Newsletter

August 31st 2016

Link road, rail, sea!

Council Of Intermodal Shipping Consultants

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YEAR XXXIV
Issue of August 31st 2016

PORTS AND TERMINALS

WHY PORT OF LOS ANGELES SPENT A QUARTER-MILLION DOLLARS TO BRING IN A MEGASHIP Page 3

PORT OF HAMBURG SEES AN 83% SPIKE IN ULCVS, BUT STILL NO SIGN OF DREDGING IN THE ELBE 7

MARITIME TRANSPORT

MAERSK LINE IS UPGRADING ITS EIGHT E-CLASS 15,550 TEU VESSELS
TO LOAD A FURTHER 1,300 TEU .... " 9

50 KILOMETERS OF PAPER BEFORE CONCLUDING THE CONTRACT .... " 11

RAIL TRANSPORT

CARS TRANSPORTED THROUGH CHANNEL TUNNEL BY RAIL FOR FIRST TIME IN FIVE YEARS " 14

ROAD TRANSPORT

CHINA JOINS TIR SCHEME TO BOOST EXPORTS TRAVELLING THE SILK ROAD TO EUROPE ... " 17

HAULAGE OPERATORS STEER A PATH TO ATTRACT IRAN'S GROWING
IMPORT AND EXPORT TRAFFIC .... " 19

INTERMODAL TRANSPORT

HOW CAN INTERMODAL OPERATORS EMBRACE SEMITRAILERS? .... " 21

HUPAC ON THE UP .... " 24

INDUSTRY

IN A SINKING MARKET, HAS THE LAST ULTRA-LARGE CONTAINERSHIP BEEN ORDERED?........ " 25

HEAVY WEIGHTS ON BOARD .... " 27

LOGISTICS

SUPPLY CHAIN LINK UP WITH IOT .... " 29

LAW & REGULATION

MEPS BATTLE COMMISSION OVER €1 BILLION TRANSPORT AND ENERGY CUTS ...... Page 33

HAPAG-LLOYD REPORTS 'EXTREMELY HIGH' VGM COMPLIANCE RATE .... " 36

PROGRESS & TECHNOLOGY

BIC CONTAINER TARE WEIGHT DATABASE GOES LIVE .... " 40

STUDIES & RESEARCH

M&A DEALS CHANGE THE LANDSCAPE IN THE CONTAINER PORTS INDUSTRY .... " 43

IMPROVING OUTLOOK FOR CONTAINER SECTOR .... " 45

REEFER

JSC RZD LOGISTICS IMPLEMENTS A NEW TECHNOLOGY OF RAILWAY TRANSPORTATION OF PERISHABLE GOODS FROM CHINA TO RUSSIA .... " 48

SAFETY & SECURITY

NEW WARNING TO SHIPPERS ON MISDECLARING DANGEROUS GOODS IN OCEAN CONTAINERS " 50

CONFERENCES

FORECASTING THE FUTURE OF CONTAINER SHIPPING .... " 52

ON THE CALENDAR .... " 54

August 31st 2016

The content of the C.I.S.Co. Newsletter is also published in the newspaper "Informare" accessible on the Internet site http://www.informare.it

PORTS AND TERMINALS

WHY PORT OF LOS ANGELES SPENT A QUARTER-MILLION DOLLARS TO BRING IN A MEGASHIP

As wide as 14 freeway lanes, longer than three football fields and 20 stories tall, the CMA CGM Benjamin Franklin cruised into the Port of Los Angeles the day after Christmas.

Much like the opening of the widened Suez and Panama canals, the arrival of the largest vessel ever to dock at a West Coast port was heralded as a symbol of the future of shipping.

Now, months later, port officials have done the math.

Was the decision to pay a quarter of a million dollars to make sure the massive ship arrived here first truly worth it?

Or was it merely an expensive, however fleeting, media moment?

L.A. officials say the vessel's maiden voyage turned a profit, garnered quantifiable attention for the port and validated their decision to enlarge the hub to embrace their vision: waves of jumbo-size ships, each bringing millions of products here in a single journey.

But some observers say the final answer is months, if not years, away.

Details of the deal

In a deal brokered by the French vessel line CMA CGM, APM Terminal Pacific LLC and the port, terminal operators paid the vessel company nearly a half-million dollars to call at the Los Angeles port first by way of China.

In turn, officials at the Los Angeles port agreed to cut rent for the terminal operators by $241,837.

Gene Seroka, executive director of the Port of Los Angeles, said being the first port in the United States to handle such a large ship buoyed the international reputation of Los Angeles, showing the world that it was ready for the future.

"It gave us an opportunity to test in real time how we would handle this ship," Seroka said.

“We gained a level of insight and expertise that we would never have had before.

If the industry is going to go in this direction, they need to have the confidence, not just a promissory commitment, but in real time.”

The port had prepared for that day for decades, widening its turning basin, creating deeper channels and raising cranes to accommodate these commercial monsters of the sea.

In the end, Seroka said, the port wound up turning a profit of $536,644 — and port watchers couldn’t help but take notice of the media blitz.

Mayor Eric Garcetti, the head of CMA CGM, union officials and anyone who was anyone at the port came out that day for a chance to tour and snap pictures on the vessel.

Value of being first

An independent media monitoring firm contracted by the port calculated the value of the media exposure alone at $1 million.

After the ship left Los Angeles that December, it cruised to the Port of Oakland, which did not offer any monetary incentive, said Mike Zampa, spokesman for the Bay Area port.

Zampa described the visit to Los Angeles as a “trophy thing, perhaps.

What is significant is if you get this (ship) on a long-term basis. ... That’s what’s important, not where it came first.”

The Benjamin Franklin likewise made a voyage to the Port of Long Beach in February with no monetary incentive.

But in Seroka’s eyes, being first couldn’t be replicated.

Pulling into harbor before dawn the day after Christmas, the Benjamin Franklin was stacked dizzyingly high with containers.

Refrigerators, microwave ovens, rubber tires and girls shoes were among the haul of consumer goods wrapped inside, according to shipment data from Panjiva, which tracks companies involved in global trade.

Nothing unusual for the port that processed $269 billion worth of goods, mostly from Asia last year.

But it was symbolic, Seroka said.

That day Seroka was so excited he went out on a taxi boat to meet the Franklin about 2 miles from shore.

Under darkness, he climbed the ladder and took in its immensity.

"It was pretty amazing," Seroka said.

The five-member Los Angeles Board of Harbor Commissioners signed the deal with CMA CGM several months before the ship arrived.

It was no coincidence that the opening of the expanded Panama Canal — long seen as a potential threat to the West Coast shipping industry — was months away.

Ships the size of the Benjamin Franklin, with the capacity to carry 18,000 20-foot-long containers, can't fit through the canal, even after its expansion unveiled in June.

Rivalry with Panama

Bringing the Benjamin Franklin to the local port is one way of fighting back at the prospect of the Panama Canal taking business away, said Jock O'Connell, an international trade adviser at Beacon Economics.

Bringing in the largest vessels afloat establishes "bragging rights" and a "competitive advantage over other ports," he said.

But there is no guarantee that CMA CGM will continue to bring in more gigantic ships.

Indeed, O'Connell said, shortly after coming ashore, the company announced a fleet of jumbo ships would be making regular trips to the West Coast.

Then the company pulled back from those plans.

Some predict investments in megavessels could falter as the industry faces a sluggish market.

Bigger and bigger

The size of cargo ships has been increasing for decades, feeding into the demands of a global consumer market that sought fast, cheap goods around the world.

But demand took a hit after the recession.

The result has been plummeting cargo rates and an industry in consolidation, scrambling to offset losses.

"There is an elephant in the room, and I don't think anyone is talking about it," said Nick Vyas, an expert in global supply chains and assistant professor at the USC Marshall School of Business.

"The liners are losing millions of dollars, and I don't think larger vessels are truly the answer.

I personally believe we have met an inflection point.

The question is how big is big enough?

At some point, it has diminishing returns."

The ports of Los Angeles and Long Beach haven't made the same assessment.

The Port of Long Beach spent billions expanding Middle Harbor, a terminal constructed to accommodate these behemoths.

And Los Angeles continues to build out its infrastructure.

Seroka said while there may be an immediate gap in demand, plans for infrastructure have to be made in terms of years, not quarters.

His sole focus is to enable success in the supply chain.

And that, he said, will mean more people with jobs.

(from: theloadstar.co.uk/dailybreeze.com, August 8th 2016)

PORT OF HAMBURG SEES AN 83% SPIKE IN ULCVS, BUT STILL NO SIGN OF DREDGING IN THE ELBE

The number of ultra-large container vessels (ULCVs) of 14,000-19,000 teu calling at the port of Hamburg in the second quarter was 83% higher than the same period last year.

Despite the lack of progress in approving deeper navigation channels on the Lower and Outer Elbe, container lines are scheduling their biggest ships to the city port in greater numbers.

According to port officials, the deepening project – which also includes a 385-metre-wide passing point – would enable an ULCV to load an extra 1,800 teu of cargo during its call at Hamburg.

However, the Elbe deepening remains something of a political football in northern Germany and the project remains mired in a round of court actions.

Speaking at the port's first-half press conference yesterday, port authority executive board member Ingo Egloff reiterated the need for the dredging work to be approved, saying a deeper river "remains essential".

Nevertheless, following the 9.3% plunge in throughput at Hamburg's container terminals last year, the authority said the trend was "noticeably more stable" in the first six months of the year, edging down by just 1.2%, compared with H1 2015, to 4.5 million teu.

It said the collapse in container traffic with China and Russia had "almost halted", despite the continuance of foreign trade sanctions against the latter.

China's trade with Hamburg port was just slightly down, at 1.3 million teu, and there was mention of the growing importance of India as a trading partner after a 9.9% jump in its container exchange.

The main cause of the port's container throughput decline in the period was a downturn in transhipment traffic with ports in Poland and Sweden, as more ships made direct calls instead of using feeder services via Hamburg.

For instance, there was a 5.6% drop in transhipment containers with Scandinavia and a 5.7% decline with Poland and the Baltic states.

Meanwhile, Rotterdam recorded a half-year drop of 2.3% to 6 million teu, but Antwerp continued to advance, upping its throughput in the first six months by 4.4%, compared with the same period of last year, to 5 million teu and cementing its second-biggest north European container port status.

From next April, the current four east-west vessel-sharing alliances will reduce to three: the 2M (including HMM), the Ocean Alliance and THE Alliance.

One member carrier executive told The Loadstar recently that discussions with ports and terminals had already begun with steering groups, in order to produce a pro-forma network, but that stevedoring rates would come under severe pressure when the talks began in earnest.

“I expect some very tough discussions on terminal pricing” he said ominously.

(from: theloadstar.co.uk, August 17th 2016)

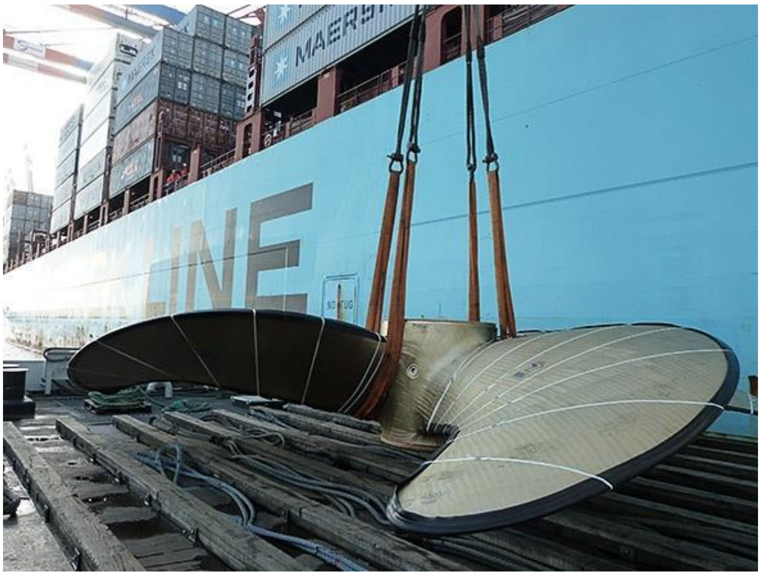
MARITIME TRANSPORT

MAERSK LINE IS UPGRADING ITS EIGHT E-CLASS 15,550 TEU VESSELS TO LOAD A FURTHER 1,300 TEU.

Raising the accommodation block and wheelhouse and increasing the height of lashing bridges to take an extra tier of containers is part of the strategy to double the lifetime of the 10-year-old ships, and could be viewed as a statement from Maersk on maximum vessel size intent.

Remedial work was needed on the Odense-built ships after the Emma Maersk was fortunate not to sink at the northern entrance to the Suez Canal in early 2013 after the hull was fractured by a failed stern thruster.

After the incident, Maersk prohibited the use of stern thrusters on its Emma-class ships until modifications could be made to the fleet.



The upgrading, which also includes fitting a new bulbous bow to cope with slower speeds and a new propeller, is being carried out at China's CSIC Qingdao Beihai Shipyard, which has undertaken the majority of previous Maersk Line ship upgrades.

It is understood that the first E-class vessel converted was the Eugen Maersk, which has now rejoined the 2M AE1/Shogun Asia-North Europe loop.

For many years the E-class ships were the largest container vessels afloat, albeit that when the Emma Maersk was deployed in September 2006, Maersk Line was somewhat coy about its maximum capacity, stating that the nominal capacity of the ship was 11,000 teu with a maximum intake of 13,460 teu.

But the Danish carrier's $3.8bn 2011 order for 20 Triple-E 18,340 teu ships was an industry game-changer that launched a rush to build ULCVs by container lines that did not want to be disadvantaged in the market in terms of inferior unit costs.

Last year, Maersk announced that it had placed an order for 11 (plus six optional) second-generation Triple-Es with a capacity of 19,630 teu for delivery during 2017-2018.

For now the zenith on the optimum size of ULCVs appears to have been reached at round 20,000 teu.

This is partly due to the fall in bunker prices, but mainly that these behemoths have to be filled to derive an economy of scale benefit – a challenge not just for the carriers, but also for their vessel-sharing alliances.

As The Loadstar reported yesterday, the appetite of carriers for ordering more big ships has waned significantly this year as the lines struggle with chronic overcapacity and massive trading losses.

Maersk's decision to upgrade its E-class fleet suggests that the current crop of ULCVs could be in service for some time, given that the limit may have been reached in capacity.

Maersk Line has invested millions of dollars in retrofitting not only its owned fleet, but also ships on long-term charter, typically to reduce fuel consumption by the fitting of new bulbous bows.

(from: theloadstar.co.uk, August 4th 2016)

50 KILOMETERS OF PAPER BEFORE CONCLUDING THE CONTRACT

Combining companies takes a lot of time and energy, but it can also be profitable.

And that's why the recently sealed merger of Hapag-Lloyd and UASC is looking toward the future.

Size is important in the container shipping industry – and that applies not only to the size of the ships, but also to the size of the company.

By signing the merger agreement with UASC, Hapag-Lloyd has taken a huge step forward in terms of size and will number among the five largest liner shipping companies in the world after the integration.

By having capacities greater than 1.5 million TEU, this group of five sets itself apart from the remaining companies in the industry, all of whose capacities lie significantly below the million mark, including that of Taiwan-based Evergreen (ca. 960,000 TEU).

With the most recent merger – which still needs to be approved by competition authorities around the globe – and the 2014 merger with the Chilean container shipping company CSAV, Hapag-Lloyd has more than doubled in size in just three years.

But, you might ask, what's the purpose of combining companies?

Simply put, whoever transports more containers between two continents can deploy larger ships to do so in the respective services.

And the bigger the ship, the lower the unit costs per transported container, which makes the company better able to compete against its global rivals.

For example, by taking over the container business of CSAV, Hapag-Lloyd climbed into the ranks of the market leaders in Latin America and is now one of the top two providers in the trades between Asia and South America as well as between North and South America.

This was already the case in the North Atlantic beforehand.

Whoever numbers among the dominant players in a trade according to market share can usually also offer customers the best product in terms of number of services, port coverage and transport duration (or "transit time," in industry jargon).

If UASC is integrated into Hapag-Lloyd, our shipping company will also become one of the big players in the Middle Eastern market.

On top of all this, the merger with UASC will bring about even more advantages.

UASC is bringing new ultra large container vessels (ULCVs) into the union – and ones that will perfectly complement Hapag-Lloyd's current fleet.

As a result, the capacity of the average ship in the combined fleet will rise.

At present, the average size of the roughly 180 vessels in Hapag-Lloyd's fleet is 5,500 TEU, which already exceeds the average of the 20 largest liner shipping companies.

And the bigger the ships, the more competitive the shipping company.

Moreover, the most recent contract didn't just happen by itself.

In fact, the very complex negotiations stretched out over several months, and a so-called "due diligence" was carried out before the contract was signed.

This process in the world of mergers and acquisitions (M&A), which costs a lot of time, energy and money, entails having both sides take an extremely close look at the deal – from economic, tax-related and legal points of view.

Doing so allows both sides to know what they are getting into with the merger and which possible risks are involved.

During a two-month-long due diligence process, Hapag-Lloyd examined 11,000 UASC documents and contracts making up more than 133,000 pages.

For its part, UASC had to review more than 44,000 pages of Hapag-Lloyd documents.

If placed in a single line, all of these documents would stretch out for over 50 kilometers.

However, these days, instead of being viewed in paper form, documents are scanned and made available in secure electronic data rooms.

In the weeks and months ahead, meticulous preparations will be made to integrate UASC into Hapag-Lloyd AG.

Our company already successfully surmounted such challenges when it teamed up with CSAV a few years back.

For example, the actual transfer of CSAV's container business to Hapag-Lloyd involved nailing down more than 10,000 individual tasks in a detailed plan of action.

Using project management software, an experienced and well-coordinated team continuously monitored to make sure that nothing had been overlooked and that everything was proceeding according to plan.

Likewise, after completing a course to become trainers, some 200 Hapag employees instructed their new colleagues on how to use the company's IT systems to book and process container transports.

Based on these positive experiences, preparations are now being made to execute another extremely smooth integration – so that Hapag-Lloyd can become even bigger and better.

(from: hellenicshippingnews.com, August 10th 2016)

RAIL TRANSPORT

CARS TRANSPORTED THROUGH CHANNEL TUNNEL BY RAIL FOR FIRST TIME IN FIVE YEARS

Overnight from 4 to 5 July 2016, a train transporting new cars from Bristol in the UK to Ghent in Belgium travelled through the Channel Tunnel.

This is the first time in five years that this type of traffic has been carried via the Tunnel, drawn by the need for reliable and secure transport for this high-value merchandise.

The traction for the car train was provided by GB Railfreight, the rail freight subsidiary of Groupe Eurotunnel, working on behalf of European automobile transport specialist, STVA UK Ltd.

The contract with STVA UK Ltd is for one train per week, carrying cars from the Bristol Port Company, Portbury, to Ghent, Belgium.

The first wagons are being hauled by a diesel Class 66 (locomotive 66713) from Portbury to the Channel Tunnel, where an electric Class 92 (locomotive 92044) will haul the wagons through the Tunnel.

From Frethun, B Logistics and Europorte France will complete the journey to Ghent, Belgium.

Each train will be made up of nine double-deck STVA wagons, which were tailor-made to transport vehicles.

Each wagon can carry 24 cars, with each train transporting 216 cars a week.

The components that went into the manufacture of the vehicles being transported came in part from continental European suppliers themselves and had already been transported through the Tunnel en-route to the assembly plant.

This train is therefore a symbol of the exchanges and the just-in-time logistics flows between the continent and the United Kingdom for which Groupe Eurotunnel offers a complementary service with its truck shuttles on the one hand and its rail freight services on the other.

This contract also signifies GB Railfreight's ambition to continue diversifying its portfolio and forge forward with its European growth plans.

Following the decline of core commodities such as coal and steel, the company is intent on increasing UK rail freight's competiveness in other markets, and opportunities for expansion exist in the automotive industry and across the Continent.

Paul Maynard MP, Rail Minister, said: "This is a great example of how the rail freight industry in the UK is continuing to offer real benefits for the environment and for UK businesses.

The extensive security measures put in place last year by both the French and UK Governments and Eurotunnel mean that customers now have confidence the Channel Tunnel site is secure and open for new business.

This new cross-channel deal will build on the success of our safe and secure freight links through the Channel Tunnel, helping to reduce congestion on roads.

The government is working with the industry to develop a Rail Freight Strategy that will identify and implement further measures to ensure continued growth and success for the sector."

John Smith, Managing Director of GB Railfreight, said: "Over the course of the last three years we have built a strong relationship with STVA UK Ltd and we are really proud to have added this new flow to our portfolio.

There is huge potential to increasingly transport bulk items, such as cars, on rail and through the Channel Tunnel, cutting carbon emissions and relieving congestion on our roads.

We will continue to work closely with Government and the industry to ensure that we unlock capacity on the rail network in order to support the true potential of freight."

Ian Brown, Managing Director of STVA UK, said: "STVA is delighted to extend our transport services to an important customer to respond to a requirement linked to production growth.

This solution is both operationally efficient and environmentally responsible.

STVA successfully works with GBRF to transport cars by rail within a Domestic Context and we are pleased to offer this opportunity to work together on this cross-channel project."

(from: transportjournal.com/eurotunnelgroup.com, August 3rd 2016)

ROAD TRANSPORT

CHINA JOINS TIR SCHEME TO BOOST EXPORTS TRAVELLING THE SILK ROAD TO EUROPE

A fast-trucking service between China and Europe will begin next year after the country became the 70th to join the TIR scheme.

The move will enable trucks to drive the Silk Road to Europe, through central Asia, without being opened at each border.

Trucks will take less than two weeks to arrive, offering a considerably faster service than sea freight – albeit at a higher cost.

The UN's TIR Convention, administered by the IRU, allows goods to be sealed in load compartments, the contents outlined in a TIR Carnet.

Customs verify the carnet and check the seals on the compartment, with no need for physical checking of the contents.

Trucks need only spend an hour at borders, rather than several days.

Also signed up to TIR are Afghanistan, Kazakhstan, Kyrgyzstan, Mongolia, Russia and Tajikistan, while Pakistan ratified it last year and is currently implementing the scheme.

China's membership is expected to boost trade along the Silk Road, which amounts to some $1 trillion.

At the moment, less than 10% of Chinese exports to the EU go by road; sea and air are the most popular options, although rail is growing.

"China's accession to the TIR Convention will open new efficient and faster transport opportunities and routes between China and Europe," said UNECE executive secretary Christian Friis Bach.

"It can become a real game-changer for international trade and will be a strong contribution to the Chinese vision for the Belt and Road Initiative."

China replaced Russia as central Asia's largest trading partner in 2008, and its trade with the five central Asian states has risen to some $50bn, according to Stratfor.

By 2025, the annual volume of trade between Silk Road countries is expected to be worth $2.5 trillion.

One of the deterrents to using rail has been concern over theft, which is also likely to be a problem on a long road journey.

According to TAPA, the majority of cargo crime is from trucks, especially those stopped at unsecure parking locations.

The TIR scheme is continuing to expand outside of Eurasia, with Qatar and Saudi Arabia considering joining, as are Argentina and Brazil.

The TIR Convention in China starts on January 5 2017.

(from: theloadstar.co.uk, July 26th 2016)

HAULAGE OPERATORS STEER A PATH TO ATTRACT IRAN'S GROWING IMPORT AND EXPORT TRAFFIC

Haulage services to Iran are back on the menu following the removal of sanctions and the increasing interconnectivity of the country's economy with those in its Caucasus and Black Sea hinterland.

UK groupage operator Delamode is the latest in a number of companies to launch road freight services between northern Europe, Iran and the Caucasus destinations of Georgia, Armenia and Azerbaijan.

Chairman Stephen Blyth said: "These countries have been attracting significant foreign investment through governments adopting business friendly policies and, in Iran's case, opening up to foreign trade for the first time in many years.

Todays' announcement is, in part, a response to customer demand from across Europe, but it is also about us taking a view that trade levels are set to continue to increase across this region."

Delamode's warehouse in the Bulgarian capital of Sofia will consolidate cargo arriving on services from mainland Europe and the UK and tranship them onto weekly departures for Tbilisi, Baku, Yerevan and Iran.

It will also offer customs clearance and POD (proof of delivery) documentation.

"We are very pleased to open these routes, servicing the demand for the import and export into these countries, particularly for industrial commodities such as mineral and chemical products," Mr Blyth added.

A pattern is clearly being set – last month Austrian freight forwarder and groupage operator Gebrüder Weiss launched a consolidated freight link between Sofia and Tehran after integrating its Bulgarian site into its network.

It is now running daily direct freight runs from Gebrüder Weiss sites in Vienna and Dunaharaszti in Hungary to Sofia, where Iran-bound goods are consolidated.

A weekly service connects Sofia to Tehran, with a transit of six working days, launched to capture traffic that has been growing since Iran began trying to attract increasing numbers of foreign investors, particularly via tax incentives.

Thomas Moser, Gebrüder Weiss regional manager of south-east and CIS, said: "The Bulgaria-Iran route enables us to give our European customers rapid access to this growth region by land."

Local firm Iran Europe handles the final stretch in Iran and, over the medium term, Gebrüder Weiss is looking to include FTL transport and projects, as well as consolidating air and sea freight operations from Asia, Europe and North America.

Iran is the second largest economy in the Middle East and GDP growth across the next two years is projected to reach 4.2% and 4.6%, with investment and exports forecast to be the main drivers of national expenditure, according to the World Bank.

Altogether, the four countries have a population of around 95m, with Georgia recently described by the World Bank as "the world's number one reformer".

Its trade with the EU was worth €1.8bn in 2015.

(from: theloadstar.co.uk, July 29th 2016)

INTERMODAL TRANSPORT

HOW CAN INTERMODAL OPERATORS EMBRACE SEMITRAILERS?

Containers are the defining success story of freight transport over the last six decades.

They can be stacked, carried anywhere by any mode of transport, refrigerated and even used for housing.

Yet intermodal providers, especially in Europe, are facing a new challenge because of the increasing number of lorry semitrailers.

About 95% of semitrailers cannot be lifted on to a railway wagon which means they have to be either adapted, adding to the weight and cost, or loaded horizontally, which requires specialist equipment, again adding to costs.

If more freight is going to be shifted by rail, change is necessary.

This issue was explored at the Logistik Kompetenz Zentrum (LKZ) at Prien am Chiemsee, Germany, during a symposium attended by representatives from various transport sectors, including: rail operators, terminal operators, freight forwarders, the road haulage sector and wagon manufacturers.

During the conference the director of LKZ, Mr Karl Fischer, outlined his vision for intermodal transport, which he believes is the future of freight, but argued the only way to succeed is to work together more closely.

Fischer says for example, it will be essential to agree common standards for semitrailers so they can be handled by the existing, well-established intermodal system.

LKZ is currently developing the “future trailer” which is a standard size with no projections.

At the moment, longer or higher units with different axle configurations are constantly being introduced, but if the standard stipulated by EU 96/53 had been consistently applied, these difficulties would not arise.

To handle semitrailers, LKZ has developed a system dubbed Nikrasa, which is designed to be as practical as possible because most road haulers are reluctant to modify their lorries or semitrailers.

The system consists of a grid on low ramps where the semitrailer is driven on to the grid until the wheels rest in the slots provided, and the grid can then be lifted with the semitrailer by crane.

It is compatible with all existing terminal handling procedures and is not expensive.

The system is still being perfected but should be ready next year while a technique for loading a whole train with this system is still under development.

It will be interesting to see how popular it proves to be in comparison with the more sophisticated Lohr system, which as Mr Hervé Morel, commercial director of Lohr industries, pointed out, can handle any type of semitrailer unit while Nikrasa is only suitable for standard units.

As for the railway side, there is a great deal of room for improvement.

True, the entire process of shifting a unit from A to B by intermodal transport is more complicated than by road, but it could be more efficient.

The EU has been backing a shift from road to rail for some time, but according to a recent report from the European Court of Auditors, rail's market share in the EU has declined since 2011 in part because it is failing to respond adequately to the competition.

"The only EU directive on intermodal transport dates from 1992, so it is high time it was revised to meet modern requirements," says Mr Ralf-Charley Schultze, director general of the International Union of Combined Road-Rail Transport Companies (UIRR).

Recently the European Commission published a report on its regulatory fitness and performance programme (Refit) admitting there are considerable shortcomings in the effectiveness of the combined transport directive, and Schultze hopes to have details of a proposal confirmed by experts next year.

One problem is that there are not nearly enough wagons to meet demand for the transport of semitrailers by rail.

Currently there are only enough wagons to accommodate about 14,000 units, which is a tiny proportion of the total fleet of 2.2 million, and further growth is expected.

In addition, there should also be investment in digital processes to speed up handling as well as tracking and tracing.

Fischer said he cannot see why the road haulage logistics sector already has a digital interface in place while the rail sector often still communicates by personal contact or fax.

Progress is being made, as was shown by the number of delegates from different branches of the industry at the symposium.

However, while there may still be too many inveterate lorry drivers on the market, it is encouraging to see major German logistics companies like Bernhard Krone and Ansorge collaborating with the rail sector to find ways of developing efficient intermodal transport solutions for semitrailers.

(from: railjournal.com, July 27th 2016)

HUPAC ON THE UP

Swiss combined transport operator Hupac handled almost 377,000 UTI shipments in H1 2016, 12.3% up year-on-year.

A UTI (intermodal transport unit) is equivalant to one 12.2m-13.6m trailer, 40ft container or A type swap body, or 2 TEU or 2 C type swap bodies.

"Our growth strategy is successful, in spite of the advantage of the fuel prices on the road and the weakness of the euro exchange rate," commented Managing Director Bernhard Kunz.

In the Shuttle Net business unit, the new connections Venlo-Busto Arsizio, Zeebrugge-Novara and Rotterdam-Brescia performed well, did Cologne-Novara and Duisburg-Busto Arsizio, where frequency was increased.

In the eastern European region, the network in Poland was restructured and the Austria-Hungary-Romania-Balkan line was strengthened.

With the connection between Novara and Trieste the markets of Greece and Turkey are joining the Shuttle Net by sea route.

The Company Shuttle business unit also put a number of projects into action.

Hupac is focusing on the development of the mega trailer market for transalpine combined transports.

The company is now offering 70 departures a week for 4m transports between Italy and Rotterdam, Zeebrugge, Antwerp, Cologne, Ludwigshafen, Lübeck and Taulov, via the Lötschberg and the Brenner.

"In 2020, the 4m corridor via the Gotthard will go into operation," said Kunz.

"Our plan is to show new perspectives to the market at this time already to be able to provide even more support to the modal shift when the time comes."

In H2 2016 Hupac expects to improve the opportunities via the Lötschberg 4m corridor with 10 additional departures.

(from: worldcargonews.com, August 1st 2016)

INDUSTRY

IN A SINKING MARKET, HAS THE LAST ULTRA-LARGE CONTAINERSHIP BEEN ORDERED?

As ocean carriers reel from a disastrous first half this year, they seem to have lost lost their appetite for ordering ultra-large container vessels (ULCVs).

According to Alphaliner, interest in large containerships of above 9,000 teu "has largely vanished" from shipyards.

Poor market conditions have already forced several owners to delay the delivery of vessels, the consultant said, noting that about a dozen completed newbuildings "have not yet been commissioned".

They include five 11,010 teu ships built by Hanjin's Philippines Shipyard at Subic Bay, running about 10 months late on delivery as owner Costamare has struggled to secure their long-term employment.

Meanwhile, the world's biggest containership lessor, Seaspan, has been obliged to significantly delay the October delivery of four 10,000 teu ships under construction at China's Yangzijiang Shipyard until next year.

And CEO Gerry Wang indicated last week, during the company's interim results presentation, that Seaspan may request further deferrals, into 2018, if charters were not forthcoming.

Alphaliner suggests it could take up to three years for the market to absorb the current containership orderbook, which stands at 3.48m teu.

For the existing fleet, the charter market remains at historically low levels as the capacity oversupply continues, despite the onset of the summer peak season, and a record number of ships having been sold for scrap so far this year.

Alphaliner said the market for classic panamax (4,000-5,100 teu) ships was "getting worse by the day", with a new record of 75 vessels currently seeking employment, up from 60 that were idle two weeks ago.

The acceleration in the flow of redeliveries of panamax vessels has increased in recent weeks with the upsizing of many Asia-US east coast ships transiting the expanded Panama Canal.

Flexible options, free positioning and hire rates barely above $5,000 a day make grim reading for owners – that is if they can even fix their ships – forcing them into scrapping vessels barely halfway through their expected working lives and that only 18 months ago were able to command daily hire rates of $17,000 or more.

The only bright spots for owners are in the smaller, 2,500, 1,700 and 1,000 teu, sectors, where demand remains reasonable and daily hire rates now exceed those of their bigger sisters.

Meanwhile, the recent negotiations between Hyundai Merchant Marine (HMM) and shipowners provides an insight into the collapse of the containership charter market over the past five years.

After several rounds of tough negotiations, the carrier has agreed deals with most of the owners of its chartered-in containerships to obtain a 20% reduction in charter hire for three-and-a-half years in exchange for equity in a restructured HMM.

In one example, revealed this week, HMM succeeded in cutting the charter hire on five wide-beamed 5,023 teu vessels, supplied by Athens-based Capital Product Partners, to $23,480 a day, from the $29,350 agreed in 2011.

(from: theloadstar.co.uk, August 3rd 2016)

HEAVY WEIGHTS ON BOARD

Whether it involved exceedingly heavy propellers for container ships, a huge flare-stack pipe for the oil and gas industry, or helicopters that almost fly onto the ship: no transport is too big, too heavy or too hard for Hapag-Lloyd.

During its recent call at Hamburg's CTA, the "Antwerpen Express" (13,200 TEU) traded one Special Cargo for another: while one propeller had made its way to Hamburg from Shanghai, another was loaded on board the same ship to head toward South Korea.

The 166-ton propeller headed for South Korea was loaded by a floating crane onto the 366-meter-long ship.

The crane hoisted the 166-ton load over the ship's side and placed it on a pre-prepared layer of flat racks, and then the propeller (with a diameter of more than 10 meters) was expertly lashed.

A "spare tire" for container ships

Immediately thereafter, the swimming crane moved just a few bays down.

There, among some other OOG shipments, another similarly heavy load was waiting: a 92-ton propeller from Shanghai with a 9.20-meter diameter.

This propeller is something like a "spare tire" for 13,200 TEU ships, the largest in Hapag-Lloyd's fleet.

The reason is that, if a ship's propeller were damaged, Hapag-Lloyd would have to take the vessel out of service for as long as it would take to either repair the propeller or, in the worst-case scenario, to have a new one made – which can last up to six months.

This is exactly why Hapag-Lloyd now has an additional replacement propeller ready in a warehouse in Hamburg.

"Phoenix I" headed to Texas with huge flare stack

The "Phoenix I" (4,389 TEU) transported a flare-stack pipe with impressive dimensions from the Italian port city of Genoa to Texas.

The metal pipe is 21 meters long, has a 4-meter diameter and weighs in at 40 tons.

The flare stack, which was shipped in one piece, stretches across nine container slots.

The "Phoenix I," a 282-meter-long freighter operating in the Mediterranean Gulf Express (MGX) service, arrived in Houston on November 25.

Once there, the flare-stack pipe is supposed to be put to use in the oil and gas industry of Texas.

Due to its size, the cargo's land transportation, from the northern Italian municipality of Montodine to Genoa, had to be conducted at night and with a special permit.

After that, the subsequent loading of the flare-stack pipe, which was securely stowed in the hold, took three hours to complete.

A strong wind of up to 40 knots during the loading required all parties to be particularly alert.

Helicopter on board

Sometimes Hapag-Lloyd's cargo almost flies straight onto the container ship: in addition to the standard containers, a helicopter was on the "Montreal Express" (4,402 TEU) for the seven-day voyage from Montreal to Antwerp.

Loading the helicopter in the Canadian port demanded precision work.

First, a pilot accurately landed the Bell 429 on a 40-foot flatrack outfitted with a wooden pallet.

A team of specialists then dismantled the rotor blades and tied down the approx. 2.4-ton helicopter and covered it, before the aircraft was hoisted on board and started its seven-day journey across the Atlantic.

(from: hellenicshippingnews.com, August 8th 2016)

LOGISTICS

SUPPLY CHAIN LINK UP WITH IOT

The potential for IoT technology in supply chain management can be massive, says Haley Garner, head of research at eft, short for Eye For Transport.

U.K.-based eft provides logistics and supply chain solutions for companies that are increasingly challenged to manage their suppliers and materials across borders.

Eft has just published new research on the role IoT currently plays in this effort.

Supply chain decision-makers across logistics and manufacturing companies offered their insight into how the Internet of Things is shaping the future of their industries.

At present, eft found, 41 percent of supply chain management officials already have some form of an IoT solution in place, while an additional 23 percent said they plan to use IoT technology sometime in the future.

Further, a vast majority (87 percent) said they plan to expand their use of IoT.

Researchers pinpointed where these players want their IoT solutions to bring transparency and efficiency to their operations.

Above all, the ability to track the location of materials in the supply chain is their top demand.

But security and prevention of theft of those materials, the temperature in which those materials are stored while in transit and the speed with which those materials travel are also at the top of their lists.

Garner told PYMNTS, though, that the potential for IoT in the supply chain can go much further.

Mitigating supplier risk, for instance.

"Fundamentally, IoT is allowing businesses to collect significantly more external and internal data and integrate it into their risk assessment analytics," he explained.

"Companies with effective risk mitigation strategies are generally incorporating more data streams into their risk plans, allowing them to make calculated decisions more effectively."

That could be huge, considering the U.S. National Counterintelligence and Security Center has just revamped efforts to increase the sharing of data to corporations for the purpose of protecting supply chains and mitigating supplier risk.

Eft also identified other metrics, like humidity levels, shock and vibration, pressure on materials and other sets of information, that, without IoT technology, may be considered minuscule data points inaccessible to the supply chain or logistics manager.

The ability to understand how much light materials are exposed to or how much they're moving while in transit may seem trivial, but Garner explained that all of these details impact the bottom lines for these firms.

For one, he said, data from IoT provides a competitive advantage.

"Businesses functioning in these spaces are increasingly aware that having more data and the right analytics can be a serious competitive advantage," Garner said.

"IoT is providing companies adopting the technology with significantly more data that can be used for more accurate forecasting, risks mitigation, predictions and efficiencies."

Research published last year by DHL and Cisco forecasted that IoT-connected supply chains could lead to $1.9 trillion in profits due to lower costs and increased revenues for companies that deploy the technology.

He added that automation is also key for supply chain firms to remain competitive in today's market, from manufacturing to warehousing.

"There are a number of technologies under the IoT umbrella that are allowing machines to act autonomously, which has a huge potential for making the supply chain faster, more efficient and more agile," he said.

But the Internet of Things is quite far from reaching its full potential to impact the supply chain space, added Garner.

For instance, when it comes to mitigating supplier risk, IoT can only go so far because the technology is not yet implemented at all points within the supply chain.

Measuring metrics, like temperature and movement, he said, is "only the beginning potential of the technology, with autonomy playing a huge role in the space in the future."

Analysis from eft did find that companies are eager to increase their use of IoT technology in new areas.

Improving customer service with better information was picked as the top demand for companies that plan to enhance IoT technologies in their supply chain management, followed by gaining increased visibility on additional supply chain variables.

Safety and regulatory compliance also ranked high on their list of most important reasons why they'd like to boost investment in supply chain IoT.

And these firms also already know where that investment will fall.

Most said they'd increase their IoT sensor and monitoring technologies, followed by GPS or satellite tracking, and RFID technology (which uses radio waves to capture data about an object to which an RFID tag is attached).

The data is promising, but Garner said there are some challenges to businesses actually putting their money where their mouth is.

"I think that there are may businesses that do not understand the power of IoT," stated Garner.

He pointed to the reluctance to place resources to use IoT technology.

For instance, many businesses aren't willing to invest in RFID technology because it's more expensive than barcodes.

But there may be another reason IoT adoption in the supply chain has been slow.

"I don't think that IoT organizations have done a great job with framing the value in the technology, especially for nontechnical decision-makers in the business," he said.

"Because IoT requires solid strategic planning to ensure ROI, companies struggling with data strategies — of which there are many in the industry — aren't going to be keen to add even more data to the mix."

The pain of investing in technology and the threat of overwhelming data may not be too appealing to supply chain companies.

But IoT technology is advancing at a fast pace, said Garner, and eventually, it will gain traction.

"It's been a long process, but increasingly, [supply chain and logistics businesses] are hiring data scientists and developers, they are spending money on innovation and technology and they are incorporating data into business strategies," he stated.

"As early adopters prove ROI from IoT and as supply chain and logistics companies become more technologically advanced, adoption will increase."

(from: theloadstar.co.uk/eft.com, August 26th 2016)

LAW & REGULATION

MEPS BATTLE COMMISSION OVER €1 BILLION TRANSPORT AND ENERGY CUTS

Members of the European Parliament have warned the Commission not to make more cuts to its €30 billion fund for building transport, energy and telecoms infrastructure.

MEPs are worried the Commission will shave off close to €1 billion from the transport and energy funds and push the cash into a 2018 second round of the 'Juncker Plan', the executive's flagship investment strategy.

The Connecting Europe Facility (CEF) funding programme for transport and energy infrastructure, was slashed last year when the executive started up the plan to pump €315 billion of investment into riskier projects.

After a fight with the European Parliament, the Commission took €200 million out of CEF, less than it originally wanted, putting it towards €21 billion of risk guarantees to encourage private investment.

Commission Vice President Jyrki Katainen announced this spring that he will propose extending the plan and its financing instrument, the European Fund for Strategic Investment (EFSI).

Some MEPs see that as a threat to the CEF funds, which are given out according to stricter criteria to make sure the money is used to meet EU policy goals like connecting major transport routes between neighbouring countries.

One Parliament source said, "Even though EFSI has been effective, it's too early to say we should extend it."

French Liberal MEP Dominique Riquet drafted a letter to Commission Vice President Kristalina Georgieva, who is in charge of the EU budget, asking her to shield the CEF funds from another cut.

Five other MEPs, French Liberals Sylvie Goulard, Nathalie Griesbeck, Romanian EPP Vice President Marian-Jean Marinescu, German EPP member Markus Pieper and Liberal group President Guy Verhofstadt, also signed the letter to Georgieva.

A Commission source said "we are aware of the Parliament's sensitivities" but declined to comment on the letter.

The executive will review its budget later this year and needs the Parliament to approve any changes.

MEP are already pushing back against another carve-up of the CEF funds that they say are paid out to build infrastructure that is often more needed.

"It's politically easier for the Commission to take from CEF," a Parliament source said.

Most of the EU-backed €21 billion that was earmarked for loans under the Juncker investment plan was carved out of existing financing schemes, including CEF and the Commission's research fund Horizon 2020.

EU sources told EurActiv.com that Commission officials are considering a cut of between €300 and 400 million from CEF funds for transport infrastructure and around €500 million from the part set aside for energy projects.

Most of the €30 billion in CEF funds are earmarked for transport infrastructure.

So far, 16 Juncker Plan transport projects have been approved since last year, drawing a total of more than €2 billion in EU loans, according to information made public by the European Investment Bank.

The MEPs criticised the lopsided EFSI funding scheme for going mostly towards building roads and neglecting railways, ports and aviation.

They argued that projects financed by CEF were in desperate need of EU money and would "very likely" not have attracted private investment–unlike the large-scale infrastructure projects that won EFSI funds.

EurActiv published a leaked document that revealed the Commission's plans to increase the amount of money in the CEF programme for building telecoms networks under a plan to overhaul EU telecoms rules later this year.

The executive wants to build new, faster telecoms networks in a bid to speed up internet connections by 2025–at a minimum rate of 100 megabits per second.

Currently, the programme includes less than €1 billion for telecoms, much less than the amount set aside for energy and transport.

The executive is expected to publish the document in September.

(from: euractiv.com, July 27th 2016)

HAPAG-LLOYD REPORTS 'EXTREMELY HIGH' VGM COMPLIANCE RATE

Hapag-Lloyd has reported "extremely high" compliance rates since new international container-weighing regulations came into force on 1 July, saying customers' efforts and timely transmissions had resulted in the successful implementation of the IMO's amended SOLAS rules.

Thanking customers for their "support, patience and efforts for the successful implementation", the line said: "Together, we have handled the first weeks of Verified Gross Mass (VGM) with an extremely high compliance rate and timely transmissions, which results in safer transports."

Hapag-Lloyd said it had received and appreciated the positive reviews and feedback on its VGM submission and facilitation tools, such as its submission tool 'webVGM', the "smart VGM Excel submission" option, and the tare weight email solution 'GetInfo', adding: "We continue to improve and simplify them to provide easy solutions."

It said customers could monitor their VGM submissions and missing VGMs via its webVGM tool.

However, it reminded customers: "Please bear in mind that the VGM message is a declaration, including the cargo, the securing and dunnage material, and the container's tare weight, verified according to the state regulation".

To ensure the required data quality, it reminded customers that they needed to declare an accurate weight, including the tare weight, stressing that Hapag-Lloyd would not add the tare weight.

It also said customers needed to make sure that the verification signature includes the name of the responsible person, adding: "For the sake of clarity abbreviations, numbers or signs should not be used.

The line also stressed the need for customers to submit their VGM on time, recommending that customers send the VGM as soon as their container is packed and sealed.

No-one at the line was able to give specific figures on the compliance rates at the time of writing.

Despite the high levels of attention and concerns prior to the 1 July implementation deadline, carriers and forwarders have seemed reluctant or unable to give specific indication about compliance rates worldwide in the initial weeks.

Initial indications suggested that implementation had progressed relatively smoothly, although some Asian export ports – including the world's largest container port Shanghai – reported containers arriving without a VGM on the first day.

With the IMO recommending “a pragmatic approach” to enforcement in the first three months, some shippers were said to have successfully negotiated with carriers to put non-VGM boxes on vessels, with containers without VGM reportedly being allowed through the gates.

Reports from Hong Kong suggested many shippers had yet to get a VGM registration number by the 1 July implementation deadline, with containers being weighed by authorised companies initially while shippers arranged to get their own.

But elsewhere in the Far East, no problems were reported in the world’s largest transhipment hub, Singapore, in Vietnam’s Cai Mep International Terminal, or in Malaysia’s Port Klang.

In Europe, relatively good preparations by container terminals and markets dominated by big forwarders meant there were few issues reported, while in the US, additional container-weighing resources at some terminals and the US Coast Guard’s declaration of “equivalency” of the new SOLAS regulations with existing federal legislation apparently prevented major disruptions.

While carriers have been accepting all containers carrying a VGM, there was initially scepticism in some regions as to the validity of that VGM, particularly in countries that had yet to issue guidelines on certification.

International freight forwarding federation FIATA in mid-July told Lloyd’s Loading List that the much-feared prospect of major ocean freight disruption under the new container-weighing rules had apparently not materialised in the first two weeks, although there had been some lengthening of transit times.

Jens Roemer, chairman of the Sea Transport working group within FIATA’s Multimodal Transport Institute, said shippers and freight forwarders had been working with the amendments to the SOLAS Convention (Safety of Life at Sea) in a positive way, with no major problems reported.

But he said there had, of course, “been some minor teething issues as interfaces and platforms for the eVGM have often not been ready, and this has led to manual transfer”.

Another observation was that lead times are being extended for a variety of reasons, Roemer said.

VGM cut offs tended to be earlier as compared to gate in closings, which was a potential problem for shippers located near a port.

This was because, for example, shippers or forwarders may pick up the empty in the early morning and return the loaded box to the terminal in the afternoon, but the VGM close time may be a day earlier, he explained.

"A VGM (obtained) under 'Method 1' cannot be provided in this timeframe and there is also a problem with 'Method 2' as you only have the container number in the morning during pick up, and without container number you do not have a tare weight – so, you lose one day in your supply chain or lead time," Roemer continued.

"Whilst there have not been major operational problems, freight forwarders have expressed concern that when dealing with reefer containers, their customers may face higher demurrage charges due to the limited free time offered," he also noted.

Responding last month, Lone Reventlov Ginge, product manager for sea freight at DSV Air & Sea, concurred with many of FIATA's observations, and said that, in general, things had been running quite smoothly in Denmark.

Ginge observed that in most cases, only very large shippers were using 'Method 2' – adding the weight of the cargo and dunnage to the tare mass of the container – due to certain requirements in Denmark.

"This means a lot of containers need to be weighed, and in Denmark is it mostly done in the ports," she noted.

"The ports have a uniform way of handling VGM, and the set-up works efficiently, especially considering the many entities involved, and the different methods – and, not least, the many containers."

Ginge continued: "It is our experience that the shippers in Denmark have been well prepared.

We all understand the reason for the new requirements, and shippers have worked with us closely to have everything in place."

But she also noted issues with extended lead times.

"We sense the biggest frustration has been the earlier closings, which may have disrupted the normal flow for our shippers.

This is now also settling, shippers working the new deadlines (if any) into their production.

And some, perhaps a little conservative, VGM closings have been modified."

She concluded: "In our opinion, though, a system where all containers as default were weighed upon gate-in at the ports, and this used as VGM, could have made things a bit simpler and more effective from the start."

Other reports since 1 July about compliance have been varied.

As reported in Lloyd's Loading List, shipping line MSC reported 100% compliance in France on 1 July and the subsequent week with the new rules: of the 2,891 containers loaded by MSC France that week, each was VGM compliant.

MSC said it had expected to see compliance rates of 50-80% compliance on initial sailings, remarking that the 100% compliance rate in France was "a superb result".

(from: theloadstar.co.uk, August 19th 2016)

PROGRESS & TECHNOLOGY

BIC CONTAINER TARE WEIGHT DATABASE GOES LIVE

The new database of container tare weight data recently announced by the Bureau International des Containers (BIC) is now live, with more than half a million containers already uploaded and new files being added daily.

Container owners and operators are encouraged to sign up now to upload their fleet files to the database, and shippers are invited to start using the data right away.

The pilot database, which was launched by the BIC in response to the new SOLAS mandatory container weight verification requirements in effect from 1st July 2016, provides an easy-to-access source of container tare weight data to help support carriers, shippers, forwarders and other intermediaries.

New container data is being added to the TCD by carriers and leasing companies every day.

"Following months of working closely with container owners, operators and shippers, the TCD was developed to provide a simple, effective tool that helps shippers, owners and operators to reduce their workload and improve efficiency," explains Bertrand Geoffray, Secretary General of the BIC.

"For total simplicity, the sole focus of the TCD is to capture the technical characteristics of a container, including tare weight, alongside the container's operational number."

The new database offers access to data supplied by the first partners of the pilot project and additional carriers are uploading fleet details on an ongoing basis.

Container owners and operators are welcome to sign up online straight away in order to start uploading fleet files, and to allow owners and operators to update fleet details automatically going forward, APIs will be available very soon.

Once fully populated, the database will enable all users to access a vast source of container tare weight and other technical characteristics simply by querying the container number.

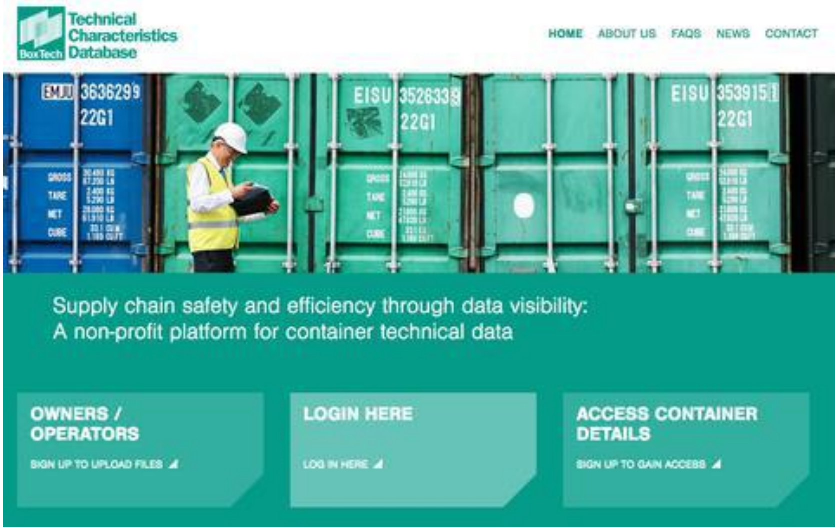
Shippers, and other parties wishing to access the data, can now do so via the secure TCD website www.bic-boxtech.org.

The API, which will be live shortly, will also provide the option to automatically integrate data into shipper and forwarder systems.

Either method offers a simpler alternative to visiting multiple websites or obtaining this information from the container door.

Geoffray continues "There has been a lot of support from across the industry since the BIC announced the launch of the TCD, recognizing the importance of a central source of this type of container data.

However we are keen for more parties to contribute to this significant project in the coming weeks.



We urge owners and operators to get involved and start uploading container data to the database now."

The minimum data elements required to participate in the TCD are the container number and tare weight, but, to achieve the full benefit of the database, the BIC is encouraging owners to upload as many of the technical details as possible.

The database is particularly useful for 'Method 2' shippers, those adding cargo and securing material weight to the container tare weight to obtain the Verified Gross Mass (VGM), and also benefits carriers and leasing companies, who will be able to provide automated tare weight access without having to invest time or money on multiple integrations or requests for individual tare weights.

It also simplifies access to tare weights in the event of containers being traded between parties.

Beyond the benefits related to compliance with SOLAS, the database will also allow companies such as terminals, rail operators and hauliers to improve efficiency by conveniently accessing container details using only the operational number, while in the event of an accident, insurers and investigators may benefit from the database with access to technical details.

In addition, including the manufacturer ID number within the technical characteristics of a container will make the database useful in the event of container loss, insurance claims and recoveries.

The pilot phase of the database, which is expected to last until the end of the year, is being provided free of charge to all parties.

After this, the program will be evaluated with industry partners before full roll-out.

In any case, the TCD will only be operated as a non-profit, non-commercial service.

(from: bulk-distributor.com/bic-boxtech.org, July 29th 2016)

STUDIES & RESEARCH

M&A DEALS CHANGE THE LANDSCAPE IN THE CONTAINER PORTS INDUSTRY

Softening demand growth coupled with larger liner shipping alliances and bigger ships is moving the container ports industry towards a value sector from growth sector, albeit still highly profitable, according to the Global Container Terminal Operators Annual Report 2016 published by global shipping consultancy Drewry.

Global and international container terminal operators are faced with the dual challenges of weaker demand growth and rising operating and capital costs due to larger vessels and alliances.

Forecast global/international container terminal operator capacity ranking, 2020

Operator	Capacity rank	
	2020	Current
Cosco-China Shipping	1st	4th and 8th
APM Terminals *	2nd	2nd
PSA International	3rd	3rd
Hutchison Port Holdings	4th	1st
DP World	5th	5th
Terminal Investment Ltd	6th	6th
CMA CGM **	7th	9th

* Grup TCB included in 2020 ranking calculations

** APL included in 2020 ranking calculations

Calculations are based on the total capacity for all terminals (regardless of size of shareholding) and do not include the capacity of other operators in which minority stakes are held.

Source: Drewry Maritime Research

On the stock markets, ports are increasingly seen as a mature value sector rather than a growth sector.

Global container port demand is forecast by Drewry to grow by less than 3% per annum over the next five years with projections softened in particular due to the sharp slowdown in China's exports.

Positives are the resilience of the Middle East and South Asia and potential recovery of Russia (along with oil prices).

In response, terminal operators and investors have been urgently reviewing capacity expansion plans.

Many projects within the five-year forecast horizon are already too far advanced to change significantly, but those scheduled to appear later in the period are subject to reconsideration in terms of timing and scale.

For terminal operators, the focus is switching from greenfield developments to M&A activity, with a number of major deals already in the pipeline and more likely to come.

APM Terminals has acquired Grup TCB, CMA CGM bought APL and Yilport is taking over Tertir.

Three Chinese companies – China Merchants Port Holdings, Cosco and China Shipping (the latter two now merged) – have a strong appetite and significant activity in terms of expansion through buying existing businesses.

By 2020 the combined Cosco-China Shipping entity will be the largest of Drewry's global/international terminal operators (measured by capacity), albeit with a large proportion of this in one country (China).

Neil Davidson, Drewry's senior analyst for ports and terminals said "It is clear that global and international terminal operators are fundamentally reviewing their strategies, becoming cooler on greenfield projects and more interested in M&A opportunities".

A natural response to the increasing size of liner alliances is for terminal operators to look to consolidate terminal ownership in parallel.

"However, a dichotomy in approaches is evident.

On the one hand many of the established international players have become more cautious because they are concerned that returns may be less than what they are used to.

But on the other hand there are several expansion minded players like the Chinese operators and Yilport Holdings (a new entrant this year in Drewry's league tables of global and international terminal operators) whose top strategic priority is to acquire more assets", added Davidson.

(from: hellenicshippingnews.com, August 2nd 2016)

IMPROVING OUTLOOK FOR CONTAINER SECTOR

An increasing level of containership demolition and a slight growth in global trade has helped push the supply and demand equation closer towards equilibrium this year, according to new analysis of the market by Clarksons Research.

"Container trade growth appears to have improved in 2016 so far, having slowed to an estimated rate of just 2.2% in 2015 — the slowest pace of growth since 2009," Clarksons said.

"Whilst global economic risks clearly remain, total container volumes are estimated to reach 182m teu in full-year 2016, representing growth of 3.8%."

That has been balanced by growing demolition levels and reduced deliveries, Clarksons added, which meant that supply growth was just 1.1% in the first half of this year.

"By the end of 2016, the containership fleet is expected to total 20.2m teu, representing growth of just 2.4% year on year, which would be the slowest pace on record, following a rate of 8.1% in 2015," Clarksons said.

This would lead to a reversal of last year's trend and could see containerised trade growth this year outpace expansion in the containership fleet.

"This will help to erode some of the overcapacity generated last year, although further significant changes to the balance will be needed before market conditions improve," Clarksons said.

"The freight market remains under significant pressure, and where improvements have been achieved, gains have been limited.

Charter rates have languished at historically low levels in 2016 so far, and while supply side fundamentals remain positive for some parts of the market, a sustained and significant improvement in box trade growth will be needed for rates to increase."

Clarksons said mainlane trades, which expanded just 0.6% in 2015, were projected to grow 3.2% to 53.1m teu this year as the Asia-Europe trade improved.

After contracting by 3.1% in 2015 on the back of Russia sanctions, slow growth in European economies and readjustment of inventory levels, Asia-Europe trade picked up in the first half of the year and is expected to grow by 3.9% in the full year.

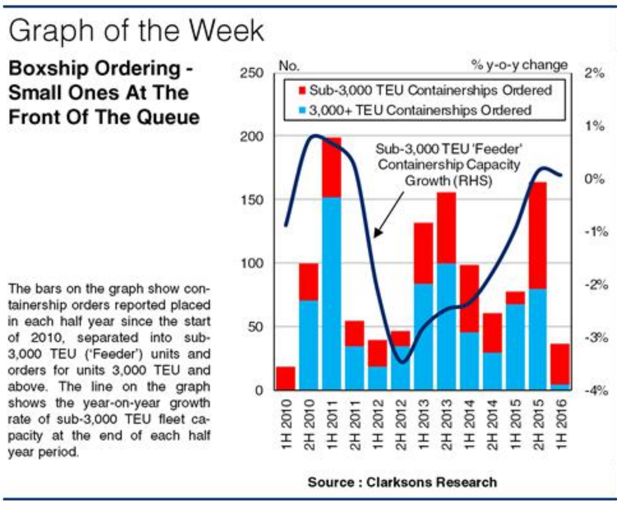
On the transpacific trade, peak volumes grew more slowly, but were still expected to reach 16.1m teu this year, an increase of 4%, Clarksons said.

Meanwhile, a strong US dollar relative to European currencies is forecast to boost headhaul traffic to the US across the Atlantic as well, with volumes expected to increase by 3.6% to 4m teu.

Elsewhere, on the non-mainlane trades, Clarksons expects volumes to grow by 4% to 128.6m teu, and said east-west trade, particularly between Asia and the Indian sub-continent, would be among the fastest growing.

On the north-south trades, however, the collapse in commodity prices hit import levels to producing countries last year, and this continued into 2016.

"Imports into both Latin America and sub-Saharan Africa appear to remain under pressure, although box exports from these two regions to the northern hemisphere are estimated to have at least exhibited fairly firm growth," Clarksons said.



Recovering growth in Asia is expected to see intra-regional volumes accelerate by 4% this year as the high-volume intra-Asia trades pick up again following disruptions last year brought about by China's economic turbulence.

"While China appears to be continuing its transition towards a more diverse economy and away from a focus on heavy industry, prospects for intra-Asian container trade remain positive," Clarksons said.

"Developing Asian economies continue to hold growth potential, and the multi-location assembly of manufactured goods is expected to continue, particularly with developments in wage differentials across the region."

However, as reported in Lloyd's Loading List, container shipping industry analyst Drewry last month said it believed surging vessel demolitions this year will not be sufficient to bring balance to container markets.

The analyst said the opening of the new Panama Canal, a widening gap between ocean transport supply and demand, and the fear of continuing losses among charter owners were three "compelling" factors behind the current surge in boxship demolitions which are now forecast to total 450,000 teu of capacity this year.

But, although a necessary step to help bridge the gap between supply and demand that has hurt freight rates in recent years, "ship demolitions will not be enough to bring the container sector back into balance unless owners also refrain from ordering many new vessels", said Drewry.

The surge in demolitions started in 4Q 2015 and has continued this year, with some ships now being scrapped despite being less than 15 years old.

"Containerships are normally depreciated over 25 years, so scrapping a 15-year-old vessel implies a write-off of nearly 40%," said Drewry.

"Furthermore, the opening of the new Panama Canal in June has created a surplus of old Panamax ships of around 4,500 teu.

This size and design of ship – previously one of the workhorses of the containership industry – has essentially been made redundant.

More Panamax vessels will surely head for the scrapyards of South Asia, as their owners or charterers replace them by newer and more efficient 8,000 teu+ ships."

However, even taking 450,000 teu of capacity out of the market this year will only account for some 2% of the current 20-million-teu-strong global fleet of containerships.

"This will only make a dent into the over-capacity built during the 2010-15 period, which saw 4.5 million teu in capacity added to the industry globally at a time of slowing demand," said the analyst.

(from: lloydsloadinglist.com, August 5th 2016)

REEFER

JSC RZD LOGISTICS IMPLEMENTS A NEW TECHNOLOGY OF RAILWAY TRANSPORTATION OF PERISHABLE GOODS FROM CHINA TO RUSSIA

JSC RZD Logistics began testing the new technology of railway transportation of perishable goods from China to Russia.

The first refrigerated container train carrying fruit and vegetables left Dalian on August 8, 2016.

It is expected to arrive at Orekhovo-Zuevo station of Moscow railway in 18-20 days.

The first shipment in the total amount of 6 40-ft containers was organized in cooperation with PJSC "TransContainer".

RZD Logistics service includes door-to-door delivery with minimum transportation time.

It eliminates the need for long-term storage and reloading of goods.

En route containers are connected to a diesel-generator wagon to maintain the temperature necessary for preservation of the goods quality.

It is possible to optimize the delivery time to 12 days in prospect, which is three times shorter than carriage of goods by sea.

Yet the cost of rail transport is competitive with road transport due to the minimal cost of delivery through the territory of China.

According to Alexander Baskakov, RZD Logistics deputy sales director, shipping of perishable goods in refrigerated containers by rail is a fundamentally new technology in China.

Nobody used it previously due to the lack of transport solutions and the proper rolling stock in China.

This technology fully meets RZD Logistics customers 'priorities, which are high speed of delivery and safety of goods".

Nowadays the Russian market is highly interested in the stable supply of vegetables and fruits.

China supplies are ready to offer regular shipping – about 3-4 trains of 8 40-foot containers weekly.

The new service is suitable for transportation of frozen and chilled products, pharmaceutical goods and electronics.

(from: transportjournal.com/rzdlog.com, August 22nd 2016)

SAFETY & SECURITY

NEW WARNING TO SHIPPERS ON MISDECLARING DANGEROUS GOODS IN OCEAN CONTAINERS

More than a quarter (27%) of all reported serious incidents on board containerships in 2013-14 were attributable to cargo being misdeclared, it has been revealed.

The data was captured and analysed by the Cargo Incident Notification System (CINS) for the period.

The information alleges that the cause of several onboard container fires was the misdeclaration of a chemical used to clean swimming pools and to disinfect drinking water: calcium hypochlorite.

CINS was established in 2011, by five of the world's biggest ocean carriers, following concerns about an increase in the number of container fires on board their vessels, potentially causing injury or loss of life, loss or serious damage to ships, as well as environmental damage.

There are now 12 shipping line members, as well as advisory members including the International Group of P&I Clubs and the TT Club, and its brief is to analyse the information from the carriers and look for specific incidents that suggest trends or require immediate action.

Noting that around 10% of all container cargoes constitute dangerous goods, UK P&I Club risk assessor David Nichol has reminded shippers and other stakeholders in the supply chain of their legal responsibility to comply with the International Maritime Dangerous Goods (IMDG) Code, regarding the carriage of dangerous goods by sea.

"It is imperative for the safety of the ship and crew that all necessary steps are taken to handle and stow dangerous goods in such a way that reduces the risk of an emergency incident, and that in the event of a fire, the crew have the information they need to respond quickly with the appropriate fire-fighting measures," said Mr Nichol.

"To enable this, a ship's master must be provided with a correct, universally recognised description of the goods and the potential hazards they may present."

Mr Nichol highlighted one particular issue of misdeclared dangerous goods that has been reported as the cause of several fires on board containerships over the past few years: calcium hypochlorite.

In August last year, Maersk Line announced it would no longer accept bookings of the commodity for shipment on its vessels.

This followed several incidents of fire breaking out in containers on board its ships which it attributed to the chemical.

They included July 2010, when a fire on board the Charlotte Maersk threatened the lives of crew and the safety of the ship while en route from Asia to Oman.

Calcium hypochlorite is commonly used to sanitise swimming pools, but it has many other industrial and domestic uses, such as cleaning moss and algae from paths and driveways.

The chemical is designated as a Class 5.1 oxidiser in the IMDG Code – requiring special stowage under the appropriate UN number.

There have been many instances where calcium hypochlorite has been misdeclared to a carrier, for example being described as bleaching powder, chlorinated lime or even just disinfectant.

"It is a requirement of the IMDG Code that cargoes are declared by their proper shipping name," reminded Mr Nichol.

(from: theloadstar.co.uk, August 23rd 2016)

CONFERENCES

FORECASTING THE FUTURE OF CONTAINER SHIPPING

The keynote conference sessions at Intermodal Europe 2016 (Rotterdam, 15th-17th November) aim to address and provide an in-depth overview of the current and future perspectives on strategy, finance, demand and supply within the container shipping industry.

"Since the recession, the container shipping industry has faced extreme market pressures," say the conference organisers, Informa.

"Although embracing new initiatives and technologies have provided some tangible benefits, the carrier community may finally be coming to grips with the need for significant industry change.

With global trade not only reliant on continued efficient transportation routes but also demanding 'smarter' transport options."

Keynote speaker Tim Power, Head of Maritime Advisors at Drewry, will open the conference, discussing the 'World Outlook for the Container Shipping Market', followed by Mike Garratt, Managing Director at MDS Transmodal, who will provide an analysis of the European container shipping market.

With 2016 expected to be a pivotal year in the future of the market, both sessions are designed to give an overview of key trends and challenges for the next 12 months.

In the same forum, Michel Looten, Director of Maritime at Seabury Cargo Advisory will present a session focusing on 'Alliances and Consolidation in Container Shipping'.

With oceanside alliances now an industry fact of life, Looten will explore how container lines have used alliances to increase scope and reduce cost on the ocean.

With industry pressures now making landside cooperation's the next step for capturing economies of scale and alliances particularly crucial for carriers competing in the Asia-Europe trade, the session will examine how carriers will develop their operations to effectively continue shipping-line synergy.

Renzo Hoefnagels, Executive Director & Head of Intermodal at ABN AMRO - one of the official sponsor at Intermodal Europe 2016 - will provide an overview of the 'Financial Perspectives on Next 5 Years in Container Shipping'.

In addition, Professor Hercules Haralambides of Erasmus University Rotterdam will lead a session looking at 'China's Maritime Silk Road and European Ports Geopolitics'.

"China's US$1 trillion infrastructure investment ambitions have significant ramifications on the European port and intermodal sectors", explains Haralambides.

"I'm going to examine what Europe's response should be, in particular that of the European Investment Bank, and which are the European ports that are considered for inclusion in China's global transport network and why?".

The programme also includes sessions on Big Data in tracking and the 'Internet of Things', perspectives on strategy and alliances, container weighing, shipping container design and manufacture, container repositioning, cold chain solutions and container modification and innovation, as well as dedicated forums on Rail Freight Logistics and a geo focus on Rotterdam logistics.

"With a dramatically changing business landscape, our three-day conference programme will provide executives with the practical tools they need to stay ahead," said Sophie Ahmed, Event Director.

"They'll be discussing the hottest topics in the industry, which I'm sure will spark insightful debate and provide attendees with knowledge that can be applied to future business strategies."

(from: worldcargonews.com, August 23rd 2016)

ON THE CALENDAR

▪	05/09/16 - 07/09/16	Muscat	Middle East Transport and Logistics Exhibition ME TRANSLOG
▪	06/09/16 - 09/09/16	Amburgo	SMM 2016
▪	13/09/16 - 16/09/16	Birmingham	IMHX 2016
▪	14/09/16 - 14/09/16	New York	8th Annual Global Commodities, Energy & Shipping
▪	15/09/16 - 16/09/16	Accra	4th Annual Africa Port & Rail Expansion Summit
▪	18/09/16 - 21/09/16	Genova	IUMI Annual Conference 2016
▪	21/09/16 - 22/09/16	Londra	9th Arctic Shipping Summit
▪	21/09/16 - 23/09/16	Santa Cruz, Tenerife	Seatrade Cruise Med 2016
▪	22/09/16 - 23/09/16	Sri Lanka	11th Southern Asia 2016
▪	30/09/16 - 30/09/16	La Spezia	Italian Cruise Day
▪	03/10/16 - 06/10/16	La Valletta	Malta Maritime Summit 2016
▪	05/10/16 - 05/10/16	Londra	9th Annual Shipping, Marine Services & Offshore Forum
▪	11/10/16 - 14/10/16	Venezia	GreenPort Cruise - GreenPort Congress
▪	16/10/16 - 18/10/16	Lisbona	World Coal Leaders Network 2016
▪	17/10/16 - 21/10/16	Paris Le Bourget	Euronaval 2016
▪	23/10/16 -26/10/16	Abu Dhabi	Breakbulk Middle East 2016
▪	24/10/16 -24/10/16	Dubai	The Maritime Standard Awards 2016
▪	25/10/16 - 27/10/16	Copenhagen	Danish Maritime Fair 2016
▪	25/10/16 - 26/10/16	Abu Dhabi	NATRANS Expo 2016
▪	26/10/16 - 28/10/16	Abu Dhabi	Overseas Project Cargo Association 3rd Annual
▪	26/10/16 - 27/10/16	Jeddah	12th Trans Middle East 2016
▪	02/11/16 - 02/11/16	Londra	6th Annual Shipping & Offshore CSR Forum
▪	15/11/16 - 17/11/16	Rotterdam	Intermodal Europe 2016
▪	15/11/16 - 17/11/16	Rotterdam	Transport & Logistics 2016
▪	16/11/16 - 18/11/16	Istanbul	Logitrans 2016
▪	17/11/16 - 18/11/16	Mombasa	16th Intermodal Africa 2016
▪	20/11/16 - 23/11/16	Dubai	3rd International Conference on Coastal Zone Engineering and Management in the Middle East (Arabian Coast 2016)
▪	23/11/16 - 24/11/16	Budapest	Translog Connect 2016
▪	23/11/16 - 25/11/16	Jakarta	MARINTEC INDONESIA 2016
▪	05/12/16 - 07/12/16	Dammam	Saudi Transtec 2016
▪	07/12/16 - 09/12/16	Guangzhou	INMEX China 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.