately 30–50 million tons of fuel per year and it is going to increase if more areas are included in the ECAs in the future.

These figures are important for evaluating the potential of each one of the alternative fuels presented in this report for replacing oil-based fuels.

Overview of potential alternatives

Over the next four decades, it is likely that the energy mix will be characterised by a high degree of diversification.

LNG has the potential to become the fuel of choice for all shipping segments, provided the infrastructure is in place, while liquid biofuels could gradually also replace oil-based fuels.

Electricity from the grid will most likely be used more and more to charge batteries for ship operations in ports, but also for propulsion of relatively small vessels.

Renewable electricity could also be used to produce hydrogen, which in turn can be used to power fuel cells, providing auxiliary or propulsion power.

If a drastic reduction of GHG emissions is required and appropriate alternative fuels are not readily available, carbon capture systems could provide a radical solution for substantial reduction of CO2.

While renewable energy, eg. solar and wind may have some potential to mitigate carbon emissions, this is not seen as a viable alternative for commercial shipping.

Certainly, vessels equipped with sails, wind kites or solar panels may be able to supplement existing power generating systems, but the relative unreliability of these energy sources make them appropriate only for special cases where favourable weather conditions prevail.

Ship electrification and renewables

Recent developments in ship electrification hold significant promise for more efficient use of energy.

Renewable power production can be exploited to produce electricity in order to power ships at berth, cold ironing and to charge batteries for fully electric and hybrid ships.

Enhancing the role of electricity on ships will contribute towards improved energy management and fuel efficiency on larger vessels.

For example, shifting from AC to on board DC grids would allow engines to operate at variable speeds, helping to reduce energy losses.

Additional benefits include power redundancy and noise and vibration reduction, which is particularly significant for passenger ferries.

Energy storage devices are critical for the use of electricity for ship propulsion, while they are also important for optimization of the use of energy on board in hybrid ships.

There are several energy storage technologies currently available.

Battery powered propulsion systems are the most popular ones, and they are already being engineered for smaller ships.

For larger vessels, engine manufacturers are focusing on hybrid battery solutions.

Challenges related to safety, availability of materials used and lifetime must be addressed to ensure that battery- driven vessels are competitive with conventional ones, but the pace of technology is advancing rapidly.

Other energy storage technologies that could find application in shipping in the future include flywheels, supercapacitors, and thermal energy storage devices.

Electrification has generated strong interest, particularly for ship types with frequent load variations.

Significant growth in hybrid ships, such as harbour tugs, offshore service vessels, and passenger ferries should be expected in the next few years.

The way forward

The introduction of any alternative energy source will take place at a very slow pace initially as technologies mature and the necessary infrastructure becomes available.

In addition, introduction of any new fuel will most likely take place first in regions where the fuel supply will be secure in the long-term.

Due to uncertainty related to the development of appropriate infrastructure, the new energy carriers will first be utilised in smaller short sea vessels, and small ferries are expected to be some of the first movers.

As technologies mature and the infrastructure starts to develop, each new fuel can be used in larger vessels.

The adoption of LNG will be driven by fuel price developments, technology, regulation, increased availability of gas and the development of the appropriate infrastructure.

The introduction of batteries in ships for assisting propulsion and auxiliary power demands is also a promising low carbon energy source.

Ship types involved in frequent transient operations (such as frequent manoeuvring, dynamic positioning, etc.) can benefit most from the introduction of batteries through a hybrid configuration.

Moreover, energy storage devices can be used in combination with waste heat recovery systems to optimise the use of energy on board.

Cold ironing could become a standard procedure in many ports around the world.

It is very likely that in the future there will be a more diverse fuel mix where LNG, biofuels, renewable electricity and maybe hydrogen all play important roles.

Electrification and energy storage enable a broader range of energy sources to be used.

Renewable energy such as wind and solar can be produced and stored for use on ships either in batteries or as hydrogen.

Besides IMO rules and ISO standards, development of appropriate Rules and Recommended Practices is necessary for the safe implementation of any of these technologies in the future.

To achieve this, the role of Class Societies will be crucial.

Adopting new technologies is likely to be an uncomfortable position for shipowners.

To ensure confidence that technologies will work as intended, Technology Qualification from neutral third parties, such as classification societies, is also likely to be more widely used.

(from: seanews.com.tr, June 26th 2015)

REEFER

US PERISHABLES GO OFF AS EXPORTS ARE HIT BY A STRONG DOLLAR AND THE BAD WEATHER

US fresh produce exports have suffered as a result of the strengthening dollar, which has undermined their appeal to overseas consumers – and the problem has been exacerbated by the impact of adverse weather conditions on crops.

"The perishables market is off a bit this year," reported Tim Strauss, vice-president of cargo at Hawaiian Air.

"We see some softness in the market.

Strawberries, cherries and other fruits have become more expensive to the consumer overseas," added Chris Connell, president of Los Angeles-based perishables specialist Commodity Forwarders Inc.

"This is a very disturbing time, because trends are very much linked to the exchange rate," he said.

The US Department of Agriculture projects a decline in agricultural exports this year, following several years of continuous growth fuelled by rising global demand and a more competitive dollar.

"People are not going to double their outlay for an apple because exchange rate and transportation costs are up.

They will take another type of fruit instead," Mr Connell said.

Apple growers in Washington State lost tens of millions of dollars in revenue due to the slowdown at west coast ports, which resulted in apples being left to rot on the fields or on the docks.

According to the Washington Apple Commission, apple exporters in the state effectively lost at least three weeks of their season because of the problems.

Along with a record supply of apples, the situation created surpluses that could neither be shipped profitably to markets nor to processors to be turned into juice.

And now the ongoing drought in California has affected crop production itself, resulting either in slightly lower-quality or smaller fruit.

“The California crops aren’t as strong as in the past few years – the dry weather has pushed the crop down a bit in quality, which is what’s necessary for the export market to run full out,” noted Mr Strauss.

Mr Connell stressed that, on its own, the drought would probably not have had a huge impact, but combined with the exchange rate it had led to lower volumes being shipped, particularly to Asia and Europe.

Even cherry exports from the Pacific north-west have shown a decline.

To some extent this was not unexpected, however, coming after a record crop in 2014, but weather also played a role.

“Washington cherries are a little sideways because they got the rain at the wrong time,” explained Mr Connell.

“The window was tighter this year because of the weather,” he added.

“Usually you have a three-month window from late April to August.”

Growers have also been adapting to a change in demand on the other side of the Pacific.

“The big change in the market is cherries are more focused toward Korea versus Japan, which always used to be the driver.

Costco evidently has more sales per square foot in their Korean stores than anywhere else in their system,” said Mr Strauss.

According to Mr Connell, this shift has been underway for a few years.

The Japanese market has become more sensitive to price and is now less of a volume taker, while demand in Korea has gone up.

“I think this will continue,” he said.

(from: theloadstar.co.uk, June 29th 2015)

ON THE CALENDAR

- 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.