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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

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PORTS AND TERMINALS

2015, A RECORD YEAR FOR TRAFFIC AT THE PORT OF BARCELONA

The Port of Barcelona ended 2015 with positive results in its key traffic indicators, with record figures in foreign trade and certain strategic cargo segments such as vehicles and motorways of the sea.

Containers are a key traffic and a good barometer of the economic environment, and the Port registered 2 million TEUs, up 4% year on year.

This growth was even higher if taken only in terms of foreign trade.

Export containers at the Port of Barcelona increased by 6.5%, while on the import side there was year-on-year growth of 9%.

These results also indicate that export container traffic at the Port of Barcelona in 2015 was 52% higher than before the onset of the crisis in 2008.

In addition to showing faster growth, the figures also point to a significant change in the make-up of the foreign trade handled by the Port.

While imports accounted for 54% of international trade and exports for 46% in 2008, today this ratio has been inverted, with 58% of containers for export and 42% for import.

As for total traffic, an indicator that includes all cargo segments, the Port of Barcelona managed more than 47 million tonnes of freight in 2015, up 1.5% on the previous year, when the total volume was 46.3 million tonnes.

All-time record in vehicles traffic

Vehicles traffic performed very well in 2015, recording a year-on-year increase of 18%.

The Port of Barcelona closed the year with 881,893 cars transported, which is an all-time record, 80,000 units more than the previous record from 2007, when 801,400 vehicles came through our facilities.

Once again, the boost in foreign trade was responsible for these results.

Exports accounted for the bulk of the units handled, with 453,357 vehicles shipped to various destinations around the world (up 5%).

Although in lesser measure, there was also a sharp rise in imports (172,143 units), which grew 41% thanks to the recovery of the domestic market.

21.5% increase in the use of the motorways of the sea

Another record-breaking figure was the volume of goods transported by the motorways of the sea - the short sea shipping lines connecting the Catalan capital with several destinations in Italy and North Africa.

In 2015 the Port of Barcelona's motorways of the sea channelled 136,659 ITUs (intermodal transport units, equivalent to one truck, platform or trailer), marking an increase of 21.5%.

The dynamism experienced by traffic with Italy (to which we are connected via services to Civitavecchia, Livorno, Genoa, Savona and Porto Torres) is behind this excellent performance, which translated to nearly 137,000 trucks diverted from the roads to the maritime mode.

The Port of Barcelona has established itself as a leader in the Iberian Peninsula for short sea shipping traffic, a mode of transport with significant economic and environmental advantages.

More passengers in turnaround

As for passenger traffic, it is worth noting that more than 3.7 million travellers used the Port of Barcelona in 2015 (up 7%), including regular ferry users (1.1 million) and cruise passengers.

There were 2.54 million tourist cruise passengers, representing an increase of 7%. However, it should be underlined that the largest increase concerned cruise passengers in turnaround (those who begin and end their cruise in Barcelona and therefore represent a greater economic contribution to the city), who represented an 11% rise (compared to the 3% growth in passengers in transit).

(from: worldcargonews.com/portdebarcelona.cat, January 26th 2016)

MARITIME TRANSPORT

MAERSK LINE STILL THE LARGEST CONTAINER LINE IN 2016, BUT IS NOT IMMUNE TO OVERCAPACITY AND WEAK DEMAND

Maersk Line has retained its position as the world's largest container shipping line, according to Alphaliner.

The Danish carrier had a total operated capacity of 3.01m teu across 584 ships at the beginning of the year, compared with nearest rival MSC's 484 ships for 2.67m teu.

Maersk grew its fleet by 4.1% in 2014, while MSC's fleet grew by 5.2%, although it has a larger orderbook of 43 ships for 572,720 teu versus Maersk's 31 ships for 405,910 teu.

One surprising aspect of the companies' 2M alliance, notes Alphaliner, is that Maersk was able to significantly reduce capacity on the Asia-Europe's route over the course of 2015, which was partly due to its vessel sharing agreement with MSC and the withdrawal of the Asia-North Europe AE9 and Asia-Black Sea AE3 services, as the two joint services mainly deployed Maersk Line tonnage.

The consequence for Maersk was that it was able to cut its high exposure on the troubled trade by decreasing its capacity on the route by 26% to 670,000 teu.

However, Maersk increased the capacity it deployed between Asia and North America by 24% and by a massive 223% between Europe and North America as a result of the 2M co-operation.

Despite deploying less tonnage on Asia-Europe, the 2M alliance has not insulated Maersk completely from the pain of overcapacity.

According to Alphaliner data, the carrier currently has one of its Triple-E vessels, the 18,340 teu Maersk Munkebo anchored off China as a result of its blank sailings to mitigate weak demand.

And Maersk could find itself at a further disadvantage this year against its main rivals if overcapacity and weak demand continues to plague the industry.

Alphaliner data shows Maersk has a significantly lower percentage of chartered-in tonnage – 41% of its vessels are leased, compared with 61% for MSC and 67% for CMA CGM.

In difficult times carriers look to off-hire chartered ships to reduce operating costs, in the knowledge that they can easily pick them up again when the market starts to improve.

Meanwhile, third-placed CMA CGM saw its fleet expand by 11.1% last year to 1.82m teu across 460 vessels, and will add a further 85 ships (535,000 teu) to its portfolio if it completes its proposed takeover of APL.

Meanwhile, Hapag-Lloyd just managed to regain the fourth ranking from Evergreen with a total capacity of 932,822 teu against the Taiwanese carrier's 931,849 teu, despite operating fewer ships – 173 against Evergreen's 192.

Evergreen's orderbook is much bigger: 41 ships equating to 395,770 teu against Hapag-Lloyd's modest five-ship order (52,500 teu).

However, in due course both Hapag-Lloyd and Evergreen will be usurped by the merger of state-owned Chinese carriers Coscon and CSCL, which currently lie sixth and seventh respectively in Alphaliner's carrier chart.

As it stands, the merged entity would operate 291 ships for a total capacity of 1.55m teu, thus propelling it comfortably into fourth place in the top 20 rankings.

(from: theloadstar.co.uk, January 13th 2016)

RAIL TRANSPORT

ASIA - EUROPE RAILFREIGHT SET FOR FURTHER RAPID GROWTH?

East-West railfreight, specifically bulk intermodal between China and Europe, is an industry success story of the last few years and will continue to grow at pace in 2016 as new trains are added and existing services evolve and mature.

Chinese manufacturers' desire to improve the speed and reliability of exports by up to 20 days compared with sea, and reduce costs by up to 65% compared with air, is driving this trend along with the Chinese government's "One Belt One Road" strategy to increase western trade from industrialising inland cities.

Since the trial of the inaugural service between Beijing and Hamburg in 2008, 15 Chinese cities now boast a regular European railfreight service, with many others served by block trains.

According to data compiled by the International Union for Road-Rail Combined Transport (UIRR), railfreight traffic between China and Germany reached 1.6 million tonne-km in 2014, and UIRR says it expects growth of 20, 30 or even 40% in the next few years.

Indeed intermodal traffic using the Trans-Siberian railway between China and Russia rose by 89% in the first nine months of 2015, and some carriers say they expect triple digit growth; DB Schenker, DHL, Geodis Wilson, Gefco and UPS are all key players and many have added new services in 2015, with further additions expected in 2016.

Such impressive growth follows the addition of less-than-container loads (LCL) as well as relaxation of tariffs and improvements to customs procedures; Russian Railways (RZD) says the rate for 40 foot containers to and from China fell by 42% in 2014, a condition that was retained in 2015.

The rate for 20 foot containers fell by 50%.

"Rail between Asia and Europe is now a very reliable service and we have no challenges with customs or security," says Mr Charles Kaufmann, DHL Global Forwarding's CEO for North Asia and head of value-added services for Asia Pacific.

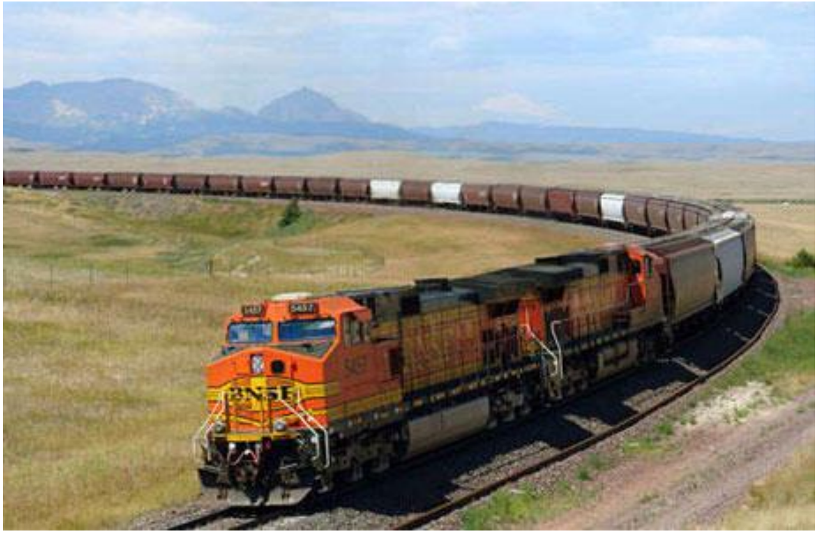
"We use transit documents so the containers don't need to be cleared until they reach the EU."

Improvements in rail infrastructure on the region's key corridors are also critical and Russian Railways' (RZD) president Mr Oleg Belozerov says RZD will continue to enhance its eastern infrastructure so "the transport of goods along the Trans-Siberian is reliable, fast, and cheap for our customers."

Attract traffic

Railways in central Asia are engaged in similar infrastructure enhancement schemes as they look to attract traffic.

The Asian Development Bank says it is supporting the 10 members of the Central Asia Regional Economic Cooperation programme to develop six multimodal transport corridors to improve links with each other and rest of the world.



Even Korail says it is keen to join the east-west freight party by reintroducing services on the inter-Korean railway, and supporting RZD's efforts to build a new port at Rason, North Korea.

These improvements will increase the ability of carriers to offer combinations of sea-rail and rail-air freight to their customers from more locations.

However, the precarious political situation on the Korean peninsula shows the fragility of these plans, and highlights the region's instability, particularly Russia's seemingly deteriorating relationship with the west.

It also puts the problem of eastbound freight under the spotlight.

While volumes on these routes are growing - DB Schenker increased its Hamburg - Wuhan service to five days per week from one in 2015 - many containers are still returning to China empty,- with Russia's current restriction on European food imports hindering shippers' ability to close the gap.

Political events in 2015 may not have affected demand. However, long-term stability is a concern, which makes predictions about future prospects almost futile. The railfreight sector and businesses may appear optimistic heading into 2016, but in reality they are quietly holding their breath.

(from: railjournal.com, January 19th 2016)

INTERMODAL TRANSPORT

RALPIN INCREASES SWISS ROLLING ROAD TRAFFIC

Last year, 2015, was the first time the "Rola" rolling highway carried more than 100,000 trucks across the Swiss Alps via the Lötschberg-Simplon axis.

The overall figure is slightly up on 2014.

RAlpin's reconstruction of the terminal in Freiburg im Breisgau, Germany, is aimed at optimising the long-term modal shift from road to rolling highway.

For the first time in its history, the "Rola" rolling highway between Freiburg i. Br., Germany and Novara, Italy, which uses the Lötschberg-Simplon axis, has exceeded the 100,000 mark in a single year.

In excess of 110,000 trucks were transferred to the rolling highway in 2015: 100,500 between Freiburg i. Br. and Novara, and 10,000 between Basel and Lugano.

This exceeds the previous year's excellent figure by 0.4%.

The capacity utilisation of the trains averaged 85%.

Despite strong franc and low diesel prices

RAlpin found itself obliged to raise its prices in response to the removal of the franc-to-euro peg in January 2015.

This at a time when its customers were facing their own exchange rate challenges and the price of diesel fuel was very low.

Despite these adverse conditions, RAlpin managed to pass its price rise on to the market.

The difficult economic circumstances have found the company further optimising its processes wherever possible.

One example of this is the addition of an extra wagon to each train – from 21 to 22.

Although technical reasons have prevented this until now, RAlpin has been able to demonstrate the technical feasibility of lengthening the trains and joined forces with Italian infrastructure operator RFI to develop a special solution.

The move was initiated at the beginning of 2015 and the change was adopted into RFI's operating regulations at the end of the year: trains will start circulating with 22 wagons (i.e. truck places) per train in January 2016.

Reconstruction of the Freiburg terminal underway

Following a planning phase lasting a number of years, reconstruction of the terminal in Freiburg im Breisgau began in October 2015.

Much of the work centres on switching the embarkation direction of the trains.

Due to the current layout of the Freiburg terminal, trains are currently able to load only from the south, i.e. contrary to the direction of travel.

It means that trains have to perform a loop in the Basel area before continuing their journey southwards.

This is operationally time consuming and increases traction costs.

The German Federal Railway Authority (EBA) approved the plans in September 2015 and bulldozers moved in the following month.

"This project represents a milestone for RAlpin and the rolling highway," says René Dancet, CEO of RAlpin.

"The middle of 2016 will find us, as well as our customers, our neighbours and the town of Freiburg i. Br., benefiting from operational, environmental and safety improvements."

The work on the Freiburg terminal is being funded by the Swiss Confederation and RAlpin.

(from: railjournal.com/ralpin.com, January 7th 2016)

LEASING

CONTAINER LEASING COMPANIES 'ALL IN THE SAME BOAT' – SWAMPED BY "MASSIVE WEALTH EROSION"

With little hope of recovery in the container trades, key industry suppliers – container leasing firms – are expected to come under severe pressure this year.

Recent analysis by Drewry Maritime Equity Research (DMER) concludes that the leading container lessors will continue to suffer the deteriorating business conditions that began last year.

A combination of factors conspired to stymie growth, dented profits and "massive wealth erosion" for investors – the combined market capitalisation of the main listed container leasing companies (Textainer, TAL, CAI and Touax) "tumbled" by 74% over the course of last year.

With Chinese exports slowing, declining trade volumes over the course of 2015 simply meant there was less demand from carriers for rented boxes; and this was compounded by the fall-off in new container prices, pushed by the plummeting price of steel due to huge overcapacity, which has made it much more attractive for lines to invest in owned boxes.

According to DMER, container prices fell during the course of the year and by the final quarter of 2015 averaged $1,500 per 20ft, ending the year at $1,450 – the lowest level since 2003.

Meanwhile, second hand dry container prices declined to $830, below the previous minimum, seen in 2009.

"Both new and used container prices are predicted to go on falling, or at best remain flat in 2016," it said.

Container lessors have enjoyed one of their most prosperous periods since the onset of the recession, as cash-strapped lines have been unable to invest in new boxes themselves, increasingly reliant on leasing companies to fulfil gaps in equipment capacity.

But the past year has been little short of a disaster, Drewry said, and there was little chance of the environment becoming kinder.

"We believe that share prices of container leasing operators will remain under pressure in 2016, as we believe all public container lessors are in the same boat.

Investors should not expect any improvement in steel prices or interest rates to fundamentally change the situation.

As liner companies are key customers for container lessors, expected overcapacity combined with weak freight rates for liner industry will weaken the bargaining power of lessors with respect to lease rates," it said.

As a result, DMER welcomes the forthcoming round of consolidation that will take place if TAL completes its merger with Triton, with the combined company overtaking Textainer as the largest in the market.

"We believe the proposed merger will benefit both stockholders as well as elevate the combined entity to the top position in the industry.

The merger does not only reduce GAAP tax rate from the current 20% to 15%, but also is 30% value accretive to earnings per share, according to TAL's management.

Currently, the stock is trading at a steep discount even below its book value.

TAL should gain traction once the market fundamentals improve, in our view," it said.

(from: theloadstar.co.uk, January 25th 2016)

LOGISTICS

AMAZON BECOMES REGISTERED SEA FREIGHT SERVICES PROVIDER

Internet retail giant Amazon has apparently registered with the US Federal Maritime Commission (FMC) as a licensed Ocean Transportation Intermediary, allowing it to sell ocean freight services as an NVOCC, sparking further speculation about its expansion ever deeper into international logistics.

Although Lloyd's Loading List.com was unable to confirm this directly with the FMC, whose online list of licensed NVOCCs was unavailable at the time of writing, the move by Amazon was reported by a number of sources, including by the freight forwarding and logistics services provider Flexport.

Flexport CEO Ryan Petersen, speculating about the implications, commented: "Amazon China now has the appropriate paperwork to provide ocean freight services for other companies.

This is Amazon's first step toward entering the $350 billion ocean freight market."

He described it as "a smart and long overdue move" for the company, adding: "By offering ocean freight services, 'Fulfillment by Amazon' (FBA) will make it easier for its customers to move goods into the company's logistics network."

The official name on the FMC registry is Beijing Century JOYO Courier Service Co. Ltd, with the trade names 'Amazon China', 'Amazon.cn' and 'Amazon Global Logistics China' listed on its license.

Amazon reportedly bought JOYO in 2004, then one of China's largest online retailers, but a 2006 SEC filing reveals JOYO to be a 'significant subsidiary' of Amazon.com, Petersen noted.

He said becoming an ocean freight forwarder made sense for Amazon China but not for Amazon itself, because Amazon's ocean freight services will be far more attractive to Chinese sellers than to American buyers.

"Chinese suppliers would love direct access to Amazon's vast American customer base.

But the idea of buying ocean freight is far less appealing for US companies selling on the Amazon Marketplace," he said.

But he said using Amazon as a third-party freight forwarder would be problematic for many customers.

"As the freight forwarder on a company's shipments, Amazon would see both the name of the supplier and the wholesale price paid by the importer.

For most of the more than 40,000 sellers currently earning over $1 million per year selling products on Amazon, this data is too sensitive to entrust with a company that is both a primary distribution channel and a ruthless competitor," he said.

"It would be too easy for Amazon to use that data against them, either as an anchor in price negotiations, or worse, to purchase directly from the supplier, cutting the US merchant out altogether."

However, this was less of an issue for customers in China.

"Amazon China can provide freight forwarding services to Chinese companies looking to move products directly into FBA warehouses, or perhaps even by cross-docking the goods for direct injection into Amazon's courier network," said Petersen.

"Sharing the invoice price and supplier name is a non-issue for Chinese companies selling to Amazon or directly to its customers."

He noted that the registration with the FMC was only the very first step that Amazon has taken to become an ocean freight forwarder.

"It's laying the groundwork now; actual operations may not begin for a few years," he said.

He suggested that this latest move into logistics may be Amazon's answer to Wish, the worldwide mobile commerce phenomenon that has become the top ecommerce app in more than 30 countries.

"That's an indication that Chinese merchants are eager to sell directly to global shippers, and that consumers are happy to wait for delivery if they can save money," said Petersen.

He noted that Wish's CEO recently said his company is in a race with Amazon and Alibaba to be the first company to surpass $1 trillion in annual gross merchandise sales.

"Entering the ocean freight market to create a streamlined, vertically-integrated system for Chinese factories to sell directly through Amazon would be a classic Bezos response to Wish's threat," said Petersen.

He also believes Amazon will make "a fantastic ocean freight forwarder", adding: "Ocean freight is cheap right now.

As of January 2016, Flexport's ocean freight customers were paying less than US$1,300 to ship a 40-foot container from Shenzhen to Los Angeles.

More than 10,000 parcels can fit in a single container, so the price for the ocean freight leg could be as low as $0.14 per parcel.

Here's another way to think about that figure: right now it costs under $10 to ship a flat screen television across the Pacific."

With ocean freight itself so low, Petersen pointed out that a considerable portion of logistics costs come through labor costs — "particularly compliance and coordination of cargo handoffs between different players in the chain".

He added: "It's here that automation, something no traditional freight forwarding company can do even one percent as well as Amazon can, becomes the key competitive advantage over legacy freight forwarders.

By using software to eliminate additional transaction costs associated with government filings, status updates, pricing, booking and more, Amazon will be able to cut their costs significantly.

At the same time, fulfilling products directly from China to consumers in the US will cut handling costs at US warehouses.

If we've learned anything from Amazon's strategic playbook over the last two decades, we can expect that it will price freight as close to marginal costs as it can get."

Petersen said that with the integration of its worldwide network of fulfillment centers and the combination of a fleet of cargo aircraft that it is reportedly in talks to source, Amazon will be able to build a world-class logistics platform for small and medium sized Chinese businesses.

"Amazon's ocean freight offering could be a huge hit for Chinese merchants, but I predict that Amazon will fail to win traction with US brands," Petersen said.

"American companies will simply not be willing to turn over sensitive supply chain data to a major competitor and channel partner.

Amazon's reputation for ruthless competition and its desire to dominate every market on earth will make it difficult to convince US companies to move their international freight onto this new platform when it launches."

(from: lloydsloadinglist.com, January 18th 2016)

LAW & REGULATION

SHIPPERS AND CARRIERS ON A COLLISION COURSE OVER LOOMING HONG KONG COMPETITION LAW

Shipping lines operating in Hong Kong could soon fall foul of new competition laws, unless their application for a block exemption is accepted.

In a statement last month to the newly formed Hong Kong Competition Commission, the Hong Kong Liner Shipping Association (HKLSA) argued that vessel-sharing agreements (VSAs) and vessel discussion agreements (VDAs) were integral to Hong Kong's status in the shipping world.

It said the agreements – which form the basis of commonly used container shipping alliances – played "a critical role in enabling trade and are a key driver behind Hong Kong's status as a leading port and international maritime centre".

Concerned that shipping lines without an exemption could be fined up to 10% of their revenue, the HKLSA cited Singapore's decision to continue granting carriers exemption from its competition laws as a pressing reason for Hong Kong to follow suit.

"The Singapore Competition Commission last month recommended an extension of Singapore's existing block exemption for liner shipping agreements for another five years, until the end of 2020, citing the significant economic benefits that stem from these important agreements."

The HKLSA hoped "the commission will recognise the need to keep Hong Kong consistent with its trading partners in this important area".

The commission is expected to give serious consideration to the exemption, given that a large majority of Hong Kong's container port business relies on carriers which are part of VSAs.

Furthermore, since around 70% of its annual container throughput is transhipment cargo, a scenario in which profit-challenged carriers shift business to neighbouring Shenzhen is not unfeasible.

However, shippers in Hong Kong are welcoming what they see as overdue regulations, and are vehemently opposed to granting carriers any special privileges.

The Hong Kong Shippers' Council (HKSC) has issued an official objection to any block exemption, arguing that liner shipping is no different from other industries and should be subject to the same competition laws.

A statement by HKSC chairman Willy Lin cited a 2002 OECD report which rejected the liner industry's claim of uniqueness.

Mr Lin said the report helped lead to the demise of shipping conferences in Europe and Asia.

Mr Lin took particular exception to carrier demands for exemption for both VSAs and VDAs.

He said the HKSC did see some rationale for VSAs, since they allow liners to rationalise their fleets and offer better services.

However, VDAs deal with commercial affairs and so "there is no benefit for shippers for lines to collude on price and charges".

But there appears little chance of an amended application that omits exemption for VDAs.

The HKLSA argues that VDAs bring about rate and service stability, and that "VDAs and VSAs are complementary" – both types of discussions "necessary to achieve the efficiencies identified".

When The Loadstar asked Mr Lin for his response to carrier threats to quit Hong Kong should an exemption not be granted, he said: "Hong Kong shippers resent this kind of threat very much.

I believe that the HK government should look at this threat very seriously".

"In a democratic world and free economy such as Hong Kong, is it correct for a sector of the transport industry to make such a threat? Is it correct for one transport sector to hold all HK import and exporters and livelihood to ransom?" he demanded.

Mr Lin added that around 35,000 factories in the Pearl River Delta were owned and managed by Hong Kong shippers.

The saga is another worry for Hong Kong's port sector.

The port has recorded monthly declines in throughput since July 2014, and ended 2015 down 9.5% for the year at 20.1m teu.

(from: theloadstar.co.uk, January 22nd 2016)

PROGRESS & TECHNOLOGY

STRAINSTALL PROVIDES INSIGHTS FOR PORTS AND TERMINALS ON HOW TO TACKLE CONTAINER WEIGHT VERIFICATION

With the 1 July implementation of the new SOLAS container verified gross mass (VGM) regulations fast approaching, Strainstall, part of James Fisher and Sons plc, is today launching a white paper to assist those affected by the new rules in carting a pathway to compliance, clarifying the technical and commercial options and presenting a cost-effective, robust and accurate solution.

With less than six months remaining before the implementation of the amended Safety of Life at Sea (SOLAS) rules requiring - with no exceptions - that shipping containers must have their VGM declared before stowage on any vessel, Strainstall is today publishing a white paper outlining the pitfalls, options and opportunities of compliance for the world's ports, terminals and cargo handling industries.

As the paper sets-out, while the shipper is ultimately responsible for VGM declaration, ports and terminals are the natural environment for container VGM solutions to be implemented, as packed containers are processed as part of normal operations.

Though the shipper is responsible for declaring the packed container weight, a failure to do so will be disruptive and costly to operations, while the provision of this service by the ports and terminals will provide a very clear opportunity to provide an additional added value commercial service.

The paper describes a range of viable solutions that are available for cost-effective retrofit integration on existing assets, including the full range of container handling equipment, from reach stackers, RTGs and straddle carriers.

While the precise nature of VGM equipment and certification requirements are still to be fully defined and may well vary between jurisdictions, the paper describes Strainstall's accuracy-led approach, focused on what the company believes to be the most likely worst case scenario for implementation.

This provides the opportunity for those port and terminal operators who wish to do so, to gain a level of first mover advantage.

"In talking to port and terminal operators it is clear that they are keen to assit shippers to achieve compliance with the new SOLAS regulations," commented Strainstall managing director Simon Everett.

"In publishing this white paper our aim is to clarify the technical and commercial options available, and present recommendations as to how, despite the regulatory uncertainties over certification and accuracy requirements, we can assist port and terminal operators to plan now for a cost-effective, robust and accurate solution, enabling them to offer a weighing service to their customers ahead of the implementation of these new regulations."

The white paper 'Container weight verification: how to achieve fast, accurate and commercially viable SOLAS compliance' can be downloaded here: http://www.strainstall.com/systems/container-weight-verification/acheive-solas-compliance/.

(from: portstrategy.com/strainstall.com, January 21st 2016)

STUDIES & RESEARCH

MEGA-SHIPS: READY FOR THE NEW NORMAL?

The questions for port operators and for ship operators go like this: are mega-ships too large for most ports?

And will ports ever be large enough in terms of terminal space, equipment and infrastructure to handle the mega-ships?

Even though these issues have been around for some time, there are still no clear-cut answers as mega-ships come on line in large numbers over the next two years.

Shipping lines have taken delivery of 20 mega-ships with a capacity of more than 18,000 TEUs each and another 52 are on order, according to the Organization for Economic Cooperation and Development (OECD).

The largest ship delivered so far has a capacity of 19,200 TEUs, but vessels with capacity up to 21,100 TEUs have been ordered and will be in service by 2017.

This generation of huge, highly efficient mega-ships is credited with cutting the cost of shipping due to economies of scale and for lowering greenhouse gas emissions.

But the OECD has questioned whether mega-ships are contributing to unsustainable overcapacity and imposing unintended costs on shippers, ports, freight forwarders, logistics firms and insurers.

"The growth of containerized seaborne trade is no longer in line with the growth of the world container fleet," Olaf Merk, administrator of ports and shipping at the OECD's International Transport Forum, said last year in an economic policy article for OECD Insights.

"We found a disconnect between what is going on in the boardrooms of shipping lines and the real world."

According to industry analyst Drewry, West Coast ports have much work to do to improve productivity before being in a position to see mega-ships call on "anything other than an ad-hoc basis."

In a recent weekly market analysis, Drewry said: "In truth, the arrival of one 18,000 TEU ship, which may not even be full, won't meaningfully test the West Coast terminals' ability to deal with such ships, but at the very least it raises the question of what the West Coast ports need to do to get there."

The analyst said that despite productivity solutions such as terminal automation and running ports as 24/7 operations, their implementation would demand more flexibility from union dockworkers, which he claimed "seems a long way off."

According to Drewry, letting too many mega-ships call at West Coast ports before they are fully ready could worsen productivity and add days to the load and discharge time at terminals.

This would undermine the West Coast ports' competitiveness compared to the U.S. East Coast ports, which are soon likely to enjoy the benefits of the Panama Canal's expansion that is expected to almost triple the maximum size of vessels being able to call there.

The rise of the mega-ships is forcing ports to invest heavily to attract and handle the new megacarriers.

Port channels must be dredged to greater depths and docks must be raised

and strengthened to handle the increased forces when a mega-ship is tied up.

But the biggest problem comes from the scramble to unload a mega-ship quickly — the average turnaround time for a container ship is now just 1 day, and less in Asia.

The arrival of fewer vessels but with larger numbers of containers is creating intense peak time pressure on ports.

Expanding infrastructure and upgrading ports to handle the bigger ships could amount to roughly $400 million in additional annual transportation costs, the OECD said.

The Port of Los Angeles has a $510 million project underway to expand its cargo-handling capacity at the TraPac terminal.

Two Long Beach port terminals are in the midst of a $1.3 billion expansion that will create one of the country's most automated docks.

A separate $1.3 billion plan in Long Beach will replace the Gerald Desmond Bridge, which is too low for the mega-ships expected to arrive over the next five years.

On the U.S. East Coast, port operators are also modernizing.

The Georgia Ports Authority, which owns the Port of Savannah, is spending about $1.5 billion in the next decade to improve crane operations, storage facilities and other infrastructure.

The state of Georgia is spending $120 million more to improve roads near the port this year.

And the Port Authority of New York and New Jersey has undertaken a $1 billion project to raise the Bayonne Bridge, which connects Staten Island and New Jersey, in order to accommodate the height of the super-sized ships.

Mega-ships also add extra expense when in port: they stay, on average, 20 percent longer in ports than conventional ships, requiring port authorities to spend more time and provide more services to accommodate the longer-staying vessels, Merk said.

Insuring and salvaging unprecedented loads of cargo is another strain for operators.

And congestion at ports is already rising as trucks and trains scramble to load and offload tens of thousands of containers at a time.

Still, Merk said the mega-ships — which account for about an eighth of the total global shipping fleet — are on track to become the "new normal" for many major ports around the world.

"One thing is sure: this will lead us to a decade of port gridlock if nothing is done," he wrote.

(from: cargobusinessnews.com, January 25th 2016)

REEFER

SEATRADE FLEET EXPANSION

Seatrade Antwerp's Reefer Chartering NV, the world's largest reefer vessel operator and owner, and the leader in specialised reefer logistics, is pleased to announce that the company has agreed to acquire four handy-size reefer new-buildings of 300,000 cubic feet.

The vessels are of an eco design and are equipped with an environmentally friendly refrigeration plant to cool the under-deck space whilst they are able to carry refrigerated containers on-deck.

The vessels are scheduled for delivery from the GSHI facility in Zhongshan, China as from the summer of 2017.

This acquisition represents another significant step in Seatrade's commitment to further develop its services and logistical systems dedicated to the transportation of perishable goods.

This order is part of the larger new-building programme involving 6 + 6 optional high specification reefer container vessels and another 4 optional handy-size reefer vessels.

These specialised handy-size reefer vessels will be employed in the GreenSea Reefer Pool, whilst the reefer container vessels will be employed in the Seatrade Pool in current and newly developed trades, being an integrated part of the FDD (Fast, Direct & Dedicated) concept developed by Seatrade in recent years.

Transit times and associated indirect costs are increasing on services operated by larger container lines and there remains a clear demand for FDD services operated by specialised reefers, specialised containers vessels as well as hybrid vessels.

Seatrade is continuing to improve and customize the FDD transportation and logistics solutions in niche trades that offer shorter delivery times, provide flexibility in seasonal volume fluctuations and service ports with dedicated infrastructure.

Seatrade is also seeking opportunities to increase its fleet with further acquisitions of newbuildings and/or modern second-hand tonnage, combined with possible strategic alliances with third-party owners in the same segment.

This latest development is another example of Seatrade's long-term commitment to the industry; enabling the company and its worldwide network of dedicated offices to further improve service levels to its customers and partners in the years to come.

(from: worldcargonews.com/seatrade, January 18th 2016)

ON THE CALENDAR

2016

16-17 Feb	RoRo Shipping Conference
25-26 Feb	7th Intermodal Asia 2016
29 Feb - 2 Mar	ICHCA International Conference 2016
13-15 Mar	International Maritime Transport and Logistics Conference "Toward Smart Ports"
22-23 Mar	8th International Conference & Exhibition USA 2016
7-8 Apr	15th Intermodal Africa 2016
24 -29 Apr	28th Annual Port State Control Course
27-28 Apr	4th MED Ports 2016
19-20 May	International Conference on Short-Sea Shipping: Myth or Future of Regional Transport
26-27 May	5th Black Sea Ports & Shipping 2016
30 May – 2 Jun	10th International Harbour Master Association Congress
14-16 Jun	TOC Europe
27 Jun – 1 Jul	38th PMAWCA Council and 11th PAPC Conference
14-15 Jul	14th ASEAN Ports & Shipping 2016
22-23 Sep	11th Southern Asia Ports, Logistics & Shipping 2016
26-27 Oct	12th Trans Middle East 2016
17-18 Nov	16th Intermodal Africa 2016

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