# Newsletter

## January 15th 2017

*Link road, rail, sea!*

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Council Of Intermodal Shipping Consultants

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# PORTS AND TERMINALS

## ANTWERP PORT HITS RECORD VOLUME

The port of Antwerp will close 2016 with an expected record volume of more than 214 million tonnes of freight handled.

The shipping container volume for its part has risen above 10 million TEU for the first time in the history of the port.

Liquid bulk is also showing year-on-year expansion and with an estimated volume of just under 70 million tonnes it's the second main foundation on which freight growth in Antwerp is based.

There are positive figures also in the conventional breakbulk and dry bulk sectors, although overall the totals for both segments are negative.

The continuing trend towards containerisation has depressed the volumes of among other things fruit and paper.

Meanwhile the volumes of coal and ore have fallen drastically in all North-West European ports.

*Containers and breakbulk*

The container volume rose by 4.1% during the past 12 months and is expected to end the year at 117,979,180 tonnes.

In terms of the number of containers this represents 10,056,603 TEU, an increase of 4.2%.

With these excellent growth figures Antwerp has further expanded its market share in the Hamburg – Le Havre range.

Antwerp has also managed to considerably improve its position in the Far East trade over the past few years, at the expense of its direct competitors Rotterdam and Hamburg.

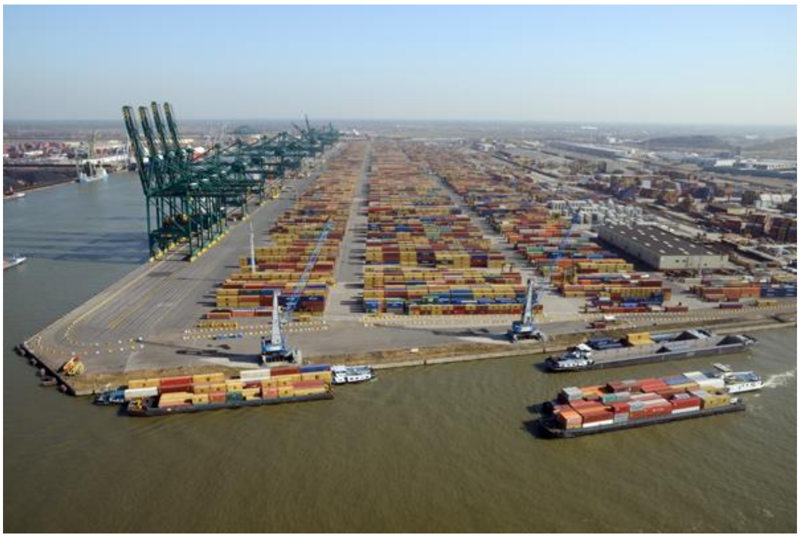
The situation among international container shipping companies has altered dramatically in the past few years, with companies entering into collaboration and forming alliances in order to achieve cost savings and efficiencies of scale.

In 2017 the shipping scene will be dominated by 2M, Ocean Alliance and THE Alliance, making it more important than ever for ports to secure their place in the respective sailing schedules.

So far Antwerp has managed very well in this respect.

In the meantime the ro/ro volume has declined by 1.9%, totalling 4,564,619 tonnes at the end of the 12-month period.

This negative result is due to the performance on the export side, as ro/ro exports to Africa and the Near East are down by 15% and 18% respectively.



In fact exports to all countries around the Persian Gulf have dipped.

On the import side, however, the ro/ro volume is up by 9.5%.

The conventional breakbulk volume for its part contracted by 2.4%, ending the year at 9,764,796 tonnes.

Steel on the other hand experienced strong growth of 12%, but the lower volumes of non-ferrous metals, paper & cellulose and fruit meant that the amount of conventional breakbulk was down overall.

*Liquid bulk*

The liquid bulk volume this year is up by 4.5% to 69,653,984 tonnes, with tank storage companies experiencing particularly strong growth.

The shipping volume on behalf of the chemical industry has remained fairly stable.

*Dry bulk*

The volume of dry bulk continues to decline: after four quarters the figure stood at 12,441,379 tonnes, a fall of 9.8% compared with the same period in 2015.

More specifically the volumes of ore, fertilisers, minerals and coal all showed negative figures.

*Seagoing ships*

The number of seagoing ships calling at Antwerp rose by 0.7% in 2016: by 31 December a total of 14,523 ships are expected to have visited Antwerp.

Apart from the increased number of ships the growth in gross tonnage is nothing less than spectacular, up 9.5% to 402,665,000 GT.

This figure illustrates well how ships visiting Antwerp are getting bigger and bigger: in 2016 Antwerp welcomed 458 container carriers of 13,000 TEU or more, whereas last year the number in this category was only 320.

*(from: marinelink.com, December 29th 2016)*

## MARITIME TRANSPORT

### WILL 2017 BEAR GIFTS FOR SHIP OWNERS, OR WILL IT PROVE TO BE AS CHALLENGING AS 2016?

Most likely, 2016 won't sit well with the majority of shipowners, at least in the major segments, as all of them were faced with multiple challenges for all kinds of reasons.

Dry bulk took another step towards rebalancing, but is still some way off, tankers had to bear increased downward pressure as a result of increasing supply, while in the container shipping segment "all hell broke loose", with Hanjin's demise claiming the business story of the year.

Tankers were also faced with lower freight rates this year, as newbuilding deliveries started to increase.

*Dry bulk market*

For owners of dry bulk carriers, 2016 was perhaps more of a transitional year, with the dry bulk market closing the year significantly higher, compared to where it was a year ago (961 points Vs 478 points).

This reflects the growth of the market over the course of the past 12 months, as massive number of older ships were sold for scrap, especially during the first half of the year.

This coupled with minimal newbuilding orders this year, bode well for the future balance of the market, after years of downturn, mainly as a result of tonnage oversupply and slower than expected demand growth, as China has gradually slowed down.

According to Allied Shipbroking's George Lazaridis, "the freight market may well be showing signs of heading for its downward corrective phase, with increased possibility that rates may well drop significantly over the next 2 months, but this is unlikely to deter buyers, given that their keen interest is not generated from a belief that freight rates are going to be at extraordinarily high levels within the final weeks of the year nor during the first months of 2017.

There is surely no delusion as to where we stand and no one expects that we are in the clear and it's all smooth sailing from here on out.

What most seem to feel is that for the time being we have seen the worst and that given that freight levels should improve somewhat compared to the levels noted during the course of the past 12 months, prices should therefore start to better reflect this improvement.

Buyers, as such, are more likely to offer more for each vessel and feel more confident to outbid their competition even if it drives up prices compared to the levels we are seeing now.

The main thing still holding things back for the moment seems to be the difficulties being faced on the financing front, though given that there are still a number of buyers with "deep pockets", they are likely to play more aggressively now in order to secure assets before prices increase by too much, while leaving to deal with financing options at a later stage, something which would in any case allow them to find better terms of financing once both freight rates and asset values have improved further".

*Container market*

Hanjin's fall – and before that to be honest – has triggered a major restructuring of the market, as more and more major liners are coming together, in order to bear the downturn currently in place.

More than 150 container ships were scrapped over the year, while no liner was left unscathed.

Even the mighty Maersk was forced to restructure its business in order to streamline it better and be more efficient.

Meanwhile, Japan's "Big Three", MOL, NYK and K Line announced the joining together of their container business, CMA CGM completed the acquisition of NOL, Taiwan announced measures to offer financial support of up to $2 billion to its liners, i.e. Evergreen, Yang Ming and others, in order for them to be able to sustain losses, in the aftermath of Hanjin.

In all likelihood, 2017 will mark further acquisitions and mergers.

*Tanker market*

The tanker market is perhaps faced with more challenges during 2017, as OPEC has agreed to reduce production by approximately 1.2 million b/d to a ceiling of 32.5 million b/d, effective from the 1st of January for a six-month period.

This will translate to fewer cargoes from the Middle East, which in turn can be offset in part from West African routes and the Atlantic trades, but at the moment, things are pretty hazy to be able to tell for sure how the market will be impacted.

Most analysts seem to agree that it’s the supply part of the equation that will force shipowners’ hand into more scrapping, as rates will likely face additional pressure, as a result of the pace of newbuilding deliveries.

In a recent note, Maritime Strategies International (MSI) said that despite the OPEC cuts having a limited negative short-term impact, there are reasons to be positive on prospects for the longer-term.

Compared to other shipping sectors, the last couple of years in the tanker market have seen a distinct lack of trend.

Markets have move up rapidly and then retreated at almost the same speed.

Volatility and uncertainty over the shifting landscape of the oil market have been reflected and amplified in the tanker freight market.

“Oversupply of productive capacity in the oil market has been mirrored by excess tonnage capacity in the tanker market.

Both are now rebalancing and although fleet growth is expected to remain high in 2017, low earnings and the ratification of ballast water treatment regulations support MSI’s expectations that tanker scrapping will move sharply higher in 2017,” says MSI Senior Analyst Tim Smith.

He concluded by noting that “the tanker market, like the oil market, is in a clearing phase, removing over-supply and rebalancing.

That process could take another year or so before returning to a position where sustained gains can be made, but we remain positive on the long-term outlook."

*Regulatory*

In terms of regulations for global shipping, 2016 will probably go down as a "turning point", in terms of the industry's "modus operandi".

First, the Ballast Water Management Convention (BWM) was officially ratified, meaning that by September of 2017, all ships will have to be fit with some kind of system, treating ballast.

However, the very short time frame is seen by most industry delegates as "unrealistic", which means that IMO could very well decide to extend the deadline for at least another year or two, providing ship owners with valuable time to evaluate which would be the best system to fit on board their vessels.

However, perhaps the most important aspect of the past year was the landmark decision by IMO to put a cap on the use of high sulphur marine fuel oils by 2020, meaning that by then, the global shipping fleet will have to burn low-sulphur oil around the globe.

This will translate to major changes in terms of existing and future marine engines, as well as in the field of refineries and bunkering around the world, as ship owners will have to find new procurement patterns in terms of the fuels they buy.

Time will tell if such efforts and fuel availability will suffice for the industry to comply.

However, it seems that the "ball has started to roll" and there's no turning back on this.

*(from: hellenicshippingnews.com, December 30th 2016)*

# RAIL TRANSPORT

## RECORD: IN 2016 MORE THAN 40,000 CONTAINERS TRANSPORTED BETWEEN CHINA AND GERMANY

The year 2016 has brought a record for the German railways in container transports across the rail between Germany and China.

"With more than 40,000 containers, we have moved as DB the largest cargo volume across the longest railroad in the world.

This is a good foundation for increasing the number of containers to around 100,000 by 2020, and thus to triple compared to 2014," says Ronald Pofalla, Managing Director of the German Railway's Economy, Law and Regulation.

The good result had already been announced at the end of September, when the transport volume from the 2015 total year was already surpassed by 35,000.

The journeys over the 10,000 to 12,000-kilometer-long distances usually last between 12 and 16 days, including several shipments to other track widths.

This means that the services offered by DB together with the railways in Poland, Belarus, Russia, Kazakhstan, Mongolia and China are completed in half the time the transport takes by ship.

In particular, customers with time-sensitive goods such as promotional goods in the clothing industry and capital-intensive goods such as automotive parts and electronics are among the customers.

For example, DB has been supplying the automotive plant in Shenyang with vehicle parts from Leipzig and Regensburg since 2011 on behalf of the BMW Group.

The intensification of the traffic between China and Germany is the goal of a Memorandum of Understanding (MoU) with China Railway (CR), signed by Ronald Pofalla in Beijing in March 2016.

In 2016 there were other successful projects for DB and in China.

On the occasion of the Chancellor's visit to China, DB's Chairman Dr. Rüdiger Grube signed another MoU for a project in Dalian in June.

Experts from DB Engineering & Consulting are currently the first foreigners to work in the Chinese suburban market.

Within a consortium, the engineers will provide consulting services for the operation of local transit routes in the 6-million city of Dalian.


Agreements are also in place to co-operate with the China Railway Rolling Stock Corporation (CRRC) to support the establishment and optimization of a maintenance system for high-speed trainsets and to collaborate in the development of infrastructure projects in third countries (the Silk Road Initiative "One Belt - One Road ").

DB has been active in China since 1966.

DB Schenker employs more than 5,000 people.

DB has been involved in the construction of Metro Shanghai, in the development of the high-speed network and the transrapid in Shanghai.

As China now offers good products in the rail sector, DB has been operating a purchasing office in Shanghai since the end of 2015.

*(from: transportjournal.com/dbcargo.com, January 6th 2017)*

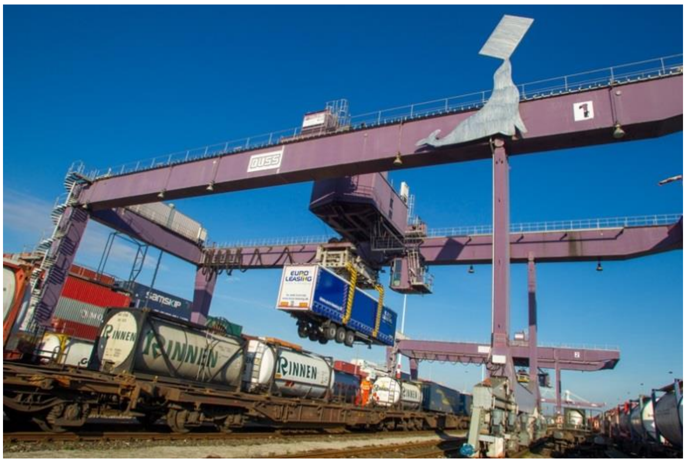
## INTERMODAL TRANSPORT

### KOMBIVERKEHR SEES IN 2017 WITH NEW INTERNATIONAL SERVICE TO AND FROM MOERDIJK AND WITH EXTRA CAPACITY

Kombiverkehr KG, Europe's largest provider of intermodal transport solutions, is seeing in the new year by launching a new shuttle train service between Duisburg-Ruhrort Hafen and the Dutch terminal of Moerdijk CCT to expand the eu.NETdirekt+ network.

The newly introduced service is accompanied by extra capacity on many of the company's existing routes, the purpose of which is to boost business with Italy and northern Europe in the long term.

In the national network, the new short shuttle train between Köln-Eifeltor and the BASF terminal in Ludwigshafen should also provide for new business both in this transport corridor and in a wide variety of gateway services.



"We are responding to customer requests for more capacity on selected routes with the revised timetable for 2016/2017.

The train between Cologne and Ludwigshafen only covers a distance of around 240 kilometres and is a good example of how intermodal services can even be operated on shorter routes, as long as the trains also provide an important feeder service within the network," says Robert Breuhahn, managing director of the Frankfurt-based company.

*Moerdijk enhances range of products and services between Germany and the Netherlands*

The new connection between the Ruhr district and the Dutch province of North Brabant enables Kombiverkehr to increase the existing range of services to and from the Netherlands by another three train pairs a week.

The aim is to gradually increase the frequency of services to five departures a week in each direction.

The first day of departure is 10 January, after which customers in the forwarding and logistics sector will have the opportunity to book available capacity from Duisburg-Ruhrort Hafen on Tuesdays, Thursdays and Saturdays.

The trains operating in the opposite direction will depart from Moerdijk on Mondays, Wednesdays and Fridays.

Not only is it possible to drop off and pick up loads by truck at the Moerdijk terminal, but the port also provides access to the ferry services to and from Great Britain operated by the A2B shipping company.

The traction for the train is provided by KombiRail Europe, a railway company that specialises in the Betuwe line.

*Ten additional weekly train departures between Germany and Verona*

With the volume of transport between Germany and Italy continuing to rise, Kombiverkehr is adding another ten weekly departures to the existing number of trains to and from Verona.

This means that the company now provides a total of 120 weekly train departures on the main alpine crossing via the Brenner Pass.

The frequency of services is being upped on the following individual routes: with effect from calendar week 2, Hamburg – Verona v.v. from three to five departures and Ludwigshafen BASF – Verona v.v. from six to eight departures a week in each direction; on 16 February three weekly round trips instead of two between Kiel and Verona.

*More tonnage and more departures to Scandinavia*

As of 1. January 2017, Kombiverkehr is operating another 2,000-tonne train inside Germany five times a week on the line from Duisburg to Hamburg-Billwerder.

This train links with the German Baltic Sea ports and various terminals in northern Europe.

Previous capacity bottlenecks on this route should thus be consigned to the past.

With the first additional train departing on Monday, 16 January, the company is also increasing the frequency of services on the Duisburg – Rostock v.v. route from three to five departures a week in each direction.

Freight forwarders can now have their consignments transported from Rostock on the additional days of Mondays and Wednesdays, and from Duisburg on Tuesdays and Thursdays.

*New Köln – Ludwigshafen v.v. train a crucial link in national and international transport*

With the introduction of a train between Köln-Eifeltor and Ludwigshafen BASF, Kombiverkehr promises several advantages at a time.

Even though the distance of just 240 kilometres makes this a relatively short connection, the company can now give a positive response to customer enquiries on this transport route as well.

The new train product really comes into its own in gateway services for customers who have their consignments moved on several trains within the transport chain.

In international transport in particular, freight forwarders can now reach their preferred destination terminals in France, Spain and Austria, from both Ludwigshafen and Cologne.

Barcelona Morrot and Wels have connections to Köln-Eifeltor, for example, a service that the operator was previously unable to offer.

Since total capacity has now been increased on the existing services between Cologne and Greece, and Cologne and Turkey via Trieste, consignments can be transported not only on direct train services, but also - if demand is very high - on gateway services via Ludwigshafen.

The new service between Duisburg-Ruhrort Hafen (DUSS) and Moerdijk in the Netherlands with a direct ferry link to and from Great Britain provides an opportunity - and not just for freight forwarders contracted by the chemical industry - to have consignments moved by means of climate-friendly intermodal transport with effect from 10 January 2017.

*(from: kombiverkehr.de, January 4th 2017)*

# TRANSPORT & ENVIRONMENT

## IMO OBJECTS TO EU SHIPPING EMISSIONS TRADING

Including international shipping in European system could undermine global efforts to cut GHGE, says IMO secretary-general Kitack Lim.

In an open letter, Lim has written to Martin Schulz (president of the European Parliament), Jean-Claude Juncker (president of the European Commission) and Donald Tusk (president of the European Council), expressing his concern that including shipping in the European Union’s emission trading system (EU-ETS) could undermine efforts to reduce greenhouse gas emissions from shipping on a global basis.

The letter follows an agreement by the European Parliament's Environment Committee that emissions from ships should be included in the EU-ETS from 2023, if IMO does not deliver a further global measure to reduce GHG emissions for international shipping by 2021.

In the letter, Lim acknowledges that the EU has an ambitious policy for addressing emissions and recognises that member states might wish to enhance the progress made to date.

However, he cautions against extending the EU-ETS to include ships.

The International Chamber of Shipping has already declared its opposition to the EU's plans.

“I am concerned that a final decision to extend the EU-ETS to shipping emissions would not only be premature, but would seriously impact on the work of IMO to address GHG emissions from international shipping.

Inclusion of emissions from ships in the EU-ETS significantly risks undermining efforts on a global level," says Lim.

He believes unilateral or regional action that conflicts with or undermines actions that have been carefully considered and deliberated by the global community at IMO threatens worldwide confidence in the consistent, uniform system of regulation developed by IMO.

COP 21 (Paris, 2015) makes no reference to emissions from international shipping, due to the global nature of the sector and the difficulty in allocating emissions from a ship to a single state.

However, Lim argues that IMO's work on the control of GHGE shows that strong action is being taken.

IMO is continuing towards the goal of a fully global solution for international shipping, achieved through cooperation among all its member states, including EU members.

Last October the environmental committee of the IMO adopted a system for collecting data on ships' fuel-oil consumption which will be mandatory and will apply globally.

This will be the first in a three-step approach leading to an informed decision on whether any further measures are needed to enhance energy efficiency and address GHGE from international shipping.

If so, policy options would then be considered.

These measures were agreed, by consensus, by IMO member states, including EU member states.

In his letter, Lim said this not only demonstrates IMO's leadership and role as the global body for developing and implementing requirements for international shipping, but also reaffirms that IMO is the only appropriate body to take this work forward and achieve the necessary political cooperation of all governments represented at IMO, including EU member states.

He added, "such political cooperation is important to ensure that all countries act together to ensure that no one is left behind."

*(from: worldcargonews.com, January 9th 2017)*

# LOGISTICS

## ONLY FULL DIGITALISATION WILL YIELD MAJOR LOGISTICS SAVINGS

Digital supply chains are only as strong as their weakest link, meaning only total e-connectivity between suppliers, forwarders and shipping lines will realise major transactional savings, according to the CEO of one leading freight and logistics technology provider.

Alex Ruf, CEO of Centrolene Solutions, told Lloyd's Loading List the current process of communication and data exchange between customers and suppliers, or forwarders and carriers, was, in most cases, manual or semi-automatic, a situation that rendered real-time, transparent booking and capacity management almost impossible.


"Only connectivity between all parties through a third party, such as a marketplace, will bring complete transparency with the needed automation," he said.

"This then becomes a win-win situation, meaning complete access and price transparency for shippers, and automation for freight forwarders and carriers, resulting in a significant reduction of operating costs."

Speaking after Maersk Line announced its ambitious plans to rapidly digitise its shipping and supply chain transactions to cut costs, generate new revenues and improve customer experience (link), Ruf said digitisation would not help container shipping lines address the fundamental imbalance between slot supply and demand had seen freight rates collapse, but said increased use of new digital technologies would still realise major benefits for all stakeholders.

"We see automation and digitisation in several areas of the transport supply chain already," he added.

"For example, the Electronic Data Interchange between large shippers and freight forwarders and the e-booking that forwarders use to book their freight with carriers.

It is hard to put a number on this for global transactions, but it is a trend which is accelerating and it is benefitting first movers most."

Multiple ventures using a wide range of digital eco-systems and transaction models have been launched in recent years in an effort to secure a part of the lucrative ocean supply chain transaction pie.

Lines such as Maersk and leading 3PLs have also been rushing to design new products to ensure they are not left behind by the digital revolution.

Centrolene Solutions already provides IT-based freight networking services and the technology platform for Centrolene Network, a forwarder network, and is now developing a new marketplace called book-cargo.com that Ruf said would enable ocean carriers to manage tariffs quoted to freight forwarders and BCOs.

He insisted digital marketplace models would be the driving force behind successful supply digitisation.

"Some market places are only focusing on pricing-quotation interaction between forwarders and shippers currently, whereas others have already focus on the booking from shippers to freight forwarders," Ruf said.

"With our system, freight forwarders will be able to quote to shippers automatically and shippers will have full price transparency and will be able to book the freight with the forwarder of their choice through this marketplace."

book-cargo.com is due to be launched in the first quarter of 2017.

Ruf said the full power of the marketplace it would create would only be realised if all parties were connected to the system through EDI.

"We are expecting that operating and sales costs for customers will be reduced by 50% and the management of capacity will improve by 40%," he added.

*(from: lloydsloadinglist.com, December 28th 2016)*

# LAW & REGULATION

## NEW YEAR – NEW REGULATIONS

The 1 January is traditionally a day when new legislation and amendments to existing regulations come into force.

The year 2017 will be no different.

New regulations that may affect your operations include:

*International Maritime Solid Bulk Cargoes Code (IMSBC Code) (MSC.393(95))*

Amendments 03-15, which have been in place on a voluntary basis since 1 January 2016, will become mandatory on 1 January 2017.

These include updates to existing individual schedules for solid bulk cargoes, 19 new cargo schedules and references to recent SOLAS amendments, along with updated information from the IMDG Code.

Read: http://www.nepia.com/our-services/loss-prevention/signals-online/regulation/imsbc-code/imsbc-code-2015-amendments-mandatory-from-1-january-2017/

*International Maritime Dangerous Goods Code (IMDG Code) (MSC.406(96))*

The amendments to the IMDG Code are voluntary from 1 January 2017 and will be mandatory from the 1 January 2018.

Ship operators intending to carry packaged dangerous goods are encouraged to consider adopting the changes from as early as 1 January 2017.

There are a significant amount of changes to the code, and as such the IMO have fully revised volumes 1 and 2 of the code.

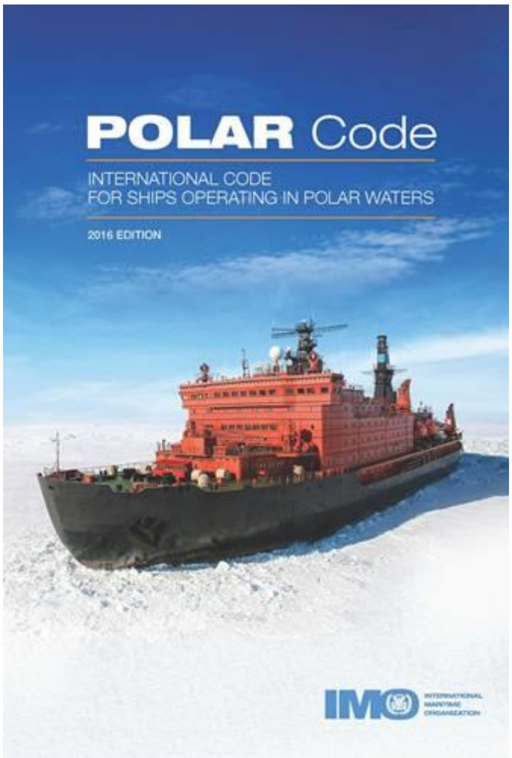
The supplement volume will remain the same as the 2014 edition.

Read: http://www.nepia.com/our-services/loss-prevention/signals-online/regulation/imdg/imdg-amendments-voluntary-from-1-january-2017/

*International Code for Ships Operating in Polar Waters (Polar Code)*

The Polar Code will enter force on 1 January 2017 and aims to promote safety and reduce the environmental threat from vessels operating in Polar Regions.

The code therefore includes new regulations covering many subjects including vessel design and construction, on board equipment, training standards and operational procedures.




The introduction of the Polar Code will also in a number of related amendments to MARPOL and SOLAS.

These will also take effect on 1 January 2017.

Read: http://www.nepia.com/news/industry-news/polar-code-coming-into-force/

*International Convention for the Prevention of Pollution from Ships (MARPOL) Annex I*

Regulation 12 – Tanks for Oil Residues (Sludge) (MEPC.266(68)) – the amendments apply to all new vessels (>400 GT) as of 1 January. Existing ships.

- Tanks may be fitted with drains (with manually operated self-closing valves and arrangements for subsequent visual monitoring of the settled water) that lead to an oily bilge water holding tank or bilge well or they may be fitted with an alternative arrangement, provided that this arrangement does not connect directly to the bilge piping system.

- The sludge tank discharge piping and bilge-water piping may be connected to a common discharge connection provided it does not allow for the transfer of sludge to the bilge system.

*International Convention for the Safety Of Life At Sea (SOLAS)*

- Chapter II-1, Part G, Regulation 56 – Ships using low-flashpoint fuels (MSC 392(95))

- Chapter II-1, Part G, Regulation 57 – Requirements for ships using low-flashpoint fuels (MSC 392(95))

- Chapter II-2, Part B, Regulation 4 – Probability of ignition (MSC.392(95))

- Chapter II-2, Part C, Regulation 11 – Structural Integrity (MSC.392(95)) – clarifying the provisions related to the secondary means of venting cargo tanks in order to ensure adequate safety against over- and under-pressure in the event of a cargo tank isolation valve being damaged or inadvertently closed

- Chapter II-2, Part G, Regulation 20 – Protection of Vehicle, Special Category and Ro-Ro Spaces (MSC.392(95)) – relating to performance of ventilation

- Chapter XIV – Safety Measures for Ships Operating in Polar Regions (MSC.386(94))

*International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW)*

The 1 January 2017 marks the end of the five year transitional period of introducing the STCW Manila 2010 amendments.

Read: http://www.nepia.com/our-services/loss-prevention/signals-online/regulation/imo/imo-recommends-practical-approach-to-stcw-amendments/

- STCW Manila 2010 – Code – Chapter I – Guidance regarding Definitions and Clarifications (STCW.6/Circ.11)

- STCW Manila 2010 – Code – Chapter V – Guidance regarding Special Training Requirements for Personnel on Certain Types of Ships (STCW.6/Circ.11)

- STCW Manila 2010 – Code – Chapter V – Standards regarding Special Training Requirements for Personnel on Certain Types of Ship (MSC.397(95))

- STCW Manila 2010 – Convention – Chapter I – General Provisions (MSC.396(95))

- STCW Manila 2010 – Convention – Chapter V – Special Training Requirements for Personnel on Certain Types of Ship (MSC.396(95))

*International Code of Safety for Ships using Gases or other Low-flashpoint Fuels (IGF Code)*

This is a mandatory code for ships fuelled by gases or other low-flashpoint fuels.

It contains mandatory provisions for the arrangement, installation, control and monitoring of machinery, equipment and systems using low-flashpoint fuels, focusing initially on LNG.

*China Emission Control Areas*

Three emission control areas in China were created to reduce the levels of ship-generated air pollution and focus on the sulphur content of fuels.

The three areas are the Pearl River Delta, the Yangtze River Delta and Bohai Sea.

From 1 January 2017 vessels at berth in a core port within an emission control area should use fuel with a maximum sulphur content of 0.5% – except one hour after arrival and one hour before departure.

Read: http://www.nepia.com/news/industry-news/china-emission-control-areas-starupdatestar/

*(from: hellenicshippingnews.com, January 3rd 2017)*

## PROGRESS & TECHNOLOGY

### DB CARGO OPTS FOR TOSHIBA HYBRID LOCOS

DB Cargo has signed a cooperation agreement with Toshiba to use the Japanese company's hybrid rail vehicle technology.

The agreement involves a feasibility study for the joint development and subsequent purchase of an initial 100 new hybrid locomotives by DB Cargo.

The hybrid vehicles will be used in regional transport operations and, in addition to a significant reduction in diesel consumption and lower maintenance costs, will raise average fleet availability.

The first test vehicles are expected to be available by the end of 2019.

The purchase price has not been disclosed.


Toshiba is also a member of a partner consortium lead by the Munich-based locomotive leasing company RailPool (a subsidiary of Oaktree and GIC) ,which will take over older Class 151 and 155 freight locomotives belonging to DB Cargo into an asset pool, with the aim of making use of these resources in the form of a capacity leasing model.

The asset pool will contain 200 locomotives and give DB Cargo the chance to lease locomotive capacities efficiently in line with changing demand.

“The objective is to promote the development of the supplier market for freight locomotives and components in cooperation with Toshiba," said Jürgen Wilder, Chairman of the Management Board of DB Cargo.

"This will provide DB Cargo with access to sunrise technologies that are not currently available in this form in our home market.

In return, we, as the largest rail freight operator in Europe, can pave the way for Toshiba to enter the European market, so this is a classic win-win situation."

As part of its asset management activities, the consortium has created the first market for used rolling stock which will enable it to lease locomotive capacities flexibly and at short notice.

Deutsche Bahn will remain responsible for maintenance of the locomotives.

DB Cargo’s fleet of switching locomotives has an average age of 40 years, which means they will soon have reached their maximum service life.

DB Cargo says that it has therefore opted for innovative hybrid technology at an early stage to cover its replacement requirements and at the same time to accumulate its own expertise in maintenance and repair.

"The pace of innovations in the rail freight business is slowing down and competition is low as many European manufacturers have discontinued their activities in this sector," states DB Cargo.

"Nevertheless, the leading Asian technological players have still not succeeded in gaining a hold on the European market.

This is attributable primarily to their insufficient experience of European rail operations, the complicated approval procedures and the lack of suitable partners.

DB Cargo seeks to overcome these obstacles in a collaboration with Toshiba and make the European market for rail vehicle technology a more attractive proposition for the future."

*(from: worldcargonews.com, January 9th 2017)*

**STUDIES & RESEARCH**

## SHIPPERS BRACE FOR ASIA-EUROPE RATE RISES

Shippers can expect increases to both spot market prices and contract rates this year as growth returns to the key Asia-North Europe trade, although the likely slow rate of growth will limit any spot rate hikes, according to container shipping analyst Drewry.

It said spot rates on the key westbound Asia to North Europe container trade had hit a 20-month high now that demand on the route is finally emerging from its long recession.

"Following what was a generally disappointing third-quarter peak-season, demand rose by 1.3% year-on-year in October, which as the fastest pace of growth since July gives a clear indication of the grindingly slow nature of the recovery," the analyst noted.

"However, while the pace of growth may not be setting off any speed cameras the run of four consecutive positive months up to and including October was still sufficient to lift the rolling 12-month average for westbound shipments up to 0.4% in the month, the first time it has broken over the neutral line since June 2015."

Although full-year numbers are not yet available, available, Drewry believes stronger growth in the final two months of the year, "judging by the steady rise in spot market freight rates since November" will take the market close to its full-year trade forecast of 1.5% growth.

Available westbound capacity in the final months of 2016 remained below the levels seen at the same stage in 2015 as carriers wisely decided against returning too much back into the market after the weak peak season," Drewry noted.

"While December did see some slots reintroduced, capacity was still down by 4% year-on-year."

It said sluggish demand in the third-quarter had lowered average ship utilisation from 97% in July to 87% in October, which contributed to a 25% drop in spot rates in October.

But it expected to see utilisation figures of close to 100% for December and January, "with reports indicating that some carriers have been rolling some lower-paying cargoes due to temporary space limitations".

Buoyed by the traditional pre-Chinese New Year (CNY) demand surge, which this year starts earlier than last year on 28 January, Drewry noted that spot rates have surged in recent weeks, with last week's Shanghai to Rotterdam benchmark from the World Container Index setting a new 20-month high of $2,210 per 40ft container.

"This represents a significant 80% premium on the same rate just 14 weeks ago at the start of October," Drewry noted, adding: "The uptick in the Asia-Europe spot market comes at a perfect time for carriers currently engaged in contract negotiations with shippers, and while some of the steam will go out after CNY, BCO (beneficial cargo owner) rates will definitely be higher than they were this time last year."

To mitigate the anticipated lower demand, a number of void sailings have been announced for the week of CNY celebrations, it noted.

Drewry concluded: "Growth is finally returning to this key market, which is essential for carriers trying to home their big new ships.

However, growth is likely to remain on the slow side, which will keep a lid on any spot rate hikes."

*(from: lloydsloadinglist.com, January 10th 2017)*

## SAFETY & SECURITY

### WHAT STEPS SHOULD A PRUDENT SHIPOWNER TAKE WHEN BRINGING THEIR VESSELS BACK INTO SERVICE AFTER A LONG PERIOD OF LAYUP?

Layup reactivation is crucial given that the vessel may have been out of service for a number of months and hence the Club has a survey requirement when it comes to layup reactivations (Rule 35).

The extent of re-commissioning work would depend on whether the vessel was under hot or cold layup, the length of time the vessel was laid up and the extent of maintenance carried out during the laid up period.

There are many steps to be considered when preparing to re-commission the vessel after a layup.

The following is a non-exhaustive guide for layup reactivations.

The Class/Flag/Company procedures must be consulted prior to commencement of trading.

In the event of a prolonged layup, due consideration must be given for the vessel to undergo sea trials, as appropriate, for a proper assessment of the vessel and its equipment.

*Manning*

Even where the vessel was on reduced manning for the period of the layup, with the permission of the Flag administration, it is imperative that prior to reactivation the vessel is adequately manned by competent and experienced crew.

This may not apply to vessels which are certified manned.

*Survey and certification*

In the event that the laid up status was endorsed by Flag and/or Class when the vessel went into lay-up, the intention of reactivation must be conveyed to them in advance.

Any inspections required by Flag and/or Class for putting the vessel back into active service must be undertaken.

It would be prudent to notify the local port authorities in case of any specific port requirements.

A review of the vessel's safety management system should be considered if the vessel has been laid up for a long period.

The Club's reactivation survey may also be required as per the Rules.

*Structural condition*

This aspect may have been neglected during the period of layup and hence an assessment of the vessel's hull and other structural components will have to be undertaken to ensure that the vessel is structurally sound to recommence trading.

This should include examination of the vessel's hull and the sea chests to ensure they are free from excessive marine fouling.

*Deck machinery*

All deck equipment, including anchoring, mooring and lifting (cranes, derricks, etc.) equipment must be tested for proper operation.


The anchors must be checked to ensure that they aren't fouled during the layup period or it may delay heaving up anchor.

*Engine room machinery*

All machinery, including the main engines, must be tested for satisfactory operation.

Lube oil analysis should be carried out as required.

Emergency alarms and shut down systems should also be tested.

*Cargoworthiness*

The cleanliness of the cargo spaces must be checked including the condition of coatings, as applicable.

All pumping systems, cargo tank high level alarms and cargo hold bilge high level alarms must be checked for operation.

In the case of barges, if sideboards are fitted, these must be checked for condition.

Weather-tightness of cargo hatch covers must be checked and made good as required.

*Life saving appliances (LSA)/Fire Fighting Equipment (FFA)*

It should be verified that all fixed and portable LSA/FFA service checks are up to date and that they are in a good serviceable condition prior to reactivation.

*Navigation and communication equipment*

All navigation equipment is to be tested as per the manufacturer's instructions and serviced as required.

Electronic systems are prone to deterioration when unused for prolonged periods.

Hence, care must be taken to have them running for a sufficient time prior to being put into actual use.

Cover will be subject to the vessel undergoing a condition survey, under Rule 35, if laid up for a period of six months or more, whether the vessel has been entered in the Association for all or part of the period of lay-up.

The inspection is to be carried out by a surveyor appointed by the Association.

All associated costs are to be borne by the Member in full.

The onus is on the Member to ensure that they give the Association notice that the vessel is to be reactivated not less than seven days before the vessel departs the place of lay-up.

If any follow up surveys are required the cost of these are to be borne by the Member in full.

*(from: hellenicshippingnews.com, January 13th 2017)*

## ON THE CALENDAR

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| ▪ 24/01/2017 – 25/01/2017 | Tehran | 14th Trans Middle East 2017 |
| ▪ 23/02/2017 – 24/02/2017 | Manila | 9th Philippine Ports and Shipping 2017 |
| ▪ 22/03/2017 – 23/03/2017 | Antananarivo | 11th Indian Ocean Ports and Shipping 2017 |
| ▪ 19/04/2017 – 20/04/2017 | Cape Town | 17th Intermodal Africa 2017 |
| ▪ 18/05/2017 – 19/0520/17 | Georgia | 6th Black Sea Ports & Shipping 2017 |
| ▪ 06/0720/17 – 07/07/2017 | Yangon | 15th ASEAN Ports and Shipping 2017 |
| ▪ 28/09/2017 – 29/09/2017 | Tallinn | Baltic Sea Ports & Shipping 2017 |
| ▪ 26/10/2017 – 27/10/2017 | Barcelona | 5th MED Ports 2017 |
| ▪ 29/11/2017 – 30/11/2017 | Abidjan | 18th Intermodal Africa 2017 |

The Secretariat of C.I.S.Co. is able to communicate detailed information on the programs of all the events and how to participate.