Newsletter

July 31st 2016

Link road, rail, sea!

Council Of Intermodal Shipping Consultants

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PORTS AND TERMINALS

ROTTERDAM BOX TRAFFIC RECOVERING

Early signs are that Q3 2016 is sustaining the slight recovery trend in the Rotterdam container sector.

H1 2016 chalked up around 95,000 TEU more than the 6M TEU handled in H2 2015.

Allard Castelein CEO of Port of Rotterdam (HbR) stated at the port's H1 2016 results press conference that the strong upturn in Antwerp’s container traffic (the only major port in the Hamburg-Le Havre range with such results) could be about to peak thanks to a package of measures that Rotterdam is about to present to leading customers.

“It won’t be a one-size-fits-all solution, but will include different packages for different carriers or alliances in different moments in time,” Castelein said.

No details have been provided, but the package is bound to include the new digital tool that the port claims could save "tens of thousands of euros on a single call."

The computer program visualises all stages and events in a container ship’s port stay, from the berthing at the terminal to the bunker and waste disposal barges, and is instrumental in streamlining the entire dispatch as it immediately depicts and highlights any potential overlaps or other disturbances in the planning.

Dubbed Pronto, the tool was developed with the co-operation of MSC, Maersk and Shell, and has already gone live.

It is still being improved with the feedback of "all big names in the container industry," said Castelein.

In H1 2016, the number of 18,000TEU-plus ships in Rotterdam increased 32% year-on-year.

Castelein added that the automated terminals at Maasvlakte II are ramping up productivity.

Between them they handled 600,000 TEU in H1 2016, compared to 300,000 TEU for the whole of 2015.

“They are on course for a joint whole year 1.5M TEU,” he noted.

This leaves open the question whether the terminals might nevertheless be lagging behind the volume commitments laid down in their concession contracts and, if so, what HbR intends to do about it.

Meanwhile, Paul Smits, HbR's CFO, has welcomed the investigation into Belgian and French ports' corporation announced by the European Commission, on the corporate tax issue in the Belgian and French ports, now that it has been agreed that the Dutch ports will pay corporation tax with effect from January next year.

Smits reiterated Rotterdam’s huge frustration at how state aid continues to tilt the playing field, via co-funding of port infrastructure development (Flanders/Antwerp) or by footing the bill for annual losses and financial injections (Hamburg).

Backed by the Dutch parliament, Holland’s transport secretary Melanie Schultz has recently announced an "additional policy" will be worked out to support Rotterdam.

Smits said that this will feature maintenance and other services connected with "national" and "international" infrastructure such as the rivers, which are international waterways. “Over the years," said Smits, “the practice has gradually crept in of the port managing matters or even carrying out dredging and maintenance on its own account.

Together with the Ministry we will carefully investigate how to be paid for things that are clearly the government’s responsibility.”

This could include other developments to which HbR is contributing, such as the planned freight Theemsweg (Thames Road) Betuwe Line bypass to circumvent the drawbridge spanning the Caland Canal/Brittannië dock, and the widening of the passage for inland ships between the mouth of the River Rhine (a state waterway) and the port’s Maasvlakte and Europort basins.

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

MARITIME TRANSPORT

THE BIG BET: THE PANAMA CANAL IS WIDER – NOW WHAT?

A full century after one of the greatest maritime infrastructure engineering feats opened the world up to new trade possibilities, a third, new set of wider locks at the Panama Canal welcomed its first neo-Panamax containership, as a recessionary shipping industry tests what could become the biggest bet yet over the future of how cargo from Asia transits to the populous eastern U.S., among other possibilities.

In the early morning hours of June 26, 2016, the 9,472-TEU COSCO Shipping Panama transited the Panama Cana's Agua Clara Locks from the Atlantic Ocean side of the Central American country as it continued towards the Pacific Ocean where heads of state, shipping industry leaders, a throng of journalists, and thousands of proud Panamanians awaited the vessel's arrival at the Cocoli Locks on the other side of its journey towards Asia.

"We are thrilled that we currently have 170 reservations for neo-Panamax ships, commitments of two new liner services to the Expanded Canal, and a reservation for the first LNG vessel," said Panama Canal Administrator and CEO Jorge L. Quijano at the ceremony.

The 10-year, $5.25 billion canal expansion project experienced more than a few bumps in the road on its way to completion, including opening two years later than planned, while the size of containerships outpaced the scale anticipated by the ACP.

The new third set of locks can handle containerships up to 14,400 TEUs in size, although there are now ultra large container vessels topping over 18000 TEUs.

"I think there is a point of diminishing returns," ACP deputy director Manuel Benitez said in an interview in Panama.

"When we were designing the [expanded] canal, we looked at several sizes because there's a tradeoff with the size of locks and the use of water."

Benitez said the ACP believes the "workhorse" containership size of the expanded canal will be between 8,500 and 10,000 TEUs.

He added that, currently, 98 percent of containership sizes will be able to transit the new locks.

While two container-shipping recessions and larger ships couldn't have been on the ACP's radar over a decade ago, neither was the potential for energy-related shipping.

"Who knew the U.S. would become a net exporter of oil and gas?" said Benitez.

However, the biggest focus of the wider locks has been on the huge trans-Pacific trade from Asia to the U.S., where there have been, depending upon who you talk to, estimates of 10 percent to 20 percent more containerized freight transiting the canal to U.S. Gulf and East Coast ports.

Benitez said the initial projections of his group are at the more modest 10 percent level, which would still have some impact on the traditional U.S. West Coast intermodal rail network that has been able to promote its speed-to-market advantage over the Panama Canal route by an average of five days faster.

The domestic Southern California cargo market's population of 20 million-plus has been another bonus for carriers and their customers to call the Los Angeles-Long Beach port complex, in particular.

But when the well-documented labor and congestion issues have arisen at the ports along the West Coast, including the more recent meltdown in the wake of new mega alliance equipment shortages and a testy longshore labor master contract renegotiation, cargo owners have been looking for alternatives.

These are some of the reasons U.S. East Coast ports like Miami are promoting their respective viability as an alternative to their West Coast counterparts.

The Florida East Coast Railway (FEC) forecasts up to 20 percent more containerized freight will reach the greater U.S. southeast via its network.

FEC chief executive Jim Hertwig said in an interview in Panama City that 10,000-TEU ships "could have two stops: Miami and Norfolk."

Port of Miami is the only container port south of Virginia on the U.S. East Coast that has a 50-foot channel depth to accommodate the larger neo-Panamax vessels.

The port has on-dock rail and FEC acts as an alternative to trucking.

The railway says it can reach 70 percent of the U.S. population in one to four days.

Hertwig said that as a result, Miami should blossom into a trans-shipment hub with trans-load and backhaul efficiencies, plus parlaying existing Latin American cargoes that "can add to an Asia carrier's density".

Other East Coast ports and their supply chain partners are delivering their own neo-Panamax marketing messages; while the shipping lines and their customers will be the ultimate drivers of how much more Asia-sourced shipping gold will arrive on eastern shores.

"For Maersk Line globally, with 4 percent of our cargo passing through the canal it is not a change of such large magnitude, but for this geography it is important," said Maersk Line's head of network Anders Boenaes to Lloyd's List.

"We have a lot more containers passing through Suez, but that is a reflection of trading patterns.

Our market share is larger on the Asia-Europe trades and the volumes are larger there, but we are also a big partner for the Panama Canal.

The canal is starting cautiously below what we would expect to be the eventual capacity," he said.

Another Maersk executive said that, at least initially, the world's largest shipping company would be 'testing" the potential of the newly expanded canal.

The ACP's chairman of the board, Roberto Roy, who addressed the thousands of expansion ceremony attendees as the big COSCO ship slowly rolled by, remarked that the vessel was "sailing towards history."

If that's the case, history will eventually be the ultimate judge of that success.

(from: cargobusinessnews.com, July 21st 2016)

RAIL TRANSPORT

EXPANSION OF GERMANY'S LARGEST CONTAINER RAIL TERMINAL COMPLETED

Hamburger Hafen und Logistik AG (HHLA) has completed the expansion of the rail terminal at its Container Terminal Altenwerder (CTA) significantly earlier than planned.

Following the construction period, regular operations will resume as early as 1 August 2016, which is two months sooner than originally calculated.

The CTA's rail terminal now has nine tracks, instead of the previous seven.

The expansion will increase the terminal's capacity by 140,000 standard containers (TEU) to 930,000 TEU per year.

Since 2010, annual container throughput at the CTA rail terminal has risen by almost 20 percent to 769,000 TEU in 2015.

This means that, once again, the CTA's terminal had the highest throughput of any container rail terminal in Germany.

Rail's share of total container volume has also continued to grow in recent years.

The German Federal Ministry of Transport expects that transport services of rail freight traffic will increase by 43 percent by 2030.

Dr. Stefan Behn, member of the Executive Board of Hamburger Hafen und Logistik AG, emphasises the significance of the rail terminal expansion: "The expansion of the rail terminal will enable us to ensure the efficiency of the state-of-the-art HHLA Container Terminal Altenwerder.

It means that we are well prepared for a further shift in volume towards rail as a mode of transport.

We are thus strengthening Hamburg as a rail port."

Oliver Dux, Managing Director of the Container Terminal Altenwerder, emphasises: "We have succeeded in finishing ahead of our schedule, which was already ambitious.

We are extremely pleased with this remarkable achievement!

I would like to thank everyone involved.

A wide range of efforts meant that the inevitable restrictions to handling caused by the expansion were kept to a minimum.

In particular, I would like to thank the shunting companies which worked very closely with one another and with us and did everything to ensure that there were virtually no disruptions to rail operations during the construction period.

Our customers will now benefit two months earlier than planned from the completion of the construction work and the resumption of regular operations."

Dr. Bernd Pahnke, Vice President Port Development DB Cargo, highlights: "Since January 2016, we have been working with six other companies to optimise shunting operations at the Port of Hamburg.

In doing so, we are significantly increasing the competitiveness of the location.

We were able to effectively support the expansion of the CTA rail terminal during the construction period with a performance rate of over 95 percent.

The expansion will benefit us in light of a further shift towards rail transport."

The total area of the CTA's rail terminal has not been affected by the expansion, as the two additional tracks were built on the existing area.

This increases the facility's efficient use of space, which is already high.

The distance between the tracks has become smaller, meaning that checking the container data will no longer be done, as before, by terminal staff who would drive along between the trains in vehicles known as "checkmobiles".

For this reason, a "train gate" had to be built.

This train gate automatically records the container data as trains enter the terminal.

The automatic recording is quicker than the manual recording carried out previously, which means that the train-handling operations can begin sooner.

By no longer using the diesel-powered checkmobiles, emissions of harmful CO2 at the already largely electrified CTA can also be further reduced.

Oliver Dux: "I am particularly pleased that we can now handle rail containers at the CTA without emitting harmful CO2."

The expansion of the rail terminal began in early April.

The total cost of the construction work was approximately € 10 million.

(from: tramsportjournal.com/hhla.de, July 15th 2016)

INTERMODAL TRANSPORT

CHINA'S MARITIME SILK ROAD PROJECT ADVANCES

Recent news highlighted further progress in building China's 'One Belt, One Road' mega-project.

Chinese involvement in possible expansion at Port Klang, Malaysia apparently is under discussion while, at the other end of the route, huge additional Chinese investment at the port of Piraeus in Greece has just been agreed.

This article looks at how the plan is evolving.

OBOR is a grand scheme of international sea and land trade route elaboration and related infrastructure augmentation initiated by China.

It harmonises with President Xi Jinping's ideas about a 'Chinese Dream', an aspiration emphasising the rejuvenation of China.

The Maritime Silk Road plan was unveiled almost three years ago in October 2013, following the ideas announced earlier that year for a land-based route.

The two parts of the OBOR, the 'Belt' or Silk Road Economic Belt, and the 'Road' or Maritime Silk Road are designed to be complementary.

The 21st Century Maritime Silk Road has not been evolving as rapidly as its overland counterpart, but it has significant implications for the global shipping industry and could have a greater impact over the next few years.

'Silk Road' is the name given to an ancient trade route opened up by Chinese merchants in the second century, linking China with the West for movements of silk, spices and other goods.

Changing political and military circumstances caused the precise route to vary.

More accurately the term refers to a network of historic routes across Asia.

What characterises the modern version, for which the original name has been revived?

The land-based Silk Road Economic Belt, also described as a corridor, consists of a broad band of central China, reaching through a large number of Asian countries and stretching into the eastern European region.

These countries are or will be linked by existing or planned railways and roads, with bridges and tunnels, as well as pipelines, energy projects, industrial parks and logistics centres.

The Maritime Silk Road or corridor is principally a sea route from the South China Sea and South East Asia, through the Indian Ocean and Middle East area into the eastern Mediterranean.

It also extends in other directions.

Its main feature is port infrastructure projects, some linking with the parts of the land-based project.

A persuasive rationale

China's justification for the OBOR concept is a need to facilitate trade route connectivity and efficiency, reducing the costs of transporting goods, while improving the security of the country's enormous import and export flows.

Other prominent reasons for such a vast and what is described as hugely 'ambitious' grand plan, is to promote additional work for Chinese construction companies on large-scale building projects, while boosting potential for manufactured goods exports from China in new markets.

The OBOR is designed to enrich the economies of China and about sixty of its nearby trading partners, and enthusiasm for participation has been seen in many countries throughout the region.

There are potential strategic advantages also as countries involved in the OBOR become more closely integrated with China.

These imperatives partly reflect the pronounced economic slowdown and accompanying rebalancing of economic activity in China.

The process is expected to continue well into the future, possibly for several years.

As a consequence, large excess capacity has been revealed in some major industries, such as steelmaking, construction and equipment manufacturing: this capacity could be directed towards other markets.

A paper published last year by Clingendael, Netherlands Institute of International Relations, assessed the rationale for the Maritime Silk Road in particular.

It concluded that the MSR "is not aimed primarily at changing China's role in international shipping, but rather is part of a highly ambitious long-term programme for the economic integration of a vast zone… on the basis of infrastructure development".

This analysis pointed out that, especially in developing countries, Chinese investment in key infrastructure projects can lead to increased leverage for Beijing in its relations with the host government.

Leverage is further enhanced when China-controlled entities provide financing.

The Clingendael report concludes that the OBOR programme focus "is not on military dominance".

However, the authors suggest that "the initiatives… are accelerating the growth of its (China's) influence on maritime trade patterns as well as in Asia, Africa and Europe more broadly".

A later paper published this year by the Peterson Institute for International Economics similarly concludes that the OBOR "appears to be entirely a mercantile endeavour designed to fortify China's economic interests around the world".

OBOR components

Familiarity with aspects of the OBOR, and accumulating evidence of progress achieved, has clarified the framework and content.

Initially the plan, while undoubtedly impressive in scale and scope, seemed somewhat vague and amorphous, resulted in the project lacking defining features.

This impression is now fading.

Nevertheless, there is still considerable uncertainty about how some parts will evolve in the years ahead.

The scale of this super-sized programme implies an enormous and ongoing financing requirement.

Principal channels involved are China's four state-owned banks (Bank of China, Industrial and Commercial Bank of China, China Construction Bank, and Agricultural Bank of China).

Also contributing are the Chinese state's $40 billion Silk Road Fund, the multi-national Asian Infrastructure Investment Bank, and others.

Characteristics of land-based portions of the OBOR differ from those of the sea routes.

There is a pressing need for additional or upgraded land infrastructure in many Asian countries.

Much of the existing rail and road infrastructure is deficient and therefore hampering trade flows across the region by causing congestion, delays and the higher costs resulting.

Consequently there is a clear requirement for more major investment, which can improve and cheapen land transport and connection with sea routes.

Maritime Silk Road progress

Within the Maritime Silk Road, substantial investment in port facilities in various locations is planned or under way.

New, expanded or more advanced capacity will improve connections between sea and land legs of trade movements, raising overall transport efficiency and reducing costs.

Enthusiasm for the project has been especially notable in Southeast Asia.

The economic logic may be most compelling in this region, assisting greater flows of goods, people and capital and promoting economic growth in all countries along the route.

There is also a trade security aspect.

Land connections from China to ports in Southeast Asia reduce dependence on maritime trade passing through the congested and potentially insecure 'choke point' of the Straits of Malacca.

One of the high profile port projects in Southeast Asia is Gwadar in Pakistan, operated by China Overseas Port Holdings and built by China Harbour Engineering Company.

CHEC's other involvements in Pakistan include an extension of the port at Qasim.

An agreement to create an 'economic corridor' between Pakistan and China was finalised in early 2014, including upgrades to roads and railways linking the two countries.

Other examples are prominent.

In Myanmar a contract was agreed at the end of 2015 with a Chinese consortium, including CHEC and led by CITIC Group Corporation, which will build a deep-sea port at Kyaukphyu.

A new deep-sea port at Sonadia Island, Bangladesh is being constructed with Chinese involvement.

Two projects in Sri Lanka involving China are a Colombo container terminal and new port at Hambantota.

At the other end of the Maritime Silk Road, a showpiece project is China's investment in the port of Piraeus, Greece.

Seven years ago COSCO (now China Cosco Shipping after its merger) obtained a concession from the Greek government to operate part of the port's container terminal over a thirty-five years period.

Expansion of capacity has enabled much higher throughput.

Then, in early 2016, a two-thirds holding in Piraeus Port Authority was acquired.

Subsequently plans to greatly increase port investment have been announced.

Maritime transport carrying capacity is another aspect.

Further investment to enhance the scale and efficiency of shipping services has been discussed, but there have not yet been many direct developments.

Arguably the 21st Century Maritime Silk Road is already heavily, and comprehensively, provided with high-quality Chinese and foreign shipping services offering enormous capacity for moving cargoes efficiently.

Extra investment by the companies involved has been proceeding for many years.

The China-owned fleet of deep-sea trading ships continues to expand rapidly, with a large number of new ships due to be completed in the next few years, and many more purchased secondhand from foreign shipowners.

This pattern seems to satisfy current and foreseeable requirements.

Earlier in 2016, in an implicit acknowledgement that Maritime Silk Road progress was lagging, or at least need reinvigorating, a Chinese government official stated that a new action plan would be introduced this year.

This intention follows an action plan covering both Road and Belt routes and priorities announced in March 2015.

One suggested explanation for the limited progress of the maritime strategy is concerns, among some of China's neighbours in Southeast Asia, about Chinese maritime territorial claims.

These claims have become a more contentious issue over the past few years.

A colossal, multi-faceted enterprise

China has previously organised huge commercial projects and trade activity.

In an historical context, one example is of particular significance.

In the early fifteenth century the Yongle Emperor ordered the construction of a vast imperial fleet to undertake lengthy international voyages.

The remarkable treasure ship expeditions were commanded by famous admiral and diplomat Zheng He.

These extended voyages to Southeast Asia, Arabian Sea ports and East Africa took place from 1405 to 1433.

Each of the seven expeditions, apparently involving up to 200 ships and 20,000 mariners, lasted two years.

Some ships involved were far bigger and more technically advanced than others built anywhere else in the world at that time.

This massive enterprise can be regarded as a precursor for the present 21st Century Maritime Silk Road, although infrastructure building was limited in the earlier expeditions.

Today great endeavours designed to increase China's participation in, and influence on, cargo movements along the route, are progressively taking shape.

Although the eventual outcome is still difficult to foresee, it seems predictable that more OBOR features will be added over the next few years.

(from: hellenicshippingnews.com, July 12th 2016)

INLAND RIVER TRANSPORT

PANAMA BACK ON TOP IN BATTLE OF THE CANALS

The Panama Canal's third set of locks opened for business only a few short weeks ago, yet it is already paying dividends amid reports that it is has replaced its rival the Suez Canal as the preferred route for traffic heading to the US east coast from the Far East.

According to Alphaliner, combined all-water weekly capacity at the start of July had risen 1.7% on the year-ago period to 145,600 teu, with the Panama Canal now holding a 57% share of total volumes, compared with the 48% share it held at the beginning of 2016.

"Although the number of all-water services via Panama fell from 16 weekly strings in July last year to only 13 strings currently, the average size of vessels used has increased from 4,600 teu to 6,400 teu, with ships of up to 10,000 teu now transiting the new Panama Canal locks," said Alphaliner.

Before the Panama Canal's multi-billion dollar lock project the Suez Canal route had gained a significant market share of Asia-US east coast traffic, as carriers could deploy 5,500 teu-10,000 teu vessels via Suez and make the most of the economies of scale offered by larger ships.

"Despite the increased distances for some China-US east coast port pairs, the Suez route made economic sense, as the scale advantages of larger vessels often outweighed the disadvantages of the longer steaming distance," said Alphaliner.

"Now that the old Panama locks' restrictions have been lifted, the canal is making a strong comeback, regaining much of the all-water market share that was lost to the Suez Canal."

Alphaliner added that it expects the Panama Canal to improve its market share over the coming months, with a number of lines still to upgrade services through the Central American waterway with bigger ships.

So far, six out of the 13 services traversing the Panama Canal now use 5,500 teu-10,000 teu ships and a further two are expected to follow in due course.

Alphaliner also anticipates that some carriers could also switch their existing trans-Suez services to Panama, following the lead of the CYYHE alliance, which has withdrawn its AWE-4 loop that went through the Suez Canal and replaced it with Panama alternatives.

“Of the eight remaining Suez services, one or two could be shifted to Panama as the 2M and Ocean 3 carriers have still to reconfigure their all-water service offerings with larger ships.”

(from: lloydsloadinglist.com, July 14th 2016)

LOGISTICS

FREIGHTOS LAUNCHES "FIRST ONLINE MARKETPLACE FOR INTERNATIONAL FREIGHT"

Hong Kong-based Freightos, the logistics technology provider, has announced the launch of what it claims is the world's "first online marketplace for international freight."

The platform is designed to allow companies to instantly compare and book the services and pricing of international freight services from logistics providers - aggregating the entire process in much the same way as online reservations for flights and hotels.

Initially, the Freightos Marketplace is focused on US imports from China, by air and ocean.

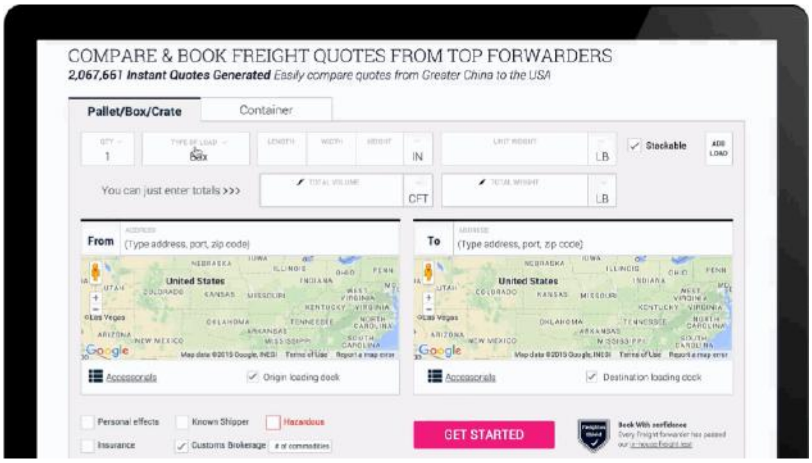
"The logistics industry is the backbone of global trade.

At $4 trillion it accounts for about 10% of the world's GDP.

But this foundation of the international economy is slow, opaque, and offline," said Zvi Schreiber, CEO and founder of Freightos.

"Over the last four years, Freightos has brought some of the world's largest logistics providers online.

Today we are thrilled to launch the world's first online marketplace, which will make shipping goods as easy as booking a flight online.



The future of global trade starts today."

Prior to the launch, Freightos automated millions of freight price quotes for several large freight forwarders including Nippon Express, Hellmann Worldwide Logistics and CEVA Logistics, as well as a number of major shippers, among Sysco Foods, Panasonic USA, and Marks & Spencer.

“Booking a flight has been electronic for 50 years, but the cargo on airplanes, trucks, and ships is still booked manually.

This cannot continue,” commented Robert Mylod, investor and director of Freightos, and former CFO of online travel marketplace, Priceline Group.

“Growing global trade, e-commerce B2B sales, and sprawling dynamic supply chains demand the transparency and efficiency of online freight.

Just like passenger travel went online to accommodate the demands of a growing market, Freightos is finally ushering in a much needed digital marketplace for freight,” he added.

The Freightos Marketplace was launched in closed beta in January 2016 and Freightos has since updated the platform with increased functionality and added more freight forwarders selling more air, ocean and land routes.

Customer support is available 24/7 to assist with shipment booking and management.

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

LAW & REGULATION

VGM DISRUPTION 'LIMITED' IN FIRST TWO WEEKS, SAY FORWARDERS

The much-feared prospect of major ocean freight disruption under the new verified gross mass (VGM) international container-weighing rules introduced on 1 July has apparently not materialised in the first two weeks, according to international freight forwarding federation FIATA, although there has been some lengthening of transit times.

Jens Roemer, chairman of the Sea Transport working group within FIATA's Multimodal Transport Institute, told Lloyd's Loading List: "It seems the predicted chaos with containers not being shipped after 1 July 2016 has not materialised and that shippers and freight forwarders are working with the amendments to the SOLAS Convention (Safety of Life at Sea) in a positive way.

No major problems have been reported to FIATA and the advisors to the FIATA Working Group Sea Transport have reported little disruption."

He continued: "There have, 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 is that lead times are being extended for a variety of reasons.

VGM cut offs tend to be earlier as compared to gate in closings, which is a problem for shippers that are located near a port."

This is 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.

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.

He 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 needs to be weighed, and in Denmark is it mostly done in the ports," he 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."

He 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 he 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."

He 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.

"We are really pleased with our early record for VGM compliance, and encouraged that clearly our customers have responded well to our communications about the impending regulation," said MSC managing director Philippe Lestrade.

"This is a challenging time for the industry and our expectation was that perhaps we would see rates of anywhere between 50% and 80% compliance on initial sailings — so this is a superb result."

Lloyd's List reported that the Solas amendment appeared to have passed off successfully in most parts of the world, with few reports of any significant disruption caused by terminals refusing to accept containers without VGM.

But in many cases, including at major export ports such as Shanghai, this initially required terminals to weigh significant numbers of boxes themselves.

And in the UK, the London Container Terminal at Tilbury reported in the first days of July, only half of boxes delivered to the terminal had arrived with a VGM in place.

Maersk Line last week said it is still too early to judge the overall operational impact of the 1 July implementation, but insisted that any short-term disruption in the form of delays or bottlenecks in the initial implementation phase would be outweighed by the long-term safety benefits both at sea and on land.

Lars Lorenzen, VGM project lead at Maersk Line, said: "Maersk Line has implemented the VGM regulations as planned and will be guided by market developments and practical limitations such as terminal readiness and late or changing governmental requirements."

Lorenzen stressed Maersk Line's support for the VGM directive, "since knowing the actual weight of the cargo – as opposed to estimating the weight – increases safety across our industry," he told Lloyd's Loading List.

"The benefits of a properly implemented and enforced regulation can potentially avoid accidents in other parts of the international supply chain such as land transport and during loading/discharging of containers.

A third potential benefit of the regulation could be increased supply chain efficiency derived from utilizing the precise weight when stowing the containers."

Lorenzen said Maersk had been communicating with customers through multiple channels ahead of the 1 July deadline to smooth the compliance process.

"On Maersk Line's official website we have a dedicated VGM section explaining the new container weighting regulations with detailed guidance, and the same content can be found in our social media channels to reach more stakeholders," he added.

"We also held a series of customers' workshops in different locations across the globe to communicate with our customers fact to face on this subject."

He stressed that Maersk Line "carries out a 'no VGM, no loading' policy in the countries where the regulation has been fully enforced, and we made that clear to our customers".

He added: "There are many national variances on how governments and also terminals have interpreted and subsequently implemented the SOLAS Amendment.

It seems that most governments did take into account recommendations contained in IMO Circular 1548 to enable a smooth implementation.

We expect enforcement to become strict towards 1 October, where full compliance is required."

(from: lloydsloadinglist.com, July 19th 2016)

STUDIES & RESEARCH

CONTAINER SHIPPING RATES STILL FALLING, BUT FORWARD DATA POINTS TO AN 'UPWARD TREND'

Container spot rates from Asia to Europe slid for the second week running, but held at above $700 per teu – a level carriers seem unprepared to breach, given the current “full” status of westbound voyages.

The Shanghai Containerized Freight Index (SCFI) recorded a 16.7% fall in spot rates to North Europe, which declined by $156 on the week to $776 per teu.

Meanwhile, spot rates for Mediterranean ports fell by 20.3%, or $193 per teu, down to $758.

However, according to ocean freight benchmarking firm Xeneta, crowdsourced data from shippers and forwarders operating on the tradelane indicates that rates will remain on an upward curve, at least through to the end of September.

The Oslo-based company claims to have thousands of shippers, forwarders and NVOCCs signed up to its platform, contributing spot, short-term and contract freight rate data.

Chief executive Patrik Berglund noted that both short-term and contract rates were rising.

“The market is clearly trending upwards,” he said, during Xeneta’s second quarter rates review and Q3 outlook.

Some carriers on the route have recently announced another raft of general rate increases (GRIs) for August 1, while others will increase their FAK (freight all kinds) rates on the same date.

In a deal struck with the European Commission last week, after December 7, carriers will no longer be able to implement GRIs; instead, if they choose, lines can publish all-inclusive maximum freight rates for the route.

The FAK announcements – which have to include base rate, bunker surcharges, security surcharges, terminal handling charges and peak season surcharges – must not be made more than 31 days beforehand and must be considered as maximum prices for the declared period of validity.

However, carriers are, of course, still free to offer lower rates to shippers.

Recently, Maersk Line and China Cosco Shipping followed Hapag-Lloyd in announcing FAK increases instead of GRIs, in advance of the December deadline.

Meanwhile, the European Shippers' Council (ESC) has complained that although the new FAK model may bring more transparency, "it does not solve the price-fixing problem".

The ESC claims the use of FAKs "still enables the liner operators to test their new price policy without incurring the risk of losing customers".

Elsewhere, spot rates on the transpacific trade ticked up this week, with the SCFI recording a 20% hike to the US west coast, to $1,421 per 40ft, and a more modest 8.3% increase to US east coast ports, taking the spot rate to $1,871 per 40ft.

However, the SCFI star performer continues to be the Asia-South America east coast route, where spot rates jumped another $335 per teu to an incredible $2,626 per teu this week.

It is an impressive recovery for a trade where container spot rates were less than $300 per teu six months ago – before carriers decided on a series of radical capacity cuts on the route.

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

REEFER

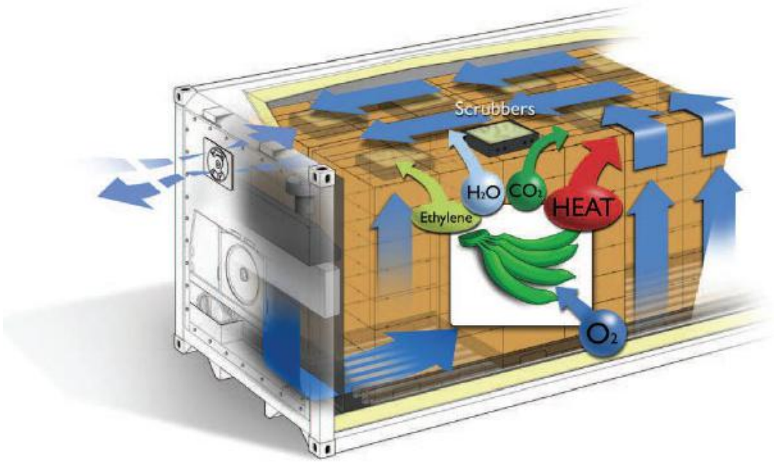
APL AND YUSEN GO HI-TECH TO TARGET GROWTH IN JAPANESE REEFER TRAFFIC

The growing popularity of Japanese fresh produce across Asia is creating new opportunities for reefer shipping, while a government-led initiative to increase sea exports could pose a threat to the dominance of air cargo.

Ocean carrier APL, recently acquired by CMA CGM, told The Coolstar the globalisation of Japanese food culture had helped fresh produce exports gain popularity with increasingly affluent Asian consumers.

"Japanese produce is appealing to many Asian consumers with its fine quality, exquisite taste and excellent presentation," said Fujita Yasuhiro, head of commercial, APL Japan.

He added: "More Asian consumers have become aware of Japanese fresh produce as Japanese food exporters step up on marketing their products in overseas markets.



This phenomenon is consistent with the Japanese government's plan to double food and agriculture exports to ¥1trn by 2020."

In response, APL recently expanded its reefer services in Japan to support exporters looking to explore markets such as Hong Kong, Indonesia, Taiwan, Thailand, Singapore and Vietnam.

Current exports include strawberries, peaches, grapes and leafy vegetables.

The carrier, which has steadily increased its deployment of 40ft reefer containers, has also strengthened its technical support in Japan, offering customised reefer solutions based on shipper requirements, import protocols and the unique characteristics of each perishable cargo.

APL's atmosphere-regulating reefer technology, SMARTcare+, allows the quality and presentation of fresh produce to be preserved over longer distances and durations than ever before, in some cases tripling the post-harvest life of certain perishables compared with conventional methods.

According to Mr Yasuhiro, this technology is providing new logistics options to exporters traditionally limited to air cargo.

"While air freight is faster, Japanese exporters with a large shipment of perishables will find sea freight with the right reefer solutions a more economical and practical option," he said.

As an example, Mr Yasuhiro said, APL successfully shipped premium strawberries and leafy vegetables from Hakata to Hong Kong in March, and that the application of controlled-atmosphere technology "enabled these fruits and vegetables to reach Hong Kong in pristine conditions at a fraction of air freight charges."

Following the CMA CGM acquisition, Mr Yasuhiro said APL would have access to a reefer fleet of 315,000 teu, and would continue to operate as an independent brand.

APL is currently only offering full-containerload (FCL) services to large-scale exporters.

However, two major Japanese logistics companies, Nippon Express and Yusen Logistics, are teaming up to offer less-than-containerload (LCL) reefer shipments to smaller merchants.

The joint-venture will begin with a regular service between Nagoya and the Taiwanese port of Keelung.

Yusen Logistics is also part of a government-led programme to boost fresh produce exports by increasing reefer shipping services, rather than air cargo.

According to the Nikkei Asian Review, Yusen, together with the Ministry of Agriculture, Forestry and Fisheries, and the National Federation of Agricultural Cooperative Associations, known as Zen-Noh, plan to increase reefer shipments of strawberries and grapes, starting with a trial to Malaysia.

In an attempt to reduce transport costs by as much as 10% of that currently spent on air cargo, the ministry plans to raise the ratio of strawberry and grape exports shipped by sea from just 0.1% and 26%, to 20% and 50%, respectively.

(from: theloadstar.co.uk, July 21st 2016)

SAFETY & SECURITY

RADIATION TECH: SECURITY FOR GLOBAL PORTS?

Passport Systems, Inc has affirmed that it has developed radiation detection technology that can help domestic and foreign seaports around the world thwart nuclear terrorists seeking to transport radioactive materials.

Dr Robert Ledoux, President, CEO and Director of Passport Systems, Inc., offered reassurances to lawmakers concerned about whether effective and efficient cargo scanning technology is available.

Dr Ledoux said: "At the hearing, subcommittee members cited the need for technology that can accurately detect nuclear threats and contraband without significantly slowing the shipping process.

We have developed that technology and it is already being deployed at the port in Boston.

It is ready to be deployed to other ports in the US and internationally.

Our SmartScan 3D cargo scanner can protect people and property from dirty bombs and other nuclear threats."

Dr Ledoux said the SmartScan 3D system automatically identifies any radioactive material, including 'actinides' that may signal a weapon of mass destruction or smuggled special nuclear materials, after the cargo has been unloaded onto conveyances.

The non-intrusive cargo inspections also detect explosives and contraband such as drugs, tobacco, and firearms – a growing concern among security professionals and lawmakers.

The need for such technology was a focus of a joint hearing on July 7 by the House Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation and House Homeland Security Subcommittee on Border and Maritime Security.

During the hearing, officials repeatedly testified that "gaps remain" in securing nuclear and radiological materials around the globe despite progress over the last 20 years, and acknowledged the challenges that the US faces in protecting its ports from smuggled materials.

Jennifer Grover, Director of Homeland Security and Justice Issues at the Government Accounting Office, said that "with about 12 million cargo shipments arriving each year in the US – the US maritime ports do indeed remain vulnerable to smuggling.

CBP {U.S. Customs and Border Protection} has determined that it does not have the resources to examine every shipment.

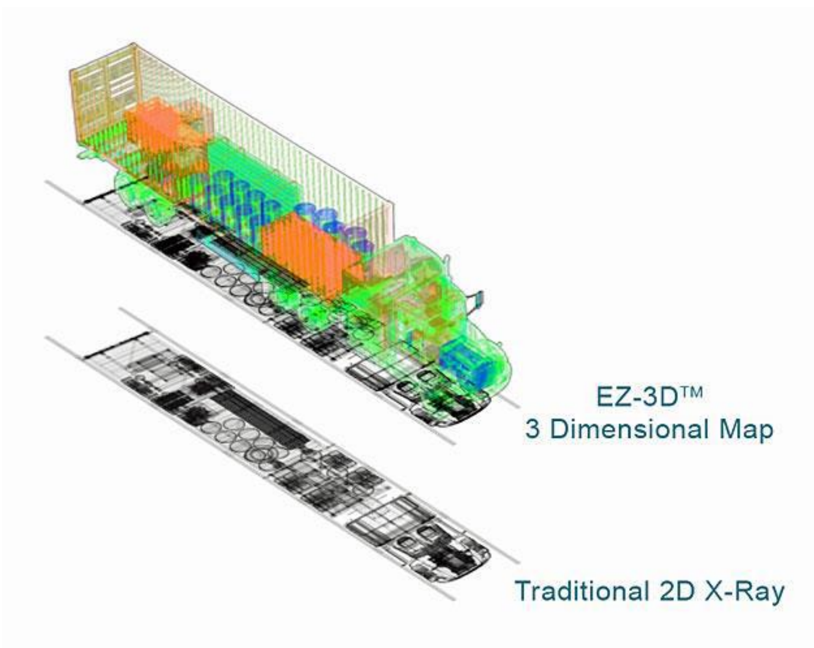
So instead what they are doing is counteracting the smuggling threat by identifying and examining at risk shipments.

Yet ensuring this approach functions properly is indeed still a work in progress."

Passport is set to unveil SmartScan at a first of its kind facility at the Massachusetts Port Authority, Port of Boston's Conley Container Terminal.

As noted at the subcommittee hearing, a limited X-ray scanning process is used at most ports today.

Dense or thick objects, which could hide nuclear threats or contraband, require that individuals open the containers and inspect the objects by hand; it slows the shipping process by hours and the process could be dangerous for inspectors.



By contrast, SmartScan doesn't require that containers be opened.

The technology scans a container, provides a three-dimensional map of the cargo, and sends alerts to flag suspicious cargo.

Within minutes, it determines if an actinide is present and whether it is a bomb.

SmartScan works by trucks leaving the port with cargo conveyed through a 176-foot tunnel.

The cargo is inspected using high-resolution X-rays and other passive radiation detection methods with proprietary technologies.

Three-dimensional images based on the effective atomic number and density are generated as the system measures photon signals to determine anomalies, such as explosives or radioactive material.

Additional technology determines if special nuclear materials are present.

At the hearing, Wayne Brasure, Acting Director of DNDO, noted that DNDO is developing and evaluating emerging technologies to detect shielded materials while clearing benign conveyances at land and maritime ports.

"One such effort is a project with the Massachusetts Port Authority, DHS Science and Technology's Border and Maritime Security Division, and the United Kingdom Home Office to develop and evaluate the next generation non-intrusive inspection imaging equipment," Mr. Brasure testified.

"The technology will be evaluated in the Port of Boston next year and, if successful, will demonstrate a next generation integrated system capable of detecting both nuclear material and contraband."

Dr Ledoux concluded: "America needs to ensure that foreign governments are adopting the most comprehensive scanning equipment available," he said.

"We are working to have SmartScan installed at ports around the world.

That will make our country safer."

Passport Systems was founded to develop and commercialise new technologies to address the threats facing the world in the aftermath of the 9/11 terrorist attacks.

Founded by a team of MIT technologists and entrepreneurs, Passport Systems has developed two cutting-edge product lines: The SmartScan 3D Automated Cargo Inspection System, based on nuclear resonance fluorescence technology, and the SmartShield Networked Radiation Detection System, using advanced data fusion algorithms.

(from: porttechnology.org, July 22nd 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.