Newsletter

April 15th 2016

Link road, rail, sea!

Council Of Intermodal Shipping Consultants

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PORTS AND TERMINALS

APM TERMINALS' TANGIER INVESTMENT COULD TURN THE STRAITS OF GIBRALTAR INTO A NEW GLOBAL LOGISTICS HUB

APM Terminals has earmarked another €750m investment in the western Mediterranean after signing a 30-year concession with Tanger Med Special Agency (TMSA) to develop a 5m teu capacity terminal at the Moroccan port of Tangier, in what may prove to be one of its boldest investments in recent years.

In a statement yesterday, the terminal operator said that the facility will begin operations in 2019, most likely with Maersk Line as its anchor client – its sister company was specifically named as "an important customer".

The deal represents a growing concentration of transhipment activity at either end of the Mediterranean basin, leaving centrally located transhipment hubs such as Gioia Tauro and Malta exposed – and will add to AMPT's existing facilities at Tangier and Algeciras in Spain, located a few miles north across the straits of Gibraltar, which handled 1.7m teu and 3.5m teu last year respectively.

Clearly, the western entrance of the Mediterranean, located at the crossroads of three east-west trades – Asia-Europe, the southern transatlantic and Asia-US east coast services that transit Suez – and two north-south trades – Europe-Africa and Europe-Latin America – has the potential to develop into one of the great global transhipment hubs, straddling continents and national boundaries.

"The location of the Tangier and Algeciras facilities provides a natural transhipment location for cargoes moving on vessels to and from Africa, from Europe and the Far East on the primary east-west shipping route through the Mediterranean Sea; over 200 cargo vessels pass through the Strait of Gibraltar daily on major liner services linking Asia, Europe, the Americas and Africa.

While African ports at present account for only 4.5% of global port throughput (including transhipment cargoes), the United Nations 2015 World Population Prospects Report projects that more than half of the world's population growth between 2015 and 2050 will occur in Africa, with the African population more than doubling from 1.1bn to 2.4bn over the next three and a half decades," the company said yesterday.

Similarly, the development will see the deployment of much of the cutting-edge container handling technology that APMT has employed in Rotterdam.

Interest in the location is not limited to Maersk/APMT of course.

The Loadstar learned recently from a senior figure in finance that access to the port, and a financial stake in it, was the principal reason behind CMA CGM's 2007 acquisition of Moroccan state-owned shipping company Comanav.

The really interesting question is what added-value can be brought to bear on container supply chains further down the line?

Will APMT look to offer trans-Gibraltar Straits connections between its two ports?

What's the potential for the adjacent free trade zone – modelled on Jebel Ali – to offer a menu of logistics of additional manufacturing services?

And what opportunities will it offer Moroccan industries, which have already carved out a niche in the apparel production for fast fashion lines?

(from: theloadstar.co.uk, April 1st 2016)

MARITIME TRANSPORT

HAPAG-LLOYD CEO OPTIMISTIC ABOUT FREIGHT RATES

The CEO of shipping line Hapag-Lloyd has said that the company expects to see a moderate recovery on freight rates in the upcoming two quarters of 2016.

The company, which recorded in 2015 its first net annual profit since 2010 following cost-cutting measures and its merger with the container business of Chilean shipping company Compañía Sud Americana de Vapores (CSAV), expects however that freight rates will still be moderately decreasing in 2016.

The CEO Rolf Habben Jansen explained during a conference call presenting the company's 2015 results: "We do expect that the freight rates for 2016 will be below the ones that we have seen on average in 2015.

That however does not mean that we expect it to stay at the level which is in the first quarter, which is below the average."

He explained that the business expects therefore to see a recovery in freight rates, although not a "massive one", throughout 2016, adding that although the market is tough, there are some encouraging signs for the industry.

"We have seen that on the two most problematic trades in 2015, being Asia-Europe and Asia-Latin America, capacity measures have been taken that should have an effect," he added.

Habben Jansen said that this is probably the first time he is reasonably optimistic about the various factors being in place for freight rates.

He added: "We were not very bullish but rather bearish on freight rates, because we felt that after everybody got too optimistic with falling oil prices, and as such everybody started deploying too many ships, it would take time before people would realise that the way that rates are going to tumble is going to hurt our bottom line.”

Hapag-Lloyd reported that its average freight rate went down by 14% from 1,427 US$/teu in 2014 to 1,225 US$/teu last year.

The shipping line recorded a €114m (US$127) profit last year, compared to a €604m (US$675m) loss recorded in 2014.

Hapag-Lloyd’s transport volume increased by 25% year-on-year from 5.9m teu in 2014 to 7.4m teu last year, with revenue going up by to €8.8bn (US$9.8bn) in 2015 from €6.8bn (US$7.6bn) in the previous year.

The company explained in a statement that the increases in volume and revenue were primarily attributable to the acquisition of CSAV’s container activities.

Habben Jansen said in a statement that the 2015 results were in line with the company expectations, adding that the shipping line “is back among the top performers in the industry”.

“We have worked hard for this success by quickly integrating CSAV’s container business and by exploiting the synergies, as well as with the OCTAVE cost-cutting and efficiency programme, which will make a total earnings contribution of in total US$600m from 2016,” he added.

“More than 70% of the expected result improvements have been realized in 2015 already.

On the back of this success, we already launched OCTAVE 2 towards the end of 2015.”

The company said in a statement that its development so far in 2016 is line with expectations, adding that this year it will continue to work on its competitiveness.

Habben Jansen added: “We believe that the ongoing consolidation and the upcoming new alliance set-up should add stability to the market, and that there will be some recovery of the market.”

(from: container-mag.com, March 29th 2016)

RAIL TRANSPORT

TRANSCONTAINER FEELS THE PINCH

The Russian intermodal company's results reflect the deterioration in the Russian economy in 2015.

Transcontainer has reported a 5.3% fall in its rail intermodal transportation volumes in 2015 to 1.39M TEU of loaded and empty containers.

There was a 0.8% increase in transport on internal routes to 0.771M TEU and a 2.5% increase in import moves (to 0.220M TEU).

These were offset by falls of 15.2% in export moves (to 0.314M TEU) and of 27.5% in transit moves to 0.085M TEU.

The company's rail container terminal network in Russia (46 stations plus one on long-term lease in Slovakia) handled 1.219m TEU in 2015 (- 7.6%).

In Kazakhstan, container handling by KDTS, the joint venture of Transcontainer and Kazakh Railways (KZ), handled 0.150M TEU at the cross-border terminals of Dostyk and Altynkol (- 27.6%).

Volumes at KDTS's 19 internal terminals fell by 32.7% to 0.028M TEU.

Non-container throughput at KDTS's terminals declined by 15.6% to 2.9 Mt.

Transcontainer says its share of the Russian rail container transportation market was around 47% in 2015.

The company says that the overall Russian container transportation market declined by 8% to 2.959M TEU in 2015.

The decrease in transportation was mainly due to a 14.9% fall in international transportation, while domestic volumes remained flat.

Russia's GDP contracted by 3.7% in 2015 and the Rouble devalued by around 60% against the US Dollar over the course of the year.

Transcontainer's adjusted revenue decreased by 1.1% to RUB20.33B.

Adjusted costs were up by 3.9% to RUB17.848B, due to increases in Russian Railways (RZD) tariffs, cost inflation and the increase in EC shipments.

Transcontainer, which is listed on the Moscow and London stock exchanges, is owned 50% + 2 shares by United Transportation and Logistics Company (UTLC), the joint venture of the national railways of the three Customs Union countries, Russia, Belarus and Kazakhstan.

Within UTLC, RZD is the biggest shareholder, followed by KZ.

(from: worldcargonews.com, March 30th 2016)

ROAD TRANSPORT

PLATOONING TRUCKS - SUCCESSFUL DUTCH TRIAL

NXP and DAF trucks have successfully demonstrated self-driving technologies in automated trucks.

The demonstration had two trucks, both manned, driving in columns (platooning) on public roads from several European cities to the Netherlands.

The challenge is designed to bring autonomous platooning one step closer to implementation by showcasing economic, traffic management and safety advantages.

It also addresses the need for legislation and standardisation of Intelligent Transportation Systems (ITS) across Europe, as current rules and regulations regarding speed and distance vary between countries.

The European Truck Platooning Challenge, organized by the Dutch Ministry of Transport and the Environment, leverages secure V2V ("Roadlink") and radar technology from NXP Semiconductors NV.

The demonstration is the fruit of the EcoTwin consortium, formed by NXP, DAF, TNO and Ricardo "Roadlink" uses the wireless communications standard IEEE 802.11p combined with NXP radar technology so the trucks within the platoon securely exchange information in real time and automatically brake and accelerate in response to the lead truck.

The high speed of communication and responsiveness of NXP RoadLINK technology allows extremely tight distances and truly synchronous driving between the platooning DAF Trucks: to demonstrate autonomous acceleration and braking, the planned distance between the vehicles is slated for 0.5 seconds – which, when traveling at 80 kph (50 mph), translates to a distance of only 10m (30 ft).

The responsiveness of the trailing truck within the platoon is estimated at 25 times faster than the average human reaction time of one second - saving critical time in case of emergency braking.

The RoadLINK communication system designed by NXP is built into the mirrors of the DAF Trucks participating in the platoon.

The redundant NXP V2V system design with four secure channels ensures extremely reliable communication.

In addition to providing the platooning commands, it provides real time video and bi-directional audio communication between the two vehicles.

The audio allows the drivers to talk to each other without relying on other communication channels, such as cellular networks.

Furthermore, the V2V powered camera in the lead truck streams what it “sees” to the driver in the trailing truck, providing a clear look at the road ahead.

"It goes without saying that there is still a lot of continued development required before we can introduce platooning as a new technology on the market," says Ron Borsboom, member of DAF Trucks' Board of Management and responsible for product development.

"This is definitely not a process that will be complete before 2020.

There is still a great deal that has to be sorted out in terms of legislation, liability and acceptance.

In conjunction with NXP, TNO, and Ricardo, we will be demonstrating during the European Truck Platooning Challenge that truck platooning is technically possible.

This demonstration should pave the way for truck manufacturers to be allowed to carry out further testing of the technology on public roads in order to acquire even more experience.

It is now up to politicians to make this possible."

(from: worldcargonews.com, April 6th 2016)

INTERMODAL TRANSPORT

CALAIS - PYRENEES ROLLING ROAD SERVICE LAUNCHED

SNCF Logistics rolling road subsidiary Viia launched its Viia Britanica service for unaccompanied lorry semi-trailers on March 29, with the first train departing from the port of Calais at 02.00 and arriving at Le Boulou near Perpignan close to the French-Spanish border just 22 hours later.

The longest rail motorway in Europe

As the longest rail motorway in Europe (avoiding 1,200 km of roads), VIIA Britanica allows road hauliers to cross France in only 22 hours.

Trains on the VIIA Britanica rail motorway carry unaccompanied semi-trailers from the port of Calais to Le Boulou six days a week.

Initially, there will be one round trip per day, eventually increasing to two round trips per day.

Each train is 680 metres long and is made up of 20 cars, with enough capacity for 40 semi-trailers.

This service is operated by VIIA, a subsidiary of SNCF Logistics, and it will shift 40,000 semi-trailers a year from the roads to the rails over the next five years.

This will save 50,000 tonnes of CO2 per year, equivalent to eliminating 50 million lorry road kilometres per year.

An integrated ferry service from the United Kingdom ("RoRo rail")

The rail motorway terminal in Calais is the first such terminal in a port.

It is a tri-modal hub uniting rail, sea, and road transport for unaccompanied semi-trailers moving between Spain and the United Kingdom, or onward to northern France and Belgium.

This strategic location gives transporters the benefit of integrated sea-rail service between Dover and Le Boulou.

Semi-trailers that arrive by train to the port of Calais can remain unaccompanied as they are loaded onto ferries to cross the English Channel.

To date, an initial agreement has been signed between VIIA and P&O Ferries, a maritime transport company that is seeking to develop its unaccompanied semi-trailer transportation activity.

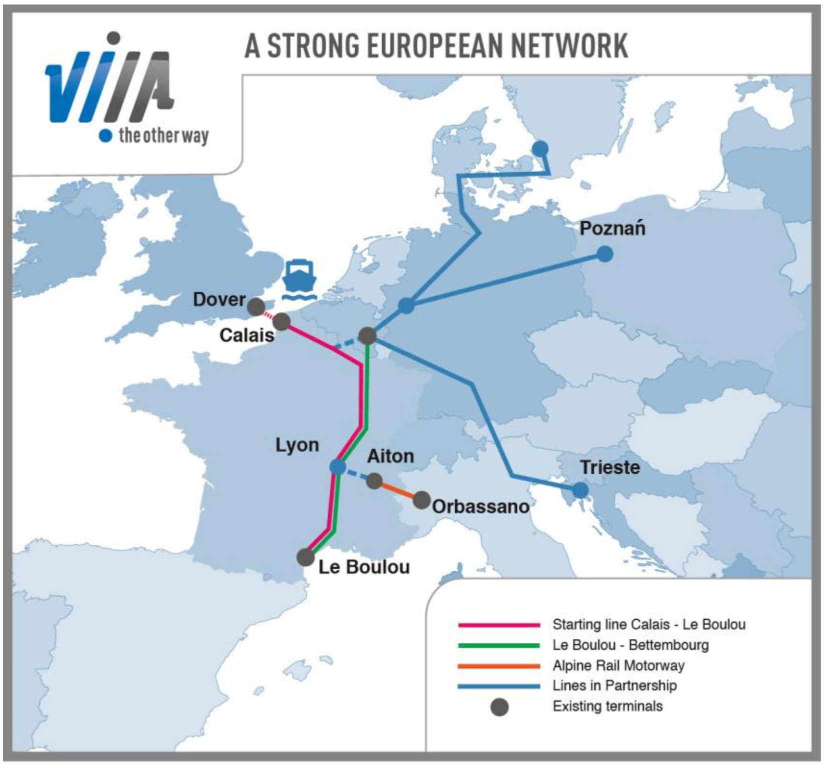
Today, P&O Ferries offers up to 58 crossings per day between the ports of Calais and Dover.

This is the first ever multi-modal goods transport corridor between the United Kingdom and the France-Spain border.

The Boulogne Calais Port is currently France's 4th largest cargo port, and these new cutting-edge facilities (which required €7 million in investments) will only make the port more attractive and lay the groundwork for the growth expected to follow the "Calais Port 2015" project, which will double capacity.

Increased security around this new service

In order to ensure that the service runs under optimal security conditions, safety measures have been increased, especially around the port of Calais.



These measures go beyond the normal inspections carried out at the Boulogne Calais Port, which are the same as the inspections that lorries undergo before loading when they arrive by road.

Thierry Le Guilloux, VIIA President, declared: "This new service will reinforce the rail motorway network, allowing us to offer our road haulier clients ever more efficiency and competitiveness. We are already working on new connections to link Calais to other European terminals soon."

Jean-Marc Puissesseau, President and CEO of the Boulogne Calais Port, declared: "We are celebrating the opening of the VIIA Britanica rail motorway, and we are proud to be the first European port that has such innovative infrastructure.

Beyond our commitment to make our port eco-responsible and to involve ourselves fully in promoting sustainable development, this facility will benefit the local community by creating new handling activities in the port, thereby creating new jobs."

(from: railjournal.com/viia.com, March 30th 2016)

LOGISTICS

FORWARDERS CONFIDENT LONG TERM DESPITE MULTIPLE CHALLENGES

Senior logistics decision makers remain confident about the role freight forwarding and logistics providers will play over the next five years despite multiple challenges including margin erosion, a competitive threat from emerging technology-driven market entrants, and changing demands from customers.

According to the 'Future of Freight' survey and report published this week by freight automation specialist Freightos, more than 80% of senior logistics decision makers believe that freight forwarders will play a similar or expanded role in five years' time, with 63% believing this role will expand while 18% believe they will hold their existing market share.

By contrast, only 2% are concerned that commoditization will result in their service offering contracting to little more than NVOCC and customs brokerage services, rather than the more comprehensive value-added services currently offered by most third-party logistics (3PL) providers.

But around 12% of the 90 respondents – most of which work for top 100 3PL companies and whose combined logistics services revenues exceed $210 billion annually – believe that the current role of freight forwarders will be hurt by an increase in carrier-shipper direct sales.

This latter concern is linked to the entry of players who are not traditional logistics service providers, as well as to an expanded online sales role taken by carriers.

While forwarders currently manage most air cargo freight movements, ocean carriers have traditionally sold the majority of their capacity directly to shippers, although that share has been steadily declining and is currently about 60%.

But many believe the rise of online sales may enable both air and ocean carriers to significantly increase direct to shipper sales.

The report notes that in 2015, Delta Air Lines commenced online cargo quoting and booking, while other airlines such as China Southern and Qatar Airways began to offer direct e-commerce freight pricing.

The survey found that most senior freight decision makers (73%) anticipate that direct online carrier sales to shippers will continue or increase, further eating into their market share.

In fact, half believe that this online sales trend will expand from air to ocean carriers as well, as shippers seek to save time, effort and costs.

In terms of the role of large technology companies within logistics, 89% of respondents expect Amazon will make a significant move into the logistics space, while 37% believe Uber will and 12% expect Google to make a significant move into logistics.

But the survey said that the general optimism among appeared to be based on a confidence that they can overcome the current problems and challenges, as well as a pretty clear idea on what lies ahead.

The survey found that senior decision makers are confident that eroding margins are controllable.

When asked to select the three most practical method for forwarders to combat yield dilution, a resounding 86% chose technology.

After technology, 63% said that new service offerings will help forwarders navigate the future.

The only other popular preferred option for combating margin erosion was through growth, either by organic growth or through mergers and acquisitions (M&As).

Interestingly, while the focus in 2015 was very much on M&As, only 50% of senior freight professionals see it as the ideal way to improve their industry position, the report noted.

Commenting on the findings, Freightos said: "In a notoriously conservative industry, opting for proven value-added services over technology would have been the safe option.

However, the predominance of selecting technology indicates a changing tide within the industry.

“It’s easy to understand, though, why new service offerings is a preferred method combat yield dilution.

Profit margins in air, trucking and ocean are diminishing, while additional services, such as contract logistics, are perceived to be far more profitable.”

You can access the full report free via this link:
https://www.freightos.com/download-the-future-of-freight-in-2020-study/

(from: lloydsloadinglist.com, April 8th 2016)

LAW & REGULATION

LA/LONG BEACH DRAW A LINE ON WEIGHING

Though they likely have more weighbridges than any other port complex in the world, terminal operators in Los Angeles and Long Beach say they are "incapable" of providing Verified Gross Mass services that meet the new SOLAS requirements.

On 1 April The West Coast Marine Terminal Operators Agreement (WCMTOA) issued a statement that "all 13 member terminals are incapable of providing verified gross mass (VGM) weighing services that adhere to the SOLAS guidelines scheduled to go into effect on July 1".

The members are the 13 container terminal operating companies at the ports of Los Angeles and Long Beach.

The WCMTOA said "The collective announcement by the member terminals was based on the lack of terminal infrastructure necessary to obtain VGMs using the methods specified within the guideline amendments.

Individual member terminals will establish and communicate their own policies for handling VGM procedures at their terminals".

The announcement is something of a surprise as there is actually a lot of weighing equipment in the terminals.

Trapac in particular, has the twistlock weighing system from Bromma on its automated stacking cranes - though these cover only part of its yard area.

At other facilities, there are an army of weighbridges - or scale lanes as they are known in the US.

To give just a few examples, SSA Marine has 13 scale lanes at Pier A in Long Beach, Eagle Marine has 10 scale lanes at Pier 300 in LA, and West Basin Container Terminal in LA recently completed installation of a "weigh in-motion" system from Intercomp in every one of its pedestal lanes.

Weighbridges, however, weigh the container, truck and trailer, and two two 20ft containers on one trailer are weighed together.

While terminal operators in other countries are working on methods to deduct the weight of the truck and trailer including having the truck drive back through a weighbridge empty, or requiring the tare weight to be given as part of a booking, the San Pedro terminal operators have signalled they do not want to go down this route.

The Ports of Los Angeles and Long Beach are already under pressure from residents, the trucking community and politicians to minimise truck waiting times and road congestion.

They have good reason not to want to add another complication to the gate process.

Weighing containers also creates an opportunity for new roles for ILWU Clerks, which is a door the Pacific Maritime Association does not want to open.

The US appears to be moving in the direction of having the VGM submitted through existing processes between the shipper and the carrier.

The Ocean Carrier Equipment Management Association (OCEMA) recently issued a " Recommended Best Practice for the Acceptance and Transmission of Verified Gross Mass" that outlined how it considers shippers should send VGM data to the Ocean Carrier.

OCEMA's recommendation is for the shipper to obtain and send a VGM to the Ocean Carrier, who then forwards it to the terminal and/or the vessel operator.

As far as when the VGM should be received, OCEMA states "As a general practice, when the receiving cutoff time is determined to be at the close of the business day, VGM Cutoff will be at noon of that day.

Regardless of the receiving cutoff time, Carrier will advise the Shipper of VGM Cutoff at time of booking".

Carriers will determine deadlines for VGM's submitted by alternative means, but these will "typically be earlier than for electronic submissions to allow time for processing".

An important point in this regard is that shippers already have to send a lot of information to a carrier before a container can be loaded under the current "No Docs/No Load" policy.

OCEMA's thinking is that the VGM requirement will leverage this precedent, and be consistent with existing contractual relationships.

(from: worldcargonews.com, April 5th 2016)

PROGRESS & TECHNOLOGY

NEW CONTAINER FEEDER DESIGN REVEALED

Danish naval architect company Knud E. Hansen has recently been developing a number of pioneering container feeder vessel designs.

The first in the series of three designs relates to a 2000 TEU vessel that was conceived to specialise in calling at small, narrow, up-river ports, for example the Port of Bangkok, Thailand.

Navigating such harbours requires a vessel to have a shallow draught – in the case of Bangkok, not more than 8.2 metres.

Jesper Kanstrup, Senior Naval Architect at Knud E. Hansen, said: "The dual arrangement makes up for the relative small diameter of the propellers.

The total propeller disk area of the two propellers corresponds to the area of a single propeller with a diameter of approximately 7.4 metres and further, the counter-rotating propeller will recover some of the swirl energy produced by the main propeller, which increases the overall efficiency."

A second design includes a vessel which does not require such a shallow draught and which will have a 3,800 TEU capacity.

With draught not being a primary consideration, this design sees the feeder vessel fitted out with a larger diameter, slower-turning propeller.

Unlike most feeder vessels, the deckhouse of this vessel is positioned slightly forward of amidships to maximise the number of container slots on deck considering the IMO requirements to the line of vision from the bridge.

The added number of slots can be utilised in real-life loading conditions because the vessel is wider and has a higher stability than most feeder vessels of this size.

Kanstrup continues: "This prepares the vessel for LNG and dual-fuel propulsion – attributes that are becoming increasingly sought after.

Here, we have a square block below the deckhouse, in which we can either have HFO tanks or LNG tanks.

What's more, the vessel can be built with HFO tanks and easily retrofitted for LNG the day the infrastructure for LNG is sufficiently developed if a dual-fuel engine is installed in the first place."

The design is being developed in consultation with DNVGL with the aim to achieve an Approval in Principle, which Mr Kanstrup says will help make the design easier to market.

The third arrangement sees the application of a hull shape suited for carriage of both partial and full container loads.

The problem arises due to the differing ways in which a vessel behaves based upon its load.

A large container vessel, when carrying few containers, offers shallow draught, but has so much stability that accelerations are too high, causing problems for the lashing gear and the crew.

Mr Kanstrup said: "In this situation, you don't want anything more than sufficient stability and so a narrow hull is preferable.

The problem being that, when you come to carrying a full load you require a wider water line for additional stability.

So the ideal hull would have inclined hull sides with narrow water lines at shallow draught and wider water lines at deeper draughts, which, however, is not the most practical design considering the vertical quays in ports."

The solution proposed by Knud E. Hansen is that instead of a conventional hull you take a hull with inclined sides, but mirror the triangular sections in each side to create a trimaran or in better words a "stabilised mono-hull" with a narrow main hull with vertical sides and outrigger hulls with a triangular cross section, but vertical sides towards the quay.

"We were looking for something that answers the slow steaming problem.

With the advent of slow steaming, for certain goods, air freight has become a more popular choice as the cargo arrives faster".

Kanstrup concluded: “And moving goods from sea transport to air freight does not have a positive effect on the CO_2 emission.

With a design such as this we have a vessel that could bridge the gap between slow steaming container ships and air freight.”

(from: porttechnology.org, April 5th 2016)

STUDIES & RESEARCH

DREWRY: CONSOLIDATION IN THE LINER INDUSTRY

Container shipping remains remarkably fragmented, with the top five operators accounting for less than half the global market.

This presents considerable opportunity for further consolidation.

Until recently, the industry had experienced a 10-year lull of M&A activity following a flurry of takeovers in the early 2000s.

Yet in the past 12 months four major deals have taken place involving several major shipping lines which have led people to question whether this presages a new trend of further industry consolidation.

The financial pressure on industry players, and in particular on weaker carriers, is intensifying daily as rates plumb new depths.

Consolidation may be a route to survival for some, allowing lines to combine to create scale and to realise synergies.

As stronger carriers have shown, however, it is not the only route to scale.

Both Maersk and Hapag-Lloyd have used acquisition as an engine of growth, whereas MSC has relied entirely on organic growth and prior to its acquisition of APL, CMA-CGM had complemented organic growth with a number of small acquisitions.

The benefit to the industry as a whole is considerably greater if lines pursue growth through acquisition rather than continuing to build new and larger tonnage, which the industry does not need.

On the other hand, consolidation as a strategy for individual shipping lines entails considerable risk that the targeted benefits will not be achieved.

Much depends on how effectively the task of consolidating the two businesses is managed.

Drewry identifies several key learning points for any shipping line considering consolidation with another carrier:

- Consolidation between two container shipping lines should achieve cost savings, through delivering synergies and longer term strategic advantage;

- Consolidation yields greater benefit if the geographical footprint of the two companies is complementary, rather than resulting in additional volumes in the same trades;

- The main cost savings come from economies of scale benefits as well as opportunities for smarter operations with increased volumes – e.g. improved network utilisation and lower container and imbalance costs;

- While additional volumes can support employment of larger vessels, in many cases scale benefits in ship systems are already being achieved through Alliance membership;

- A key objective during any consolidation must be to retain the customers of the two lines – loss of volumes or market share can cancel out the cost benefits obtained;

- The challenge of merging two organisations with potentially different cultures and management styles should not be underestimated;

- There will be significant one-off costs associated with combining the two businesses;

- Planning and execution of mergers requires careful project management which can stretch resources – external expertise can alleviate this by providing additional skill sets;

- People are critical to the transformation process and without a fully committed team there is a risk of customer attrition and project delay. It is essential to motivate both those chosen to remain in the future business together with those who are only needed through the transition phase;

- Communication with all involved parties, including staff, customers, suppliers and partners, is vital throughout the process.

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

REEFER

CRITICAL FOR THE COLD CHAIN: SUSTAINABILITY AND TECHNOLOGY INVESTMENT

Dealing with the global cold chain requires shippers and logistics providers to adjust to constantly changing regulations, technological advances and increasing costs.

Regulation in the food and pharmaceutical industries is increasing due to globalization, putting strains on producers and transporters alike to ensure that products are legitimate and that end-to-end quality is maintained.

Preventive measures, compliance and harmonizing regulations are major issues for the food and pharma industries.

In the European Union, for instance, about 80 percent of pharmaceutical products require temperature-controlled transportation.

In anticipation of similar regulations in the U.S., many pharmaceutical manufacturers are adopting this approach.

In addition, the phase-in of rules stemming from the U.S. Food and Drug Administration's prevention-focused Food Safety Modernization Act, which passed in 2011, means companies must invest in real time methods to document each step in the food supply chain.

Products such as produce must be traceable to their point of origin.

In addition, recall systems must be reliable and efficient to comply with more stringent regulations.

Getting out ahead of regulations is a common theme across cold chain logistics — as manufacturers build more stringent practices into their requirements, 3PLs and other transport providers must respond to make sure they are properly credentialed and prepared.

"We are throwing much more rigor into how we select service providers," said Greig Jewell, director, Lean value stream, supply chain operations, Nestlé Canada, who was quoted in an Inbound Logistics report.

"We operate a supplier-facing supply chain now, involving not just our packaging and ingredients, but also our service providers such as VersaCold."

Driver shortages and capacity constraints continue to impact the cold chain.

The reasons: operating a refrigerated fleet requires significant capital investment, specially trained drivers, increased liability, and greater risks for frequent and strict inspections.

Cold chain carriers continue to invest heavily in on-board equipment that's built into refrigeration units to track temperature and location; manufactures invest in high-tech packaging that makes data available to 3PLs and shippers in real time.

Some shippers also use removable sensors to track the temperature of their cold cargo, usually for high-value goods and international shipments.

Temperature tracking can also be built into the packaging.

MillerCoors uses temperature-sensitive ink to show when products are at an optimal temperature.

Inks are also used on milk cartons to indicate when the temperature has fallen out of safe range.

Nestlé Canada uses GPS-enabled sensors for inbound ocean, rail, and truck freight.

The devices include real-time alarms for zone, route, intrusion, and temperature.

Then there's the sustainability equation.

Cold chain operators have to be on the look-out for ways to balance the energy-intensive requirements of perishable products with the desire to reduce resource consumption and impacts on the environment.

Options include the increased use of compressed natural gas and electric for vehicles.

All of these factors add up to what UPS calls "pain in the supply chain" for healthcare and pharma organizations.

UPS' most recent pain-in-the-chain survey — its eighth — says cost and cost management are among the most difficult cold chain issues facing those industries.

While the UPS survey focuses on the logistics end of the supply chain for health and pharma companies, the challenges it cites are also applicable to virtually all other areas of supply chain management across many industries.

Cost management remains a substantial and stubborn supply chain issue, according to UPS.

"Healthcare logistics decision makers report rapid business growth, fluctuations in fuel and raw materials costs, increasing regulations, and new market expansion as the biggest challenges to managing supply chain costs."

Contingency planning is another area in healthcare and life sciences that companies can find both difficult and risky to justify investing in, based on the limited and unpredictable impact of disruptions to the supply chain, UPS says.

The UPS survey compiled results from more than 400 healthcare logistics executives across 16 countries.

According to the survey, rapid business growth is a leading stumbling block in controlling costs for pharmaceutical supply chains, with 56 percent of respondents saying they struggled with it last year.

Other major cost factors cited as stumbling blocks included fluctuating fuel costs (55 percent) and fluctuating raw materials costs (49 percent). Other "pain points" included aging IT systems (38 percent) and lack of supply chain visibility (38 percent).

Areas of success revealed by the survey include good progress in addressing product security, increasing success with regulatory compliance — a paramount issue in the pharma industry because of the heavy burdens that U.S. and international regulatory regimes impose on the industry on a frequent basis.

Another area of success that could be a way forward in addressing the challenges of cost management and contingency planning is the use of logistics and distribution partnerships and collaboration as a comprehensive strategy.

The need for alignment and collaboration across complex supply chains is more vital than ever because, as UPS says in its pain-in-the-chain report: "As more innovative, sophisticated products enter the global market, the stakes will only get higher for healthcare companies to ensure growing consumer demands are met with innovative, sophisticated supply chains."

(from: cargobusinessnews.com, April 13th 2016)

ON THE CALENDAR

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.