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## PORTS AND TERMINALS

### THROUGHPUT OF RUSSIAN SEAPORTS UP 3.2% TO 553.8 MLN T IN 10M'15

In January-October 2015, Russian seaports handled 553.8 mln t of cargo (+3.2%, year-on-year), says the press center of Association of Commercial Sea Ports.

Transshipment of dry bulk cargo totaled 250.3 mln t (+1.5%) including 101.3 mln t of coal (+4.2%), 24.9 mln t of grain (+2.4%), 22.1 mln t of ferrous metal (+14.3%), 13.6 mln t of cargo carried by ferries (up 1.6 times), 13.2 mln t of mineral fertilizers (+6.8%), 5.6 mln t of ore (+4.6%), 4.4 mln t of timber (+10.6%) and 3.0 mln t of non-ferrous metal (+14.2%).

Transshipment of containerized cargo fell to 33.3 mln t (-15.2%), metal scrap – to 3.6 mln t (-8.1%), refrigerated cargo – to 2.6 mln t (-15.2%).

Transportation of liquid bulk cargo totaled 303.5 mln t (+4.7%) including 167.7 mln t of crude oil (+5.9%), 122.5 mln t of oil products (+3.5%) and 10.5 mln t of liquefied gas (+4.1%).

Transshipment of export cargo totaled 443.8 mln t (+ 5.7%), import cargo – 27.7 mln t (-24.3%), transit cargo – 39.6 mln t (-0.5%), coastal trade cargo – 42.7 mln t (+6.2%).

Operators of the Arctic Basin terminals handled 29.5 mln t (-1.5%, year-on-year) including 20.5 mln t of dry bulk cargo (-5.6%) and 9.0 mln t of liquid bulk cargo (+9.1%).

The port of Murmansk handled 18.1 mln t (-3.8%), Arkhangelsk – 3.3 mln t (-2.8%), Varandei – 5.5 mln t (+11.4%).

The ports of the Baltic Basin handled 191.9 mln t (+1.9%) including 73.0 mln t of dry bulk cargo (-2.4%) and 118.9 mln t of liquid bulk cargo (+4.8%).

The port of Ust-Luga handled 73.1 mln t (+16.5%), Primorsk – 48.8 mln t (+6.1%), Big Port St. Petersburg – 43.2 mln t (-16.2%), Vysotsk – 14.7 mln t (-1.3%), Kaliningrad – 10.7 mln t (-7.6%).

Throughput of Azov – Black Sea ports climbed to 185.2 mln t (+5.1%) including 73.0 mln t of dry bulk cargo (+10.3%) and 112.2 mln t of liquid bulk cargo (+2.0%).

The port of Novorossiysk handled 105.3 mln t (+3.5%), Tuapse – 21.2 mln t (+15.2%), Taman – 9.7 mln t (+13.9%), Rostov – 9.3 mln t (+6.4%), Taganrog – 2.4 mln t (+3.2%), Temryuk – 2.1 mln t (+27.4%), Kavkaz – 18.6 mln t (-17.0%), Yeisk – 3.1 mln t (-4.3%).

Seaports of Crimea handled 7.6 mln t including 6.2 mln t handled in Kerch.

The ports of the Caspian Basin handled 5.6 mln t of cargo (-14.9%) including 2.6 mln t of dry bulk cargo (-9.9%) and 3.0 mln t of liquid bulk cargo (-18.6%).

The port of Makhachkala handled 3.3 mln t (-22.1%).

Throughput of port Olya fell by 14.5%, Astrakhan – by 1.1% to 2.2 mln t.

The ports of Far East Basin handled 141.6 mln t (+4.4%) including 81.2 mln t of dry bulk cargo (+0.1%) and 60.4 mln t of liquid bulk cargo (+10.8%).

Port Vostochny handed 54.1 mln t (+11.5%), Vanino – 22.1 mln t (+4.2%), Nakhodka – 17.7 mln t (+0.7%), De-Castri – 8.6 mln t (+31.8%), Prigorodnoye – 13.2 mln t (-0.7%), Vladivostok – 10.6 mln t (-18.2%), Posiet – 5.3 mln t (-6.6%).

Association of Commercial Sea Ports (ASOP) set up in 1987 unites over 50 organizations and enterprises of Russia’s maritime transport.

ASOP comprises commercial seaports, forwarding and agency companies, scientific research institutes and marine educational institutions.

Operational results of Russian port sector are based on statistics reports and cover all stevedoring companies operating in the Russian Federation.

*(from: hellenicshippingnews.com, November 12th 2015)*

## MARITIME TRANSPORT

### CMA CGM SAID TO BE IN TALKS TO BUY NOL

France's CMA CGM SA is in talks to acquire Singapore container shipping company Neptune Orient Lines, as majority owner Temasek Holdings seeks a buyer, people with knowledge of the matter said.

CMA CGM has made a preliminary offer for Neptune Orient, which has a market value of $2.7 billion, two of the people said, asking not to be identified as the information is private.

The Marseille-based company is now conducting due diligence, though it hasn't been granted exclusivity, according to one of the people.

Denmark's A.P. Moeller-Maersk A/S is also in talks about an acquisition of Neptune Orient, though the discussions are less advanced, the people said.

A deal is unlikely to be struck soon, as the slumping shipping sector damps the appetite for aggressive bidding, two of the people said.

Temasek, the Singapore state investment company that owns 67% of Neptune Orient, may not be willing sell its stake at a low price, they said.

The shipping company that helped cement Singapore's status as a global trade hub is attracting takeover interest after simplifying its structure earlier this year by selling its US$1.2 billion ($1.7 billion) logistics unit.

Neptune Orient, created in 1968 and now Southeast Asia's largest container line, ran up US$1.2 billion of losses in the last four financial years as sluggish global commerce and overcapacity ate into shipping rates.

Acquiring Neptune Orient would help consolidate CMA CGM's No. 3 position in container shipping as it competes with market leaders Mediterranean Shipping Co. and Maersk.

Neptune Orient's APL container unit has a 2.7% market share, while CMA CGM controls 8.9% of the market, according to data from industry consultant Alphaliner.

CMA CGM, founded in 1978, has a fleet of 467 vessels transporting 12.1 million twenty-foot equivalent units of cargo annually, according to its website.

Representatives for CMA CGM, Neptune Orient and Temasek declined to comment.

"We've always said that we will look at everything that comes up for sale in the market but our base strategy is to grow organically," Maersk Chief Executive Officer Nils Smedegaard Andersen said in a phone interview Friday, declining to comment specifically on whether Maersk is looking at Neptune Orient.

"In general we welcome any consolidation - that would only be healthy for the container line industry."

*(from: the loadstar.co.uk, November 6th 2015)*

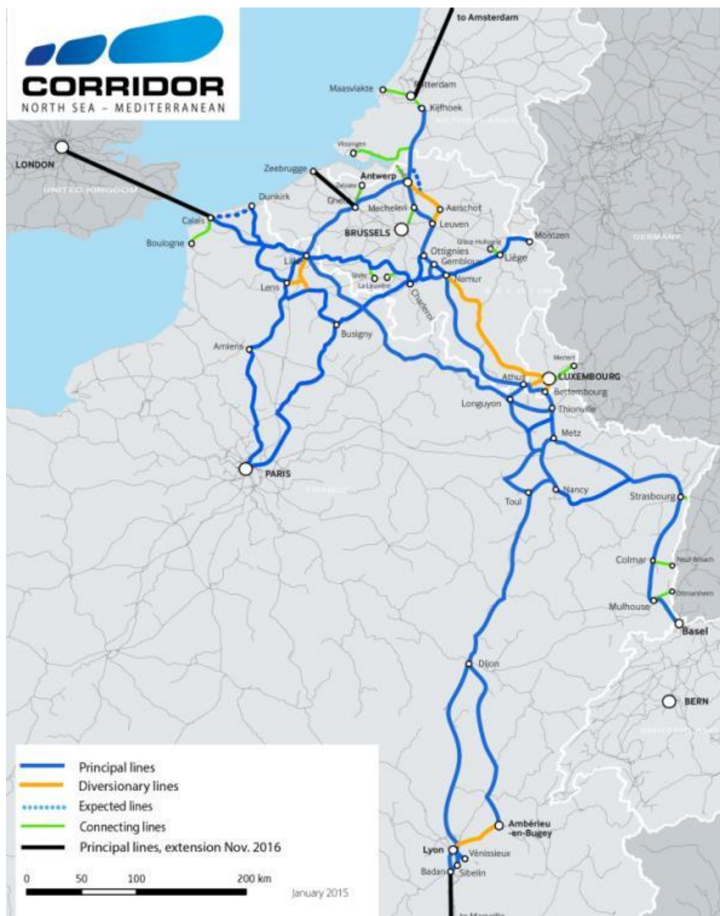
## RAIL TRANSPORT

### UK STRENGTHENS ITS EUROPEAN RAIL FREIGHT TRADE WITH RFC NORTH SEA – MED EXTENSION

Trade links between the UK and mainland Europe will be strengthened as a vital freight corridor is extended.

Known as the Rail Freight Corridor North Sea – Mediterranean, the busy freight corridor will be extended to London by November 2016, as Network Rail joins the RFC North Sea – Med management board.

Currently, the rail freight industry boosts the nation's economy by more than £1.6bn and is predicted to rise to £2bn by 2023.




Today's news will make it easier to run more freight trains between the UK and mainland Europe.

Network Rail's freight customers and other European freight operators will be better able to understand and secure available capacity for freight service growth to and from the UK, linking with France, Luxembourg, Belgium, Holland and Switzerland via the Channel Tunnel.

The extension makes planning freight services simpler and easier through a 'one-stop shop' for freight operators to book pre-planned freight paths connecting London with the continent.

Operators will also be better informed about infrastructure, maintenance and repair work across the continent as information is more easily shared along the corridor.

The announcement is good news for the environment as it will reduce the burden placed by freight movements on the country's roads.

Each freight train carries the equivalent load of 60 lorries and a gallon of fuel will move a tonne of goods 246 miles on rail but only 88 miles by road.

These efficiencies make rail freight cleaner and more efficient than road.

In preparation for the extension, Network Rail joins as a new member of the RFC North Sea – Mediterranean management board.

A signing ceremony was held on 20 October 2015, in Luxembourg, in order to adopt the new bylaws of the board.

Paul McMahon, Network Rail freight director, said: "This is good news for Britain's rail freight industry and our economy.

We have been preparing for this for the last few years and I now look forward to working with our partners in the corridor and freight operators to support the growth of rail freight between continental Europe and Great Britain.

"Our network is extremely busy and we now carry 30 per cent more freight than we did in 2012.

We want to grow that figure, strengthening our economy.

The RFC North Sea – Med is considered one of the main routes for freight into Europe and is key to that plan."

*(from: transportjournal.com/networkrail.co.uk, November 2nd 2015)*

# ROAD TRANSPORT

## MAJOR INVESTMENT IN TRUCK TELEMATICS

P&O Ferrymasters, one of the leading European providers of customised transport and logistics services has fitted a large part of its trailer fleet with the TrailerConnect telematics system from Schmitz Cargobull Telematics.

In addition to the 400 new vehicles from Altenberge, 300 existing vehicles out of the trailer fleet of over 1,500 units will be fitted with the trailer telematics system.

Specialising in the creation and supply of innovative and flexible supply chain solutions, P&O Ferrymasters places particular focus on the added value to the end customer.

P&O Ferrymasters operates its trailers in various transport segments, such as steel, automotive, chemicals, consumer goods, paper, recycling etc.

In addition to road and intermodal use, the logistics company places its faith in transport of trailers by ship.

The P&O Ferrymasters trailers are hauled mainly by sub-contractors.

It is for this reason that the logistics company, which is active throughout Europe, is particularly interested in gaining transparency over its vehicles and their loads independently of the tractor unit.

"First and foremost, we believe that we will achieve an even greater improvement in efficiency in the planning and capacity utilisation of our fleet," said Bas Belder, Managing Director of P&O Ferrymasters, during his visit to Schmitz Cargobull in Altenberge.

For some years P&O Ferrymasters has relied on modern IT structures and lean processes.

Over the past seven years this has led to a considerable increase in the turnover per employee.

Now it is planned to improve the key figures further with the aid of TrailerConnect.

The trailer telematics system is set to represent the next step towards improved efficiency.

The logistics expert, P&O Ferrymasters, is already successfully operating with its own offices in twelve different European countries.

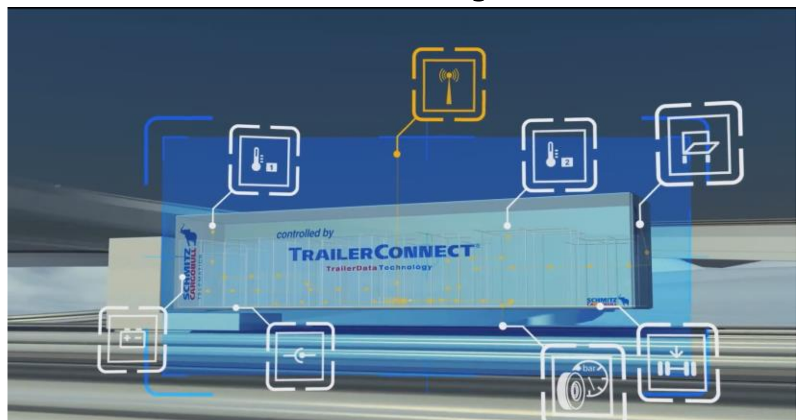
The company is managed from its headquarters in Ipswich (United Kingdom).

From here decisions are taken centrally and then implemented de-centrally.

This, too, is a recipe for the success for P&O Ferrymasters.

P&O Ferrymasters processes approx. 2,000 transport contracts daily – and they demand excellent management.

Therefore, the provision of real-time telematics data through TrailerConnect is of great importance.




"For us, rapid information, high transparency and preventive customer integration are the most important functions that we can derive from the trailer telematics system," explains Bas Belder.

Over 3,000 customers belonging to the customer portfolio of P&O Ferrymasters profit from these features.

"Our primary concern is to support our customers in their daily work and to consolidate our good customer loyalty over a number of years," continues Bas Belder.

"We are increasingly putting our faith in standardised trailers which can be used for about 80% of all transport contracts.

That generates cost optimisation in the long term and leads to competitive growth of the company," adds Belder.

For these challenging and diverse tasks, P&O Ferrymasters acquires robust and flexible curtainsiders from the Schmitz Cargobull's S.CS programme.

All were fitted with special ferry equipment and various load securing components.

P&O Ferrymasters places its confidence in the proven technology from Schmitz Cargobull for this.

The high quality of the telematics hardware and a measurably high level of availability of the entire system of over 99% convinced the management of P&O Ferrymasters.

It is particularly important to note that transparency over the trailers when travelling autonomously, for example via rail or ferry, will be a fixed component in scheduling in the future.

P&O Ferrymasters is integrating the telematics data into its own 'Transport Management System' to create a far-reaching link to existing processes.

This will allow P&O Ferrymasters to quickly generate effects that demonstrate the benefits of TrailerConnect for the customer.

"It is important for us to make work easier for our customers with the best technical telematics solutions and the associated service provisions," declares Karl Heinz Neu Managing Director of Schmitz Cargobull Telematics.

Together with Leoni Nathaus, Sales Support Schmitz Cargobull Telematics, Josef Warmeling, Head of International Key Account Management and Gregor Rein, Key-Account Manager Schmitz Cargobull, the first vehicle from the order has now been handed over to P&O Ferrymasters.

The vehicles belonging to the current order are being produced in the manufacturing facilities for flatbed vehicles in Altenberge; the telematics units will be securely fitted there to the accustomed high quality standards.

P&O Ferrymasters can, therefore, make use of the telematics systems as soon as the vehicle is ready.

This permits Schmitz Cargobull to offer an innovative overall package with customised vehicles and a comprehensive trailer service, which provides the customer P&O Ferrymasters with both dependability and information throughout the entire useful life of the trailer, thus enabling it to become P&O Ferrymasters' partner for efficiency.

*(from: transportjournal.com, November 10th 2015)*

## INTERMODAL TRANSPORT

### RAILRUNNER EUROPE LAUNCHES "DREAMING OF GIGALINER?" CAMPAIGN: FOCUS ON HIGH-PERFORMANCE AND INNOVATIVE RAIL TECHNOLOGIES

The use of long HGVs currently dominates the debate on transport policy in Europe.
Once again the potential high performance of rail, given the stronger haulage and greater utility of modern rail technologies, is drowned out in the discussion.

Therefore RailRunner Europe GmbH, the innovative rail-technology company, in preparing the successful adaptation of its bimodal RailRunner technology, as tried and tested in the USA, is launching in Europe a campaign entitled "Dreaming of GigaLiner?".

Its aim is to spotlight more strongly the potential of innovative rail technologies in Europe.

As in the USA, adaptation and market launch is planned on the basis of private financing models.

Most recently RailRunner Technology was selected as one of three finalists at the renowned future prize for logistics of the Hamburg metropolitan area.

The bimodal RailRunner system scored well with its several new technological developments, designed to strengthen the position of road-rail transport and the acceptance of railgoods traffic.

These include: pneumatic suspension, independently self-guiding axels, shock-absorber systems of the type usual in road traffic, plus disk brakes, fork-lift receptacles, a locking and security system integrated into the bogie, and a built-in ramp for fast "drive-on-drive-off" train formation.

At the same time as the campaign is launched, RailRunner Europe's English internet site (www.railrunnereurope.com) will be up and running.

A sound-free presentation video in seven different European languages (Danish, German, English, French, Polish, Swedish and Spanish) explains and demonstrates the benefits of bimodal technology.

Further languages will follow.

RailRunner sees a pioneering future and ready acceptance particularly in the system's well-developed capacity for collaboration.

"Rail-goods traffic in Europe can also reach the flexibility of the HGV with the aid of innovative technologies in combined rail and road transport", says Gerhard Oswald, founding director of RailRunner Europe GmbH.

RailRunner Europe GmbH of Hamburg was founded in January 2015 with the aim of launching on the European market an adaptation of the innovative technologies developed by its parent company RailRunner NA Inc., with headquarters in Waltham, Massachusetts (www.railrunner.com).

The new innovative generation of bimodal rolling stock incorporates a technology which has been used successfully and reliably in the USA for more than 25 years.

RailRunner's certified products have been working there defect-free for more than 9 years.

*(from: transportjournal.com/railrunner.com, October 28th 2015)*

## TRANSPORT & ENVIRONMENT

### CARRIERS FACE A SEA OF GREEN

While ocean carriers and ports scramble to cut their greenhouse gas emissions to comply with various regulations, international organizations want them to do even more — by paying a carbon tax.

For example, as the nations of the world prepare for the major climate change summit COP21 in Paris later this month, the International Transportation Forum, an intergovernmental body of the Organization of Economic Cooperation and Development, is calling for a carbon tax on ocean shipping of about $25 per ton of CO2 to curb emissions in the coming decades.

On top of that, the ITF says operators should reduce their carbon emissions by one-half over the next 35 years, and get to zero emissions by 2080.

"The impact on maritime trade would be marginal if the tax were set at around $25 per ton of CO2," ITF said in a report.

The forum added that the receipts of a carbon tax could provide a "substantial source" of financing – about $26 billion – for the UN’s Green Climate Fund, and also return a portion of that money to poorer nations.

The ITF tax proposal is not exactly popular in shipping circles.

In a statement last month, the International Chamber of Shipping, which represents ship operators worldwide, said the tax would be "almost three times higher than the carbon price paid by shore-based industries in developed nations."

ICS Secretary General Peter Hinchliffe added, "While shipping may currently have CO2 emissions comparable to a major OECD economy, it is inappropriate for the ITF to propose that the industry should be treated like an OECD economy."

ICS emphasized that that the shipping community is "committed to reducing CO2 and has a responsibility to contribute to the achievement of the United Nations' '2 degree' climate change goal."

But the UN Framework Convention on Climate Change (UNFCCC) has recognized that "developed and developing nations should accept differing commitments, and shipping is no different, especially in view of its vital role in the movement of about 90 percent of global trade."

However, ITF's report noted, "It would be odd if countries are expected to adhere to emission targets but not the shipping sector, especially since it would be impossible to apportion shipping emissions to countries."

"We do expect that sooner or later shipping will be regulated on CO2," said John Kornerup Bang, lead advisor on climate change with Maersk Group, owner of the world's largest container shipping fleet.

"Some carriers would be better at managing it than others," he said in a Reuters article.

Maersk says it plans to reduce vessel CO2 emissions 60 percent by 2020.

According to the International Maritime Organization, shipping reduced CO2 emissions to 2.2 percent of the world's total from 2.8 percent in the five-year period to 2012.

But the IMO study projects CO2 shipping emissions could grow about 50 percent by 2050 depending on the pace of world trade and what actions are taken to curb emissions.

Ship emissions were omitted from national commitments under the UN's 1997 Kyoto Protocol, which ceded control over the sector's emission reductions to the IMO at that time.

Until recently, nations have generally been reluctant to take on the shipping sector on emissions in a unified way, fearing that regulations would be unwieldy to administer while potentially impacting the majority of the world's global trade.

Those days appear to be over, however.

It's time for Plan B and maybe more.

One such plan became apparent recently as 190 containerships, totaling more than 2 million TEUs, were ordered by operators during the first nine months of this year — more than the annual amount ordered in each of the last seven years, according to an Alphaliner report.

The reason? Ship orders must be placed before the implementation of the IMO’s new Tier III regulations on ship emissions.

Ships with keels laid before January 1 are not required to face costly compliance mandates under new UN regulations, which cover NOx emissions.

*(from: cargobusinessnews.com, November 9th 2015)*

# LEASING

## TRITON, TAL MERGE INTO WORLD'S LARGEST INTERMODAL CONTAINER LESSOR

Triton Container International and TAL International Group have entered into a definitive agreement under which the companies will combine in an all-stock merger of equals transaction.

The transaction, which has been unanimously approved by the board of directors of both companies, will create the world's largest lessor of intermodal freight containers with a combined container fleet of nearly five million twenty-foot equivalent units (TEU) and revenue earning assets of $8.7 billion.

"This transaction will create a company with deep industry knowledge, enhanced operating systems capabilities and expanded fleet size.

Both Triton and TAL International have well-earned reputations for competence and reliability with our customers, suppliers and capital providers," said Ed Schneider, co-founder and chairman of the board of Triton.

"We are proud of what Triton has accomplished over the last 35 years and we believe that joining forces with TAL International is a next logical step in our evolution.

We look forward to bringing together our similar cultures of dependability, high quality customer service and teamwork."

Under the terms of the transaction agreement, Triton and TAL International will combine under a newly-formed holding company, Triton International Limited, which will be domiciled in Bermuda and is expected to be listed on the New York Stock Exchange.

Triton shareholders will own 55% of the equity of the combined company and TAL International shareholders will own 45%.

TAL International shareholders will receive one common share of Triton International for each share of TAL International stock owned.

TAL International shareholders will also receive a special dividend of $0.54 per share upon closing of the transaction.

Triton was founded in 1980 and is currently owned by Warburg Pincus and Vestar Capital Partners, along with other private investors, including members of Triton management.

Triton operates a container fleet of 2.4 million TEU, services its customers through 19 subsidiary offices in 13 countries and is domiciled in Bermuda.

TAL International was founded in 1963 and has been publicly listed since 2005.

TAL International operates a container fleet of 2.4 million TEU, services its customers through 17 offices in 11 countries and is domiciled in Delaware.

*(from: theloadstar.co.uk/monitordaily.com, November 10th 2015)*

LAW & REGULATION

## COMMISSION BILLIONS TO GO TO LARGE-SCALE TRANSPORT INFRASTRUCTURE

The European Commission is getting ready to feed money into transport projects around Europe and will focus its attention on large infrastructure and technology for traffic management.

Critics of the Commission's new round of investment say it's leaving behind small transport infrastructure that sorely needs public funding.

A total of €7.56 billion in grants will be shelled out from the Commission's Connecting Europe Facility, a fund worth a total of €30 billion, with €24 billion dedicated to transport infrastructure.

The executive started accepting applications today (6 November) for the programme's second funding round and will review proposals early next year with a payout slated for September 2016.

Most of the money—€6.47 billion—will go to member states that receive cohesion funds: Slovenia, Greece, Slovakia, Poland, Romania, Hungary, Latvia, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Lithuania, Malta and Portugal.

Transport Commissioner Violeta Bulc said yesterday that the funds will target large infrastructure and are supposed to pitch in to meet the Commission's digital single market goals by financing tech-heavy projects.

Digital transport features set to rake in some of the funds include intelligent transport systems that the Commission hopes will cut traffic congestion and fuel use.

The Commission is leaning heavily on its Single European Sky programme to reform air traffic management in the new funding round.

Projects submitted under that heading are set to receive more money than any other targeted type of infrastructure — €515 million for all member states and €300 million for those receiving cohesion funds.

Member states have dragged their feet on implementing Single European Sky, which has been in the works for a decade.

European Commission Vice-President Jyrki Katainen and Transport Commissioner Violeta Bulc said during a press conference yesterday that the Connecting Europe Facility grants can be combined with loans from the European Investment Bank or the bank's European Fund for Strategic Investment (EFSI) and aim to leverage matching private investment.

Projects that are already well developed, likely to attract private money and in high-traffic areas will have priority for the grants.

“I hope the member states will embrace this opportunity and come up with really sound and mature projects,” Bulc said.

A whopping total of €5 billion, the biggest chunk of the new transport funds, will go towards building infrastructure in the nine 'corridors,' regional networks around Europe that the Commission wants to carve out using a mixture of different transport modes.

Funds are still lacking for parts of those networks in several member states that receive cohesion funds, including Slovakia, Slovenia and Poland.

MEPs already approved the executive's plans to disperse money for cross-border transport lines; regional governments have also signalled their support.

But some critics argue that the Commission's focus on large infrastructure won't fill in transport gaps in smaller communities, where investment is sparse and less likely to be taken up by private companies.

German MEP Michael Cramer (Greens), chair of the European Parliament's Transport Committee, has called for the Commission to direct funds to small transport projects—including from the €315 billion Juncker Plan.

“Let's be smart and put the rehabilitation of small cross-border rail sections before the construction of new large-scale projects,” Cramer said of the European Commission's newest call for proposals.

Cramer called it a positive sign that funds are going to rail transport and “innovative technologies, such as the world's most modern train-control system, ERTMS.”

Member states receiving cohesion funds will have access to the €200 million dedicated to ERTMS, a major overhaul that will replace Europe's national train control systems with one cross-border standard.

The same amount will be available separately to all EU member states.

While ERTMS is better funded than several other programmes set out in the Commission's plan, it will receive less than half the money dedicated to Single European Sky projects.

Officials from DG MOVE will present its blueprint for the second funding round on Monday (9 November) in a Transport Committee meeting in Parliament.

But sources in the executive insist that the Connecting Europe Facility money isn't fit for small-scale projects and would get in the way of building the nine large, high speed corridor routes by its 2030 deadline.

By filling in missing parts of major transport routes, Commission officials say travel will be eased between economic centres—cities, ports and other transport hubs—and leave smaller routes to be tackled by other funding programmes.

After a dispute between the European Commission and Parliament earlier this year, recent cuts to the Connecting Europe Facility funds were limited to €200 million.

The Commission had originally planned to shave off more from the programme to finance the Juncker Plan.

*(from: euractiv.com, November 6th 2015)*

## PROGRESS & TECHNOLOGY

### CONTAINER SHIP GAINS 300 SLOTS BY REMOVING ENGINE ROOM

GTT, CMA CGM and DNV GL have released the technical feasibility study for a new 20,000 TEU container ship that doesn't have an engine room.

The vessel is LNG-fuelled, powered by a combined gas (COGAS) and steam turbine and is electrically driven.

With the gas and steam turbines integrated at deck level within the same deck house as the LNG tanks, the space normally occupied by a conventional engine room can be used to increase cargo capacity by approximately 300 container slots compared to a heavy fuel oil-fuelled ship.

The result is achieved despite LNG tanks requiring more space than traditional fuel oil tanks.

The two 10,960 m³ LNG fuel tanks are located below the deck house, giving the vessel enough fuel capacity for an Asia/Europe round trip.

The Piston Engine Room Free Efficient Containership (PERFECt) concept vessel thereby generates greater revenues and reduces the payback time for the additional CAPEX required, says DNV GL.

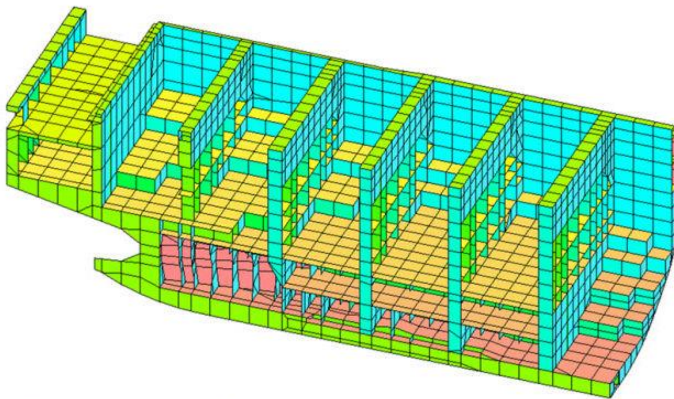


Figure 10: Finite element model of the aft ship (PERFEC(T) project)

The design is claimed to have the potential for better efficiency and flexibility than current 20,000 TEU two-stroke diesel engine driven ultra large container ships.

The dissociation of electric power generation from electric propulsion allows the electric power plant to be moved away from the main propulsion system, giving a great deal of design flexibility.

The three electric main motors, which are arranged on one common shaft, can be run fully independently of each other providing increased redundancy and reliability and a high level of safety.

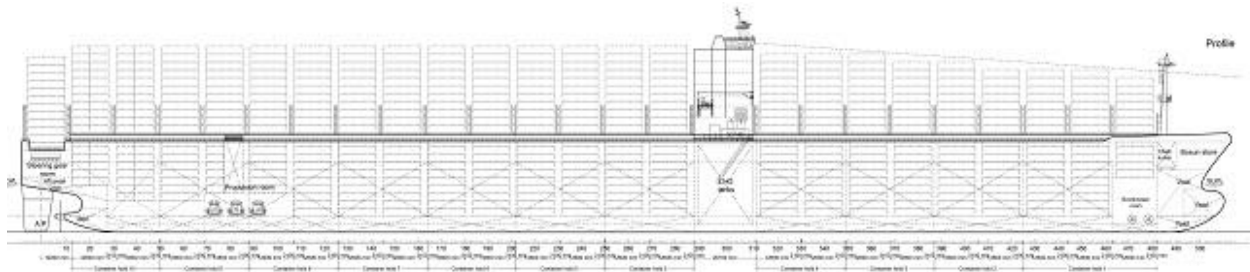
With gas turbine-driven power production and electric propulsion, the ship’s machinery systems will be simplified and much more robust.

This approach is also expected to lead to new maintenance strategies that are already common practice in the aviation industry.

Such strategies would enable shipping companies to reduce the ship’s engine crew dramatically and save costs.

Gerd Würsig, Business Director for LNG-fuelled ships at DNV GL – Maritime, says a modern, land-based combined cycle LNG-fuelled power plant will reach fuel-to-power efficiency ratios of up to 60 percent, which is higher than conventional diesel engines, which can achieve up to 52 percent.

In addition, the power density by volume and weight is much higher for a COGAS system.




The study suggests that optimizing the power plant through minimizing the steam turbine size, reducing power capacities, condenser cooling and using a two-stage pressure steam turbine and steam generator will increase the system’s efficiency further.

“Gas turbines associated with steam turbines in co-generation mode are ideal for the efficient utilization of LNG as a fuel,” says Arthur Barret, LNG Bunkering Program Director at GTT.

“This new design combines the exceptional volumetric efficiency of membrane containment technology with flexible electric propulsion to save even more cargo space compared to a conventional design.”

The next phase of the design process aims to optimize the propulsion system and ship design to attain even greater efficiency and increased cargo capacity.

More information is available here:

https://www.dnvgl.com/Images/Gas%20Tech%20W%C3%BCrsig_2015-10_web_tcm8-45310.pdf.

*(from: maritime-executive.com, October 28th 2015)*

STUDIES & RESEARCH

## SHIP OPERATING COSTS ARE SET TO INCREASE FOR 2015 AND 2016

Vessel operating costs are expected to rise in both 2015 and 2016, according to our (Moore Stephens) latest survey.

Crew wages, repairs and maintenance, and drydocking are the cost categories likely to increase most significantly over that period.

The survey is based on responses from key players in the international shipping industry, predominantly shipowners and managers in Europe and Asia.

Those responses revealed that vessel operating costs are expected to rise by 2.8% in 2015 and by 3.1% in 2016.

Crew wages are expected to increase by 2.4% in 2015 and by 2.3% in 2016, with other crew costs thought likely to go up by 2.0% and 1.9% respectively for the years under review.

The cost of repairs and maintenance is expected to escalate by 2.3% in 2015 and by 2.4% in 2016, while drydocking expenditure is predicted to increase by 2.6% and 2.3% in 2015 and 2016 respectively.

The cost of hull and machinery insurance is predicted to rise by 1.8% and by 1.9% in 2015 and 2016 respectively, while for P&I insurance the projected increases are slightly lower – 1.7% and 1.8% respectively.

Expenditure on spares is expected to rise by 2.3% in 2015 and by 2.2% in 2016, while for stores the corresponding projected increases are 1.8% and 1.9%.

The increase in outlay for lubricants, meanwhile, is predicted to be 1.1% and 1.7% in 2015 and 2016 respectively, and that for management fees 1.7% in each of the two years under review.

The predicted overall cost increases for 2015 were highest in the offshore sector, where they averaged 3.4% against the overall survey increase of 2.8%.

For 2016, it was the tanker sector which was predicted to experience the highest level of increases – 3.4% compared to the overall survey average of 3.1%.

The container ship sector, meanwhile, was not far behind at 3.3%.

One respondent said, "We expect costs generally to increase as charter rates creep up, although they will probably lag behind the latter.

With charter rates generally low at present, the provision of services to the shipping industry needs to remain competitive, with suppliers reluctant to put up charges too soon for fear of losing business."

Elsewhere it was noted, "Future operating costs will increase exponentially due to innumerable new regulations, the low competence of seafarers, the high bargaining power of the oil majors, stricter rules regarding maintenance and repairs carried out in ports, the advent of more sophisticated onboard machinery, and increasing consolidation in the marine equipment and services sector, resulting in more bargaining power for fewer, larger companies."

Another respondent highlighted the fact that ship managers are under increasing pressure, pointing out, "Overcapacity within the markets is driving charter rates down, owners are facing higher costs to finance vessels, and operators are fighting much harder for cargo.

Ship managers are now required to look after much more for the same management fees."

Another still emphasised, "Due to the high financial costs involved in operating a newer world fleet, and to an over-supply of tonnage and depressed freight markets, there will be increasing pressure to maintain or freeze operating cost levels in order for owners to remain competitive.

This is likely to change between 2017 and 2020, however, with significant capital expenditure required for regulatory compliance."

One respondent predicted, "Crew costs will continue to be the main area of increased operating expenditure," a sentiment echoed by another, who referenced the effect of the Maritime Labour Convention 2006 in this regard to support this supposition.

Elsewhere, however, it was noted, "Crew costs will remain stable because the workforce will always be recruited from cheap countries."

'Staggering' cost increases due to redundancy in electronic navigation and communication equipment, and increased port dues, were among other issues deemed by respondents in the survey to be likely to result in an increase in operating costs.

We also asked respondents to identify the three factors that were most likely to influence the level of vessel operating costs over the next 12 months.

Overall, the most significant factors identified by respondents were finance costs at 22% (compared to 21% in last year's survey) and competition also at 22% (up from 18% last time).

Crew supply was in third place with 17% (down 3 percentage points on last time), followed by demand trends (down by one percentage point to 16%) and labour costs, unchanged at 13%.

The cost of raw materials was cited by 8% of respondents (compared to 10% in last year's survey) as a factor that would account for an increase in operating costs.

Shipping partner Richard Greiner says, "The predicted increases in ship operating costs for this year and next compare to an average fall in 2014 of 0.8% in operating costs across all main ship types recorded in our recent OpCost report.

Nevertheless, the level of increases anticipated for 2015 and 2016 are low in comparison with many we have witnessed in recent years.

Shipping has seen much worse, and prevailed.

For example, many of the companies which endured a 16% rise in operating costs in 2008 are still operating successfully today.

"It is no surprise that crew wages feature near the top of the predicted operating cost increases for both 2015 and 2016, not least because of the entry into force of the Maritime Labour Convention 2006, which mandates the manner in which seafarers must be paid.

For shipping, as for every industry, investment in good people will always be money well spent.

"Expenditure on repairs and maintenance, meanwhile, is expected to increase over the two-year period by the same aggregate amount as crew wages.

Again, this is not a surprise.

According to OpCost, repairs and maintenance expenditure was marginally down in 2014 on the previous year, attributable in part to world steel prices dropping to their lowest level in a decade during 2014/2015 and to disappointing freight rates.

But things are likely to change.

Steel prices are predicted to rise steadily over the next four years, there are realistic prospects of an improvement in the freight markets, and regulatory requirements are set to bite even harder.

All these developments are likely to increase the industry's repair and maintenance bill and will doubtless impact, also, on drydocking costs, which are predicted to be the subject of some of the biggest increases in 2015 and 2016.

Lube costs are also set to increase in 2016 on the back of recovering oil prices.

"In addition to traditional operating costs, the level of which can generally be predicted to a certain degree, shipping has other potential costs hanging over its head which are more difficult to budget.

For example, ratification of the Ballast Water Management Convention has seemingly stalled at the finish line.

It has more than enough signatories, but still needs slightly more than an additional 2% in terms of tonnage to get itself on the books.

Whilst the ratification is tardy, nobody doubts that it will cost owners and operators a lot of money once the convention enters into force.

"Meanwhile, a government spokesman for the Marshall Islands recently characterised the IMO secretary-general as a 'danger to the planet' for his alleged failure to endorse more stringent curbs on the shipping industry's CO2 emissions.

This is what Sherlock Holmes might have described as a 'three-pipe problem' – politics, gas and competition.

It is not an unusual combination in shipping.

In the end, however, it is likely to have an impact on the industry's operating costs, and there is no accounting for that."

*(from: hellenicshippingnews.com, November 2nd 2015)*

# ON THE CALENDAR

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|---|---|
| 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.