Council Of Intermodal Shipping Consultants

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Link road, rail, sea!

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PORTS AND TERMINALS

UK PORTS MUTED ON BREXIT UPDATE

The response from UK ports was muted to Theresa May's long-awaited Brexit speech, which took place yesterday at Lancaster House, Westminster, in front of an audience of EU ambassadors.

In her speech, Mrs May confirmed that Britain will leave the EU's single market and withdraw from the principle of free movement, but intends for the UK to remain close to its "friends and allies" in the continent.

Britain will seek a new and equal partnership between an independent, self-governing, global Britain and the EU, as part of efforts to ensure Brexit leads to tariff-free trade and "the freest possible trade in goods and services between Britain and the EU's member states", she said.

An ABP spokesman said to Port Strategy: "ABP is committed to helping the government make Brexit a success.

This includes maximising the UK's opportunities for trade and increasing our exports."

The British Ports Association was more pessimistic in its response.

Chief executive Richard Ballantyne said: "The Brexit vote and Theresa May's speech prompts a wider debate as to what the UK's future trade and customs policy will be.

With the Prime Minister indicating that the UK will be leaving the Single Market, the issues and implications of this for UK ports are centred around increased Government border activities which could lead to disruption on goods and logistics flows at ports.

We will be discussing with government how the re-introduction of customs and VAT declaration requirements on intra EU routes can be best managed at the border."

He continued: "There are different Brexit related challenges and opportunities for ports across the UK.

Many ports with intra EU trade will welcome the indication from Mrs May that the UK would look to negotiate a deal that would allow a future free trade agreement with the EU".

Meanwhile, the Freight Transport Association (FTA) has welcomed Mrs May's commitment to tariff-free and frictionless trade with the EU, and to ambitious free trade agreements with other partners globally.

"Her statement allows FTA to identify where the new 'friction points' in international trade could occur and work with the government to negotiate the best possible outcome for UK businesses," FTA said in a statement.

The British International Freight Association (BIFA), however, has said that while Theresa May's speech has delivered some clarity on the UK's plans to leave the European Union's single market, it remained short on the details that will assist its members as they go about their business of managing much of the UK's visible international trade, and particularly on the mechanics that will underpin Mrs May's desire for 'tariff-free and frictionless trade'.

(from: portstrategy.com, January 18th 2017)

MARITIME TRANSPORT

CONTAINER SHIPPING LINES EARNED $42 LESS PER TEU IN 2016

The container shipping lines received an average rate 7% (42 USD) lower in 2016 than in 2015, if they operated in the spot market on all Shanghai Containerized Freight Index (SCFI) trade routes.

This has primarily been due to the devastating low rates received in the first half of 2016, as the average rate received in H2 2016 was 22% higher than the rate received in H2 2015.

The freight rates managed to gain momentum through second half of 2016, due to measures taken from the shipping lines in terms of network optimisation, scrapping and more careful deployment around the peak season.

As the freight rates increased through second half of 2016, 2/3 of the trades on the SCFI closed 2016 at a higher rate than in 2015 and three trade routes hit the highest USD per TEU for a week 52 in more than five years, those where trades from Shanghai to Santos, Durban and Australia/New Zealand.

		Average rate 2015	Average rate 2016	Change in USD	Change in %
SCFI	USD/TEU	623.76	581.69	42.07	-7%
Europe	USD/TEU	620.61	687.17	66.56	11%
US West coast	USD/FEU	1,489.85	1,266.39	-223.45	-15%
US East coast	USD/FEU	3,140.85	2,089.30	-1,051.54	-33%
Singapore	USD/TEU	185.31	69.85	-115.45	-62%
Korea	USD/TEU	159.52	103.65	-55.87	-35%
Taiwan	USD/TEU	194.87	153.28	-41.58	-21%
Hong Kong	USD/TEU	56.23	55.02	-1.21	-2%
CCFI	INDEX	875.00	711.71		-19%

Source: BIMCO, Shanghai Shipping Exchange — Note: US trades based on USD per 40ft unit/FEU

China Containerised Freight Index (CCFI) reflecting China's nationwide export of containers, is showing a 19% drop from 2015 to 2016.

The short-lived spikes in spot rates during H2 2016, is not included in the CCFI compared to the SCFI and thereby the CCFI achieves a higher negative growth in 2016.

The CCFI includes both spot and long-term rates based on the actual transactions within a two weeks periods, while the SCFI focuses on the average spot booking price for one week.

By that, the CCFI reflects the real progress in container shipping rates on a short-term basis.

Thereby, the CCFI convey the current tendency in the container freight development and the SCFI indicate the current market development.

Furthermore, the SCFI concentrates on export containers from Shanghai Port only, while the CCFI covers the 10 major ports in China.

BIMCO's Chief Shipping Analyst Peter Sand comments: "Despite the average rate for 2016 is lower than 2015, 2016 might stand out for something positive, where the container shipping lines took some of the measures needed to adapt to the new normal, where the growth in demand is equal to the GDP.

The container shipping lines achieved a lower growth rate in supply higher than the demand growth for the first time since 2010, by using the tools they had at hand and consolidated, scrapped and postponed deliveries.

If the Trade-to-GDP-Multiplier stays at the current level and the International Monetary Fund is correct with their projection, the container shipping industry will be status quo in 2017 and the freight rates will most likely stay at the same level as last half of 2016.

However, the container shipping lines will increasingly focus on reaping the benefits of consolidation and we will most certainly see their profits go up".

US earnings are the main driver for a lower average rate

The container shipping lines operating from Shanghai to Europe earned 66.56 USD more per TEU transported in 2016 compared to 2015.

The average freight rate for Europe in 2016 was thereby the only of the major trade routes to surpass 2015 level.

For the US East Coast bound containers from Shanghai, the container shipping lines earned an average of 1,051.5 USD less per transported FEU in 2016 compared to 2015.

It is the biggest decline in USD for any of the trades on the SCFI and as it weighs 20% in the index, similar to Europe, it is the main driver for a lower average freight rate in 2016 compared to 2015.

For the containers exported to the US West Coast, the container shipping lines earned an average of 223.5 USD less per FEU in 2016.

Container freights rates in second half of 2016 does not revive intra-Asia

Container shipping lines operating trade routes from Shanghai to South Korea, Taiwan, Hong Kong and Singapore all achieved a lower average rate for 2016 compared to 2015.

The four trades did not experience similar increases in the rates, as the main trades during H2 2016 remained on par with the poor H1 2016 level.

With the mergers and newly established alliances entering into force and the supply side handled with care, the container shipping industry will hopefully see better profits and fleet utilisation.

Our most recent shipping market overview and outlook reports on related issues:

The shipping market in 2016 and looking forward

- demolition activity slowly but steadily grows…yet again;
- container shipping: severe overcapacity in the market and recently agreed contract rates;
- lowest level of newbuilding contracts in 20 years;
- substantial demolition of panamax containerships.

(from: hellenicshippingnews.com, January 26th 2017)

RAIL TRANSPORT

CHINA-UK BY TRAIN

On Wednesday, 18th January, London will become the 15th European city to be linked by trans-Asia rail intermodal landbridge services with China.

The latest Sino-Europe service, and the first for the UK, is operated by Swiss-based InterRail Group, on behalf of China Railways' affiliate CRIMT.

It left Yiwu station with 34 45ft high cube containers loaded with clothing and other "High Street "goods, on 2nd January and is due to arrive in London Barking on Wednesday, 18th January, after 16 days and 12,000 kms.

The train had two gauge break container transfers, at the Sino-Kazakh and Belarus-Poland borders.

China Railways hauled the train to Dostyk.

From there, the union of Russian, Kazakh and Belarus railways all sharing the same 1520mm Russian broad gauge enabled a Kazakh loco to haul the train to Brest, where the containers were transferred to the third set of wagons on European standard gauge and hauled by PKP Cargo to the German rail border.

DB Cargo AG moved the train across Germany, stopping in Duisburg and then Aachen, on the Belgian border, where the train was picked up by SNCB Logistics, which hauled through Belgium and France to Calais (Fréthun).

DB Cargo UK ran the service from Fréthun via the Channel Tunnel and HS1 to its London "Eurohub" in Barking.

Paul Hawes, DB Cargo UK's Customer service Manager, confirmed to WorldCargo News that for this launch service, all the containers loaded in China were bound for the UK.

The service is expected to run weekly for 3-4 months to assess customer demand and economic viability.

Westbound headhaul rates are said to be half those of airfreight and journey time is half that of seafreight, so it might work - it does for almost 40 weekly trains from China for various European destinations.

Around 20 of these trains stop in Duisburg, Europe's biggest inland port and leading "steel wheel hub."

On this occasion, the stop in Duisburg was a technical stop, necessary to transfer the containers to the fourth set of wagons - 17 x 110ft long DB Cargo megafrets, which are approved for Channel tunnel use.

Looking ahead, however, if the China-London service proves to be a success, DB Cargo is considering using Duisburg as a more general container exchange stop.

Containers from China bound for continental European centres could be taken off and replaced with containers/swap bodies from European centres bound for the UK.

This could increase the competitiveness of Channel Tunnel intermodal for Germany-UK and Italy-UK traffic flows.

DB Cargo AG has added the following: the UK is just the latest destination added to the China-Europe rail link.

The train is initially being operated as a test train.

London is one more international connection for the InterRail Group, along with Duisburg, Madrid, Afghanistan and Riga, on the "One Belt – One Road" corridor, an initiative of the Chinese government.

"DB has collaborated with partners since 2011 to operate weekly container trains on the world's longest rail line, which connects, among other cities, Duisburg and Hamburg to Wuhan, Chongqing and Harbin, and as of mid-2016, Hamburg to the Chinese province of Hefei.

A record number of containers, around 40,000, were transported by train along the Silk Road in 2016.

The volume is expected to increase to some 100,000 containers by 2020.

The 10,000 to 12,000 kilometre journeys usually take 12 to 16 days and require containers to be unloaded and reloaded multiple times due to changes of gauge.

The service is used in particular by customers with time-sensitive commodities, such as special promotional clothing items, and capital-intensive goods, such as automotive parts and electronics."

(from: worldcargonews.com, January 17th 2017)

ROAD TRANSPORT

DIGITALISATION SET TO 'CHANGE ROAD FREIGHT FOREVER'

Digitalization has begun disrupting European road freight and will evolve rapidly, changing the market forever, according to the former CEO of DHL Global Forwarding and Freight.

Roger Crook, who left his role leading the world's biggest forwarding business last year and is now one of the investors in start-up Convargo, which aims to bypass other intermediaries and connect shippers directly with transporters, depicts the €300 billion road freight market in Europe as "often inefficient" as well as "highly fragmented and competitive with tens of thousands of trucking companies in thousands of customer relationships".

He commented: "The trucking operations are often inefficient with lots of unutilized space – at least 25% of truck kilometres are driven empty; one truck in four is driven empty across Europe.

This is a mature industry whereby the majority of players still use antiquated methods of communication and management techniques like phone, fax and old transport management systems, to communicate internally and with their customers.

"Shippers are constantly demanding more service effectiveness and efficiency to drive down their supply chain costs and improve service for their end customers.

The road transport industry must change; either transport companies will become more digitalized, hence more efficient and effective, or they will miss out and die," he underlines.

He noted that a large number of road freight shipments are arranged by freight broker "middlemen", as Crook puts it, "who control much of the market and take a commission of 15-20% on average," depending on the specific market conditions in a country.

“The freight brokers are also very fragmented, antiquated, and operate in a closed way.

This prevents transparency of information, knowledge of all real-time trucking supply, misses the opportunity to optimise utilization of trucking space and ultimately to drive down prices and costs for the very end customers.

This is another incentive driving change.”

He points to the “online freight marketplace platforms” that have been created around the world over the past couple of years “providing the opportunity for direct relationships to be formed between customers and trucking companies and which cuts out the freight brokers” and speeds up the process to market for customers’ shipments.

Convargo launched in France last September and is poised to expand into Europe this year.

Its business model focuses on the digitalisation of the entire transport chain for a single pallet to a full truck load, the latest technology putting shippers into direct contact with transporters.

The platform incorporates a pricing engine that the start-up claims allows for yield optimization and over time, price reduction, as volumes grow.

“It’s the first time such a pricing method is used and it represents a huge opportunity for the entire industry,” Crook said.

Convargo signed up around 850 trucking companies based in France within the first few months of going live.

“Together, they have more than 20,000 trucks available for the shippers.

The strategy is to provide a quality experience to the customer and trucking company alike.”

(from: lloydsloadinglist.com, January 13th 2017)

TRANSPORT & ENVIRONMENT

EU RISKS MISSING CLIMATE GOALS WITHOUT 'SUSTAINABLE' BIOFUELS, EXPERTS WARN

The European Commission's proposal to gradually phase out "sustainable" first generation biofuels will prevent the EU from meeting its 2030 climate goals, experts claim.

In November last year, the European Commission presented its draft proposal to review the Renewable Energy Directive for the post-2020 period as part of a Clean Energy Package.

The executive proposed that biofuels should have a limited role in decarbonising the transport sector and should not receive public support after 2020.

The Commission's plan is to reduce the contribution of conventional biofuels in transport from a maximum of 7% in 2021 to 3.8% in 2030, effectively bringing crop-based biofuels use to pre-2008 levels.

It also created an obligation to raise the share of other 'low emissions fuels' such as renewable electricity and advanced biofuels in transport to 6.8%.

The Commission was heavily criticised by industry.

Ethanol producers accused the executive of being supportive of oil use in EU transport, while the biodiesel industry called the proposal "unacceptable", predicting an increase of fossil fuels in transport due to a lack of availability of advanced biofuels.

Missing climate goals

Speaking at an event in the European Parliament on Tuesday (10 January) organised by the European renewable ethanol association, ePURE Secretary General Emmanuel Desplechin pointed out that the use of "sustainable conventional biofuels" such as ethanol made from corn, wheat, and sugar beets would help the EU meet its climate and energy goals for transport.

He, also, said that it could be a real "missed opportunity" for the EU.

"Instead of further encouraging the use of renewable low-carbon fuels, such as biofuels made in Europe from sustainably produced European feedstock, the Commission's proposal is friendly to oil," he noted.

The industry claims that ethanol produced in Europe has 64% GHG higher savings compared to petrol, which is equivalent to the annual GHG emissions of 4 million cars.

In a policy paper, the industry calls the Commission's proposal "counteractive" and says that it risks missing the EU 2030 climate and energy goals, leaving a shortfall of approximately 10% from what is needed.

Policy confusion

Tory MEP Julie Girling [ECR], who hosted the event, expressed her concerns regarding the European Commission's proposed policy framework.

"I worry about the confusion policy backdrop," the British MEP noted, adding that EU lawmakers should focus on science.

"Renewable energy use in transport requires a serious and sensible grip on what can be achieved […] to change the policy rules for biofuels – not once, not twice, but three times – doesn't strike me as a sensible way forward," she emphasised.

Electric vehicles

Dr Paul Deane of the Environmental Research Institute, University College Cork, noted that transport was responsible for about 1/3 of the energy that we consume in Europe and about ¼ of our emissions.

"It's the only sector that emissions are on increase across Europe and this is worrying," he said, adding that a lot of member states have a lot of ground to cover and many others will not meet their binding 10% goal by 2020".

For Dr Deane, this slow progress could be attributed to the fact that bioenergy policies have been one of the most volatile policy areas in Europe.

"The political uncertainty around the policy has stalled a lot of investments," he emphasised.

Another reason, according to Deane, is that the original renewable directive's "hopes" for advanced biofuels were not met over the last few years, primarily due to costs, the collapse of the oil market and political instability, which has contributed to the lack of investment in a number of projects.

Referring to electric vehicles, he said that they would play an important role in delivering emissions' reductions for passenger cars from now to 2050.

However, their impact in the short to medium term is "small or ineligible".

"Modelling by the Commission shows electricity in road transport reaching between 1%-3% (of energy in transport) by 2030 and up to 20% by 2050.

The same modelling shows liquid biofuels meeting 36% of energy in transport in 2050," he explained, stressing that their expensive technology will be faced with a difficult commercial landscape.

More common sense

Deane also emphasised that we should not forget biofuels.

"Biofuels that demonstrate proven emission reductions and low indirect land use change (iLUC) should play a role in decarbonizing transport in Europe," he said, adding that there was a need for a more common sense approach of energy in transport, where "policies encourage the correct type of biofuels that deliver significant emissions' reductions and policies that discourage biofuels which don't".

He noted that bioenergy was a wide family of fuels, and that the challenge to EU lawmakers is to develop a policy that is clear and makes distinctions between the different families of biofuels.

Deane also criticised the perception of science in EU policy, saying that one should not be picky.

"Policy should be science-based and evidence-driven.

In Europe, we either accept the science or we don't," he concluded.

No information on employment

Bernd Kuepker, policy officer with DG Energy, explained the executive's rationale behind the proposed plan and noted that member states might set a lower limit and distinguish between different types of biofuels, for instance, by setting a lower limit for the contribution from food or crop-based biofuels produced from oil crops, taking into account iLUC.

But, he stressed that there was a difference between the ethanol from crop-based starch and advanced biofuels, which have low or negative estimates for iLUC.

"On the contrary, [crop-based starch] has clearly positive and really significant iLUC and will not be able to achieve the savings that the Commission aims at," the EU official said.

Another important angle is the risk for job losses, where the industry believes that the Commission's plan will lead to the permanent loss of 133,000 direct and indirect rural jobs.

Asked by EurActiv.com whether the Juncker Commission has conducted an employment impact study of the case, Kuepker said that there was none in place.

"We looked at different factors and generally what has been considered is that the highest share of jobs is in the agricultural sector and we don't expect it to stop," he stated, adding that with the plans for advanced biofuels, job losses related to first generation biofuels will be compensated.

"So, it's certainly not a policy whose main objective is to create jobs, but the proposal will not decrease the employment rates either," he concluded.

(from: euractiv.com, January 13th 2017)

LOGISTICS

DHL'S APPEL PREDICTS LOGISTICS CHAOS FROM UBER-STYLE DELIVERY

Speaking in a TV interview with news channel CNBC at the World Economic Forum in Davos, Switzerland, Deutsche Post DHL Group (DHL) CEO Frank Appel affirmed his confidence in the world's largest courier company's continuing relevance at a time when commerce and transport companies such as Amazon and Uber are reportedly gearing up to take a share of the global logistics task.

"If you are a quality leader, the edge of what is possible, you always have a right of existence," Appel stated.

"If you get lazy and think, 'no one can hurt us', then you get a problem".

When asked for his thoughts on what disruptors such as Amazon are underestimating as they try to enter the market, Appel noted that little is often thought of the effort that goes into ensuring quality of service.

"To get [a parcel] to the consumer and bring it back is tremendously difficult, it's undervalued because logistics are not visible," he said.

"I think what we do every night with millions of parcels is completely underestimated."

He added that he does not believe Amazon, which he describes as an important customer and partner of DHL, underestimates the task, and that is why they go to DHL to receive quality service.

"But many people think that it is easy, that anyone can do it," he added.

Appel expressed doubts about the viability of an Uber-style parcel delivery service.

"Think about that we have an Uber solution, we have 100,000 parcels and everyone delivers five," he said.

The number of cars that would end up waiting in front of their depots would result in chaos, "That will never work," he added.

He conceded that the delivery model may well work for select, often rural, destinations, but not for the masses.

Appel further noted that he believes that delivery by Uber, or any other method, needs a human element, at least for the time being.

"If…you call an Uber," he said.

"If it doesn't show up, you call another one.

If the parcel got stuck, what should the parcel do?

It doesn't speak, it doesn't communicate, so some human intervention is necessary.

I think that complexity is underestimated by many people".

When asked about his feelings on the likelihood of drone delivery becoming a reality, Appel stated that he thinks the technology has the potential to be use in the medium term, though not in the short term.

"You never know," he said.

"You should prepare for the uncertainty.

That's also interesting about the current situation we're in – complexity and uncertainty is good for companies who are willing to deal with that.

That creates business opportunities.

We make life for our customers easier, things are getting more complex.

That's a moment of truth for us.

I tell our people, don't worry, see it as a huge opportunity we can then gain, we can then grow."

(from: theloadstar.co.uk/logisticsmagazine.com, January 23rd 2017)

LAW & REGULATION

COMMISSION TO TIGHTEN LABOUR RULES FOR TRUCK DRIVERS IN MAY

Truck drivers and trade unions have formed an alliance to demand the European Commission close loopholes that let underpaid workers from poorer EU countries deliver goods anywhere in the bloc.

Ahead of a legal reform planned for May, Violeta Bulc, the EU transport chief, said yesterday (24 January) that so-called letterbox companies that drive down truckers' salaries are "one of the main causes of tensions between low-wage and high-wage countries".

A Romanian truck driver and union representatives packed a hearing room in the European Parliament to warn Bulc about underpaid, exploited truckers who are sent on long-distance trips across the EU and who fall through the cracks of what they call shoddy social welfare rules.

Bulc vowed that she won't liberalise EU rules on cabotage that allow truck drivers to stay in another EU country for up to seven days and still be subject to the national laws of their home countries.

But she does plan to beef up enforcement measures to prevent employers from breaking the law.

Cristina Tilling of the European Transport Workers' Federation said that could mean requiring commercial trucks to use devices that register a driver's nationality, where they drive and how long they stay on the road.

"It's the most important thing to determine the labour law that applies to the driver," Tilling told EurActiv.com.

Cross-border freight deliveries by truck have increased in the EU.

Polish drivers transport more freight across EU borders than any other nationality in the bloc, while Germany and France receive the most deliveries by volume from foreign drivers, according to 2014 Eurostat figures.

Forty-two percent of Bulgarian and Romanian truck drivers travelling through Denmark said they earn on average €1,400 per month while Danish truckers earn three times that amount, according to a 2015 survey carried out by Danish consultancy COWI.

Marius Stanca, a Romanian truck driver, spoke at yesterday's hearing about dangerous, unhygienic conditions and long hours.

Stanca, who now works for a Danish haulage company, said that everything improved for him when he signed a Danish job contract.

"Not everybody has my luck," he said.

The Commission has so far struggled to enforce EU-wide social standards for truck drivers who frequently travel between countries.

Last summer, the executive opened an infringement case against Germany and France for breaking EU internal market rules after national authorities required foreign trucking companies to pay drivers their national minimum wage whenever they pass through the countries.

Bulc said in yesterday's hearing that national minimum wage laws "should not be applied in a piecemeal way".

She is drafting the new labour rules for truck drivers with Marianne Thyssen, the Commissioner in charge of EU social affairs, and said they will include measures to explain how a separate bill on the posting of workers will apply to the road freight sector.

The posted workers bill, which sets out rules for employees who are sent temporarily to other EU countries, has been stuck in fraught negotiations between national governments, the Commission and MEPs.

Some countries such as France have argued for tighter rules to prevent social dumping from underpaid workers, while a group of Eastern European countries have pushed back against measures they say are protectionist and discriminate against companies that already take on higher legal and administrative fees to send workers abroad.

Agnes Jongerius, a Dutch Socialist and one of two MEPs corralling the controversial posted workers bill through the Parliament, called trucking "the most visible sector for the exploitation of workers".

She said it's "really strange" that the Commission separated labour rules for truckers from the posting of workers bill.

The executive proposed changes to the posting of workers directive last March, meaning drivers and freight companies may be in legal limbo if negotiations on the new trucking rules drag on much longer.

Jongerius suggested the Commission's actions are driven by the rules it applied in its legal case against France and Germany's minimum wage laws.

"I don't think they [the Commission] take the safety and protection of people working in road transport as seriously as the internal market," she told EurActiv.

(from: euractiv.com, January 25th 2017)

PROGRESS & TECHNOLOGY

E-CMR LAUNCHED IN EUROPE

Today, the first ever border crossing to use electronic consignment notes marks the launch of e-CMR between Spain and France.

Part of a wider strategy to digitise trade facilitation systems, it offers increased efficiency and reduced operational costs.

IRU Secretary General, Umberto de Pretto said: "The ultimate purpose of the electronic consignment note is to further improve the quality of the supply chain, with improved efficiency and visibility.

The more member states using it, the more appealing the system becomes, as countries which accept e-CMR will enjoy mutual benefits."

The e-CMR launch, jointly organised by IRU, ASTIC (Asociación de Transporte Internacional por Carretera) in Spain and Fédération Nationale des Transports Routiers (FNTR) France, starts in Huelva and travels to Perpignan, crossing the border at Le Perthus.

The 1300km journey involves the transportation of oranges by transport partner, Primafrio.

The paper based CMR consignment note is an official document on shipments between senders and transporters.

It provides a paper trail of the logistics transfer and is the sole document held by the driver of the truck in relation to the load carried.

With e-CMR, transport operators will be able to input electronically, store logistics information and exchange data, in real time.

Joaquín del Moral, Director General de Transporte, Ministerio de Fomento (Ministry of Transport and Infrastructure), Spain, commented: "As one of the first countries to ratify the e-CMR protocol, Spain is in favour of the electronic consignment note – and therefore fully supports this initiative to test and analyse the benefits.

It represents the future of logistics operations."

The timely recording of data means that agencies instantly receive information on the goods being transported, so any required subsequent actions, such as initiating legal processes, invoicing or even accident response procedures, happen faster and at less cost.

The move also reduces the environmental impact of global trade, using less paper and minimising archival requirements.

It limits the potential for human error and can adopt multi-language platforms for seamless international application.

The launch, facilitated by TransFollow, is an important new milestone for the e-CMR innovation, proving that it works and is simple to implement and use.

It is likely to prompt other countries to join – therefore increasing the potential for common benefit.

Alain Vidalies, Minister of State for Transport, France, remarked during his closing speech at FNTR's 71st Congress: "The French Government's accession to the additional protocol to the CMR Convention in January 2017 sends a powerful message to the goods transport industry.

It shows a strong commitment to encouraging more fluid supply chain operations, and in turn to the promotion of growth and competitiveness.

We are looking forward to seeing – in practical terms – the benefits that e-CMR will bring to the logistics industry in France.

It is the first step towards fully digital transport operations that we intend to deploy in the coming months."

Rules for transporting goods internationally are covered by the United Nations Convention for the carriage of goods, the CMR (Convention relative au contrat de transport international de Marchandises par Route).

Transport operators, drivers and those receiving shipments use a CMR consignment note, which contains information about the shipped goods and the transporting and receiving parties.

Until recently, CMR notes were only issued in paper form.

In February 2008, a protocol was added to the CMR Convention concerning the use of the electronic consignment note.

This protocol entered into force on 5 June 2011, and to date eleven countries have acceded to it.

Just last month France acceded to e-CMR and other countries that have already joined include Bulgaria, Czech Republic, Denmark, Estonia, Latvia, Lithuania, Netherlands, Slovakia, Spain and Switzerland.

(from: transportjournal.com/iru.org, January 23rd 2017)

STUDIES & RESEARCH

RISE IN SPOT FREIGHT RATES WELL TIMED FOR CARRIERS

Spot container freight rates, which strengthened at the end of 2016, are trending upwards in most, but not all trades, said Simon Heaney, senior manager, supply chain research at Drewry.

That's good timing for carriers, he said during a Drewry webinar on Tuesday, as they begin contract negotiations with beneficial cargo owners for the coming year.

In the transpacific, many contracts run from May 1 to April 30.

The London-based consultant said container carriers lost about $1 billion in the third quarter of 2016, and is projecting a loss for the industry of $5 billion for the year as a whole, in what it said was one of its worst years ever.

After four years of rate reductions between 2013 and 2016, Drewry is forecasting that in 2017, average freight rates (a blend of spot and contract rates on all routes globally), will rise 12 percent.

One East-West routes, it projects the increase will total 14 percent.

However, Drewry did say shippers should be prepared for worst case scenarios where contract rates could increase 20 percent to 40 percent in 2017.

Still, the improvement in rates will take a long time to accomplish.

Both 2017 and 2018 "will be challenging on the supply front," despite the large number of ships that were scrapped in 2016, Drewry said.

High scrapping rates are expected to continue, but Neil Dekker, the head of container research at Drewry, said it "will not be the savior of the industry."

Rates are rising because of improved demand, rising fuel prices, and better commercial discipline by carriers in the wake of a wave of mergers and acquisitions among carriers during the past year and a half, which has improved the bargaining power of carriers.

Heaney said that following the Hanjin bankruptcy, some shippers want to deal with more financially secure carriers rather than securing the very lowest rates.

The current environment is the opposite of the situation a year ago "when there was no freight rate inflation anywhere to be seen," Heaney said.

In the fourth quarter of 2016, spot rates from Asia to Europe soared 67 percent year-over-year.

Over the same period, eastbound transpacific rates rose 35 percent, while rates from South China to Australia increased 45 percent.

From South China to Brazil, market rates were 300 percent higher in the fourth quarter of 2016 than they were in the same 2015 period, though Heaney noted this had little to do with demand, which he said remains "awful," and is the result of carriers withdrawing services.

Those rate increases, as impressive as they are, tell you how bad things were in the first place, Heaney said.

There are some factors that could temper the rise in rates, including the ongoing delivery of large new ships, and the cascading of bigger ships into many trades.

Alphaliner said it anticipates the global cellular fleet will grow by 3.4 percent, or 694,973 TEUs, in 2017 to 20.97 million TEUs, even after ships are scrapped or deliveries are delayed.

And with the largest container carriers reorganizing and consolidating themselves from four alliances into three, carriers may be unwilling to tamper with their schedules as they seek to win new business, Heaney said.

This could eliminate a tool - skipped sailings on some routes on some weeks - that carriers used in 2016 as a way of controlling capacity and stabilizing rates.

In 2016, spot rates from Asia to the U.S. West Coast and from Asia to North Europe significantly fluctuated.

"To use a footballing cliché, it was a game of two halves, with the first half belonging very much to shippers as rates plummeted in the first quarter on the back of weak volumes, oversupply and reduced bunker contributions," said Heaney.

“Then, as we moved into the second quarter, the tide started to turn as demand growth returned to positive territory," and carriers eliminated sailings.

That helped to raise utilization on ships, and gave general rate increases the ability to stick, explained Heaney.

At the same time, he noted how fuel prices began to rise, which carriers passed on to customers, and the specter of carrier failures, culminating in the Hanjin bankruptcy, resulted in improved market discipline and pricing by carriers.

Since the failure of Hanjin, rates took another upward jolt, and “you can say it’s very much a carriers’ ballpark at the end of 2016, and certainly what we’ve seen at the beginning of 2017 suggests that momentum has continued into this year," Heaney said.

Dekker said that demand for container shipping is expected to increase slightly to just over 2 percent this year, up from about 1.3 percent in 2016 and 2015.

Dekker noted that demand for container shipping service is no longer growing at a pace that is faster than global economic growth.

It used to be that container shipping growth, as measured in TEUs, ran 2.5 to 3 times faster than economic growth as measured by global GDP.

In the past couple of years, it has grown at a slower rate than the global economy.

One positive for the liner industry in 2016 is that because 600,000 TEUs of capacity was eliminated from scrapping, combined with some containership deliveries being delayed, there was essentially a balance between demand and containership supply growth in 2016, with the world fleet growing 1.8 percent.

Very few ships were ordered last year - about 250,000 TEUs - and the only significant order came near the end of the year when the Islamic Republic of Iran Shipping Line (IRISL) ordered four 14,500-TEU containerships.

Other orders involved ships with less than 4,000 TEUs of capacity.

“It’s interesting - given there was parity between supply and demand - that we actually had such a tumultuous year in 2016,” Dekker said.

But because many of the ships ordered in 2015 will be delivered in 2017 and 2018, he said the industry does face a continuing threat of oversupply in the next two years.

For example, Alphaliner expects the world fleet - after scrapping and delivery delays - will grow 4.7 percent in 2018, an even more rapid clip than the 3.4 percent growth it is forecasting in 2017, and the 2016 growth the fleet saw.

Many of these will be big ships.

Alphaliner is forecasting the addition of 25 ships with capacity of 18,000 TEUs or more in 2017, and 28 in 2018; and the addition of 23 in the 13,000-17,999 TEU range in 2017 and 15 in 2018.

Dekker said demand for container shipping last year was impacted by a fall-off in shipments to Russia in the aftermath of its invasion of Crimea; weak growth in Latin America with Brazil in recession and Argentina engaging in protectionist policies; and big economies in Africa, such as Nigeria and Angola, hurt by low oil prices, weaker consumer spending and infrastructure spending.

Demand was stronger in North America, said Dekker, with eastbound transpacific volumes increasing 3 percent.

Drewry is forecasting similar growth this year, and said it expects volumes growth from Asia to Europe will be similar to 2016, around 1 percent to 1.5 percent.

South Asia, especially Bangladesh where garment manufacturing is increasing, was a “shining star” with volumes up nearly 6 percent, he said.

(from: americanshipper.com, January 18th 2017)

INFORMATION TECHNOLOGY

3 MILLION CONTAINERS, 500 USERS: BIC BOXTECH DATABASE HELPS CARRIERS, SHIPPERS, TERMINALS AND OTHER TRADING PARTNERS IMPROVE EFFICIENCY AND CUT COSTS

With more than 500 major global shippers, forwarders and terminals signed up to access data, the database now holds detailed information on 3 million containers and continues to grow by the day.

Launched in July 2016, the BIC's BoxTech Technical Characteristics Database (TCD) is a neutral, nonprofit, centralized data repository providing container owners and users a platform to easily exchange container fleet technical details.

The BoxTech TCD has received tremendous support from shippers and carriers alike, as it helps both parties to efficiently address new SOLAS (Safety of Life at Sea IMO Convention) mandatory container weight verification requirements.

There is no charge for ocean carriers and container leasing companies to upload fleet details to the database.

Already over 50 ocean carriers and container lessors have loaded their container fleet details, including CMA-CGM, the third-largest ocean carrier, and Seaco, the world's secondlargest container lessor.

The database makes fulfilling the recently introduced SOLAS requirements easier for shippers, which is especially important now that the IMO's period of leniency has come to an end.

However, in addition to those benefitting from automated access to tare weights for SOLAS VGM declarations, many users are also signing up for easy access to container size and type, and other technical characteristics.

Simple to use, the BoxTech database provides fast, automated access to reliable data.

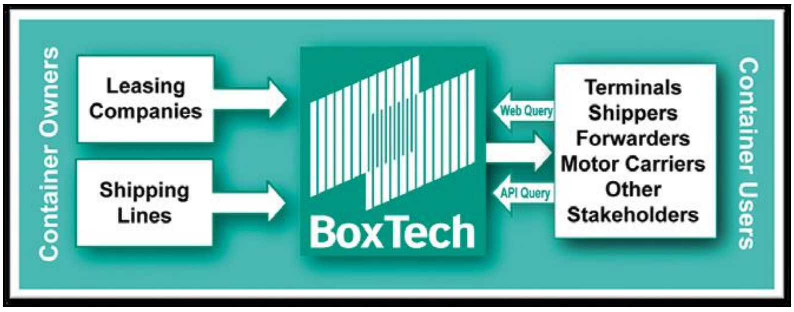
It is available to use either via a website or an API, which provides the option to automatically integrate data into users' systems.

Either method helps to improve efficiency by enabling shippers, forwarders, terminals, carriers and leasing companies, as well as rail operators, haulers and insurers, to avoid the unnecessary manual administration related to sourcing and capturing details such as container tare weight, size and payload.

BoxTech TCD Provides a Centralized, Neutral Database for all parties

"Creating a single location to obtain container tare weights for SOLAS declarations was a big part of our decision to launch the database," says Douglas Owen, Secretary General of the BIC.

"Now, four months on, we've found that there is a tremendous amount of interest in the supply chain which goes beyond SOLAS."



A recent survey of BoxTech users shows the significant impact a fully-populated BoxTech database would have for shippers and others in the supply chain.

Douglas Owen continues "Having surveyed BoxTech users we have found that many aspects of the supply chain can be made more efficient when participants have easy access to data.

Users are telling us that having data in a single location makes them more efficient and reduces errors.

Everyone in the chain wishes to move away from manual re-keying of data."

For more information on the Boxtech Technical Characteristics Database visit www.bic-boxtech.org.

(from: BIC-Containers-2_2016-web)

ON THE CALENDAR

- 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.