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PORTS AND TERMINALS

PANAMA NEEDS MORE PORTS

Not only should the port of Corozal be carried ahead immediately, but more ports and infrastructure are needed to exploit the Canal expansion.

This is the opinion of businessmen in the logistics sector, who are unanimous: the opening of the new and expanded Panama Canal locks should be the starting point of the consolidation of Panama as a major logistics hub for the hemisphere.

They note that already there is a lack of dock space – especially on the Pacific – to meet the demand of shipping lines for transshipment operations.

The Canal expansion will increase the country's attractiveness as a logistics hub, but the increased flow of cargo expected requires more docks and other related infrastructure to take advantage of this demand.

If Panama does not increase its offer of port services, there are other ports in the region that will benefit.

The Corozal project has attracted the attention of 11 port operators who are among the largest in the world, and they have formally expressed interest.

These include Terminal Investment Limited, S.A. (TIL) (Luxembourg); Eurogate GmbH & Co. (Germany); Carrix, Inc. (US); Hyundai Engineering & Construction Co. (Korea); APM Terminals (Denmark); Ports America (US); CMA-CGM (France); Evergreen (Taiwan); China Shipping Ports Development Co. Ltd and China Harbour Engineering Company Ltd (Republic of China); Mitsui OSK Lines (Japan) and Patrick Terminals (Australia).

"Meanwhile, the process of securing, by law, that the operator of the port has the same tax benefits as the rest of the port operators in the country, is still delayed.

The executive director of the Panama Chamber of Shipping (CMP), Luciano Fernandes, appreciates the need for another port on the Pacific.

"It is vital" to complement the logistics center of the country," he said.

“On the Pacific side is where there is more need of port infrastructure, roads, logistics parks and other developments.

When you have a sea front, which is the case of Corozal, it makes sense to use it to transship goods through a port terminal,” he says, noting that it will make the sector more competitive.

The manager of the CMP refers to shipping lines that can not presently operate on the Pacific due to lack of capacity in the ports.

“These lines design their routes depending on the availability of port terminals.

With no windows on the docks for the specific time needed for an operation of a ship with a certain amount to handle, these carriers can not operate.”

In a report, the Panama Canal Authority (ACP) warns that if the port capacity on the Pacific is not increased, “the additional volume of transshipment cargo that would come from the Canal expansion will have to be served in other ports and regional hubs, such as Buenaventura (Colombia) Lazaro Cardenas (Mexico) Callao (Peru) on the Pacific coast and Cartagena (Colombia) Caucedo (Dominican Republic) Kingston (Jamaica) or Freeport (Bahamas) on the Atlantic”.

Thomas Kenna, president and CEO of the Panama Canal Railway Company (PCRC) wastes no time in digressions to speak clearly and directly about the need for development of the port of Corozal.

“We should be talking not only of Corozal, but also other ports.

With the expanded Canal so advanced, Panama has lost time thinking about whether there should be more ports,” he says.

Kenna takes up the numbers and explains that in the past five years, although the volume of cargo handled has not grown to a great extent, PCRC has invested approximately $50 million and continues with the plan to improve its operations.

“We are betting that the ACP, with the Government, not only will carry the port of Corozal forward, but will take other steps after Corozal that are identified.

If we do not take advantage of our geographical position, our neighbors will do it for us," warns the executive who, since 2009, has managed the railway company.

(from: hellenicshippingnews.com, March 24th 2016)

MARITIME TRANSPORT

CONTAINER ALLIANCES OFFER INCONSISTENT FREIGHT SERVICES ACCORDING TO SHIPPERS

All may not be as well as expected as concerns the bevy of container line shipping alliances which proved so popular last year when the four 'super alliances' emerged after much negotiating.

The sudden urge to cooperate with competitors arose from a desire to maximise use of the new breed of ultra large box vessels and to rationalise each company's individual policy and investment.

Now it seems services from one carrier to another can vary alarmingly as freight gets held up by one company, yet arrives much faster via another line, despite identical departure details.

A week or so ago we pointed out that the Global Shippers' Forum (GSF) levelled a complaint against the alliances saying that shippers have been subjected to unwarranted disruption of services.

We have spoken to various importers and highlight a typical case in point.

On the 26th January the Cosco Italy sailed from Shanghai bound for Felixstowe with an ETA of 21st February.

Bad weather in the preceding week had caused severe congestion at the UK port and UASC diverted four of their ships into London Gateway which suffers far less from the vagaries of the weather.

Cosco however preferred another course and omitted the UK call altogether, sailing on to Rotterdam to arrive on the 25th February 2016.

Aboard the Cosco vessel were containers for various partners in the CKYHE Alliance (K Line, Yang Ming, Hanjin and Evergreen) and all UK bound cargo was offloaded at Rotterdam with customers told that freight would be transferred onto a Yang Ming vessel, the YM Witness, due to arrive on the 4th March.

One of the customers with containers coming off the Cosco Italy was freight forwarding agent W E Deane, coincidentally near neighbours of Coscon UK, both being headquartered in Barking, Essex.

Jeff Lovejoy of Deane's takes up the story: "We had boxes from both Cosco and Yang Ming on the Cosco Italy and were told by both that the congestion at Felixstowe meant all cargo wold transfer to the YM Witness, loading on the 4th March and due to arrive in Felixstowe the following day, which she duly did.

When she arrived only the Yang Ming boxes had been loaded, not the best service but just about acceptable given the circumstances.

Next we were informed by Cosco that their containers would arrive on the YM Worth which shipped from the Euromax Terminal in Rotterdam on the 12th March but in fact nothing was loaded.

We had to await the arrival of the Munchen Bridge which finally docked in Felixstowe on the 18th March for our freight, that meant it took exactly the same amount of time (26 days) to reach the UK from Rotterdam as it had to travel from Shanghai to the Netherlands.

Cosco are not the only ones who treat customers in this way.

It is hard to understand why, given the promises of improved services and transit times, shipping lines cannot employ the services of the numerous feeder services available at what can only be said to be a minimal cost in comparison to the overall freight rate."

We spoke to Yang Ming who assured us there was no preference given to their containers over those of their partners and that 98% of the containers off the earlier ship had been transferred onto the YM Witness.

At the time Coscon UK (ships agents for Cosco) issued a statement saying: "Due to adverse weather conditions the Cosco Italy was forced to omit Felixstowe.

Ongoing weather conditions have caused serious disruption to all European schedules affecting berthing conditions and port operations.

Containers will now connect to Munchen Bridge, ETA Felixstowe 17 March.

We apologise for any inconvenience caused, unfortunately the situation was out of our control."

The argument that the ocean carriers are reluctant to use feeder services can be partially explained by the feeder providers themselves.

Whilst the cost of transport between the European ports is relatively low the same congestion problems which face the ocean lines affect the feeders.

At Felixstowe its exposed east coast position frequently means that inclement weather can quickly generate a backlog of ships resulting in a shortage of berths for the smaller ships as well as the larger vessels.

The feeder companies are dependent on quick turn rounds to make the services viable and therefore, whilst they may be rapidly loaded, they cannot wait outside a port for days before they themselves see their ships offloaded.

Shippers are looking for consistency and above all even handedness from the lines, something which they are plainly not getting at the moment.

Already slow steaming has become the norm in the name of sustainability and environmental protection, bringing with it already longer transit times.

As Chris Welsh, Secretary General of the Global Shippers' Forum pointed out in his recent speech, shippers have generally backed the rise of the container line alliances and would continue to support them as long as it can be seen that there are tangible advantages to them.

If however they result in restrictions and extra costs then regulations might need tightening to ensure future levels of service.

(from: handyshippingguide.com, March 21st 2016)

RAIL TRANSPORT

DB SHOWS ITS STEEL

DB Cargo has renewed one of its most important block rail freight contracts in Europe .

The new contract of DB Cargo with the world's largest steel producer ArcelorMittal covers a period of several years and the total transport volume is 42 Mt.

Highlights of the contract include:

- 55 dedicated trains a week of iron ore, coke and lime stone to ArcelorMittal's furnaces in Germany;

- 20 block trains a week will move from Eisenhüttenstadt and Bremen transporting precursor hot strip and the final product cold strip to ArcelorMital's industrial customers, mainly in the automobile industry.

Furthermore, around 1500 railway wagons are in operation for ArcelorMittal in the "single wagon" network of DB Cargo in Germany and throughout Europe.

"We are happy that the range of our services for our biggest customer ArcelorMittal has increased continuously over the last few years," said Andreas Busemann, Member of the Board responsible for marketing and sales at DB Cargo.

"The major aim of a long-term partnership is to improve the quality together, to increase the efficiency and to win additional new transport volume for environment-friendly railway transport."

Yves Koeberlé, Vice President, European Procurement at ArcelorMittal commented: "Trains are a key transport mode for the steel industry; large volumes can be transported and environmental impacts can be reduced.

This long term contract with DB Cargo strengthens our cooperation further.

In a joint framework it offers improvement of service quality and lower costs."

Deutsche Bahn's 2015 fiscal year saw its revenues top €40B for the first time in the company's history.

They increased €748M (1.9%) to €40.5B.

EBIT was down by €350M (16.6%) to €1.76B, due in part to damaging strikes during the year, special write-downs in rail freight transport and non-recurring items as a result of the restructuring process.

In the rail freight sector, DB's volume fell by 4.3% year on year, to 98.4 Btkms.

Business at DB Schenker saw a positive trend, with the number of European land transport consignments up 2.9% and air freight volumes up 1.4%.

Contract logistics again saw a strong increase in revenues of some 17%.

Only ocean freight saw lower volumes, with a drop of 2.1%.

Overall German rail traffic rose once again in 2015, with a 1% increase in the volume produced.

Operators outside the DB Group saw their market share rise to 27.5% (following 25.0% in the year prior).

This is "testimony to the effectiveness of competition in the rail transport market," claimed DB, responding to its critics.

However, there is no evidence that the reduction in DB Cargo's rail freight is due to competition in the rail freight sector.

(from: worldcargonews.com, March 17th 2016)

ROAD TRANSPORT

BELGIAN ROAD TOLLS ROW

Dutch hauliers are threatening legal action over the imminent Belgian motorway truck tolls.

ViaPass, the body in charge of Belgium's new truck road toll scheme, has rejected a request by the Dutch road haulage association TLN to postpone the scheme's introduction.

ViaPass says that it will go ahead with the launch on 1st April this year, on schedule.

TLN described ViaPass's attitude as "disappointing, considering the lack of organisation" in the scheme.

TLN cites the fact that the Germans were flexible when their road toll scheme (the MAUT) suffered teething problems on its introduction in 2005.

The Dutch body is considering legal action.

Under the scheme, from April a truck that is not equipped with an electronic on board unit (OBU) is liable to a €1000 fine per trip even when it is driven on roads where no truck toll applies.

Toll will be charged on all Belgian motorways and on a number of provincial and municipal roads.

ViaPass has acknowledged that a system as complex as this cannot function perfectly on introduction.

The OBUs are being distributed by Satellic, the private Belgian company contracted to operate the toll system.

Hauliers will be issued with an OBU on payment of a €135 deposit per truck, which will be refunded when the OBU is returned.

Last week Satellic stated that all OBUs applied for before 20th March will be supplied in time.

In response, TLN commented: "So anyone applying for the unit after then has no such assurance."

As of late last week (18th/19th March) not a single OBU provided by private operators other than Satellic had been authorised, claims TLN, which has opened an internet register where its members can report any issues related to the toll.

TLN estimates that the scheme will cost Dutch hauliers an aggregate €60M per year.

Its Belgian counterpart TLV/Febetra has calculated that a Euro 6 truck would have to pay around €32 for a 250-kms toll road trip.

On average, the system would cause a 5-10 % higher cost price, TLV/Febetra adds.

The association added that many of its members will be hit even harder as the toll needs to be paid within 14 days, while only 10% of the haulage industry's customers pay their bills within 30 days.

Consultants Graydon, which helped draw up TLV/Febetra's position paper, stated that up to 15% of Belgium's haulage firms face bankruptcy because of the terms of the toll scheme.

(from: worldcargonews.com, March 21st 2016)

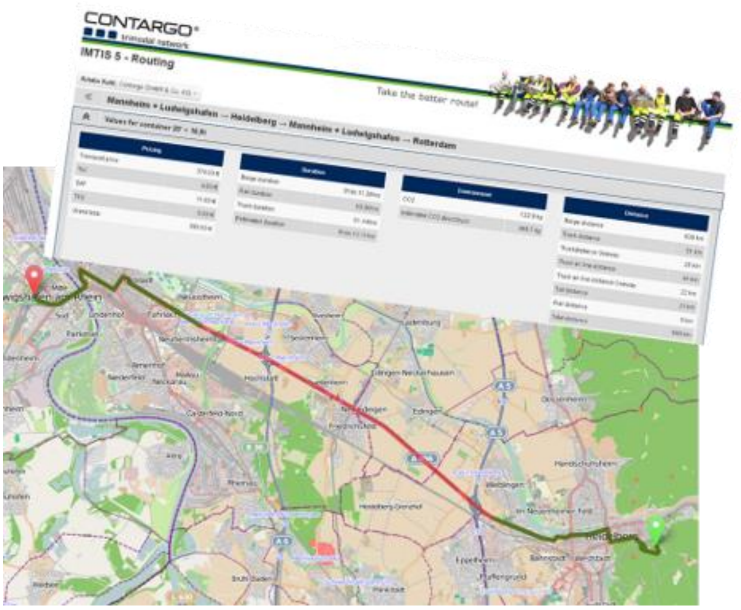
INTERMODAL TRANSPORT

REDUCING CARBON FOOTPRINT

European multimodal operator Contargo has introduced a free "carbon footprint" calculator to help shippers, forwarders and shipping lines reduce their carbon footprint, called IMTIS.

IMTIS calculates the CO2 emissions of container transport using various transport modes.

The system takes into account not only the CO2E of the transport itself, but also energy expenditure in the course of fuel production and distribution, and the energy consumption of handling at the terminal and administration.



How great the differences are between the individual transport modes can be demonstrated by way of example.

In this case, assume an all-truck journey between the container depot at Wőrth/Karlsruhe and Rotterdam, an overall distance of 574 kms.

In Wőrth/Karlsruhe, the empty container is lifted to chassis by reach stacker (4 kg of CO2E) and transported 30 kms to the stuffing point at Graben Neudorf (22 kgs of CO2E).

From Graben Neudorf, the laden container journey of 544 kms accounts for 479 kg of CO2E, so the total CO2E generated by the trip, prior to container unloading in the port, is 505 kg.

Now, for the same flow, truck the EC empty to Graben Neudorf and truck the FC back from there to the Wőrth/Karlsruhe trimodal terminal.

That round trip generates a total of 52 kg.

At the railhead, handling by reach stacker of the laden container adds 8 kg.

Onward rail transport to Rotterdam (667 kms) generates 233 kg of CO2E.

At Rotterdam, the total footprint is 293 kg, a saving of 212 kg.

Finally, instead of rail from Wőrth/Karlsruhe, ship by barge.

The barge leg over 653 kms is 111 kg, so the total for the whole trip is 171 kg, an overall saving of 334 kg.

The IMTIS calculations can be made for any number of seaports and inland points.

As Contargo points out, COP21 in Paris resolved to keep global warming up to the year 2100 below 2deg C.

In order to achieve this objective, CO2E in Europe are to be reduced by 40% by 2030.

If this is to succeed, emissions in the area of transport will have to be substantially reduced.

(from: worldcargonews.com, March 22nd 2016)

INDUSTRY

DISASTER PREDICTED AT ROTTERDAM FROM NEW CONTAINER WEIGHT VERIFICATION REGIME

Dutch freight forwarder VCK Logistics is the latest company to warn that new container weight verification regulations could cause chaos in the supply chain.

The firm has completed a pilot weighing scheme that saw large discrepancies between declared and actual weights.

The tests saw 240 export containers weighed, partly to refine its process before the new rules come into force on 1 July, and to check variations between declared and actual weights.

"It was terrible," Rob van Steensel, general manager at VCK said, "The average variation was 14%."

The IMO has set a variance limit of 5%, and containers which exceed this will not be loaded onto vessels.

In addition, Mr van Steensel said, shippers would be levied a €350 fine "and miss that sailing, which means they will likely wait a week until the next sailing and pay seven days' demurrage".

The smallest variance – from a manufacturer that used the second method of adding the weight of the cargo to the container's tare weight – was just 2%, but most of its shipments were identical.

He said: "For large producers, such as Heineken, it is relatively easy – they know how much each bottle weighs and how many bottles go into a container; it's the same with every shipment so the calculated method works."

VCK is installing two weighbridges in its facilities in Rotterdam, which Mr van Steensel said was at the request of a major customer.

"My largest customer said that they were willing to sign a five-year contract if I made the investment and installed the weighbridges.

On the basis of serving our clients, we went ahead.

But we will not be offering this service to forwarders or shippers who are not our customers."

The system will need to be calibrated and then registered with the authorities as certified weighing equipment.

Once in use it will send the container weight to VCK's system, which will then be transmitted to the shipping line via EDI.

However, Mr van Steensel warned that time was fast running out for other forwarders.

"No one is doing anything about this – it is madness that people are not trying to prepare.

To build a weighbridge in Holland I needed to apply for a permit from the local government.

That was submitted in November and I received the permit at the beginning of March – it then takes eight weeks to construct – ours will be ready in June," he said.

The potential for severe congestion in Rotterdam is huge – the port processes 10,000 export containers a week, but has just five weighbridges.

At a very rough calculation, if every container is to be weighed, and each weighbridge is in round-the-clock operation, each will have to weigh at least 11 containers every hour.

(from: theloadstar.co.uk, March 15th 2016)

LOGISTICS

LOGISTICS MERGERS SET TO CONTINUE THIS YEAR

Further consolidation of logistics majors can be expected this year and in the years ahead as service providers seek growth in emerging markets and diverse sectors, according to one senior logistics consultant, although the size of deals is likely to be smaller than in the record year of 2015.

Speaking on the sidelines of the LogiSYM 2016 supply chain symposium in Singapore this week, Darryl Judd, COO at supply chain consulting, recruitment and training specialist Logistics Executive Group, told Lloyd's Loading List that the rapid pace of 3PL merger and acquisition (M&A) activity was showing no signs of slowing and would continue through 2016 and beyond.

"Activity will be dominated by mid-sized and small deals versus the $100M+ deals seen last year, unless of course we finally see the break up or sale of Ceva, or believe the rumours of a DHL Global Forwarding sale," he added.

"There is no doubt in my mind that we will see further industry consolidation and increased M&A in 2016.

Although the nature of the deals and sizes may be reduced after a mega year in 2015, the demand for growth in emerging markets and diverse sectors will be a major factor playing on the minds of global 3PLs as they struggle for returns in their traditional, more mature markets."

Data from PwC revealed that M&A activity in the transport and logistics sector last year was almost double that of 2014 with 'megadeals', defined as transactions valued at more than $1 billion, totalling $172.7 billion.

Moreover, the pace of activity accelerated as the year progressed.

According to Judd, the driving forces behind M&A activity have been industry consolidation and the need for 3PLs to achieve synergy and market growth across wider supply chain activities, both regionally and globally.

“There is strong interest from Asian 3PLs buying into the US and 3PLs based in slower growth countries expanding into higher growth Asian and North American markets,” he said.

“2015 was dominated by size and scale M&A activity versus other strategic plays such as service portfolio, or vertical industry diversification.

I generally feel that we will start to see more strategy acquisitions in 2016 as 3PLs look to niche areas to extract greater returns.”

As 3PLs seek growth, buyers would most likely look for M&A opportunities that enabled them to increase revenue by 3 to 4 times within 3 to 4 years, he said.

“Most Asia 3PL growth will occur to support intra-Asia trade and distribution within Asian countries,” he added.

“Cross border e-commerce is a very hot market in China as increased wealth is driving the demand for products sourced in other countries.”

He also saw similarities between the logistics sector and the container shipping business, although the drivers of M&A activity were different in each sector.

“We have seen shipping yields hit all-time lows,” he said.

This in itself has sparked a rapid rush to consolidation of a sector with immense asset deployment and costs, and a highly commoditised product offering - not a great mix.

With the current cycle likely to continue, consolidation in the container transport and shipping market is obviously a way for these players to gain greater market share and greater strength toward the customers.

There’s simply too much capacity and obviously at these current rates, it's not a sustainable business; it cannot continue on a long-term basis but it is a function of the market.”

(from: lloydsloadinglist.com, March 11th 2016)

LAW & REGULATION

RED TAPE TYING UP PREPARATIONS TO COMPLY WITH NEW CONTAINER WEIGHT VERIFICATION RULES

There are just over 100 days before the IMO's SOLAS amendment requiring that the verified gross mass (VGM) of a container must be signed-off before it is loaded on board a vessel, but applications by UK companies to become accredited "weighers" are apparently not being acknowledged.

Robert Keen, director general of the British International Freight Association (BIFA), has written to the chief executive of the Maritime and Coastguard Agency (MCA), Sir Alan Massey, expressing the trade association's concern.

Under the SOLAS Chapter V1 regulations two methods of determining the VGM are allowed: method 1, weigh the loaded container; or method 2, weigh the cargo and other contents and add the tare weight of the container

However, the regulations stipulate that for the latter method, approval must be gained from the relevant national or other competent authority in the country where the container is packed.

The letter said that a number of BIFA members have reported that applications made before the end of last year to become an approved method 2 weigher have not even been acknowledged by the MCA.

"And despite several telephone calls, MCA staff are not able to indicate when approval will be granted, or if the MCA has the capability of physically processing the applications," Mr Keen wrote.

According to the letter, the MCA had, on several occasions, advised that updated guidance and information would be issued shortly, including an announcement in the press, but "to date this guidance has not materialised".

Mr Keen added: “Our members are becoming increasingly concerned at both the lack of information and progress in processing their applications.”

He wrote that BIFA had also been contacted by the Freight Transport Association (FTA) which shares these concerns.

“The lack of any announcements is of particular concern so close to the 1 July deadline for implementing this regulation,” Mr Keen continued.

“BIFA members look to the regulator to provide clear guidance on this matter and a certainty that they will be able to apply and be approved under method 2.”

The letter complained that another significant problem was that the lack of clarity “fuels the rumour mill that the UK will not implement the IMO regulation”.

“It is essential that the MCA starts processing applications to become an ‘approved weigher’ as soon as possible to provide the confidence that industry needs,” Mr Keen said.

The confusion would appear to be further compounded by the uncertainty surrounding Keith Bradley, the MCA’s hazardous cargo advisor, who has been in charge of the project for the MCA and is rumoured to be departing the organisation at the end of April.

“This impacts on both the specific issue relating to container weight verification and the wider subject of dangerous goods.

Any information regarding Keith’s replacement would be much appreciated,” Mr Keen wrote.

(from: theloadstar.co.uk, March 14th 2016)

US GOES ITS OWN WAY ON WEIGHING

While the Coast Guard maintains the US will be compliant with the SOLAS amendment on container weighing, US shippers are interpreting guidance from US Coast Guard Rear Admiral Paul Thomas as confirmation they can continue with existing practice to declare the weight of their goods rather than weigh containers.

Following to the fallout over his comments at the Trans Pacific Maritime conference in Long Beach this month, Rear Admiral's Thomas issued further guidance on the SOLAS amendment that requires containers to have a Verified Gross Mass before they are loaded on a vessel from 1 July.

The US Coast Guard (USCG) has since confirmed that SOLAS is binding on US shippers, but stated that how shippers work with carriers to obtain and report a VGM is a commercial matter for those parties to determine.

Some US shippers, including the US Agriculture Transport Coalition (ATC), have made it known it is not practical for them to supply, and be responsible for anything other than the weight of the cargo, as they do today.

The Coast Guard appears to be facilitating this approach, and the ATC last month told its members it "received confirmation" from USCG that shippers can continue to verify the weight of the goods they own, while lines remain responsible for the weight of the container.

On March 14 some 49 groups and associations representing US primary producers, manufacturers, importers and shipper groups wrote to Coast Guard Commandant Paul Zukunft saying they support its "interpretation" of the SOLAS amendment, as presented by Rear Admiral Tomas in his blog.

"Specifically, we support the Admiral's view that if the shipper provides the cargo mass weight, to which the carrier adds the weight of the container, then the intent of SOLAS is achieved.

In fact, several ocean carrier executives have advised that such a process would be practical."

Some carriers, however, have rightly pointed out that this does not meet the SOLAS requirement, as the letter then notes: "The reason for our concern, and appreciation of Admiral Thomas' guidance, is that some ocean carriers, citing this SOLAS amendment, are demanding that the shipper certify both the cargo and the carrier's container.

This is contrary to the practical realities of our US export maritime commerce and fundamentally flawed conceptually (it would be similar to demanding that a soybean shipper certify to the railroad the weight of the railcar itself.)"

The groups maintain that they "fully understand our responsibility to accurately disclose the weights of cargo tendered to the ocean carriers.

In fact, advance submission of accurate gross cargo weight is a well-established practice mandated by US Customs and Border Protection, by numerous intermodal (trucking and rail) weight requirements, and presently found in Shipper's Instructions to carriers to meet so-called "no doc, no load" cargo cutoffs for entry into marine terminals.

In addition, an Occupational Safety and Health Administration (OSHA) Rule, in place since 1983, assures that the accurate weight of combined cargo and container be known to the carrier prior to loading."

Despite SOLAS, the shipper groups do not see a need to weigh individual containers and suggest other solutions can be found: "for instance, shippers are willing to provide to their carriers an annual written confirmation in the service contract (or other mutually-agreed document) that our cargo weights are accurate".

One of the major concerns is liability, in particular the requirement that someone now sign a VGM document.

Shippers say carrier demands for this "are being rejected.

Many US Corporations will not allow their employee to certify the weight of and assume liability for equipment that the corporation does not own, manage, control and in fact may not even see."

The Coast Guard, for its part, does not appear to be pushing the issue of current practice not meeting the new SOLAS requirements.

In his testimony at the US House Committee on Transport and Infrastructure's hearing for the Coast Guard's 2017 Budget request Admiral Paul F. Zukunft, Commandant, USG made the following statement: "Foreign carriers are pretty much all in compliance today.

When I was at the container terminal in Long Beach a month and half ago all the containers than come on to that yard are already weighed before they go in.

So I am not seeing a sky is falling panacea playing out around us, but we need to make sure that there aren't unintended consequences.

That is why we are continuing to reach out with the many exporters…that container shows up on a manifest before it is loaded on a ship.

What is needed is that final weight, but by and large most of these manifests already have that weight filled in in that column."

The US, it appears, intends to continue to follow current practice where the shipper provides a declared weight of the cargo, leaving it to the carrier to determine the final weight of the container.

(from: worldcargonews.com, March 21st 2016)

STUDIES & RESEARCH

MORE CARRIERS AVOIDING SUEZ, SAYS SEAINTEL

More Asia-NAEC and Asia-North Europe carriers are opting to sail around the Cape in order to avoid Suez Canal fees, says the Danish maritime consultancy.

In a previous Sunday Spotlight, SeaIntel showed that since the end of October 2015, 115 vessels deployed on Asia-USEC and Asia-North Europe services made the backhaul trip to Asia by sailing south of Africa instead of through the Suez and Panama Canals, their routing on the head-haul.

Of the 115 voyages, three were vessels on Asia-North Europe, while the rest were deployed on Asia-USEC.

In its latest Sunday Spotlight, SeaIntel has analysed the possibility of carriers switching their head-haul routing to south of Africa in order to avoid the Suez Canal fee.

The vessels currently using the route south of Africa on the backhaul have mostly used this option without increasing transit time or dropping intermediate calls (eg in the Mediterranean or Middle East), but have simply sped up vessels on the leg that would otherwise have gone through the Suez Canal.

CEO and Partner in SeaIntel, Alan Murphy, explained: "This is not an option on the headhaul, as all services currently sail so fast on the canal leg that roughly extra 3,100 n/m cannot be incorporated without increasing the transit time between Asia and North Europe, as most ultra large vessels cannot sail faster than 21-22 knots.

We therefore examined the economic viability of the south of Africa routing if 3.5 or 7 days were added to the head haul transit time."

The extra 3.5 days scenario implies that 3.5 days have also been added to the backhaul transit time, making it even more likely that the backhaul voyage will also be switched to south of Africa.

The 3.5 and 7 days scenarios require that the carriers deploy an extra vessel per service in order to keep weekly intervals.

Charter prices vary quite a bit, and no efficient market currently exists for vessels above 10,000 TEU, but brokers contacted by SeaIntel normally assume that a vessel costs roughly US$3.5/nominal TEU per day; this covers the building costs, OPEX and the necessary return on invested capital.

Thus a 13,000 TEU vessel roughly costs US$45,500 per day.

"[Our] analysis shows that 12 of the 19 dedicated Asia-North Europe services could sail south of Africa on the headhaul if 3.5 days was added to the transit time," said SeaIntel.

"The potential savings vary from service to service, ranging from US$7.3M to US$19.4M on an annualised basis, compared to the current routing through the Suez Canal.

If seven days were added to the transit time on the head-haul all 19 Asia-North Europe services would be able to make the routing south of Africa.

On average the carriers would save around US$17.2M per year per service.

Combined, the cash-strapped carriers could save US$275M per year.

SeaIntel also noted that an added benefit would be that both scenarios would soak up 19 ULCS, equalling roughly 270,000 TEU.

Such a move would be greatly beneficial for the carriers, as it would go a long way towards restoring the supply/demand balance in the market."

(from: worldcargonews.com, March 14th 2016)

REEFER

THE COLD CHAIN MARKET HEATS UP

An efficient global cold chain is more crucial than ever, because despite sluggish freight market conditions, the chill part of the equation is experiencing explosive growth.

As the world population continues to increase, more and more people depend on access to temperature-controlled food and pharmaceutical products.

A recent Zion Research report, "Cold Chain Market for Fruits & Vegetables, Bakery & Confectionery, Dairy & Frozen Desserts, Meat, Fish & Seafood, and Other End-users: Global Industry Perspective, Comprehensive Analysis, Size, Share, Growth, Segment, Trends and Forecast, 2014–2020" estimates that the global cold chain market was worth $110.2 billion in 2014 and forecast it will post a compound annual growth rate (CAGR) of 13.9 percent between 2015 and 2020.

This will bring the market value to about $271.9 billion in 2020.

In terms of volume, the report said the global cold chain market stood at 552.09 million cubic meters in 2014.

The cold chain, a temperature-controlled supply chain that involves the storage and transportation of temperature-sensitive perishable goods, offers a series of storage and distribution options to maintain cargo at desired temperatures as it makes its way to market.

The cold chain helps to preserve and extend the shelf life of various products, including sea food, agricultural produce, frozen food, pharmaceuticals, and related products.

Food and pharmaceuticals are the major end-user industries of cold chain services, and rapid growth in the frozen food market is also expected to drive demand.

This market is faced with the increasing need for efficient storage systems for perishable goods in order to avoid wastage of food and pharma products.

Meat, fish and seafood dominated the global cold chain market, claiming a 45 percent share of the total market in 2014.

Meat, fish and seafood needs cold chain storage to avoid wastage as these products are extremely perishable.

Growing import-export of meat, fish and seafood is expected to fuel growth of cold chains.

Dairy and frozen desserts and fruits and vegetables are other important end-user segments of the cold chain industry having significant market share.

North America dominated the cold chain with approximately a 40 percent share of the global market in 2014, followed by Europe and Asia Pacific.

The Asia Pacific region is expected to witness fastest CAGR, due to rising disposable income, growth in food retail market, and rapidly growing demand for frozen food in the region.

According to a Food Processing Technology and Processing online report, with a properly functioning cold chain, perishable food loss could be brought down to about 2 percent.

The International Institute of Refrigeration has estimated that 23 percent of food loss and waste in developing countries is due to the lack of a cold chain.

Prevention of waste is a continuing challenge for the global cold chain market.

This issue was explored in December at the Carrier/United Technologies World Cold Chain Summit to Reduce Food Waste.

"Only 10 percent of worldwide perishable foods are refrigerated today, so there is immense opportunity to cut food waste and the resulting greenhouse gas emissions by implementing or improving the cold chain," said David Appel, president, Carrier Transicold and Refrigeration Systems.

"One-third or more of the food we produce each year is never eaten, yet more than 50 percent of the wasted food can have its shelf life extended by the cold chain," he noted.

Meanwhile carriers are continuing to invest in the refrigerated sector.

Maersk Line, which has the largest containerized reefer fleet and 20 percent of the global market, purchased 30,000 reefers in 2015.

Meanwhile reefer rates — along with the rest of the container industry — are challenged by historically low levels.

The rise in refrigerated cargo shipments is good news for major container ports, including the Port of Charleston.

Jim Newsome, president and CEO of South Carolina Ports Authority said in a recent Journal of Commerce interview that the transition from specialized carriers to containers "has been ongoing for several years.

The major container carriers have invested heavily in refrigerated container infrastructure and shipboard plugs to accommodate regularly scheduled refrigerated cargo trade, and it is hard to ignore the benefit of weekly sailings in the refrigerated cold chain."

Meanwhile, the expanded Panama Canal could be a boon to reefer shippers, because more carriers envision using the Canal/Caribbean region as a regional transshipment and logistics hub.

Research last year by CH Robinson and Boston Consulting Group on the trade impacts of the canal expansion found that as much as 10 percent of container traffic to the U.S. from East Asia could shift from West Coast to East Coast ports by 2020.

According to Drewry, Panama transshipment activity could jump by double digits following the Canal expansion, with annual growth of 5 percent after the expansion.

One of the top trends impacting the cold chain starts with the obvious — cold chains are becoming more global.

"Food is traveling around the world as more manufacturers manage their supply chains globally," said Doug Harrison, president and CEO of VersaCold, in a recent Inbound Logistics report.

"Demand for fresh food is growing, and that requires increased innovation to overcome capacity and infrastructure constraints, and mitigate disruption risks to ensure quality delivery," said Tim Smith, executive vice president, sales and business development for Lineage Logistics, a cold chain 3PL based in Colton, CA.

Other trends dominating the cold chain scene include:

- An increasing focus on quality and product sensitivity as more premium products come into the market with a shorter shelf life and greater sensitivity to temperature;

- Increasing regulation due to government mandates covering safety and quality issue for both food and pharma supply chains.

The cold chain is also experiencing mode-shifting as fuel price fluctuations and globalization encourage some cold chain operators to change modes from truckload to intermodal, or from air to ocean.

While air remains the main choice for pharma transport (it's fast but expensive), some shippers have shifted to container carriers as the ability to manage and track locations and temperatures in containers has improved.

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ON THE CALENDAR

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.