notiziario

newsletter

bulletin

mitteilungen

noticiario

C.I.S.Co.
Council of Intermodal Shipping Consultants
Via Garibaldi, 4
16124 Genova GE (Italia)
Tel. 010 2518852
Fax 010 2518852
e-mail info@ciscoconsultant.it
www.ciscoconsultant.it

C.I.S.Co. Newsletter September 30th 2015

YEAR XXXIII
Issue of September 30th 2015

PORTS AND TERMINALS

PACIFIC PORTS WINNING THE BATTLE FOR TRANSPACIFIC TRADE .... Page 3

MARITIME TRANSPORT

ONLY CHEAP BUNKER FUEL KEEPING CONTAINER SHIPPING LINES PROFITABLE, SAYS DREWRY " 5

RAIL TRANSPORT

UIC AND CER STATE THE CASE FOR RAIL .... " 7

ROAD TRANSPORT

ROAD FREIGHT HIT BY NEW BORDER DELAYS AND COSTS .... " 9

INTERMODAL TRANSPORT

MILITZER & MÜNCH: GROUPAGE FROM CHINA TO GERMANY BY RAIL .... " 12

TRASPORT & ENVIRONMENT

EU MEMBER STATES SHOW TRUST IN IMO'S ABILITY TO DELIVER .... " 15

LAW & REGULATION

INDUSTRY FEARS LAW ON CONTAINER WEIGHT VERIFICATION COULD BRING CARGO CHAOS " 17

PROGRESS & TECHNOLOGY

ULTRA LARGE CONTAINERSHIPS HAVE PROBABLY 'REACHED THEIR LOGICAL SIZE LIMIT' " 20

STUDIES & RESEARCH

FEARS FOR CHARTER MARKET AS THE IDLE FLEET GROWS
WITH MORE MEGA-BOXSHIPS ARRIVING .... Page 22

REEFER

KIWI-TAIWAN: INTER REPAIRS NORD IS TRYING! .... " 24

CONTAINER LESSORS INVEST IN REEFERS AS CARRIERS SUFFER
POOR REEFER UTILISATION RATES 19 .... " 26

ON THE CALENDAR .... " 28

September 30th 2015

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

PORTS AND TERMINALS

PACIFIC PORTS WINNING THE BATTLE FOR TRANSPACIFIC TRADE

US west coast ports have been gradually regaining the transpacific traffic lost to its Atlantic rivals since the much-documented labour dispute was resolved in February, and there is evidence to suggest that this positive trend continued in August.

Earlier this month, the two largest ports on the western seaboard Los Angeles and Long Beach reported strong box growth at their respective facilities in August of 4% and 23%, as they continued to bounce back from their disappointing start to the year.

Despite being unable to match the impressive growth figures of its neighbour, Los Angeles' container volumes of 786,677 teu represented its busiest August since 2006.

At the port of Long Beach, which handled 703,652 teu, chief executive Jon Slangerup said that it had not seen cargo volumes like this in its 104-year history.

Since then the majority of ports on the US east coast, with New York/New Jersey the only exception, have published their own container traffic figures and with it comes notice of a clear slowdown in box growth across the Atlantic seaboard.

The South Carolina Ports Authority reported that container volumes at its terminals in Charleston were up 4% in August over last year to 170,528 teu, which may well have matched the growth levels witnessed in Los Angeles on percentage terms but is stark in comparison in terms of numbers.

Furthermore, it is nowhere near the sort of level it has been accustomed to so far this year in which it has regularly seen double-digit growth in its monthly figures.

In July, for example, traffic was up 14% over last year.

Meanwhile, in Savannah container volumes were up 4.4% last month and by 2.7% in Virginia, growth nonetheless but again not as high as we have seen in recent months.

The latest data from Container Trades Statistics for July showed that box numbers on the transpacific trade were up 12.2% to 1.6m teu, and of this number Pacific ports held a majority share of 54.7%, while those on the Atlantic seaboard held a 39.8% share.

In February, at the height of the labour dispute on the US west coast, this share of traffic on the Pacific coast had slipped to as low as 44.9%.

This almost 10% swing of traffic in favour of western seaboard ports during the latest four month period gives a clear indication that shipper confidence is gradually returning to the US west coast.

Indeed, it is also approaching a level that could well be regarded as normal when you consider that in July 2014 the share of transpacific trade was spilt approximately 55.9% and 38.9% in favour of the Pacific ports.

With initial container throughput figures at ports on either coast in August pointing towards more of the traffic switching back to the western seaboard, it can be expected that once again the official numbers covering all of North America’s will make for happier reading on the Pacific side.

(from: lloydsloadinglist.com, September 24th 2015)

MARITIME TRANSPORT

ONLY CHEAP BUNKER FUEL KEEPING CONTAINER SHIPPING LINES PROFITABLE, SAYS DREWRY

Just how much money would container shipping lines be losing if it weren't for the relentlessly steep decline in bunker prices?

A lot, according to the latest analysis from Drewry Maritime Research, which investigated the revenues and margins of 16 of the 20 largest carriers that publish their accounts.

Drewry calculates that the group, which represented 65% of global slot capacity, saw revenue of around $60bn in the first half of the year, 5% less than in the first six months of 2014.

Only Taiwanese carriers Wan Hai, a specialist on niche trades such as intra-Asia, and Yang Ming managed to increase sales year-on-year.

The decline was the result of low demand combined with low freight rates.

However, it is a mark of how decisive fuel costs have become to the liner shipping industry that, despite this decline in revenue, saw operating profits in the same period actually triple: the 16 carriers posted combined operating profits of $3.3bn, compared with $1.1bn during the first six months of 2014, as margins increased from 1.7% to 5.6% in the first half of this year.

In January 2014, the average price of one tonne of IFO380 bunker fuel bought at Singapore or Rotterdam was just under $600, a year and a half later in July, it had dropped by almost two-thirds to marginally under $250 per tonne.

Drewry wrote yesterday: "The change in direction that fuel costs has taken means that carriers' costs are falling faster than freight rates, enabling them to continue posting profits, albeit shrinking with each passing quarter.

"Drewry estimates that industry-wide unit costs fell by about 11% in the first-half 2015 versus the same period last year, whereas unit revenues were down by approximately 7%."

It added that while few carriers provided much insight into their cost structures, CMA CGM gave a detailed breakdown of its costs in its most recent results:

Cost type	Year-on-year change	Share of total cost
Stevedoring	6%	28%
Bunkers	-33%	16%
Vessel charters & slot purchases	9%	13%
Inland & Feeder transport	8%	13%
Container rentals & logistics	0%	9%
Port & canal fees	4%	8%
Employee benefits	-4%	8%
General & admin expenses	-6%	5%
Total	-5%	100%
Source: CMA CGM via Drewry Maritime Research		

The table shows that the French Line reduced the costs over which it has direct control – wages and office expenses – but the massive influence of the 33% decline in bunker costs mitigated the fact almost every external supplier to the carrier managed to increase their revenue from CMA CGM.

It further demonstrates how carriers have to gain greater control over pricing and capacity in the long-term, should fuel costs begin to ascend to previous levels; although Drewry thinks this is unlikely this year.

"Based on prevailing fuel and rates in the third quarter 2015, we expect the story will be much the same, ie diminishing profitability, meaning that the accumulation over the first nine months will be enough for carriers to walk away with okay sums for the full year, regardless of what happens in the fourth quarter."

(from: theloadstar.co.uk, September 22nd 2015)

RAIL TRANSPORT

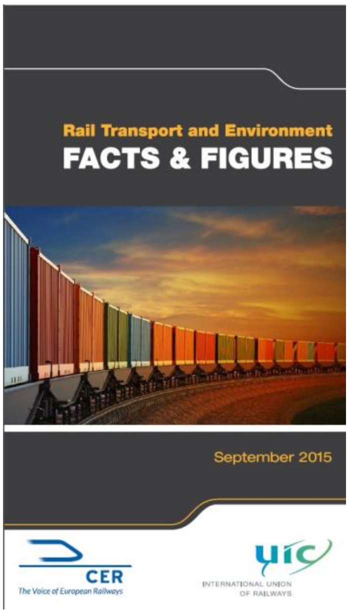
UIC AND CER STATE THE CASE FOR RAIL

Rail is one of the most energy-efficient modes of transport and generates significantly lower CO2E than other modes, stress the UIC and CER in a new transport booklet .

Increasing the modal share of rail in line with EU 2011 Transport White Paper targets would result in an estimated reduction of 238 Mtpa of CO2E, equivalent to 19% of EU27 transport emissions in 2010.

That is one striking figure in the new booklet - Rail Transport and Environment - on rail and environment released today by the Community of European Railway and Infrastructure Companies (CER) and the International Union of Railways (UIC).

2015 is a big year for climate change policy, for which transport still presents a major challenge.



The new booklet, jointly published by CER and UIC, aims to support decision makers with comprehensive data on the environmental impact of the different transport modes.

It demonstrates that rail is an enabling factor for sustainable mobility because:

- travelling by rail is on average 3-10 times less CO2 intensive compared with road or air transport
- rail's share of transport energy consumption is less than 2% despite a market share of over 8.5%
- land use per passenger-km for rail is about 3.5 times lower than for cars
- rail's average external costs are more than four times less than road's for passenger services, and more than six times less for freight services.

In order to drive continued improvement of rail's environmental footprint, CER and UIC's European members have agreed targets until 2030 and a vision for sustainable mobility until 2050.

These targets, adopted in 2010, have now been updated with increased ambition for reducing greenhouse gas emissions and are presented in the booklet.

The booklet can be downloaded from:

http://www.uic.org/IMG/pdf/facts_and_figures_2014_v1.0-2.pdf

CER Executive Director Libor Lochman said: "Rail contributes to reducing the transport users' environmental burden on society with its exceptionally low total external costs.

However, very limited progress has been made at EU level in addressing internalisation of external costs across all transport modes.

"CER looks forward to the Road Package for measures towards full and mandatory internalisation of external costs for road as for rail transport as advocated by the 2011 Transport White Paper."

UIC Director-General Jean-Pierre Loubinoux commented: "This booklet contains data and analysis of the European rail sector's performance.

It charts the primary role that rail has in sustainable development and clearly illustrates the unrivalled efficiency of the European rail system."

(from: worldcargonews.com, September 16th 2015)

ROAD TRANSPORT

ROAD FREIGHT HIT BY NEW BORDER DELAYS AND COSTS

New border checks within Europe being introduced as a result of the ongoing migrant crisis are adding to transit times and costs for road freight operators, with some operators looking to introducing new fees to compensate for longer waiting times for trucks at European borders.

Several European countries struggling with the current huge flows of refugees and migrants fleeing conflicts in Syria, Afghanistan and parts of Africa have imposed border checks and closures in recent days, leading to reports of long backlogs of trucks on key international freight corridors.

In addition to emergency border closures between Hungary and neighbouring Serbia and Croatia, Germany, Austria and Slovakia have all re-imposed identity checks on parts of their borders, and Poland and the Netherlands are reportedly considering whether to follow suit.

Commentators noted that the threat to the Schengen area, the single European zone with borderless travel between 26 states, had a financial price as well as a humanitarian cost.

AFP news service said Germany had set up border checks along its frontier with Austria a week ago to control the human tide and Austria and Slovakia had followed.

Now Germany was also strengthening its borders with France and the Czech Republic.

Since last week, it said massive traffic jams had formed in Germany and Austria, quoting German transport group Allgeier Translog saying its vehicles were experiencing delays for all their cross-border trucks.

It noted that that when trucks are delayed they unload goods late and are slower to pick up new cargo, quickly lead to capacity shortfalls.

“And that pushes up prices,” the company noted.

The slowdown at national borders comes at a time of tight capacity on the European transport network because of an increase in trade, according to the federation of Bavarian transporters.

The federation's managing director, Sebastian Lechner, said Bavaria had been hardest hit by border checks so far, with all the goods traffic from Italy, a major German trade partner, transiting Austria and Bavaria, AFP reported.

It also reported that if controls were to be established along all the borders of the Schengen area, the loss in earnings for Dutch transport companies alone would amount to €600 million a year, assuming a one-hour delay for each border, according to the Dutch association for transport and logistics.

"More broadly, the return of border controls is a big blow to European competitiveness," the association told AFP.

In the EU, about three-quarters of goods traffic goes by road, the organisation estimated.

According to AFP, Doriano Bendotti, secretary of the north Italian Bergamo section of Italy's road hauliers association, said traffic slowdowns had increased in the border region along Germany, Hungary and the Czech Republic, but said we were "not in an emergency situation".

Transport costs to the UK had already climbed because of heightened security procedures in the French port of Calais, he said, as migrants try to cross from Calais to Britain, often by smuggling themselves into the backs of trucks.

The German association of freight forwarders and logistics told AFP that traffic congestion was a day-to-day part of the business, and could be compensated for in part by planning longer journey times.

But if the border checks last weeks or longer, then companies in the industry will have to speak to their customers about adjusting prices, the association added.

Indeed, in an industry with very thin margins these additional cost are not sustainable in the long run, commented Sebastiaan Scholte, CEO of Jan de Rijk Logistics.

"Therefore Jan de Rijk Logistics has announced it is to start charging waiting cost for every additional hour of delay due to border checks or tunnel disruptions in order to offset at least some of the additional cost burden," he said.

He said the problems of the last few months at the tunnel between Calais and Dover had a big financial impact on Jan de Rijk Logistics.

These additional cost were caused by extra waiting times, empty positioning and reduced booking by customers.

“Even though we were faced with a very difficult situation we nevertheless were able to provide our customers with an excellent service without any incidents,” Scholte said.

“The strict security measures, procedures and state of the art material of our company luckily prevented any disruption.

During these months we also had a special operations team in place to constantly monitor the situation.”

(from: lloydsloadinglist.com, September 21st 2015)

INTERMODAL TRANSPORT

MILITZER & MÜNCH: GROUPAGE FROM CHINA TO GERMANY BY RAIL

Militzer & Münch continues extending its service portfolio: since early August, the international transport logistics company has been using rail freight for groupage containers from Yiwu, China, to Duisburg, Germany – a distance of over 11,000 kilometers.

With this new product, Militzer & Münch is currently the only logistics company to meet the demand for groupage rail traffics departing from the economically boosting triangle of Shanghai, Ningbo, and Yiwu in Eastern China: Shanghai is one of the most important business hubs of the People's Republic, Ningbo and Yiwu are major trading centers.

This way, Militzer & Münch offers an additional transport option between China and Europe to customers from the high tech, textile, automotive, and machine engineering sectors.

"Groupage containers in rail transport are a very promising and flexible alternative to air and sea freight; they are more cost effective than airfreight, and take only half the time of ocean transport", says Gunnar Haid, Head of Global Sea Freight, M&M air sea cargo GmbH.

"The CO2 balance is excellent."

At the port of Ningbo, the 40-foot containers are stowed, to be transported by truck to Yiwu, about 200 kilometers inland, where they are loaded onto rail wagons.

The transit via Kazakhstan, Russia, Belarus, and Poland to Duisburg takes 14 to 16 days.

There the goods are unloaded and consolidated for their on-carriage across Europe.

All-in service, once per week

Militzer & Münch performs this service using company-owned container equipment – guaranteeing this way that only zero-defect containers are used for the safe and secure transport of the customers' goods.

Militzer & Münch expert teams in Düsseldorf and China coordinate these transports.

In China as well as in Germany, Militzer & Münch offers the entire service package door-to-door and does the customs clearance for the customers.

So far, Militzer & Münch has been offering one departure per week.

"We see growth potential for groupage containers in this budding market", says Michael Spitzlei, Regional Manager North Rhine-Westphalia, M&M air sea cargo GmbH.

"Customers are restructuring their supply chains, with the time factor playing a decisive role.

Our new service is a sensible addition to the FCL rail transports that we also offer on the China - Europe - China trade lane."

Apart from the new rail groupage containers, Militzer & Münch transports full container loads via rail from China to Europe and vice versa, with all in all ten departures per week; these transports, too, include door-door logistics and customs clearance.

With its country units in China and Germany, the Militzer & Münch Group has been offering transports via air and sea between these two countries for decades.

M&M Militzer & Münch at a glance

The Militzer & Münch Group employs a staff of about 2,000 at 100 locations in over 25 countries.

Strategic partnerships in numerous other countries complete the dense network.

Militzer & Münch offers worldwide air and sea freight services as well as road and rail transports and project logistics along the East-West axis in Eurasia and North Africa.

The Group operates with a dense network of branch offices in Eastern Europe, the CIS, the Middle East and the Far East as well as in the Maghreb countries.

The head office of the company that goes back to 1880 is in Sankt Gallen, Switzerland.

(from: transportjournal.com, September 14th 2015)

TRANSPORT & ENVIRONMENT

EU MEMBER STATES SHOW TRUST IN IMO'S ABILITY TO DELIVER

"The EU Council's decision to entrust the IMO with the regulation of greenhouse gas emissions (GHG) from international shipping is a vote of confidence in the international organisation's ability to deliver" claimed Patrick Verhoeven, ECSA Secretary General following the adoption of the EU Member States' negotiating position at the UNFCCC in Paris (COP 21).

Commenting on the progress made, Mr Verhoeven said that "the IMO has already delivered important results and is making great efforts, which should, in our opinion, be encouraged, not undermined.

Its work guarantees both global coverage and a level playing field, without which, efforts to reduce GHG emissions from ships would be counterproductive.

Amendments to MARPOL Annex VI and the adoption of the Energy Efficiency Design Index (EEDI) make international shipping the only industrial sector already covered by mandatory and binding global measures".

Benoît Loicq, ECSA Maritime Safety and Environment Director added: "The Member States' position adopted last Friday also ties in with the official EU approach with regard to the reduction of CO2 from international shipping".

The EU has indeed made headway in contributing to the international process at IMO level following the adoption of the so-called MRV Regulation (Regulation (EU) 2015/757) on the monitoring, reporting and verification of CO2 emissions from maritime transport.

The Regulation, which enters into force in 2018, is intended to be the first step of a strategy geared towards a global IMO solution, by helping ascertain the real contribution of shipping to global CO2 emissions.

From its side, the IMO is also making good progress towards the development of a global CO2 reporting system for individual ships, similar to the EU MRV Regulation.

These regulatory developments should however not overshadow the efforts made by the industry itself.

Because of the cost of fuel, which is by far a ship operator's largest operational expenditure, the industry is also introducing a range of technical and operational measures to reduce CO2 emissions.

According to the latest IMO Green House Gas study, published in 2014, international shipping (while transporting about 90% of world trade) produces about 2.2% of the world's total CO2 emissions.

This figure was 2.8% in 2007, and the total CO2 emissions from shipping reduced by over 10% between 2007 and 2012.

This was despite continuing growth in maritime trade which means that shipping is already delivering carbon neutral growth.

When these efforts are combined with the mandatory IMO EEDI requirements, as well as new technology, shipowners are very confident that the world fleet will be considerably more efficient in the years to come.

For that reason, ECSA fully supports the recent commitment made by the International Chamber of Shipping, representing the global shipping industry, to a 50%reduction in CO2 by 2050.

"Shipowners stand ready to engage in a constructive dialogue with the European institutions and the IMO and strongly believe that regulators and industry can successfully work together towards the goal of reducing CO2 emissions from ships" concluded Mr Verhoeven.

(from: hellenicshippingnews.com, September 23rd 2015)

LAW & REGULATION

INDUSTRY FEARS LAW ON CONTAINER WEIGHT VERIFICATION COULD BRING CARGO CHAOS

Shippers, forwarders, shipping lines and container terminals "urgently" need to begin discussions over the practicalities of implementing the International Maritime Organization's (IMO) new regulation on container weights.

That was one of the chief conclusions of Friday's International Cargo Handling Coordination Association (ICHCA) seminar on container weighing in London, with some delegates warning that the legislation, due on 1 July 2016, could lead to chaos.

The new requirements, formally an amendment to the IMO's existing Safety of Life at Sea (Solas) regulations, have been designed to reduce the number of accidents globally caused by containers whose weights have been misdeclared by shippers and their agents.

The new law says they must verify the weight declared on the bill of lading.

It has been criticised as difficult to enforce, while many sea freight buyers are said to be completely unaware of the legislation.

From next summer, shippers will have to prove the weight of their containers through one of two methods: weighing the loaded container (Method 1); or weighing the cargo and adding the tare weight of the container (Method 2).

Richard Brough, ICHCA technical advisor, said: "There is no exemption from weighing in some form – if you are a Method 2 shipper, you will still have to weigh the cargo, the calculation aspect comes from adding the cargo weight with the tare weight of the container."

Washington-based liner shipping lobby group the World Shipping Council (WSC) was one of the proponents of the new legislation.

It initially insisted on Method 1, but later acquiesced to shipper arguments, led by the Global Shippers Forum, that Method 2 would provide the same level of assurance to ships' masters, ultimately be responsible for accepting or rejecting containers waiting to be loaded.

However, it will remain up to national jurisdictions to decide if they will accept both methods, and WSC senior vice president Lars Kjaer said the US had already decided it will only accept Method 1 as proof of the verified gross mass (VGM) of a container.

"But, come 1 July next year, there will be containers showing up at the gate without signed verification forms – so how do we manage that? What do we do with those boxes? The whole operational side needs to be discussed and sorted out," he said.

In contrast, the UK's enforcement body, the Maritime & Coastguard Agency (MCA), has said it will accept Method 2, and has begun developing an accreditation scheme for UK shippers in concert with the Freight Transport Association (FTA).

MCA hazardous cargo advisor Keith Bradley said it was "essential that we make Method 2 work", as with the right process it could be much more efficient.

"Many members involved in the UK's maritime trade are already operating to a variety of standards, such as AEO or ISO9000, and many companies have enterprise resource systems (ERPs) such as SAP that means they will know the weight of their cargo.

"We have also had a very clear message from the port industry that it does not have the weighing equipment, nor does it want to invest in it.

But ports have to consider what they are going to do if a box arrives at the port without a VGM," he said.

UK shippers will need to apply for accreditation to Method 2, with the MCA set to audit applications.

FTA director of global and European Policy Chris Welsh said the organisation would be launching a service to help its members with applying for accreditation.

However, John Foord, president designate of the Federation of National Associations of Ship Brokers and Agents, questioned the viability of this approach, given the increasingly tight timeframe.

"It will be interesting to know if the 14,000 FTA members will all be accredited by 1 July 2016… I suspect that simply can't happen, which means lots of UK exporters will have to use weighbridges.

But there isn't a weighbridge near Felixstowe, for example, and there could be a significant deviations on road journeys to go via a weighbridge on the way to a port.

"There really could be a lot of deviation," Mr Foord added, "and some of the shipping lines charge shippers £2 per mile.

I can see shipper easily having to an extra £50-60 per container just because of this issue."

(from: the loadstar.co.uk, September 15th 2015)

PROGRESS & TECHNOLOGY

ULTRA LARGE CONTAINERSHIPS HAVE PROBABLY 'REACHED THEIR LOGICAL SIZE LIMIT'

Ultra large containerships have probably reached their logical limit in terms of size increases, according to PSA International chief executive Tan Chong Meng.

Speaking at the Global Liner Shipping Asia conference in Singapore, Mr Tan said that if ships had not yet grown to their maximum size, they were close to it.

“There’s another 20% growth possible, taking ships up to 24,000 teu-26,000 teu, but beyond that it gets to a point of diminishing return,” he said.

But the commercial and practical validity of ultra large tonnage was called into question by shippers and port operators during the opening day of the conference, with many blaming these ships for the woes afflicting the industry at present.

DP World commercial manager Youhan Doctor said Middle East ports were adding 11m teu in handling capacity over the next five years to deal with ultra large boxships.

“The number of teu handled per metre of quay length has fallen by 16% and the teu per loading is down 12% due to mega-vessels,” he said.

Most terminals could handle only three to four mainline vessels and one feedership at a time, putting pressure on yard space and terminal functions.

“Terminals need to stay ahead of the curve and improvement in turnaround time; but this could be beneficial to the terminal as well,” Mr Doctor said.

The impact on ports was not just on quayside, where wider, higher cranes were needed, Mr Doctor said.

“The landside also needs development. You can’t just discharge boxes. You also need yard space.”

But Andy Lane, a partner at consultants CTI was more sanguine about the threat of large vessels, pointing out that the fear of large vessels was greater than the reality.

Vessels of over 14,000 teu make up only 3% of all vessel calls in Asia and vessels of over 10,000 teu are responsible for only 12%.

"Ports used to complain about too many small ships calling," Mr Lane said.

"Now they are saying there are too many big ships. They may want to only have 6,000 teu vessels calling, but that is not the reality."

Nevertheless, he did point out that slot costs savings are starting to reach a plateau where adding more capacity to ships isn't going to have any cost benefits.

Although this analysis was based on bunker costs of $600 per tonne, around twice the current price, he said it also held true with cheaper running costs.

"Every time you raise the size of a ship you reduce the slot cost, but it is not a linear curve," Mr Lane said.

"When you add 3,000 teu to a 9,000 teu vessel you increase your capacity by 33% but you only reduce your costs by 19%.

The more you add, the more the gap widens."

There were also risks of utilisation, Mr Lane added.

"If it takes the world's two largest lines to abandon their autonomy and work with the enemy just to fill an 18,000 teu ship, how many people does it take to fill a 24,000 teu ship?

Does that mean we need to combine the G6 and CKYHE?

If you only fill a 24,000 teu ship to 85% it will generate the same costs as a fully laden 18,000 teu ship."

(from: lloydsloadinglist.com, September 11th 2015)

STUDIES & RESEARCH

FEARS FOR CHARTER MARKET AS THE IDLE FLEET GROWS WITH MORE MEGA-BOXSHIPS ARRIVING

The capacity of the global liner fleet now stands at over 20m teu, up one million teu since the beginning of the year, reflecting the delivery of 152 new ships.

They include 21 mega-vessels of 15,000 teu and above and, according to Alphaliner, this exponential growth in container capacity has set a new record for the shortest time taken to add 1m teu to the liner fleet.

There are now 6,070 ships active on liner trades, advises the consultant, including 5,139 fully cellular vessels, but with only 59 containerships having been scrapped in 2015 against a downturn in demand across a number of tradelanes, ship owners are again feeling the squeeze on charter rates, and the idle fleet has shown a sharp increase in the past fortnight.

Alphaliner's most recent idle fleet data shows 100,000 teu of capacity consigned to hot or cold lay-up in the past two weeks, 580,000 teu (3% of the total fleet at 7 September), its highest level since April 2014.

It said: "A total of 199 units are currently idle with increased unemployment spread across all size segments.

A weak peak season has deterred carriers from adding new loops since August, while service withdrawals are picking up pace."

The winter slack season will see further service withdrawals, which will add more pressure to the weakening charter market and, in turn, consign more containerships to lay-up.

This was illustrated by the announcement from the G6 alliance on Monday that its members intended to cancel a further 10 Asia-Europe sailings this year, with more blanked voyages likely to follow.

This news followed Maersk Line's admission that it was reassessing demand and that a further "two-to-four strings" could be withdrawn in the final quarter of the year.

Laid-up container tonnage has previously consisted mainly of smaller ships (particularly panamax vessels) displaced by larger, more economical tonnage, but Alphaliner's most recent data has shown that post-panamax vessels of 5,000 teu and above are also facing a more uncertain employment future because of the cascading effect of the introduction of 15,000 teu-plus ultra-large container vessels (ULCVs) on the market.

There are now 39 units of 5,100 teu and above in lay-up, including five of between 8,500 teu and 13,900 teu operated by G6 member lines.

Alphaliner also reported that the worsening capacity glut was hitting time-charter prospects for shipowners and "dashing market recovery hopes".

It said the container charter market was "undermined by a growing oversupply of tonnage across most vessel sizes," with charterers now demanding some of the more flexible terms and conditions – such as free positioning of vessels – that were common during the 2009 slump.

(from: theloadstar.co.uk, September 16th 2015)

REEFER

KIWI-TAIWAN: INTER REPAIRS NORD IS TRYING!

The world of Italian exports of kiwifruit is at the halfway point with the imminent arrival of the first containerized shipments orders expected to begin in October.

This year the issue of Taiwan is still calling, a name that last season has boomed quite loudly in the ears of shippers and logistics service providers involved in the cold chain.

The high number of blocks and rejections of reefer containers by the Taiwanese authorities from late 2014 to early 2015 has meant that the major industry players to come down on the field to find solutions.

The only problem was and is the placement of the temperature probes.

Forgetting common sense, only few centimeters are in conflict with the Asian protocols, stopping the Kiwis in the port of destination.

In addition to injury, insult has been to see the eastern authorities having double standard for cargo loaded in the same way.

It 's time to put an end to uncertainty.

There might be a solution, and it’s been illustrated by a leading reefer company on the national scene, the Inter Repairs Nord of Leghorn during the meeting of September 17th with representatives of the Plant Protection Service of Emilia Romagna and Piedmont region in addition to the CSO - Centro Servizi Ortofrutticoli.

The use of a 20 meters cable, instead of the standard 15 for the installation of the last probe, the one next to the doors of the container.

This would allow the placement of the instruments before loading the last two pallets, and exactly in the position required by the Asian protocols (50 to 100 cm from the doors of the container).

A simple solution, not drastic, that if accepted would obviate such a small problem in terms of centimeters but giant in economic terms.

The Ministry will have to give, with utmost urgency, feedback on how it has to be implemented in the upcoming marketing campaign.

Meanwhile, exporters have to do nothing but wait.

(by Massimiliano Giglio, C.I.S.Co.)

CONTAINER LESSORS INVEST IN REEFERS AS CARRIERS SUFFER POOR REEFER UTILISATION RATES

Container shipping lines are increasingly targeting reefer cargo because of its stability, low barriers to entry and its potential for further market growth.

"Shipping lines have been targeting the reefer sector because of its growth and because of its economies of scale," said Nigel Webster, director refrigerated containers for container lessor Seaco.

He added: "Reefers tend to be a higher margin business as there's more value-add you can bring to the product offering and to customers.

Shifting trade directions are also a factor."

Speaking at yesterday's Cool Logistics Asia conference in Hong Kong, Mr Webster told delegates that as the reefer market expands and shifts towards Asia, container lessors can provide a valuable service by plugging the gap between the actual funding that cash-strapped carriers have for new asset investments and the market need for more reefer boxes.

Container leasing is attractive to carriers because it allows them to reserve capital via off-balance sheet investments and reduce risk exposure.

Keen to make a point about the importance of container lessors in providing reefers to the market, Mr Webster explained that although Maersk Line is the biggest owner of reefer containers worldwide, the next four largest owners are leasing companies.

Hamburg Sud is the second biggest shipping line owner but fifth overall.

"There's 2.5m teu of reefer containers worldwide with a total value of US$22bn.

The leasing companies own around 42% of those containers.

"Container leasing companies are providing the assets for the cold chain.

In fact, without us you could argue you couldn't have a cold chain," he said.

In comparison to dry box shipping, Mr Webster explained that rather than the consolidation occurring through carrier alliances on major trade lanes, container reefer shipping remains "de-consolidated" in that there are lots of small carriers and NVOCCs, especially in Asia, making it easier for carriers to enter new trades and compete.

The reefer market is also attractive because of the large percentage of perishables transported and the stability that food as a globally traded commodity offers trade managers.

"Although freight rates have been volatile, and you could say lease rates have been volatile too, the underlying cargo demand means the stability is there.

Reefer cargo means food and food always moves," said Mr Webster.

At the same time shipping lines need to improve their utilisation of reefer boxes, Lars Kastrup, senior vice president at CMA CGM argued.

CMA CGM carried 821,000 teu of reefers last year, or almost 16,000 teu per week.

However, Mr Kastrup said that number was a result of only filling each reefer container with reefer cargo less than five times per year on average, and that in theory the carrier could use 20% of its total fleet capacity as reefers based on the number of plugs available.

"We don't do it but technically it would be possible.

It's a huge opportunity for further growth," said Mr Kastrup.

"So this is one of the challenges we have, not just us at CMA CGM but the whole industry – we don't use our equipment well enough.

"Of course, when you're doing a short trip you're doing much better, but once you take a container from Asia all the way to East Coast South America, plus if you take an empty and you have to get it back again to Asia, that's quite a long trip.

So the utilisation of reefers is not good enough and we need to become better," he said.

(from: theloadstar.co.uk, September 3rd 2015)

ON THE CALENDAR

3-4 Oct	Iran Transportation & Urban Development Summit 2015 Tehran, Iran
5-8 Oct	Breakbulk Americas Houston, TX, U.S.A.
6-8 Oct	Inland Distribution Conference Memphis, TX, U.S.A.
7-9 Oct	GreenPort Congress Copenhagen, Denmark
13-15 Oct	TPM Asia Conference Shenzhen, China
13-15 Oct	TOC Americas Panama City, Panama
14-16 Oct	8th International Conference on Maritime Law Dalian, China
16-21 Oct	PIANC-COPEDEC IX 2016 Rio de Janeiro, Brazil
19-22 Oct	Dredging 2015 Savannah, Georgia, U.S.A
19-23 Oct	Course on Safety Management in the Port Singapore
19-30 Oct	Strategic Port Pricing & Commercial Billings Management London, U.K.
20-21 Oct	Harbours 360 Conference - New Horizons for European Ports Antwerp, Belgium
21-22 Oct	5th Port Development & Connectivity Asia Singapore
22-23 Oct	IADC Conference Hong Kong, China
25-28 Oct	Breakbulk Middle East Conference & Exhibition Abu Dhabi, U.A.E.
26-28 Oct	6th Global Free Trade & Special Economic Zones Summit Dubai, UAE
26-29 Oct	5th WCO Technology & Innovation Forum Rotterdam, the Netherlands

26-30 Oct	Seminar on Dredging and Reclamation (Indonesia) Jakarta, Indonesia
27-29 Oct	Global Trade Development Week Dubai, U.A.E.
29-30 Oct	13th Intermodal Africa 2015 Lusaka, Zambia
2-3 Nov	Terminal Automation London, UK
2-4 Nov	AAPA Annual Convention Miami, FL, U.S.A.
4 Nov	Container Terminal Management Seminar 2015 Amsterdam, Netherlands
4-5 Nov	Regional Governments Infrastructure Priorities – Indonesia Infrastructure Week 2015 Jakarta, Indonesia
11-12 Nov	7th Arctic Shipping Summit 2015 London, U.K.
17-19 Nov	Intermodal Europe Hamburg, Germany
22-26 Nov	PMAESA Conference 2015 Dar Es Salaam, Tanzania
25-26 Nov	14th Intermodal Africa 2015 Lagos, Nigeria
29-30 Nov	Ship Finance & Trade Conference Abu Dhabi, UAE
23 Nov-4 Dec	Seminar on Tasks and Responsibilities of Forwarders, Agencies and Shipping Lines Antwerp, Belgium
30 Nov-3 Dec	AAPA Chile 2015 Arica, Chile
2- 3 Dec	2nd Africa Ports & Railway Summit Dar es Salaam, Tanzania
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.