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PORTS AND TERMINALS

FIGURES SHOW ROTTERDAM 'ATTRACTIVE FOR BUSINESS'

Rotterdam is 'attractive for business' says chief financial officer, as the port authority releases its annual figures showing turnover is up and profit development is sound.

Last year saw turnover at the port increase by 2.6% to €676.9m thanks largely to more port dues following a 4.9% rise in the throughput of goods.

Nevertheless, profits fell by 1.7% to €211.6m due to a one-off payment of €19.2m in redemption of a long-term loan which was used to fund the construction of Maasvlakte 2.

Despite this chief financial officer, Paul Smits believes costs are under control and profit development is sound.

"Our financial situation shows a positive development.

For the second consecutive year after the construction of Maasvlakte 2 the cash flow is positive, which allows us to continue to invest in the port and at the same time improve our debt position," he explained.

"The fact that our revenues have not increased to the same extent as the throughput shows that we are making an effort to keep Rotterdam attractive for business," added Mr Smits.

The two main sources of income for the port authority are the lease of sites and the seaport dues that ships pay when they visit the port.

Revenues from the lease of sites rose by 1% to €340.8 million.

This represents the allocation of a site to Sif-Verbrugge at Maasvlakte 2, indexation of contracts and renewal of contracts at revised prices, and termination of the contract with Shtandart, resulting in the port authority recovering a site.

Although throughput rose by 4.9%, port dues increased by a smaller 3.4% to €316.5 million, owing to the port authority granting environmentally-friendly ships discounts totalling €3.8 million.

Overall, operating revenues rose by 2.6% to €676.9 million.

Operating expenses rose by 3.3% to €133.6 million, mainly due to higher costs for the management and maintenance of port infrastructure and investments in innovations such as PortXL and SmartPort.

Costs for internal business operations remained stable.

The income from participating interests amounted to €8.9 million, over 50% more than the previous year.

The size of this item is determined mainly by the successful participation in the port of Sohar (Oman).

In conformity with long-term agreements, the port authority will propose to its shareholders – the municipality of Rotterdam (70.83%) and the state (29.17%) – to pay dividends of €91.0 million for 2015: €64.5 million to the municipality, and €26.5 million to the state.

The mission of the Port of Rotterdam Authority is to create economic and social value by generating sustainable growth together with customers and stakeholders.

Investments in 2015 included new buoys and dolphins in the Caland and Hartel Canals, the construction of the LNG Breakbulk terminal, quay walls for UWT and Sif-Verbrugge, a jetty for LBC and the redevelopment of RDM Rotterdam.

The port authority is currently considering an appeal against the European Commission’s recent decision compelling the port authority to pay corporation tax from 1st January 2017.

(from: portstrategy.com, March 2nd 2016)

MARITIME TRANSPORT

SHIPPER BODY CALLS FOR FORUM TO EXAMINE LINER 'SUPER-ALLIANCES'

The liner shipping industry must urgently address "the poor quality of service afforded to shippers" since the consolidation of the world's top 20 lines into 'super alliances', the Global Shippers' Forum (GSF) said this week, arguing that the introduction of larger ships and the consolidation of the world's top 20 lines into four groupings is not delivering the benefits promised to cargo owners.

Calling for the establishment of a Maritime Industries Supply Chain Forum at an international level "to address the full range of challenges facing the sector", the GSF said that one year on from the publication of the Organisation for Economic Co-operation and Development International Transport Forum's report on 'The Impact of Mega Ships', there has been "no serious response by the shipping industry to the issues it identified - namely the wider external costs imposed by mega ships and alliances of others in the supply chain, including shippers, port and terminal operators, and governments".

Speaking at the International Cargo Handling Co-ordination Association (ICHCA) international conference in Barcelona, Global Shippers' Forum secretary general Chris Welsh said: "Shippers have generally supported cooperation through consortia and vessels sharing agreements as the appropriate means of rationalising costs, provided they themselves receive a share of the benefits in terms of enhanced quality and a wider range of services made available to customers."

But several years on from the introduction of larger ships and the consolidation of the world's top 20 lines into four 'super alliances', shippers continue to experience poor quality services and disruption to their supply chains through the bunching of vessels, void sailings and delays, GSF said.

Welsh continued: "The onus is on the shipping industry to demonstrate that the bigger ships and alliance business model is the best response to the economic and financial challenges faced by carriers but also adds value to customers.

We believe cooperation between the main international stakeholders in a new maritime industries forum would enable the wider maritime supply chain to develop solutions to the problems presented by bigger ships and alliances in a constructive and consensual manner.

The received wisdom is that bigger ships and alliances are good for competition because of the benefits they are said to confer.

If the reality is that they add costs because of the negative externalities they impose on others, and if they restrict choice through reduced service competition, then other regulatory or competition policy approaches may be necessary to deal with the competition issues raised by mega vessels and alliances.”

The GSF has long called for global regulators to keep a close watch on the super-alliances being formed by the world’s top global container lines, calling for a rigorous set of monitoring KPIs to identify whether the alliances are delivering their promised service and cost improvements.

Last year the GSF said: "Shipping alliances need to take responsibility for monitoring, measuring and benchmarking their performance on key trade routes to demonstrate enhanced alliance performance, and make that information transparent to regulators and their customers as evidence of their commitment to showing the pro-competition benefits of improved alliance services.

“Such confidence-building measures are necessary in view of the concentrated market power of the four main alliances covering the world’s main trade lanes and smaller niche and regional liner markets which are directly or indirectly impacted by the alliances.”

The Global Shippers’ Forum was created in 2006 as the successor to the Tripartite Shippers’ Group, to represent the interests of various national and regional shippers’ organisations in Asia, Europe, North and South America and Africa.

The GSF is focused on the impact of commercial developments in the international freight transportation industry and the policy decisions of governments and international organisations that affect shippers and receivers of freight.

(from: lloydsloadinglist.com, March 2nd 2016)

RAIL TRANSPORT

BLS CARGO - STRONG GROWTH DESPITE THE STRENGTH OF THE SWISS FRANC

In 2015, BLS Cargo increased its traffic volume by 11% and ran almost 2,000 more trains than the previous year.

Despite the strength of the Swiss Franc, the company achieved a healthy operating profit.

In 2015, the traffic volume grew by 11% compared with the previous year to 18,225 trains (previous year 16,486).

Volumes grew in almost all traffic sectors, but in particular, traffic for the mineral oil industry grew at a disproportionate rate.

The extraordinary growth testifies to the strong market position held by BLS Cargo.

"We feel BLS Cargo enjoys a high level of acceptance and credibility", says Dirk Stahl, CEO of BLS Cargo.

"It is of value to our customers that we operate autonomously, that is to say independently of other railways, and generate creative and innovative ideas for new traffic concepts".

It is these very production concepts that allow competitive price-performance ratios.

Despite the strong Swiss Franc, great pressure from competitors and transportation by road, they attract new international customers to switch to BLS Cargo.

Financially balanced

In 2015, with a turnover of CHF 170.4 Million (previous year 166.9), BLS Cargo achieved earnings before interest and taxes (EBIT) of CHF 2.1 Million (previous year 3.9 Million).

The income statement closed with a profit of CHF 0.3 Million (previous year 2.5 Million).

Despite massive currency related challenges, it was thus possible to achieve a balanced financial result in 2015.

BLS Cargo was severely affected by the discontinuation of the EUR/CHF minimum exchange rate by the Swiss National Bank at the beginning of 2015.

The consistent costs management scheme and the expansion of value creation due to cross-border locomotive operations concepts partially compensated for this financial burden.

Difficult environment for rail freight operators

With the developments in 2015, in competition with transportation by road, rail threatens increasingly to lose ground.

The historically low price of diesel massively reduces road transport costs, whilst this is not matched by the regulated energy costs for rail.

This increases the price pressure on rail freight operators.

At the same time, the administrative outlay required to fulfil various regulatory obligations raises continuously (for example safety certification, network access, ECM) as well as the complexity of the systems (e.g. track price system, ETCS train safety system) for rail freight carriers and leads to additional costs.

Legislators and public administration must raise their awareness of the economic consequences of their decisions.

Current political decisions are now leading to substantially increased costs for rail freight traffic, whilst the burden is eased on road traffic.

Preparation for the Gotthard Base Tunnel

In 2016, BLS Cargo will set a striking example for the future in the development of the company: never before was the share of directly supported customers so great, and also geographically the rail freight carrier is taking on more responsibility in 2016 than hitherto and is for many international customers the direct point of contact for the entire journey.

BLS Cargo is busily getting ready for the opening of the Gotthard Base Tunnel (GBT) in June, that from the point of view of BLS Cargo also promises to be a milestone in transport policy.

To this end, the locomotives will be modified with the upgraded train safety system, personnel will be trained and the concept of operations will be laid down.

BLS cargo expects that the Base Tunnel will not have a positive effect as soon as 2016, as between 2016 and 2021 various construction works (incl. for the 4 m corridor) will restrict the capacity.

In addition, it must be guaranteed that the tracks open to rail freight are available at the capacity and quality such that with the GBT, which was created principally for rail freight, truly optimised operating concepts can be implemented.

Currently, there are still deficiencies and a great need for action here, which are being discussed with the Federal Office for Transport (BAV) and Swiss Federal Railways (SBB) infrastructure division.

(from: transportjournal.com/blscargo.ch, March 4th 2016)

INTERMODAL TRANSPORT

STRONG GROWTH IN CONTAINER TRAFFIC BETWEEN AUSTRIA AND HAMBURG

In 2015 around 295,000 TEU were transported between the Port of Hamburg and intermodal terminals in Austria by environmentally-friendly rail.

That represents a 9.3% gain, setting a new record for Hamburg's seaport-hinterland services with Austria.

The proportion of containers on this route transported by rail exceeds over 90%, making rail the leading mode of transport.

"Austria is a model destination in efficient and environmentally friendly hinterland transport via the Port of Hamburg.

About 40 container block trains per week operate between Hamburg and Vienna.

Altogether more than 80 container trains connect intermodal terminals in Austria every week with Germany's largest port," said Alexander Till, Head of the Port of Hamburg Marketing Representative Office in Vienna.

The Port of Hamburg's Representative Office in Vienna plus close cooperation with the partner Port of Vienna foster cooperation with transport companies and shippers in Austria.

In the Austrian market, noteworthy for tough competition, this is of great importance for the Port of Hamburg, the top container port for the Austrian economy.

The container ports of Bremerhaven and Rotterdam, both in Northern Europe, follow in second and third places.

Southern ports on the Adriatic like Koper and Venice have so far been of less importance.

"Even if the Southern ports have hitherto been unable to emerge from their generally subordinate role in throughput for Vienna, for other parts of Austria, Hungary, the Czech Republic and Slovakia, distinct increases in container transport via the Port of Koper in Slovenia are apparent.

Completion of the Semmering Base Tunnel, planned for 2026, will also improve the transalpine link between these ports and the Austrian capital.

These Southern ports are making matching investments in track infrastructure serving Central Europe and in greater terminal capacities," explained Mr Till.

Planning for stronger cooperation between Austrian Railways (ÖBB) and Slovenian Railways (SŽ) has also been announced recently.

This aims to shorten transit times between ports and terminals and to improve utilization of the rail network.

"The more favourable geographical location of the Southern ports for East Asia could lead to the assumption that Hamburg and other ports in the North Range will lose market shares in the next few years.

Yet this is only the case at first glance, since a still minimal number of direct ship calls in the Southern ports means that most of the cargo has to be transhipped.

In the end, average journey times calculated along the entire transport chain are the same with the Northern and Southern ports, while the somewhat longer sea route is irrelevant.

With good, punctual services and favourable transport rates, even in the long term the Port of Hamburg will continue to position itself successfully on this market," added Mr Till.

Mr Till is convinced that on container services, Hamburg will remain the most important port for the Austrian economy: "For over 30 years now, the Port of Hamburg has been the port with the highest throughput of containerized freight for the Austrian economy.

Hamburg possesses a high number of direct worldwide shipping services, while Austria is extremely well linked with Hamburg by rail.

The Vienna – Hamburg route is approximately 150kms shorter than to the Western ports of Rotterdam or Antwerp.

That makes the rates for pre- and post-carriage runs with the Port of Hamburg very attractive for our port's customers in Austria."

(from: shipmanagementinternational.com, March 4th 2016)

INDUSTRY

GLOBAL FLEXITANK MARKET TO REACH US$922.3M BY 2022

The global flexitank market will grow to US$922.3 million in size by 2022, according to a new study.

The report by Grand View Research explored the increase in popularity and expected it to continue to escalate, putting the trend down to the financial advantage offered by bulk shipping and the fact that flexitanks are the most cost effective liquid bulk packaging solution.

Other advantages such as flexibility, foldability, portability and easy setup have also contributed to fuelling demand over the past few years.

Single-trip flexitank was the leading product segment and accounted for 94.8% of total market volume in 2014.

Curtailment of cleaning and repositioning cost is expected to remain key driving factors for this segment over the forecast period.

Single-trip flexitanks are also expected to witness the highest growth over the forecast period.

Further key findings from the report suggest:

- Global flexitanks market demand was 800,000 units in 2014 and is expected to reach 3,135,791 units by 2022 growing at a CAGR of 18.6% from 2015 to 2022

- Foodstuffs were the leading application segment and accounted for over 30% of total market volume in 2014.

  Easy availability of FDA approved flexitanks in all regions has been a major factor for its increased penetration.

- Chemical is expected to be the fastest growing application segment at an estimated CAGR of 18.9% from 2015 to 2022.

  The growth can be attributed to increasing popularity of flexitanks along with the fact that all non toxic liquid chemicals can be transported using flexitanks.

- Asia Pacific emerged as the leading regional market and accounted for over 60% of the total volume in 2014.

  Increasing commodity trade along with higher market penetration is expected to spur the regional market growth over the next seven years.

  The region is also expected to witness the fastest growth over the forecast period.

- Key market players include Trans Ocean Bulk Logistics Ltd, SIA Flexitanks Ltd, Qingdao LAF Packaging Co. Ltd, Bulk Liquid Solutions, BLT Flexitank, MY FlexiTank, Environmental Packaging Technologies Inc, KriCon Group BV, Mak & Williams and Trust Flexitanks.

  Most of the companies have integrated throughout flexitank production, distribution and logistics services.

Browse the full research report, 'Flexitanks Market Analysis By Product (Single-Trip, Multi-Trip), By Application (Foodstuffs, Wine & Spirits, Chemicals, Oils, Industrial Products, Pharmaceutical Goods) And Segment Forecasts To 2022', at www.grandviewresearch.com/industry-analysis/flexitanks-market.

(from: bulk-distributor.com, March 3rd 2016)

LOGISTICS

E-COMMERCE AND LOGISTICS CAN BE PROFITABLE PARTNERS, BUT TRADITIONAL FREIGHT FIRMS HAVE TO ADAPT

E-commerce companies have insisted that they need the traditional logistics industry as partners – but two key issues could shape their success: the end-user experience and pricing.

"These are interesting times for those in forwarding," said Percy Avari, Aramex's regional manager, south Asia.

"We have previously focused on the satisfaction of a few thousand customers.

It has turned around – it is no longer a few thousand, but millions of customers.

It's not so much about on-time delivery but the experience of customers.

We now need to have a conversation with all of them."

Aramex has a large e-commerce business, as well as freight and Mr Avari insisted that freight companies could benefit as long as they recognised the differences in e-commerce.

"E-commerce companies which own logistics arms don't want to compromise on the customer experience, which is what they are building on – but they are not getting it from traditional suppliers.

I am sure they would prefer not to burn money [by getting into asset ownership].

Their core competency is not in the last mile, it's in marketing to customers and the customer experience.

It is very different to a pharma company."

Alibaba's head of business, India e-commerce, Al-Nahiyan Gangani, told delegates at Air Cargo India in Mumbai his company needed partners.

"It's hard to connect with global buyers – the problem is fragmentation.

We don't have our own logistics side.

We have a list of partners and people can choose their services."

Alibaba works closely with forwarder Jeena & Co in India.

Leaked Amazon documents show that it plans eventually to cut its ties with logistics companies and set up its own competing platform.

But Jeena's express and commercial manager, Rajiv Khanna, said this would not necessarily mean the end for logistics companies.

"Yes, Amazon is getting into logistics.

But in all industries and sectors there is a constant churn between outsourcing and in-house.

They depend on existing logistics infrastructure which won't be exclusive to any company."

Aside from new relationships with the end-user, logistics companies that want e-commerce business must also revisit their pricing, said Mr Khanna.

"The composition of freight is getting transformed.

The average size of a shipment has changed, and it's becoming uncompetitive to pay those prices.

We have to change the processes to make the pricing viable for small shippers.

We have to make it easier to do cross-border e-commerce."

Technology was key to cutting costs, he argued.

"You need a seamless flow of data and the documentation can take a long time.

But if it could be standardised, it could take a couple of days off transit times."

Des Vertannes, air cargo executive and former head of IATA Cargo, said: "Everyone has a traditional cost base, so the question is how the traditional operators change their modus operandi.

There will be a lot more traffic for a lot less money."

Celebi, a major air cargo handling company, said a new design and technology had allowed it to handle 3.5 times more cargo on the same footprint at Mumbai Airport, using an automated conveying system.

Pradeep Kumar, head of cargo at Jet Airways, added that companies needed to embrace automation.

"That will have a lesser cost.

We must try to achieve economies of scale and need to look closely at each and every area."

Other challenges for traditional companies were noted by PN Ranjt Kumar of India Post, who said e-commerce could easily plug into its network, which is being boosted by 57 new parcel centres exclusively for e-commerce.

"We have tie-ups with several airlines and dedicated sections on rail," she said.

"We are enhancing our processing capabilities and documentation."

But she added: "Traffic fluctuates. It can be 5,000 or 6,000 parcels – or in peak time up to 20,000.

We have to build our network capacity to handle that traffic."

She also warned that mindsets needed to change.

"Out of 500,000 people employed at India Post, many are over 50.

A postman won't differentiate between an e-commerce parcel and a postcard, so things need to change."

She added that India Post had some IT gaps which it was working on.

Despite AliBaba's insistence that freight companies would remain as partners, consultant Stan Wraight of SASI warned that there were signs they could be squeezed out as Amazon considers acquiring 60 767Fs and all the major e-commerce companies continue to invest heavily in logistics.

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

LAW & REGULATION

WEIGHING-IN ON BOX WEIGH-INS

The votes are in and it's pretty much official: shippers, carriers and terminals would like to see the United Nation's container weight verification rules—scheduled to take effect July 1—to just go away.

Mis-declaration of container weights has been a hot topic for many years; it's probably responsible for many accidents and was implicated in the sinking of the MSC Napoli in 2007.

That's because even one overweight or badly loaded container can have a huge impact on others once loaded on a container vessel.

Erroneous weights can also lead to incidents on land, including trucking accidents and overweight cargo falling through the container bottoms.

Some 600 containers are washed overboard due to weight or loading discrepancies each year, according to official estimates, but that number might be much larger.

In addition, the International Cargo Handling Coordination Association (ICHCA) has estimated that up to 20 percent of containers are mis-declared.

Last year the International Maritime Organization (IMO) amended the Safety of Life at Sea Convention (SOLAS) to require, as a condition for loading a packed container onto a ship for export, that the container have a verified weight – known as VGM (for verification of gross mass).

It is up to the shipper to handle the weight verification.

After July 1, it will be a violation of SOLAS to load a packed container onto a vessel if the vessel operator and marine terminal operator do not have a verified container weight.

Without it, the container can't be loaded aboard the vessel.

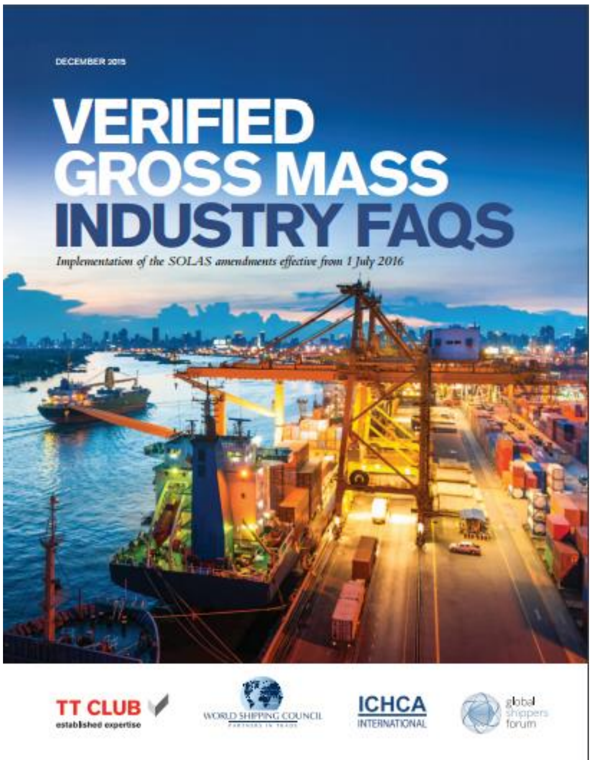
There are two methods in which the shipper can obtain the verified gross mass of a packed container:

- Method 1 – Upon the conclusion of packing and sealing a container, the shipper may weigh, or have arranged that a third party weigh, the packed container.

- Method 2 – The shipper or, by arrangement of the shipper, a third party may weigh all packages and cargo items, including the mass of pallets, dunnage and other packing and securing material to be packed in the container, and add the tare mass of the container to the sum of the single masses of the container's contents.

Regarding both methods, SOLAS says the weighing equipment used must meet the applicable accuracy standards and requirements of the country in which the equipment is being used.

Shippers, freight forwarders, vessel operators, and terminal operators will all need to establish policies and procedures to ensure the implementation of this regulatory change.



And therein lies the rub – because there isn't much clarity on how to implement those "policies and procedures."

It can get pretty complicated.

For example, while the rule says the shipper is responsible for providing the verification – who exactly is the shipper?

Due to the complexity of the international supply chain, an entity identified as the "shipper" on the bill of lading might not have direct or physical control over key elements of the VGM weighing process.

SOLAS does not mandate any particular form of communication between the parties exchanging the verified gross mass information.

Also, is the carrier or terminal operator obligated to check the value given for the gross mass by the shipper and report to the authorities any discrepancy that may be found?

Is there a margin of error?

And because there is no single international standard covering weighing equipment, does this mean that different standards will be applied around the world?

Most importantly, how will this mandatory rule be enforced?

SOLAS says that as a "national" issue, fines and other penalties will be imposed under national legislation.

But there’s also a commercial issue in play.

Penalties may involve repacking costs, administration fees for amending documents, demurrage charges, and delayed or cancelled shipments.

The U.S. Coast Guard said it will not act as the enforcer, so will each port have to enforce the rule?

They aren’t too keen on that idea, and few container terminals worldwide are jumping in to provide weighing services for shippers; so far the Port of Charleston is the only one in the U.S. to say it might.

At a recent meeting before the Federal Maritime Commission the U.S. Agricultural Transportation Coalition reiterated its opposition to the rules, asserting that U.S. shippers will be disadvantaged when the rules come into force.

"Our current method of reporting weights to the carriers has been accepted by the industry and compliant with SOLAS for the past 22 years," AgTC said.

"There is no need for change."

Shippers said that under the new regulation, they will be required to supply the tare weight along with the weight of any packed goods and dunnage.

"A shipper should only be responsible for their gross cargo weight.

A shipper should not be required to certify the weight of equipment (the container), which is owned or leased by the steamship line."

AgTC said the rule should be delayed and reexamined by individuals familiar with the export supply chain process.

If not, the SOLAS Amendment "will require a costly and unnecessary redesign of the supply chain," "disrupt the flow of cargo through ports," and cause turmoil at marine terminals and be a significant impediment to U.S. exports.

Drewry Supply Chain Advisors noted that some supply chains are almost certain to suffer significant disruption when the VGM rules come into force in July, adding there could be a late June surge in shipment volumes.

The consultancy said that while some shippers had made preparations, many others were unlikely to be ready to meet their new obligations.

"We are seeing some progress, but equally it is becoming clear that not all shippers will be ready to comply with the new IMO rule," said Drewry.

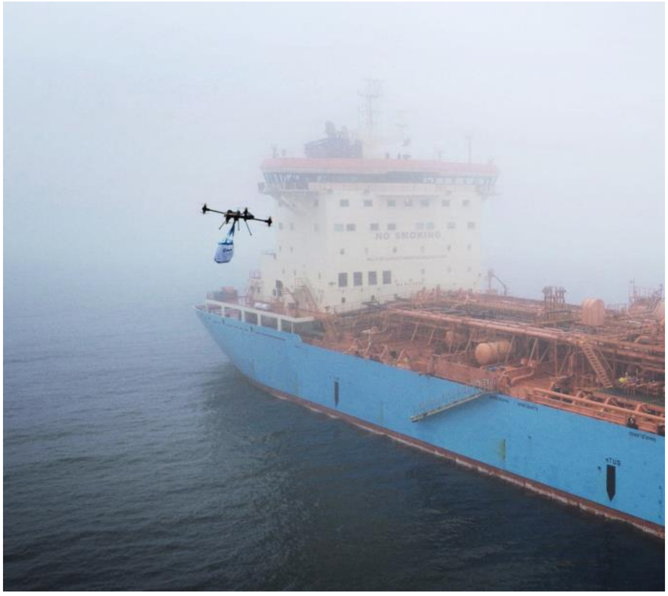
(from: cargobusinessnews.com, February 29th 2016)

PROGRESS & TECHNOLOGY

MAERSK TANKERS TO USE DRONES TO SLASH COSTS

Maersk Tankers, part of Danish Maersk Group, has resorted to using drones to cut costs for deliveries at sea and has completed the first test drone delivery of urgent parcels to a vessel at sea near Kalundborg in Denmark.

With the first delivery completed in late January, further tests will now follow before the new drones can become a part of the company's supply chain.



The savings would be achieved as time and costs for urgent parcels delivery to vessels and vessel inspections would be reduced as the company would not need barges any more.

In addition, the use of drones would simplify the overall delivery process as predicting of tankers' next ports of call can be complicated.

"Costs for a barge are on average USD 1,000 and can easily go up to USD 3,000 or more.

With the current pay-load of drones, on average a vessel has 3 cases per year in which the barge transport could be substituted by a drone – meaning a potential avoidance of barge costs of USD 3,000-9,000 per vessel per year.

And if you consider that Maersk Tankers has around 100 vessels, the savings potential could be substantial," says Markus Kuhn, Supply Chain Manager at Maersk.

The drone used for the test was from the French company Xamen and ATEX approved (zone 2).

Due to bad weather conditions, it was not possible to launch the drone from the shore as planned, but the parcel was instead successfully dropped from 5m onto the vessel after having flown in from a tugboat.

The test took place at Kalundborg and was approved by Danish authorities, the company said.

(See video: https://www.youtube.com/watch?v=6gOe0k1pbK8#t=34)

"It is fundamental that any drones used by Maersk Tankers are safe for the environment they are operating in.

They must be certified as intrinsically safe for most tasks, so they cannot create any spark, even if they were to crash.

Some inspections can pose risks if performed by humans.

If drones are approved for tank inspections, it will improve safety on tankers and potentially in other oil-related installations," says Kuhn.

As well as delivering urgent parcels, drones have the potential to be used for inspections e.g. to take high quality photos or videos of certain areas to identify cracks.

Such potential early findings could avoid higher expenses if problems are only discovered later.

"There is a lot of potential for all Maersk businesses.

For instance, Maersk Oil and Drilling already testing drones for inspections of i.e. flare tips or other installations.

APM Terminals and Maersk Supply Service are also starting to look into it," the company added.

(from: worldmaritimenews.com, March 8th 2016)

STUDIES & RESEARCH

WILL THE MEGA SHIP MODEL "GIVE WAY"?

Olaf Merk from the OECD's International Transport Forum (ITF) said the mega ship model is an unsustainable "taxpayer financed bubble" that imposes unsustainable costs on the rest of the container supply chain.

The ITF made its views on mega ships known in the report "The Impact of Mega-Ships" released last year.

Speaking at the ICHCA International Conference in Barcelona last week, Olaf Merk, Administrator Ports and Shipping, International Transport Forum, OECD took another swing at the sustainability of the mega ship strategy the world's leading container lines are pursuing.

Merk pointed to five major problems with mega ships:

- The investment risk for port for infrastructure requirements: "getting mega ship ready is short for throwing money at a port and hoping they will come".

- The concentration of risk in terms of cargo liability, increased risks of vessel grounding and greater difficulty of salvage operations.

- The transport chain becomes refocused around peaks that require the whole market to operate 24/7 for certain periods.

  Merk referred to mega ships as "the trojan horse for labour market flexibility in the logistics sector".

- Carriers end up in a vicious circle where overcapacity creates lower freight rates, resulting in a need to cut costs, driving decisions to deploy even bigger ships

- The power equilibrium between ports and shipping lines is upset.

  Alliances and integration have created very powerful carrier groups that have too much influence on a port and can leave its assets and the economic base of the port region stranded.

Merk argued there is nothing inevitable or unstoppable about the shipping industry's strategy to deploy 18,000 TEU plus vessels in a bid to achieve profitability.

Politicians and regulators, he said, have fallen for the view that bigger and bigger ships are some how part of a natural market move to consolidate a fragmented industry.

In reality, he said, the industry is already very concentrated, and mega ships are a consequence of: allowing that concentration to occur, subsidising (directly or indirectly) mega ship construction; and making land transport very cheap so lines can make fewer port calls.

Though the ships are already here, and by 2017 there will be over 120 mega ships in service - Merk said the "Mega XL model might give way".

He pointed out that the largest and fastest growing market is Intra-Asia, where 18,000 TEU+ vessels are too big for many ports and/or markets and suggested that Maersk's decision last year to order 14,000 TEU vessels that can be deployed on the east-west or north-south trades shows carriers are waking up.

Market forces could also play a part, in particular the "uberisation of shipping", which has the potential to cut out many layers of middlemen and give shippers more information on actual the shipping process.

The biggest threat to mega ships, however could actually be coordinated transport planning that uses pricing to set limits on infrastructure capacity and spread demand for transport more evenly.

"Regulators" said Merk, need to wake up to the fact that the mega ship model imposes huge costs on ports, destroys jobs and "is not a good deal politically".

"We need cooperation, at the moment we are planning in a vacuum when we should come together and say infrastructure has a limit," he concluded.

(from: worldcargonews.com, March 10th 2016)

REEFER

MAERSK CONTAINER INDUSTRY DEVELOPS REEFER SOLUTION TO SAVE CONTAINER OPERATORS MILLIONS

A new reefer solution has been developed by Maersk Container Industry (MCI) to halve energy consumption while at the same time preserving produce quality during transportation.

The StarConomy reefer control software designed by MCI, in conjunction with fruit multinational Dole, supports reefer container operators by allowing them to maximise the value of their refrigerated cargoes in MCI's Star Cool units.

The software's aim is to reduce operating costs and ultimately meet the industry's sustainability objectives to reduce CO2 emissions.

If a typical fruit multinational operating its own fleet of four vessels with 500 reefers each were to upgrade to the software, the annual financial savings on a single route, such as Ecuador to the UK, would be over $2 million.

For a container line with a six-vessel service from Ecuador to Russia, also with 500 plugs, the annual savings would be an estimated $3.2 million.

StarConomy can be installed on all new Star Cool units while a simple software update can make it available on all existing Star Cool units installed in operations of more than 40 operators.

MCI conducted the field test on Dole's weekly South America to Europe route.

"Dole has strong focus on corporate responsibility and sustainability.

This is reflected in our approach to water management, soil conservation and our carbon footprint, for example.

These commitments also extend to our cold chain.

When it comes to reefer container transport, we preserve and transport the fruit safely using as little energy as possible, thus reducing our carbon footprint,' said Karina Rodriguez, Equipment Manager, Dole.

"To take the next leap in this field, Dole worked with Star Cool in developing and field-testing the innovative StarConomy software that we are now using in all Star Cool reefers in our global operations."

With the new software, MCI's R&D team in Denmark answered the protracted challenge of maintaining the same precise temperature control inside the reefer while matching the airflow to the varying requirements of specific cargoes.

StarConomy's revolutionary feature is its ability to control both compressor and fan speed at the same time.

"The StarConomy software begins by rapidly cooling the produce with the fans at full speed.

When the temperature set point is reached, fan speed is reduced and energy optimisation can begin,' said Morten Nylykke, General Manager, Refrigeration Technology, MCI.

"StarConomy has proved to meet the needs of Dole, a long term customer, and we are looking forward to offering this new software to our entire Star Cool customer base."

Even higher energy reductions are achieved if the produce is pre-cooled prior to loading.

By carefully balancing compressor and fan speed, StarConomy software accurately matches air circulation to cooling demand, ensuring an ideal environment for produce.

(from: shipmanagementinternational.com, March 2nd 2016)

ON THE CALENDAR

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.