Newsletter

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Link road, rail, sea!

Council Of Intermodal Shipping Consultants

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PORTS AND TERMINALS

MARSEILLE FOS POSTS 2016 RESULTS

Total 2016 cargo of 81 million tonnes at Marseille Fos was on a par with 2015 throughput in a year that confirmed the leading French port's diversification strategy.

Emerging trades – notably import/export cars, LNG and miscellaneous dry bulks – bolstered the traditional traffic base, where highlights included a container record 1.25 million teu and a 7% increase in trailers.

Meanwhile passenger numbers reached two new peaks – 2.7 million overall and 1.6m in cruise visitors.

Beyond cargo and passenger handling, the port also strengthened its position as a major hub for logistics and industry tenants with extensive logistics park developments, a string of groundbreaking energy sector projects and further growth in shiprepair activity.

General cargo

With 12MT from containers, general cargo rose 3% on 2015 to 18.5MT.

The container record followed increases of 3% overall and 4% at the deepsea Fos terminals – a fourth consecutive year of growth that outstripped the European and French average for the second year running and underlined the port's 'alternative southern gateway for Europe' marketing proposition.

Box volumes were boosted by capacity increases of 20-80% on eight lines – three serving Asia, two the US and Canada, two the Mediterranean and one the Indian Ocean.

In addition four new services were launched, including MSC's California Express, and Evergreen resumed own-calls after an 11-year absence.

The major alliances are expected to further reinforce their presence at Fos in 2017.

Pre- and post-forwarding container activity on rail and inland waterways was marked by an 8% rise in rail traffic to 121,000 teu.

The increase was helped by the arrival of two new operators, Modal Ouest and BD Rail Services, serving Chalon-sur-Saone and Niort in mid-west France.

Future growth potential was signalled by the EU-backed Fresh Food Corridor pilot scheme, which links Israel to northern markets via ports and railheads in southern Europe.

Marseille Fos took part in test runs that halved transit times to Rotterdam and Hamburg.

The port is now participating in an extended 2017 programme.

Elsewhere in general cargo, ro-ro traffic included 182,000 trailers – representing a 7% increase in the Corsica and North Africa trade – and 170,000 import/export cars, a 5% rise reflecting the health of the French automobile market.

Conventional trades slipped 3% to 2.3MT due to a downturn in steel industry products.

In contrast, heavy loads provided encouragement thanks to construction of the world's biggest nuclear fusion reactor at the ITER site in southern France, a multinational project that will grow in scale until 2025.

Liquid bulks

The oil and gas sector provided the port's biggest volume leap of the year – a 33% increase worth 1.3MT taking LNG to 5.5MT.

However, after being ahead for 11 months, the overall result was a point down on 49.4MT.

Crude imports fell 3% to 26.3MT after Total started the conversion of its La Mede facility to a bio-refinery.

Refined products on 12MT and LPG on 2.2MT dipped 6% and 2% respectively, while liquid chemicals and agro-products fell 6% to 3.3MT.

Dry bulks

Total dry bulks traffic fell 7% to 13MT despite a recovery in Q4.

The steel industry slump hit demand for raw materials – down 11% to 8.6MT – and agro-bulks dropped 16% to 0.68MT after a poor cereals harvest and the stoppage of sugar imports.

In contrast, other bulks rose 7% to 3.6MT thanks to an emerging trade in wood pellets and more than double growth in materials for public construction works.

Favourable prospects for 2017 include growth plans by major steel producer ArcelorMittal – which suffered from technical shutdowns in 2016 – and a new scrap iron trade estimated at 90,000T per year.

Passengers

The record passenger total of 2.7 million – up 6% – was driven by a 9% rise in cruise numbers to another new high of 1.6m.

In 2017 enlargement works will be completed on the Passe Nord port entrance in Marseille to enhance access for mega-cruiseships.

Ferry carryings on Corsica and North Africa services rose 2% to 1.1m, marked by Algeria's 27% increase to almost 285,000 passengers.

Logistics developments

The port's logistics parks saw more than 250,000m^2 of warehouse, office and yard developments in 2016 due to consolidation by existing tenants and the arrival of several new players.

Extensions by import/export car specialists led the way, with CAT adding 72,000m^2 to their Marseille terminal and TEA expanding by 60,000m^2 in Fos.

At the Distriport complex in Fos, developments included Group Charles Andre's 32,000m^2 warehouse – with 6,000m^2 reserved for Seveso-classed dangerous goods – and facilities for bearings manufacturer NTN and logistics provider Steinweg in the Mediaco building.

The Feuillane logistics zone, also in Fos, featured a 55,000m^2 development by commercial property company IDEC Life, which plans a 35,000m^2 extension in 2017.

In Marseille, data centre services provider Interxion set up a 12,000m^2 base in former port premises.

The location takes advantage of a new network of subsea intercontinental cables and launches a new niche for Marseille as a hub Smart port.

Energy innovation

The port's historic involvement in the oil & gas industry was reflected by progress in several pioneering energy sector projects.

The 12, 000 hectare PIICTO innovation platform – formed by the port authority and energy sector companies in the Fos Industrial Zone – launched the pilot stage of Jupiter 1000 which converts wind-generated electricity to gas and will be the first Power to Gas project linked to the French transmission network.

Fos also hosted the Vasco2 applied research project, which validated procedures for producing biofuels by cultivating water-based 'microalgae' using industrial CO2 emissions, and opened the first truck-dedicated natural gas filling station in the Provence-Alpes-Cote d'Azur region.

Meanwhile, in Marseille, energy companies Engie and Dalkia opened marine geothermal production units to supply hydro-generated power for heating and cooling systems.

Shiprepair

Following a very good previous 12 months, the Marseille-based shiprepair operation continued to advance in 2016.

In a notable first for the facility, two methane carriers were berthed alongside for high added value work.

They were among 131 ships to call for afloat repairs – a 21% increase – which represented a 20% rise to 2,602 days of quayside occupation.

The number of drydockings was down 8% with 90 ships but up 4% in occupation terms with 2,014 days.

Meanwhile major work neared completion to reopen the mothballed Drydock 10 – the world's third largest – as a centre for giant cruise vessels and other mega-ships.

The dock will be operational by April and is expected to stem its first ship by the summer.

Looking ahead

In November Marseille staged the inaugural MedPorts Forum, when delegates from 25 ports met to discuss cooperation in promoting their pivotal role in world trade.

The event underlined the port authority's strategy of enhancing visibility among international maritime, logistics and industrial players which was backed by a €55m development and maintenance budget, an increase of 22%.

Traffic in 2017 is forecast to rise by 2.2% to 82.7MT while investments are set for an 18% increase to €65m.

Spending will include €5.5m for a mid-section quay joining the two container terminals at Fos2XL, where capacity will be increase by 15-20% on completion in 2018.

The budget also features a provision of €6.7m to upgrade the international ferry terminal.

(from: hellenicshippingnews.com, February 23rd 2017)

MARITIME TRANSPORT

A LONG WINTER FOR SHIPPING

As the landlubbers in the Northern hemisphere struggle to cope with extreme weather conditions, shipowners continue to deal with unprofitable markets in most sectors.

The excess supply of ships continues to face no growth in demand for their services while new newbuilding orders have emerged as shipyards continue to lower their prices.

The average age of the operating ships remains historically low whilst the ship recycling industry continues to offer low prices and itself faces reduced demand for the recycled materials.

Mid-size container ships dominate this market as more mega-ships continue to deliver causing a trickle-down effect into the feeder trades.

The public face of the shipping industry is mainly the publicly traded companies quoted in New York and Oslo but these collectively represent only 30% of the fleets trading in most sectors.

However it is reasonable to assume that the freight markets affect all shipowners even though the majority does not report their results.

The major factor affecting the industry today is the virtually complete withdrawal of commercial banks from funding the shipping industry including the Offshore Supply Vessel sector.

The level of non-performing loans is enormous and most owners can only pay interest on their debts but no principal.

Ship values continue to decline as they are physically depreciating assets causing much of the debt to be under-secured.

Creative funding from the private equity and hedge funds has done little to relieve the decline as the issue of insufficient income from the freight markets continues to dominate.

It is ironic that the cargo owners have not obtained increased demand for their products or expanded their markets because of the cheap freight rates.

Thus the losses being experienced by shipowners have benefited nobody and shipowners need to collectively resolve to drive freight rates up.

Returning to time charters and contracts of affreightment can secure the relationship between shipowners and cargo interests who need their products moved.

We have seen the catastrophic effect of a shipping bankruptcy with Hanjin, where thousands of loaded containers were stranded on ships and in terminals and the cargo owners were forced to pay to recover their products and deliver them to markets.

Another serious issue that the low freight rates have caused is the forced reduction of operating costs.

This has resulted in cheaper less experienced crews, minimal spares and poor maintenance.

While new ships can operate on minimal operating costs, the mandatory surveys will become increasingly expensive if this continues.

Much of the speculative capital that has come into the industry in the past few years was expecting a profitable return in 5 years or less.

This has not materialized and instead more capital is needed to fund the cash flow shortfalls whilst the asset values continue to decline.

Recent bankruptcy filings have evidenced the fact that there is little or no equity remaining in the industry and that the banks are looking to get out before their security diminishes further.

This is of serious concern to the cargo interests who need to pay more for the services they need and secure those services on period contracts.

It is highly unlikely that world trade will grow over the next few years until there is greater global stability and reduced warfare in the Middle East.

Chinese demand for raw materials and energy goods has reduced already and shows no signs of increasing while their export of manufactured products has also stalled.

They will continue to build ships and provide export finance provided they are operated in Chinese trade thereby controlling the freight costs.

The oil markets will continue to operate at marginally profitable levels in both crude and products but face intrusion for the new Iranian and Iraqi tanker fleets.

The reduction in the size of the fleets owned by the oil majors will present opportunities for time charters but only for the financially strong shipowners.

The new US Government's determination to become "energy independent" will certainly affect the tanker industry but the USA could well become an exporter of oil when the new pipelines are built but new oil terminals will need to be built also.

Finally the Offshore Supply Vessel industry is in deep trouble as the reduction in drilling activity in the Gulf of Mexico and the progressive shutdown of the North Sea, as well as little or no offshore work anywhere else, have combined to create a huge fleet of laid-up vessels and a number of bankruptcies, with no end in sight.

Bigger shipping companies with strong equity capital for the long-term and affordable bank debt will be the future for an industry whose services will be needed for the long foreseeable future.

(from: hellenicshippingnews.com, February 23rd 2017)

RAIL TRANSPORT

SBB LAUNCHES 2020 STRATEGY TO HARNESS NEW TECHNOLOGY

Swiss Federal Railways (SBB) has launched a new strategy which aims to combine its existing strengths with new technology to enable it to increase capacity, offer door-to-door journeys, and develop digital stations and smart freight wagons.

SBB says it has developed its 2020 strategy in consultation with customers, employees, partners and policymakers in order to adapt the railway to a rapidly changing world characterised by new customer requirements, digitalisation, new transport providers and regulatory developments.

SBB says it needs to adapt as other modes of transport are catching up in terms of price and environmental advantage, and there is an increasing demand for personalised, intermodal, networked and simple mobility and logistics solutions.

SBB is already trying to reduce the rise in overall costs so that its services remain affordable under its current "RailFit20/30" programme, but it also wants to boost earnings and capacity utilisation.

SBB says it is introducing a new group-wide innovation management system to promote an innovative spirit, and is establishing a SFr 12m ($US 12m) innovation fund.

"The aim is to use innovations to create actual services as quickly as possible," SBB says, but with the proviso that if they are unsuccessful it will remove them from the market.

SBB believes that digitalisation will enable it to increase capacity on a network, which it claims is already the most heavily used in the world, by up to 30%.

To achieve this, SBB is furthering the automation of timetable creation, rail operations and train control and is also looking into the possibility of remote-controlled trains.

SBB is designing a new digital signalbox which will reduce the quantity and variety of signalling installations, thereby cutting costs substantially.

"The railway technology of the future means that the railway system can be used in a more efficient way," SBB says.

"From 2025, there will be more trains in use, shorter timetable intervals, fewer disruptions, improved radio connections and more precise customer information in the event of a disruption."

SBB says it has launched initiatives to achieve these objectives.

Track maintenance is being digitalised using a new system called SwissTamp for status analysis and maintenance planning, which should reduce the number of disruptions and improve reliability and punctuality.

The new version of the ticketing app SBB Mobile has attracted more than 150,000 new users, and is now used regularly by 3 million customers.

In the first quarter of 2017 SBB will launch a voice control function with a speaking timetable and a speaking robot to provide other information.

The new SBB Trip Planner app will enable customers to compare, combine and book a journey using multiple modes of transport.

Passengers will also be able to use the app to book taxi and Uber services.

SBB is developing what it describes as a simple, environmentally-friendly door-to-door service called SBB Green Class and is teaming up with ETH Zurich to research the mobility behaviour of the general public.

The findings will provide SBB with information about customers' requirements for door-to-door mobility, so that it can launch new services.

SBB is transforming its stations into networked, multimodal hubs encompassing digital departure and arrival boards, screens with real-time train information, advertising e-panels, touchscreen ticket machines and free Wi-Fi.

SBB is working with organisations such as Google and ETH Zurich to improve station services.

Passengers will be able to access a virtual view of the station in Google Street View, and such things as escalators, lifts and lights will be controlled digitally via the Internet of Things.

For freight, SBB plans to install sensors in its wagons to measure temperature, vibrations, and the wagon’s location.

The latter will enable customers to track their freight in real time.

In 2018, SBB Cargo plans to introduce automatic wagon coupling.

(from: railjournal.com, February 14th 2017)

ROAD TRANSPORT

PRESSURE MOUNTS ON EU TO PULL THE PLUG ON CONTENTIOUS GERMAN ROAD TOLL LAW

EU transport chief Violeta Bulc has defended the European Commission's move to vouch for a controversial German road toll bill that has spurred blistering critique and threats of a lawsuit from 11 neighbouring countries.

Bulc came under fire yesterday (15 February) in a plenary session of the full 751-member European Parliament when MEPs railed against the Commission for waving through the German bill, which would charge drivers based on how many days they use roads but reimburse that fee only to vehicle owners registered in Germany.

The transport Commissioner told MEPs that an overhaul of EU road toll rules that she plans to propose this spring could lay down measures against discrimination of vehicle owners from another EU country.

"It is very important for me and the EU that Germany now agrees to put their road charging forum in the context of a future EU-wide system," she said.

Bulc said her proposal could also introduce the first EU-wide toll rules for passenger cars.

Currently, EU law includes measures on road tolls for trucks.

But a group of inflamed critics who have rallied against the German bill argue it does exactly what Bulc wants to prevent by discriminating against foreign drivers.

Austrian Transport Minister Jörg Leichtfried, who is leading the 11-country charge against the bill, said in a statement yesterday that Bulc should "rethink her position" and reject the "clearly discriminatory" German law.

He warned that the Commission's approval of German Transport Minister Alexander Dobrindt's plans creates the impression that big EU countries always get their way.

"If everyone tries to hurt the other and break the rules, Europe will fall apart.

The European Commission has to be aware of this danger," Leichtfried said.

Commission keeps options open

For over a year, the Commission put up a fight against the bill, which is expected to face a vote in the Bundestag this spring.

But the executive agreed last December to freeze a lawsuit against Germany over the law in exchange for new measures that would charge lower rates to drivers with more environmentally friendly car models.

Bulc said yesterday that the Commission could still reopen the legal case if it determines the toll rules break EU law once the final version is passed by the Bundestag.

"The infringement will be closed if and only if the Commission is convinced the German laws do not discriminate against foreign drivers," she said.

Commission President Jean-Claude Juncker intervened to negotiate the deal in December in a move that signalled the bill's political importance.

The planned road tolls have been a political priority for Dobrindt, a member of Bavaria's centre-right Christian Social Union, the sister party to Angela Merkel's Christian Democrats.

The road toll was a major campaign promise from the Bavarian conservatives ahead of the last Bundestag elections in 2013.

With new elections looming on 24 September, getting a green light for the law could bolster Dobrindt's party standing.

But he could still suffer a major blow over the embattled road toll law.

A group of experts from Austria and 10 other neighbouring countries met in Brussels last month to weigh their options against the bill.

Another meeting is planned for March and politicians in those countries are threatening to bring Germany to the European Court of Justice over the law.

EU Parliament weighs against Germany

On top of that, lawmakers in the European Parliament's Transport Committee (TRAN) are pressuring the Commission to drop its support for the contentious road toll bill.

A non-binding resolution slamming the bill and criticising the Commission for backing it will be voted in the committee at the end of the month and then brought to the full Parliament in a March plenary session.

According to a draft of the resolution seen by Euractiv, MEPs call the road toll law discriminatory and argue that it will make it harder for cars to cross borders.

They also said it might conflict with the Commission's plans to create road toll rules that charge cars higher fees if they pollute more.

"Road charging systems for any type of motor vehicles should be electronic and distance-based and should comply with the 'user pays' and 'polluter pays' principles," they wrote.

The MEPs also called for the Commission to "clarify all relevant legal aspects why the infringement procedure against Germany was put on hold."

Environmental groups have pushed for road tolls that charge vehicles based on how many kilometres they drive and not how many days drivers spend in a country.

They argue a so-called distance-based toll system would incentivise less driving.

If Dobrindt's bill is approved, Germany would become one of eight EU countries with road tolls that charge based on how many days drivers stay in a country.

Critics say short-term vignettes sold at unfairly high rates discriminate against foreign visitors who are more likely to buy them.

Bulgaria, Hungary, Romania and Slovenia sell short-term road vignettes for seven-day use, while Slovakia, Czech Republic and Austria sell vignettes that are valid for ten days.

Germany's proposed law would offer vignettes for ten-day, two-month or one-year periods.

Background

German Transport Minister Alexander Dobrindt has championed new road tolls that would charge vehicles driving on German roads.

Many Germans are frustrated over road tolls in neighbouring countries (including France, Austria and Switzerland), while foreigners use German highways for free.

The Christian Social Union (CSU), the Bavarian sister party of Merkel's Conservative CDU, has been requesting for many years that higher road tolls be introduced for foreign car drivers using German roads.

This was included in the coalition agreement, which promises to introduce "a motor vehicle toll in compliance with EU law, by which owners of cars not registered in Germany would help finance additional spending on the highway network.

Cars registered [in Germany] should not suffer higher costs."

But the scheme irked the European Commission because vehicles registered in Germany would be reimbursed for those charges, while vehicles registered outside the country would not be.

The European Commission launched an infringement procedure against the law and is determining whether it discriminates on drivers based on nationality, something that would be illegal under EU law.

In December 2015, the Commission requested more information from the German government about the law.

Germany has until 10 February 2016 to respond.

Dobrindt criticised the Commission for delaying the law and maintained that the tolls are compliant with EU law.

The Commission referred an infringement case against the German law to the European Court of Justice in September 2016 but stopped the case two months later when Commission President Jean-Claude Juncker and Transport Commissioner Violeta Bulc brokered an agreement with Dobrindt over a comprise road toll law.

(from: euractiv.com, February 16th 2017)

TRANSPORT & ENVIRONMENT

EU PARLIAMENT VOTE SETS CLEAR DEADLINE FOR A GLOBAL SOLUTION ON CO2 FOR MARITIME TRANSPORT

Today the European Parliament voted in favour of the inclusion of CO2 emissions from shipping in the EU Emission Trading Scheme (ETS) and the establishment of a maritime climate fund "in the absence of progress at international level" as from 2023.

Climate change being a global challenge and shipping being a global industry, ESPO strongly believes that IMO is by far the right place to introduce CO2 target and measures to reduce emissions from shipping in line with the Paris Agreement.

In that respect, ESPO believes that the roadmap agreed at the IMO MEPC meeting last October is a starting point for the discussions.

On the basis of available scientific evidence, the IMO needs to strengthen its efforts and submit an initial reduction target to the stock-take process of the Paris Agreement in 2018 accompanied by short-term measures.

By 2023, IMO should introduce the necessary target and measures to bend down the CO2 emissions curve.

ESPO believes that a 6-year period until EU measures are put in place, is sufficient time for the IMO to discuss and agree on the necessary target and measures.

2023 must therefore be seen as a milestone.

In case this deadline is not met, EU measures will have to be introduced.

It should however be clear that in case of an international agreement by 2023, the EU measures are to be repealed.

“The Paris Agreement has delivered tremendous results due to the international cooperation and the active engagement of developing and developed countries.

As climate change is a global threat and shipping an international sector, it’s clear that a regional approach is not preferable.

The IMO is by far the right place to introduce a target and measures for shipping emissions.

Today’s vote in Parliament should be seen as an encouragement for a global solution, given that the foreseen deadline of 2023 is respected.

If, however, the IMO will not deliver an emissions reduction target and measures to implement it by 2023, an EU approach seems unavoidable.

We therefore hope that the IMO will speed up the process and demonstrate the same level of ambition when addressing climate change as it did on the global air pollution cap agreed last October”, says ESPO’s Secretary General, Isabelle Ryckbost.

Ports, coastal cities and their local communities are amongst the most vulnerable to extreme weather conditions resulting from global warming.

Under the Paris Agreement all countries and all sectors of the economy need to take immediate action and to contribute to keeping the increase of the global temperature well below 2°C.

The EU and national climate measures that are currently being developed to implement the Paris Agreement, will oblige ports to reduce the carbon footprint of their land-based activities.

These efforts should be accompanied by measures covering emissions generated at sea.

The environmental reputation of the maritime and port sector is at stake.

Last October, IMO MEPC 70 agreed on a roadmap towards the development of a comprehensive strategy on the reduction of GHG emissions from ships.

2018 has been set as a milestone for defining an initial IMO strategy.

This initial strategy will allow international shipping to take part in the first stock-taking meeting under the Paris Agreement in 2018 where all national reduction targets will be tested for being fit for purpose.

This initial strategy would subsequently be adjusted based on the analysis of available data, and a revised strategy envisaged for spring 2023 will be finally adopted.

The roadmap does not however make any commitment to setting an initial emissions reduction target as part of the strategy.

(from: hellenicshippingnews.com/espo.be, February 16th 2017)

INTERNATIONAL TRADE

TEXTILES CONSIGNEES SWITCHING SOURCING BACK TO EUROPE

European textiles buyers are increasingly switching their sourcing and supply chains back to Europe because of China's rising labour, raw material, and energy costs.

Although China remains a world leader in textiles and apparel with exports of $284 billion in 2015, wages there have been rising at an annual compound growth rate of more than 12% and are no longer cheap enough to compete just on price, Reuters reports.

At the same time, China's textiles sector faces rising costs of raw materials, large import taxes for basic manufacturing equipment, and costlier environmental rules.

The Chinese government's five-year plan for textiles, released in September, acknowledged that higher costs were weakening China's competitive advantage over developed countries like Italy with better technology and developing countries with lower wages.

The labour cost gap between Italian and Chinese yarn narrowed by around 30% between 2008 and 2016, to $0.57 per kg from $0.82/kg, according to International Textile Manufacturers Federation (ITMF) data.

Reuters reported that although the hourly wage for a Chinese weaver last year was $3.52, according to the ITMF, up 25% since 2014, it was still a fraction of the more than $27.25 paid in Italy.

But with China's wages are no longer so low, the process of shipping materials to China and then shipping products back to Europe becomes a lot less attractive, Shiu Lo Mo-ching, chairman of Hong Kong General Chamber of Textiles Ltd and CEO of textile manufacturer Wah Fung Group told Reuters.

"They would rather take the production back to Europe," Shiu added.

"This trend has been very obvious."

Western clothing brands are also under pressure to offer more collections and customised looks, requiring their suppliers need to be closer, and faster.

In China, in contrast, the supply chain is longer and often scattered, giving countries such as Italy a competitive advantage, Ercole Botto Poala, CEO of Italian textile producer Reda, told Reuters.

Italy’s textile imports from China fell 8.7% in the first 10 months of last year, to €347 million ($370 million), according to SMI, Italy's textile and fashion association.

Its exports to China rose 2.8% to €165 million in the same period, though total textile exports last year dipped 2% to €4.3 billion, Reuters reported.

Other buyers have been looking to eastern European locations such as Bulgaria, or to Turkey, for fabrics, because of quality, price and proximity to Europe.

For some buyers, quality and transparency are also increasingly important.

And some brands are also increasingly motivated by concerns over product traceability, and want to avoid potential reputational risk, Alessandro Brun, professor at the MIP Milan Politecnico, told Reuters.

Some producers and buyers said it was too soon for data to show the flow out of China.

China’s textile exports to the European Union grew a modest 1.4% in the first ten months of last year, but dropped 4.1% in October, according to Chinese data, Reuters reported.

(from: lloydsloadinglist.com, February 20th 2017)

LEASING

BOX LESSOR TEXTAINER SINKS INTO THE RED, BUT INSISTS IT CAN 'TURN THE CORNER'

Textainer, the world's largest container leasing company, posted a $56m net loss in 2016, following a $110m profit the previous year, but remains positive.

The box lessor, which has a fleet of some 3.1m teu, said there were "a number of positive trends" that should help it "turn the corner".

It said new container prices were about 70% higher than the low point of last July, the value of used containers had increased 15-25% since September and rental rates had "more than doubled" in the same period.

The main reason for the hikes was the sharp decline in dry container production last year after manufacturers suffered significant losses in the first six months, resulting in a shift in the supply-demand balance.

Textainer said the new dry container production last year of 1.8m teu, against disposal of 1.5m teu, meant the world's container fleet "barely grew" against a backdrop of growing demand and higher utilisation levels.

Meanwhile, the financial impact of the Hanjin failure on Textainer was $53.3m, including a $12.1m reduction in revenue, while container impairment values, taken into the books as at 1 July, resulted in a further hit of $66.5m.

However, Textainer said it had recovered, or was in the process of recovering, some 80% of the 150,000 teu leased to Hanjin, and was "actively negotiating" the release of another 13%.

But at its full-year results presentation, president and chief executive Philip Brewer said he expected the final recovery toll would be around 90%.

"We will only recover where it is economically justified," he said, explaining that each container recovery was analysed to take into account charges being demanded by the terminal or depot and the cost of restitution against the asset value.

Textainer said it had insurance to cover the value of the containers it was unable to economically recover.

It also has insurance cover for up to 183 days of lost lease rental from the date of Hanjin's insolvency until the boxes are recovered.

Textainer said it had managed to put 28% of the ex-Hanjin boxes back on lease "at better rates" than those agreed with the South Korean line.

With supply currently "tight", market improvements were "significant", said Mr Brewer adding that margins had "increased dramatically".

However, he warned that the benefits would take time to work through into the company's accounts, given that daily hire increases would only occur when leases are renewed.

Furthermore, Mr Brewer said, the cost of the recovery of Hanjin containers would continue to have a negative impact, due to a lag in the insurance reimbursement.

Mr Brewer said that container manufacturers were only now "getting religion", having sold containers at below production cost for too long.

"Steel prices are 80% higher that they were one year ago, which, combined with the switch to waterborne paint (in response to Chinese environmental regulations), should help support new container prices at their current level above $2,000," said Mr Brewer.

During 2016, Textainer spent $480m on more than 286,000 teu of new and used containers.

(from: theloadstar.co.uk, February 20th 2017)

LAW & REGULATION

NEW ISO STANDARD FOR THE SAFE BUNKERING OF LNG-FUELLED SHIPS

Some ships in northern Europe have been using liquefied natural gas (LNG) as their fuel source for over a decade, with an extremely good safety record.

But as the use of LNG-fuelled vessels spreads to other parts of the world and many more parties become involved, there is a clear need to standardize LNG bunkering operations at the international level.

A new ISO standard will ensure LNG-fuelled vessels can bunker in a safe and sustainable way.

Liquefied natural gas (LNG) bunkering is a particular type of operation where LNG fuel is transferred from a given distribution source to an LNG-fuelled ship.

It involves the participation of different stakeholders, from the ship-side, LNG supplier, ports, safety personnel and administrations.

As demand for LNG-fuelled vessels has increased, so has the demand for practical, cost-effective and efficient LNG bunkering, so there was an urgent need for an International Standard to ensure LNG bunkering operations could be conducted safely.

The new ISO 20519, Ships and marine technology – Specification for bunkering of liquefied natural gas fuelled vessels, will help operators select vessel fuel providers that meet defined safety and fuel quality standards.

In recent years, the ships and vessels fuelled with LNG have become larger, transit greater distances and may bunker in a greater number of ports in different countries.

As a result, the number of parties involved in LNG bunkering is growing rapidly.

Standardizing safety practices had become necessary to ensure that, no matter where the bunkering took place, there would be a common set of requirements that were understood across the board – from LNG provider to ship personnel.

ISO 20519 contains requirements that are not covered by the IGC Code, the prevailing international code for the safe carriage by sea of liquefied gases in bulk.

It includes the following items:

- Hardware: liquid and vapour transfer systems
- Operational procedures
- Requirement for the LNG provider to provide an LNG bunker delivery note
- Training and qualifications of personnel involved
- Requirements for LNG facilities to meet applicable ISO standards and local codes

"The requirements of ISO 20519 can be incorporated as a management objective into existing management programmes and provide verifiable compliance," explains Steve O'Malley, Chair of technical committee ISO/TC 8, Ships and marine technology, subcommittee SC 11, Intermodal and short sea shipping, and Convener of TC 8 working group WG 8 that developed the standard.

This is important, he says, because "the requirement to comply with ISO standards is often incorporated into business contracts and may also be referenced by local regulations".

Steve also extended his appreciation to ISO technical committee ISO/TC 67 on materials, equipment and offshore structures for petroleum, petrochemical and natural gas industries, which began the work on this subject and provided many of the experts for the TC 8 working group.

The working group that developed ISO 20519 included specialists from the maritime industry, equipment manufacturers, the Society for Gas as a Marine Fuel (SGMF), trading companies, class societies, international registries and the US Coast Guard.

This sharing of knowledge was important to produce a standard that was both practical and would promote safety during LNG bunkering operations.

The use of LNG as a vessel fuel is relatively new, so the standard will need to be brought up to date periodically to incorporate lessons learned over time and technological changes.

To facilitate this, a group has been created to track LNG bunkering incidents and help identify when the standard should be updated.

ISO 20519:2017 was produced at the request of the International Maritime Organization (IMO), the European Commission and the Baltic and International Maritime Council (BIMCO), the world's largest international shipping association.

(from: hellenicshippingnews.com, February 14th 2017)

STUDIES & RESEARCH

MIS-DECLARATION CONTINUES TO PLAGUE CONTAINER SHIPPING

Mis-declaration of cargo continues to present major safety problems for the container shipping sector, with shipments that are identified as wrongly declared often cancelled and re-booked on a less-vigilant carrier, risk specialist TT Club has highlighted.

In an article published today in Lloyd's Loading List, risk and insurance specialist TT Club applauded the reports and good work of the Cargo Incident Notification System (CINS) organisation and its members, formed in 2011 to identify unsafe practices in the container supply chain.

"However, one of the more disturbing and persistent challenges apparent from the reports is the level of mis-declaration of shipments, whether through ignorance, error or fraud," commented Peregrine Storrs-Fox, risk management director at TT Club.

TT CLUB
Mutual Insurance Limited

"Shockingly, many shipments that are identified as wrongly declared in the booking process will be cancelled prior to loading on board, merely exposing another – less-vigilant – carrier to the problem.

This matter alone is a reason to engage with CINS and its database."

Highlighting the value of CINS, he said TT Club had long recognised the critical importance of sharing causal information relating to incidents, arguing that analysis and consideration of what goes wrong is a fundamental part of promoting loss prevention and developing good practice.

"At its roots, the ability to learn from problems and avoid recurrence will fundamentally enhance operational profitability and reduce costs to a business," he pointed out.

It was, therefore, "easy for TT Club to embrace the founding by five of the top 20 liner operators of an organisation aiming to capture key incident data in order to provide an early warning of worrying trends, whether relating to cargoes that display dangerous characteristics or unsafe practices in the container supply chain.

Now, some five years later, the CINS organisation has grown its membership to include some 16 liner operators, representing over 70% of container slot capacity."

He continued: "While structural changes and consolidation in the industry may have an impact, the likelihood is that the penetration across the industry will continue to grow – not least because the value proposition is continually strengthening."

At its core, he said CINS facilitates the capture by liner operators of structured key causal information relating to cargo and container incidents.

This information capture explicitly excludes any shipper data in order to preclude any anti-trust concerns.

The objective of the organisation is "to highlight the risks posed by certain cargo and/or packing failures in order to improve safety through the supply chain and specifically on board ships.

The aspiration is that all significant incidents relating to injury or loss of life, environmental concerns, or damage to cargo and assets and caused by the cargo itself or the container equipment should be reported, together with investigation conclusions that identify causation."

Storrs-Fox said the last year had seen important developments for CINS.

Not only has the membership continued to grow on the strength of the demonstrable results, but analyses of the database, together with member meetings, have led to initiatives to improve safety and strengthen focus on good practice across the industry.

"As previously identified, TT Club worked with CINS to update and expand its guidance in relation to safe transport of coiled materials, a non-regulated cargo that has led to numerous problems on board ship and on land," he noted.

"Additionally, following a spate of fires involving a self-reactive cargo, Calcium Hypochlorite, CINS collaborated with the IGP&I (International Group of P&I Clubs) to update and clarify the guidance that had last been revised in 2011.

A broad range of stakeholders, including TT Club, compiled revised guidelines intended to be acceptable across the container shipping industry and for related insurers; these have recently undergone further revision.

"These two initiatives to put out good practice guidance for shippers and packers demonstrate the range of matters that give rise to concern through the container supply chain," he said.

"Experience from the reported incidents is a key driver for the collation of guidance materials; the problems that have arisen during the last year alone are motivating further working groups on topics for both regulated cargo, such as charcoal, as well as non-regulated, such as the issues arising in packing and carriage of wet hides.

Thus, while the common perception may be that those cargoes designated as 'dangerous' give rise to the greatest disruption, general poorly packaged or packed cargoes have also proved problematic.

Furthermore, the drive to set out good practice guidance inevitably extends beyond simply engendering good packing practices, as exemplified by the CINS' work with the Container Owners Association (COA) and TT Club to identify the specific risks relating to using non-operating reefer containers to carry cargo that does not require temperature control.

Such practice brings benefits to the shipping stakeholders, but needs to account for the differences and sensitivities of such units."

(from: lloydsloadinglist.com, February 15th 2017)

REEFER

NIPPON YUSEN TO FERRY FARM-FRESH GOODS TO EUROPE BY SEA

Marine shipping company Nippon Yusen will carry fresh Japanese agricultural goods to Europe in special containers for a tenth the price of air freight, in a move likely to bring needed business to ocean transport operations.

The shipper plans to launch the service within the year.

If successful, it may expand operations to bring European agricultural goods to North America, then North American ones to Japan.

Nippon Yusen decided last October to consolidate its container operations with those of fellow shippers Mitsui O.S.K. Lines and Kawasaki Kisen Kaisha.

Business was struggling amid low freight rates, owing to a glut of ships and soft demand for transport.

Fresh goods fetch high shipping rates due to the specialized equipment involved, and exporting more of them would bring steady income for the joint venture the shippers will establish in July.

Controlled-atmosphere, or CA, containers will keep goods fresh throughout the roughly 50-day voyage.

The containers regulate internal temperature as well as nitrogen and oxygen levels, suppressing respiration in produce to keep it from spoiling.

Nippon Yusen has used CA containers before for trips of about two weeks to Southeast Asia, but not yet to Europe.

The shipper recently sent its first trial batch of Japanese mandarins to Europe on a request from Tokushima Prefecture.

The containers' temperature and humidity were set to suit the fruit, and most of the batch arrived fit to be sold.

The mandarins have been brought to Europe by air for several years, but probably will switch to ocean shipping starting with this November's crop.

The company is also weighing shipping longer-lasting agricultural products such as apples and Japanese sweet potatoes in CA containers.

Nippon Yusen plans to negotiate freight rates with shippers based on cargo volumes, with CA containers likely to cost five to 10 times as much as general ones.

Last year, shipping a general-cargo container from Asia to Europe cost an average of 70,000 yen ($619 at current rates), so CA containers would cost 350,000 yen to 700,000 yen for the same voyage — steeper, but still around a tenth the price of air freight.

In November, the shipper spent several hundred million yen for about 600 additional CA containers, bringing its total to roughly 2,000 units.

Those containers have so far mainly been used to import foreign-grown goods like avocados and bananas to Japan.

But Japanese exports of fresh goods have been few, and many ships have been sent back with empty holds.

Mitsui O.S.K. has also partnered with the Okinawa Prefecture-based Ryukyu Kaiun Kaisha, or RKK Line, to ship Okinawa-grown goods in CA containers.

RKK would ferry such goods as sweet purple potatoes and bitter melons to Kaohsiung in Taiwan, then Mitsui O.S.K. would bring them from Kaohsiung to Hong Kong.

The first ship of this venture left Okinawa's capital of Naha Friday, and is scheduled to arrive in Hong Kong Tuesday.

The service will expand to other areas in fiscal 2017.

(from: hellenicshippingnews.com, February 22nd 2017)

ON THE CALENDAR

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.