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C.I.S.C.O. NEWS

BIC: GIORDANO BRUNO GUERRINI NEW CHAIRMAN OF THE BOARD

The BIC (Bureau International des Containers et du Transport Intermodal) announced today the election of its new Chairman of the Board, following the unanimous election of Mr. Giordano Bruno Guerrini by the BIC's board of Directors.

Mr. Guerrini has volunteered his time as a member of the Board since 2000 and has served as Vice Chairman since 2014.

Mr. Guerrini brings over 40 years experience in the container transportation field.

He began his career with a number of forwarding, leasing and agency operations roles both in Italy and abroad.

In 1980 he was instrumental in forming Hapag-Lloyd (Italy) in Genoa, ultimately becoming President and Managing Director of the new subsidiary.

In this role, Mr. Guerrini set-up the first intermodal rail links to the North Continent and participated in the merger of CP Ships into Hapag-Lloyd Group in 2006.

He later served Hapag-Lloyd AG as Senior Vice President and Director Operations for Region South, one of the company's four global divisions, with full responsability for operations in the Med, Middle East and Africa.

A licensed ship's agent, Mr. Guerrini has also run a family-owned agency business and participated in various terminal and logistics companies as shareholder and director.

He has served as Secretary General of the C.I.S.Co. (Council of Intermodal Shipping Consultants) since 2004 and has been on the Board of Assiterminal since 2010.

Stepping down after 12 years as Chairman, Mr. Michel Hennemand will remain on the Board as Vice Chairman.

Bertrand Geoffray, Secretary General of the BIC, was joined by his colleagues and the entire Board in expressing profound thanks to Mr. Hennemand for his many years of support and dedication to the BIC.

He then welcomed Mr. Guerrini to the role, stating: "The BIC is blessed to have active board members who generously volunteer their time and expertise to the organization.

We could'nt be more pleased that Giordano has accepted to continue his support of the BIC, now as Chairman of the Board".

During a nice ceremony the outgoing president Michel Hennemand handed over the symbolic keys to the new President of BIC.

(from: bic-code.org, October 12th 2015)

C.I.S.CO. AWARDS THE "STUDIES IN SHIPPING"

Seven scholarships, attributed to as many students of university degree courses in matters relating to shipping, have been assigned by C.I.S.Co. during the *Genoa Shipping Week 2015*.

The Council of Intermodal Shipping Consultants has secured university students support in the amount of 1,500 euros "to help improve the knowledge and dissemination of good practice in the shipping business."

C.I.S.Co., Italian representative of the Bureau International des Containers et du Transport Intermodal (BIC), which on last Genoa Shipping Week was also institutional partner, has added hope of being able to "reward in Italy also in 2016".

(from: ship2shore.it, October 20th 2015)

PORTS AND TERMINALS

MARSEILLE 9-MONTH VOLUME UP 4PC TO 8.8 MILLION TONNES, 915,036 TEU

Southern French port Marseille Fos has maintained its 2015 growth across all main business sectors with cargo throughput to the end of September totalling 60.9 million tonnes, up four per cent.

Container traffic gained four percentage points in tonnage and unit, to 8.8 million tonnes and 915,036 TEU.

Deepsea volumes at Fos were helped in early September with the maiden call of the 14,000 TEU Venus from China Shipping Container Lines.

Said port spokesman: "We continue to gain market share in our hinterland, which is key at a time of static economic growth in Asia.

Such progress will help to support various development projects in the pipeline for 2016."

The container performance nudged general cargo to one per cent rise on 13.5 million tonnes, which included 2.9 million tonnes from ro-ro up four per cent and a six per cent to 126,747 vehicles.

Liquid bulks finished four points better on 36.6 million tonnes, driven by four per cent growth in crude oil and petroleum products to 33.9 million tonnes.

Crude imports went up six per cent at 19.6 million tonnes as refineries took further advantage of low prices.

Their output balanced a fall in imports of refined products, where total volumes held steady at 9.5 million tonnes.

LPG soared 15 per cent to 1.6 million tonnes and LNG continued to close the deficit on last year to end the period three points down on 3.1 million tonnes.

Liquid chemicals and agro-products slipped three per cent to 2.7 million tonnes due to a cracker unit in Lavera being out of service for six weeks in early summer but the operation has since returned to normal.

Dry bulk repeated the eight per cent half-year increase to reach 10.8 million tonnes for the nine months, with steel industry volumes - mainly raw materials imports - improving six per cent on 7.5 million tonnes.

Agro-bulks fell 12 per cent to 660,000 tonnes but other bulks contributed 2.6 million tonnes, up 21 per cent.

Notable growth at the Carfos terminal was marked by large coal and bauxite consignments and 15,000 tonnes of spot traffic in September.

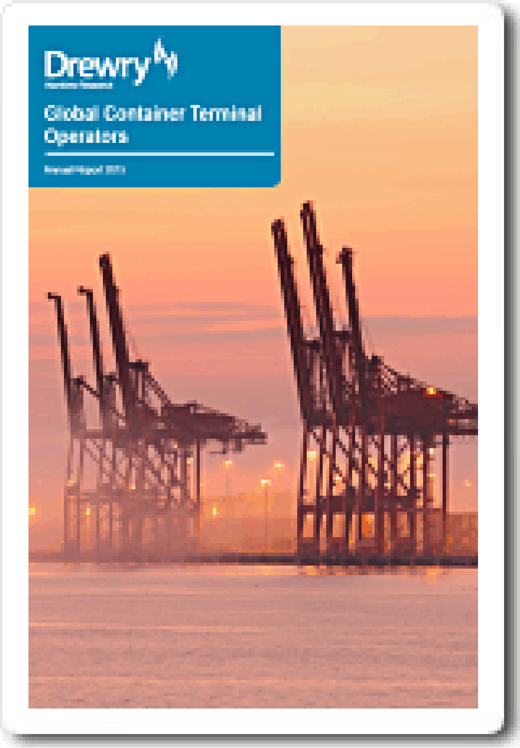
(from: seanews.com.tr, October 26th 2015)

MARITIME TRANSPORT

DREWRY PAINTS A GLOOMY PICTURE FOR BOX SHIPPING AS THE GLOBAL SLOWDOWN BITES

Drewry has almost halved its global growth forecast for container shipping this year, down to 2.2% from 4.3%, and its 2016 forecast downgraded to 3.3% from 4.9%, reflecting the "significant nature" of the global slowdown in the past few months.

At the launch of its latest Global Container Terminal Operators Annual Review & Forecast report, Drewry ports and terminals director Neil Davidson said the downgrade came after the demand outlook dramatically worsened.



"The revised demand forecast will inevitably have an impact on the capacity forecast for terminals," said Mr Davidson, although he added it would take time to assess the difference this would make to terminal expansion projects.

For some, it would be "like turning around a supertanker", given how far advanced they are, while others may be delayed.

Mr Davidson said this illustrated the differing natures of demand and supply, with the former prone to quick and dynamic changes, while capacity comes in large chunks which are almost impossible to adapt.

He added that international port operators' strategy of focusing on emerging markets for expansion projects and in greenfield locations continues, while "opportunistic" M&A activity such as APMT's recent acquisition of established Spanish operator Grup Maritim TCB would take place regardless of market status.

But by far the biggest challenges facing the ports and terminals today are the larger ships and bigger alliances that have led to lower frequency of services but higher peaks in throughput.

Maintaining margins for terminal operators in this environment has become more challenging because big ships and big alliances push up operating costs and compel operators to expand to accommodate their customers' new requirements.

Terminal operators could respond by increasing quay crane handling rates, although Mr Davidson admitted this would be unlikely to succeed in the current climate.

However, he also argued that ports and terminals should look at taking a leaf out of their customers' books by forming strategic alliances and collaborating more with the shipping lines to mitigate rising costs and resolve bottlenecks.

The Northwest Seaport Alliance between the US west coast ports of Seattle and Tacoma is an example of port collaboration, although some might find regulatory authorities raising objections.

One wonders how much sympathy carriers are willing to extend to the ports they use, given that the sector continues to be highly profitable – and generally enjoying a far higher return on investment than their carrier customers – as well as holding valuable long-term assets.

Hutchison remained the leading container terminal operator in 2014, based on throughput at 80m teu, followed by APMT at 71m teu, PSA at 65m teu, Cosco at 64m teu and DP World at 58m teu.

(from: lloydsloadinglist.com, October 27th 2015)

RAIL TRANSPORT

STEP CLOSER TO SINGLE EUROPEAN RAILWAY AREA

The Community of European railway and infrastructure companies (CER) closely followed today's deliberations in the Transport Council on the Fourth Railway Package.

CER welcomes the general approach adopted by the Transport Ministers on the so-called Market Pillar of the Fourth Railway Package.

Now it is time to proceed swiftly with the trilogue negotiations with the European Parliament, and to let the Technical Pillar enter into force as soon as possible.

CER also takes the opportunity of today's ministerial lunch debate on rail security to stress the importance of respecting the openness of the railway system when considering potential new security measures.

The general approach of the Council on Directive 2012/34/EU establishing a single European railway area, known as the Recast Directive, and on Regulation (EC) No 1370/2007 concerning the opening of the market for domestic passenger transport services by rail, referred to as the Public Service Obligation (PSO) Regulation, represents a step forward in achieving a true single European railway area.

The Recast Directive has been amended taking into account most of the concerns expressed in the last months by CER: it has been recognised that different governance models for infrastructure managers can co-exist within a single and ever more open rail market.

The Council also reached a deal on the PSO Regulation, after being successfully guided by the Luxembourg Presidency through some difficult negotiations.

Direct award will remain among the options available to the competent authorities for the award of public service contracts, subject to performance targets to be included in said contracts.

CER Executive Director Libor Lochman said: "I wish to congratulate the Luxembourg Presidency for the constructive work done with the delegations of all its fellow Member States.

CER sees that, generally speaking, good texts have been found, and that these texts constitute a sound basis for the negotiations with the Parliament, which we expect to start very soon.

But I also take this opportunity to ask both Council and Parliament to now proceed with the publication of the Technical Pillar: the rail sector urgently needs harmonised authorisation and certification procedures to achieve dramatic cost reductions, it cannot wait any longer!"

Following the thwarted Thalys attack on 21 August, the Transport Council is also discussing how to improve the security of rail passengers in Europe.

Over a ministerial lunch debate, the input resulting from an extraordinary meeting of the Commission's Expert Group on Land Transport Security (LANDSEC) on 11 September is being put forward.

Commenting on this debate, Libor Lochman said: "Given the much higher volume of passengers transiting through Europe's rail network, railways cannot have airport-style security measures in place.

CER would therefore like to stress that any new measures should acknowledge the key feature of railways as an open-access transport mode."

(from: transportjournal.com/cer.be, October 12th 2015)

ROAD TRANSPORT

CARGO CRIME IS ON THE INCREASE IN EUROPE, WITH TRUCK HIJACKS BECOMING MORE VIOLENT

Freight crime on Europe's roads almost doubled in the third quarter of the year, according to new data released by FreightWatch International (FWI).

The security intelligence company recorded an 89% increase in incidents compared with the third quarter of 2014, with criminals also showing a growing willingness to use violence.

"Whereas violent tactics were usually confined to certain countries (France, Italy, Russia, South Africa), FWI noticed a worrying trend in the third quarter of 2015.

This seems to indicate that criminals are using violence even in places where it is not a usual feature of cargo theft—such as Germany, where two truck robberies were reported in which drivers were injured, or the UK, where five hijackings were reported in third quarter of 2015 alone compared with just two in the whole of 2014," it said.

Altogether, 443 incidents were reported to FWI during the period, with the most in Germany.

Its 98 crimes made up almost a quarter of the European total, followed by the UK and Belgium.

And theft of food and beverages has overtaken electronics to become the most stolen cargo category, with clothing and shoes coming third.

It would appear that the majority of freight crime remains opportunistic, with pilferage from trailers the most common form – principally at unsecured parking facilities or motorway service stations; mostly at night while the driver slept and achieved by cutting the canvas or breaking open the back door.

The second highest category of crime was facility theft – burglaries from warehouses – followed by full truckloads.

In fourth place were hijackings, which numbered 43, around 10% of all crimes, with France seeing the highest number in the period, followed by Italy and Spain.

However, the report does single out rising violent crime in the UK, which saw just two violent attacks on drivers during the whole of 2014, compared with the five attacks during the third quarter of this year alone.

The report says: "While there is some way to go until the UK matches countries such as Italy and Spain, this is a very worrying trend, as violence has been largely absent from the UK cargo theft scene until now.

Two incidents occurred in north-west England and the remaining three occurred in the West Midlands, with attacks on drivers at unsecured parking increasing in these areas; a trend FWI expected to be mirrored nationwide "due to the evenly spread risk zones along major motorways.

"In many cases, the drivers are assaulted after checking on a noise heard around their shipment, while parked in an unsecured parking area.

FWI SCIC recommends avoiding unsecured parking areas or lay-bys.

If no secure parking is available, park at a heavy-traffic area with CCTV and the ability to restrict access to the shipment, eg reversing close to a bollard in a hard-body trailer."

It also notes, rather bizarrely, that while electronics are a favourite of criminals throughput Europe, in the UK they make up just 3% of stolen goods, with household goods much more favoured.

"UK cargo criminals are stealing items that many UK citizens would normally purchase at supermarkets or similar (home & garden, clothing & shoes, food & drinks, and personal care combined were 44% of the total theft types, and 75% of single product type thefts).

This risk is a unique fixture of the UK cargo theft market, and the trend appears to be solidifying as time goes on."

(from: theloadstar.co.uk, October 23rd 2015)

TRANSPORT & ENVIRONMENT

SHIPPING SHOULD NOT BE TREATED LIKE AN OECD ECONOMY SAYS INTERNATIONAL CHAMBER OF SHIPPING

The International Chamber of Shipping (ICS), representing ship operators worldwide, has commented on the suggestion of a carbon charge for shipping made by the International Transport Forum, a think-tank affiliated to the OECD.

ICS questions why international shipping should accept a carbon price of $US25 per tonne of CO2, as proposed by the ITF.

This would be almost three times higher than the carbon price paid by shore based industries in developed nations.

About 70% of the world merchant fleet is registered in UNFCCC 'non-Annex I' developing countries, and maritime trade is of vital benefit to rich and emerging economies alike.

ICS emphasises that shipping 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 UNFCCC recognises 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% of global trade.

While China and India, for example, have already made positive CO2 reduction commitments to COP 21, these will not deliver absolute CO2 reductions for several years.

Some richer nations, however, consistent with the UNFCCC CBDR principle, have made more ambitious commitments.

Shipping meanwhile has already reduced its total CO2 emissions by more than 10% (2007- 2012) and CO2 per tonne-mile by around 20% (2005 – 2015).

It is therefore on course for carbon neutral growth.

"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," said ICS Secretary General, Peter Hinchliffe.

ICS also says that the ITF is incorrect to state that a proposal by the Marshall Islands to discuss the development of a CO2 reduction target for shipping 'was not acted upon within the IMO'.

The issue was placed on the agenda of the next IMO Marine Environment Protection Committee, and will be debated fully by IMO in April 2016, taking account of the outcome of the UN Climate Conference in Paris.

The shipping industry, as represented by ICS, plans to respond positively during the IMO debate about possible targets, taking account of the significant reductions that will be delivered by the Energy Efficiency Design Index (already a binding measure agreed by IMO) as well as further operational measures and the impact of new technology.

Finally, the ITF paper says that ICS has recently declared a preference for a fuel levy.

In actual fact, ICS came to this position before the current IMO discussions on Market Based Measures were paused in 2013.

The position of ICS remains that if IMO Member States should decide to adopt a shipping MBM, the industry's clear preference is for a fuel levy, rather than an emissions trading scheme or other complex alternatives that would distort global shipping markets.

However, if a levy was developed by IMO, ICS believes that any money collected should be proportionate to international shipping's share of the world's total CO2 emissions (2.2% in 2012 compared to 2.8% in 2007), not the 26 billion dollars a year suggested by the ITF.

(from: hellenicshippingnews.com, October 14th 2015)

LOGISTICS

AMAZON TRANSPORTATION & LOGISTICS' COULD EARN THE E-COMMERCE GIANT $5BN A YEAR

Freight services could be the next step for internet giant Amazon's ever-expanding commercial empire.

According to a research note by financial analysts at RW Baird, the fragmented nature of the logistics industry, its relatively slow adoption of cloud-based computing and cutting-edge technology and the already substantial investments Amazon has made to support fulfilment of its retail business, make the industry ripe for the e-commerce leader to move into.

"We believe Amazon can leverage the vast and expanding technology and fulfilment infrastructure supporting their own network of distribution, local sortation and data centres to offer logistical and delivery services to third parties," it said.

Suggesting a hypothetical division called Amazon Transportation & Logistics (ATL), RW Baird analysts believe that, just as Amazon's e-commerce platform has created retail opportunities for hundreds of thousands small companies, so its technology could be utilised to offer them easier access to freight services.

"Ideal customers for ATL would range from SMEs to enterprise businesses that lack financial resources, expertise, or technology horsepower to manage fulfilment/logistics internally, and with an offering that raises the competitive bar versus incumbent service providers.

Amazon operates over 165 fulfilment centres worldwide, and is already testing "last-mile" delivery of products not sold via its own websites," it said.

In addition to this footprint, the report suggests another clue could be the growing number of supply chain jobs for which it is recruiting.

"It's apparent that logistics is becoming a more integral part of Amazon's retail business and, as such, we believe they could look to externalise some of the logistics-centric technology as third-party services.

While most of these openings are focused on serving internal logistics demand, it highlights the broader focus on transportation/logistics within Amazon," it said.

RW Baird notes that an Amazon entrance into the freight business could take place in any one of three sectors: the US domestic parcel delivery sector, currently dominated by FedEx, UPS, DHL and the US Postal Service; freight forwarding; or contract logistics.

It is already inching into the first of those, with the launch of its Amazon Prime Now, Amazon Fresh and Amazon Flex, a package delivery service via on-demand contractors, serving increasing numbers of US cities.

It is the ease with which it is growing its presence in this sector that led RW Baird analysts to postulate it may expand into freight services.

"While we acknowledge Amazon currently lacks the legitimacy and scale of a global third-party forwarder, information technology is an increasingly important differentiating factor in the freight forwarding market and we believe Amazon could become a meaningful player should it decide to leverage its cloud computing resources and data analytics and repurpose those tools for external supply chain management.

"Additionally, Amazon could look to develop its own complementary cargo fleet to support freight forwarding initiatives, although perhaps more likely Amazon could utilise technology to function in more of a brokerage role," it said.

Even if it did not build a bridgehead in freight forwarding, it would likely come up against the same competitors in the contract logistics business, which remains a significant portion of most 3PLs revenues.

Its offer to retailers and manufacturers which outsource subcontract logistics activities would again be based on the investment it has already made in technology to improve aspects such as warehouse utilisation.

"We believe Amazon could accelerate adoption of technology-oriented contracted logistics solutions.

In fact, the current contract logistics market is not unlike that of the enterprise IT market prior to the explosion of cloud computing technology only a decade ago.

"Today, even with value-add services such as light-assembly and packaging, contract logistics is viewed by manufacturers largely as an undifferentiated, 'commoditised' service with selection based upon the lowest price, because, at the end of the day, inventory needs to be housed somewhere."

The report argues that the financial incentive for the creation of ATL would effectively be a replication of the creation of Amazon Web Services (AWS), which "leverages the cloud computing platform developed for the company's core retail website to offer companies infrastructure-as-a-service at a highly efficient scale".

Revenues from AWS hit $1bn after five years and are expected to hit an annual revenue run rate of $10bn this year.

Similarly, the report argues that if Amazon won a 1% market share in each of the three logistics categories – annual revenues of $800m in US domestic parcel deliveries, $1.7bn in freight forwarding and $2.5bn in contract logistics – ATL could earn the company $5bn a year.

And that could just be the start.

(from: theloadstar.co.uk, October 21st 2015)

STUDIES & RESEARCH

CONTAINER SHIPPING: THE BIGGER PICTURE IS LOOKING EVEN GLOOMIER, SAYS BIMCO

BIMCO is the latest container shipping industry association to paint a gloomy picture of low demand on normally high-volume trades, being exacerbated by a record influx of newbuild tonnage.

"As volumes drop and new ships are introduced on a weekly basis, it is even more difficult to strike the balance that will see freight rate improvements," said BIMCO, citing the lack of European demand as a particular "concern".

Looking beyond the Shanghai Containerized Freight Index (SCFI), which records average spot rates only from Shanghai to North Europe, BIMCO analysed the China Containerized Freight Index (CCFI) to gleam a "fuller picture of how container rates are faring out of China".

The CCFI, also produced by the Shanghai Shipping Exchange, collects data from 10 major Chinese ports and includes long-term contract rates in addition to spot rates, thus providing a more balanced barometer of the health of a tradelane.

In an analysis of the CCFI over the past two years, BIMCO suggests a bleak picture.

For example, looking at European component of the CCFI, the index value at January 2015 was just under $1,100 per teu, but by September this had plummeted to around $800.

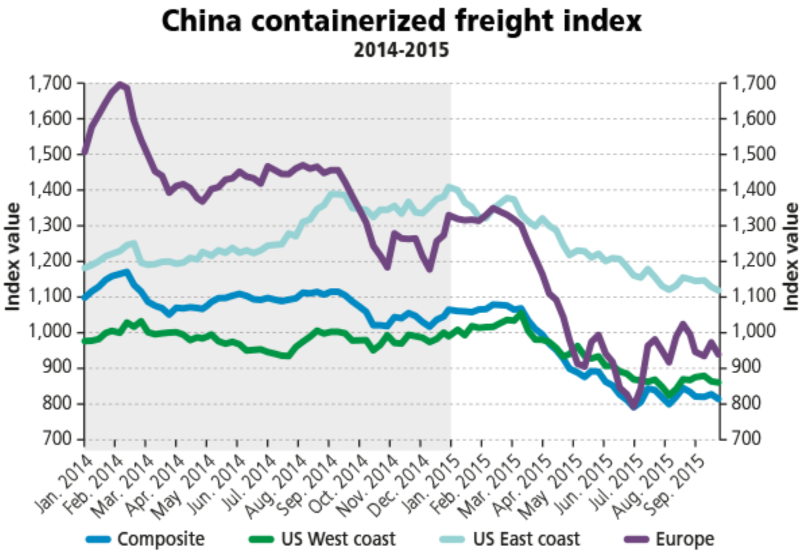
This adds to the difficulty for carriers in the forthcoming round of contract negotiations with shippers.

Meanwhile, on Friday the SCFI for North Europe hit a 15-week low of $259 per teu – barely enough to cover the fuel cost on the voyage, let alone other vessel operating costs.

However, ocean carriers are notoriously reluctant to discuss the ratio of spot to contract cargo they carry, traditionally regarding the former as a top-up 'necessary evil' when contract demand is soft.

Even in the most detailed and transparent of carriers' financial reports, the amount of 'non-contract' cargo carried is a closely guarded secret confined to the boardroom.

However, what we do know from anecdotal reports is that the percentage of spot cargo this year appears to have increased significantly as volumes declined and bigger ships have been deployed.



Source: BIMCO, Shanghai Shipping Exchange

No container line wants to see its latest ultra-large containership arriving at its first European port of call with its deck half empty.

Elsewhere, Maersk Group chief executive Nils Andersen has said that if the group's container arm was suffering then its rivals would "suffer more", but in an article in today's Wall Street Journal the line's CEO calls for more consolidation to rescue the liner industry.

Soren Skou told the WSJ that demand growth in 2015 has been "extremely weak, at around 1.5% to 2%, much less than anticipated, while capacity will grow at around 7%".

Mr Skou even suggested that some of Maersk Line's ship investment decisions may have been flawed, given the benefit of hindsight.

He said: "Global growth is very disappointing, and if we knew what we know today, maybe some of the decisions we made three years ago would have been different."

If the best-in-class and highly profitable Maersk Line is becoming twitchy about the supply-demand imbalance, then its peers must be much more nervous.

(from: theloadstar.co.uk, October 12th 2015)

REEFER

OCEAN FREIGHT IS MAKING WAVES, BUT ALL IS NOT LOST FOR AIR IN THE PERISHABLES ARENA

Improved reefer technology, in addition to lower emissions, is triggering a more concerted shift to sea freight by perishables shippers, revealed Kuehne + Nagel last week.

Noting that temperature fluctuations in air freight were far greater than in sea freight, Natasha Solano, global business development manager perishable logistics, said the majority of shipments now went by sea and that trend was increasing.

"Air is losing share to ocean," she said, at the Caspian Air Cargo event in Baku last week.

"Cost, plus lower emissions, plus an improved cold chain is leading to modal shift."

While the cost benefits out of Africa by sea were less pronounced (but still 20% better) – owing to poor infrastructure and higher costs in general – Colombia to Europe by sea, the largest containerised flower flow, offered a 40% cost saving.

Vietnam to Japan was another significant market for reefers, she added.

However, despite this, several factors are working in the favour of air freight.

"Colombia to Japan will stay an air freight route – it's too far by ocean," said Ms Solano.

And, she added, global macroeconomic trends meant there were several air freight growth drivers.

"A growing affluent population, and consequent dietary changes, means there is an increased demand for meat and fish," she explained.

"Increasing urbanisation is leading to more demand for imported products and processed [or ready-cut] food.

Countries are no longer self-sufficient and there is greater international demand for products, especially flowers and fish.

“And greater health awareness has led to more consumption of fruit, vegetables, yoghurts and organic products.

These four trends will influence perishable air freight.”

Ms Solano also noted that new tradelanes were developing.

In the GCC, 70% of the region’s food requirements are now imported, much of it by air – with one recent development being a new lane between Latin America and the Middle East, delivering 6,000 tonnes of perishables last year, much of which was flowers.

In China, the value of imported food had grown 25% each year since 2011, she added, and by 2018, China will be the largest perishables importer, buying $80bn-worth.

In Europe, perishables imported by air had increased 18% since 2004.

While increasing use of rail, where reefers are now commonplace between Asia and Europe, could damage the air freight market, Ms Solano said that freighters were “of more interest [than bellies] as the temperature fluctuations were less significant.

“Soft fruit goes best by air and berry companies prefer to use freighters.”

Other trends, she said, included retailers becoming more dominant in the market and controlling the supply chains, and a tendency “to cut out links in the chain in order to streamline services.

“There is also an increased dialogue with 3PLs on cold chain management, and increased requirements for carrier infrastructure.”

Her views were backed by David Beecham, senior manager cargo products for Qatar Airways, who explained how the carrier tried to mitigate the problems of transhipment through the extreme temperatures of Qatar.

“There was no confidence in the market in sending perishables through the Middle East,” he said.

“It can get pretty hot on the ramp.”

The team started with a blank sheet of paper, and ultimately decided that a fleet of refrigerated trucks, backed right up to the high loader, eliminated the risk of exposure to the heat.

(from: theloadstar.co.uk, October 13th 2015)

SAFETY & SECURITY

PORT OPERATIONS - RISKY BUSINESS

The horrific explosions in the Chinese port of Tianjin illustrated vividly just how volatile port operations can be.

But safety issues are only one facet of risk in the complex world of shipping ports.

From piracy on the high seas to data thievery in port, players all along the shipping value chain need to be on constant alert for the dangers that nature and human actions can present.

Political unrest, theft, smuggling and corruption all figure in to the risk picture that ship owners, brokers, and cargo owners have to consider when planning and executing port calls.

"The security picture can change quickly at ports," says an Oslo-based global cruise operator.

"We call around the world, and not always at the largest or most modern ports, so we have to be aware of the whole risk picture in order to guarantee our passengers' safety."

Another shipowner, a leading global tanker owner operating out of Copenhagen, confers: "We had an armed robbery just the other day," he reports.

"If we know the risk picture in advance, we can take preventative measures, like putting more guards on watch.

If we don't know beforehand, we are vulnerable."

Port operations are often exposed when the stability of a country is compromised.

Ports are choke points for transportation of energy, food and materials, and the normal functioning of a country can depend on safe operations in key ports.

For cruise operators, ports could be attractive targets for kidnapping, smuggling, theft or even terrorism.

“We plan our routes as much as two years in advance,” the cruise owner confirms, “so things can change dramatically from planning to sailing.

We basically have to monitor the situation in every port of call on a day-to-day basis.”

The tanker operator points out that the master is not capable of assessing risk on his own.

“We have to call an agent, and they generally give us a copy-paste reply that is of little or no help.”

In addition an agent generally has no opportunity to provide a security assessment, including standards at the gate, or the state of the local police.

While cruise lines play it as safely as possible, tanker operators call on some of the riskiest ports in the business, in West Africa, Indonesia, and South America.

“There are some clauses in the contract that allow us to avoid the most dangerous situations, like armed conflict, but we still have to deal with stowaways, theft, and more in many of our ports of call.”

As if physical threats were not enough to put grey hair on shipowner heads, a new risk has emerged – in cyber space.

Information technology has become an integral part of port and ship operations, but ICT systems in the shipping world are not always designed with cyber safety in mind.

Hackers can alter or jam the Automatic Identification System (AIS) that tracks ships at sea, and the ISPS code that ensures physical port safety only marginally addresses the threat of cyber attack.

Matt Haworth, a Cyber and Information Assurance Specialist with cyber advice service provider Templar Executives believes that cyber security is now one of the most complex threats faced by the maritime industry and its critical infrastructure.

“Ports and terminals are under attack from cyber criminals, organised crime and terrorist groups looking to disrupt national infrastructure and hostile governments,” he says.

So how dangerous does it have to get before shipowners just say no?

Most shipowners would agree that it depends on the risk profile that owners carry.

Cruise operators have a very low risk threshold because they can take no chances with their human cargo.

For others, certain risk factors are acceptable, but everyone has a limit.

In any case, it is up to ship and cargo owners to decide how much risk they are willing to take.

The one thing they can do is be as informed as possible.

No one can guarantee safety, but knowing risk is the key to making the decisions that are right for shipowners, their crew, and their cargo.

(from: portfinanceinternational.com, October 15th 2015)

CONFERENCES

TO BEAT CONGESTION, ASIAN BOX TERMINAL OPERATIONS NEED REVOLUTION, NOT EVOLUTION

The waves of port congestion that regularly beset Asian container terminals can be overcome through an industry mind-set shift, Andy Lane, partner at CTI Consultancy, told delegates at the JOC TPM Asia conference in Shenzhen last week.

Using data from the JOC/IHS port productivity database, he also argued that congestion was not necessarily caused by the deployment of mega-vessels – just 12% of all calls at Asia's 27 largest ports are from 10,000 teu vessels or larger, which carry just 22% of total container volumes.

"Mega-vessels have not happened yet – so that simply cannot be the primary driver behind whatever congestion prevails," Mr Lane said.

He added: "Cargo surge existed before even 6,000 teu vessels entered service, caused by the legacy of the 'end week closing' [of Asia's factories] – although larger ships do magnify the effect.

"Trying to move a week's worth of production through two-to-three days of intense terminal operations is akin to trying to force an elephant through a mouse-hole!"

Mr Lane said that as most ships sailed at very similar speeds and served mostly the same ports, the problem appeared to start in East and South China and then rippled out to South-east Asian and Korean hubs, also hitting feedered ports, and even spreading as far as the US or Europe.

"Looking at the world's 12 largest ports, they appear to be utilised only 48% of the hours available within a period and at sub-optimal efficiency," he added.

Drawing parallels with the manufacturing industry, Mr Lane said that the "bottleneck machine" – which must either be the most expensive asset within a facility or the one which drives the core revenue stream – was normally utilised 85% of the time and at no less than 85% efficiency.

Contrasting that with container terminals, where the "bottleneck machine" is the quay cranes, he said that "if utilisation could be increased to just 60% and efficiency increased from a standard 28 to 32 moves per hour, then 44% more capacity would be created with zero investment required".

He added that "it would take many more years to fill that before more fixed-asset investments are required".

Discussing terminal efficiency, Mr Lane said productivity levels had failed to keep pace with average vessel size and design, leading to further delays to shippers' container supply chains which had already been impacted by slow-steaming.

"When the global fleet slowed down, a typical Asia-North Europe service went from an eight-week rotation to ten.

As vessel size and the quantity of terminal moves has increased, productivity has remained flat, meaning the additional time taken in port for a service has further increased transit times by another week," he said.

The challenge for container terminals, Mr Lane added, was that crane density was now insufficient for the latest generation of containerships, and that "ideally one crane per 40 metres of quay is now required, instead of the traditional one for every 85-100 metres".

However, terminals will struggle to achieve this because they do not have the landside resources to support the additional speed of quayside flows that increased crane density would require.

Additionally, the new state-of-the-art terminals currently coming online are designed on the same scale as in the 1980s.

"It is barely an evolution, when what is really required is a revolution," Mr Lane suggested.

He said: "As well as a mind-set shift, and structured improvement programmes, much greater levels of co-operation and collaboration among all stakeholders in the supply chain is required.

"It is not the responsibility of one or the other, it is collective, and only limited improvements will be harvested if all players continue to operate in silos."

(from: theloadstar.co.uk, October 20th 2015)

ON THE CALENDAR

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.