Council Of Intermodal Shipping Consultants

Newsletter

October 15th 2017

Link road, rail, sea!

C.I.S.Co. - Via Garibaldi, 4 – 16124, Genova Tel. 010 2518852 - www.ciscoconsultant.it

YEAR XXXV
Issue of October 15th 2017

STUDIES & RESEARCH

REEFER

October 15th 2017

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

C.I.S.C.O. NEWS

BIC, THE REGISTER TRACKS THE CONTAINERS: BOXTECH, CRITICAL MASS READY WITH THE ARRIVAL OF MAERSK

Chairman Guerrini: "A useful tool against bankruptcies and smuggling, as well as for the VGM"

For some years, after the financial crisis in 2008, operators thought that large container shipping companies were too strategic for states to bankrupt.

But in 2016, South Korea abandoned to its own destiny its company Hanjin.

Hanjin's bankruptcy was a point of no return, opening a deep wound in the shipping world.

Only a few days ago, Alphaliner certified that over a year has been reabsorbed all the excess stowage capacity that had shedding on the market with the out of business of the Korean fleet.

Bankruptcy created unprecedented problems in many areas, from insurance to courthouses.

"When Hanjin has failed" says Mr. Giordano Bruno Guerrini, Chairman of the BIC (Bureau International des Containers) "thousands of containers have been blocked in ports all around the world.

Some of these were marked with a Hanjin code number but were on leasing, the owner was not the Korean company.

Hanjin's creditors tried to seize containers to get back at the company, so leasing companies, who were the real owners, turned to the BIC to have the documentation to provide to their lawyers and allow them to get the containers back.

The BIC is the only body that can certify to whom really belongs a container with a certain number of code. "

In July 2016, two months before Hanjin's failure in September, the BIC launched the BoxTech project.

The project was first implemented with the obligation to weigh containers and associate them with a verified gross mass (VGM) document, which entered into force on July 1st 2016, but subsequently turned out to be essential to help operators limit damage in Hanjin crisis.

"With this database – Mr. Guerrini explains - you can immediately determine who is the real owner of a container and what relationship he has with the operator that is using the container.

The BIC has the ability to load all the data about a container and make it available for different functions.

It's a project that goes far beyond the definition of VGM. "

The success of BoxTech is related to the adhesion of proprietary container companies.

The estimated number of containers for shipping in the world is about twenty million.

Recently the BIC database has reached 30 percent of this figure (around 7.5 million) and has embarked on the largest operator in the sector on the world market, the Danish shipping company Maersk.

As the BIC explains, "the BoxTech technical carachteristics database is a centralized, no-profit and neutral data warehouse that offers container owners and user a platform to easily exchange technical details of the container fleet" worldwide.

Every container is associated with a lot of data, up to one hundred for tank containers, such as weight, length, width, but also typology, who is operating it, and who implements the maintenance works.

These are useful information to trace an object, the container, born to never stand still and to go hand in hand.

Containers are often leased and those who rent them need data that today is exchanged between individual operators.

The database makes it easy to simplify this task.

The same goes for trading.

Sellers should satisfy themselves that their code is deleted, but it is not always possible to follow each individual case.

In the database, even if the code is not physically deleted on the container, you can immediately check out the sale.

What are the benefits?

"We've applied – Mr. Guerrini replies again - the motor vehicles registry model.

We think to problems created by a container used for smuggling, to which the old owner's code has not been deleted.

The company involved should activate to collect sales documents.

Visiting the database is much simpler. "

The database is a free registry and according to Mr. Guerrini it offers endless possibilities for those who want to develop applications that exploit the data.

"It's a value added to the market - if someone wants to develop softwares that uses BoxTech, we support him."

(from: L'Avvisatore Marittimo, September 27th 2017)

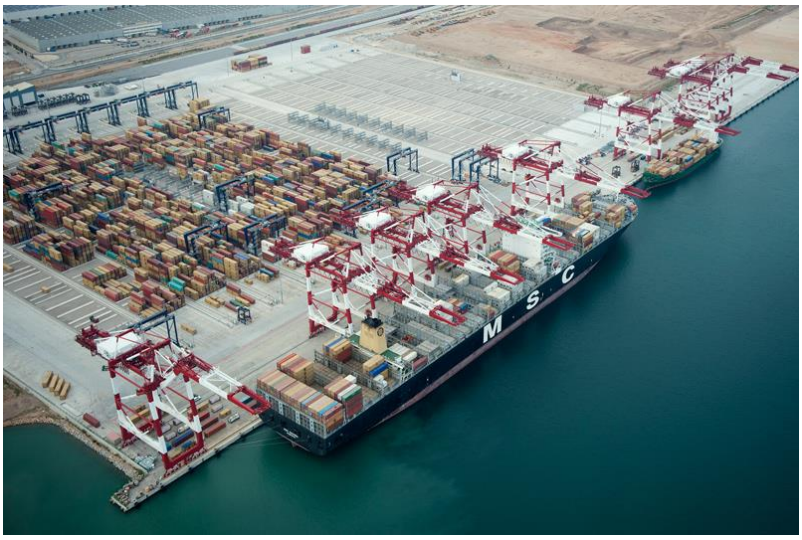
PORTS AND TERMINALS

CATALEXIT: POSSIBLE IMPACTS ON PORTS AND LOGISTICS

Last Sunday, 1 October 2017, Catalonia held its controversial independence referendum, strongly opposed by the Spanish government but showing the majority of voters (90%) in favor of independence, although with just 42% of voter turnout.

And while political analysts are now questioning what will happen next, let us dwell on the major implications of the so-called "Catalexit" for the national and regional economy and for the transport sector in particular.

According to year 2016 data, Catalonia accounts for 19% of Spain's entire GDP and for 25% of the country's exports.



It is the most economically productive and one of the richest regions, being the fourth in terms of GDP per capita (EUR 28,600), after Madrid, Basque Country and Navarra.

The average GDP per capita in Spain overall is EUR 24,000.

Catalonia has a proven record of attracting investment.

In 2015, it attracted 14% of all foreign investment in Spain, by far more than other regions, except Madrid, which received a huge 64%.

Its capital Barcelona is home to many large national companies: fashion group Mango, fragrance company Puig, Gas Natural, Spain's third-largest bank CaixaBank.

About a third of all foreign companies have chosen Barcelona as their headquarters in Spain.

Thus, for example, Volkswagen and Nissan set up their plants near Barcelona.

With the ports of Barcelona and Tarragona, Catalonia is also a major logistics hub.

Despite the protracted dockworkers strikes all around Spain this spring, Barcelona handled 39.3 mln tons demonstrating a huge 21.8% increase in its total throughput in January-August 2017.

Unlike its rivals – Valencia (+1.44%) and Algeciras (-9%) – Barcelona also showed a tremendous growth in container volumes: +30.2%, up to 1,945,647 TEU in the same period.

Earlier this year, we have written about the EUR 75 mln loan from the European Investment Bank allocated for the expansion of ZAL Port (Zona d'Activitats Logístiques), the logistics platform of the Port of Barcelona.

ZAL Port plans to construct new logistics and warehousing facilities increasing its capacity up to 1 mln sq.m.

ZAL Port is adjacent to BEST (Barcelona Europe South Terminal) container facility of 2.6 mln TEU capacity, developed and operated by Hutchison Port Holdings.

The other container handling terminal is APMT Barcelona, former TCB, with another 2.3 mln TEU capacity.

So, what will be the impact of the referendum on the ports and logistics infrastructure, on enterprises and foreign business entities, some of which already begin moving their offices to Madrid or other, more stable, Spanish regions?

Will Catalonia indeed take the risk of leaving Spain, which means automatically leaving the EU and thus undermining foreign direct investment and raising the export costs of the goods produced in Catalonia?

The European Commission already said on Monday that any independent Catalonia would find itself outside the 28-member trading bloc.

Amazingly, there is scarce debate in the media on the implications of the Catalan independency on the ports and other transport infrastructure.

But apart from the economic issues, there may arise the proprietary questions.

If a road, port or airport at the territory of Catalonia was constructed and financed by the state of Spain, the independent Catalonia would need to compensate their value before operating the facility on its own.

And some sources reveal that the Government of Catalonia (Generalitat) has already made the evaluations of the infrastructure facilities to be expropriated arriving at the amount of about EUR 100 bln, but who will finance this?

Still, quoting Geoffrey Minne, an economist at the Dutch ING Bank: "Economic costs seem to be a secondary issue in the current debate and the spotlight is more on the cultural and political motives."

In the paper titled "Catalonia: The cost of being single", he writes: "Any Catalexit would plunge the region into a long period of uncertainty and would most probably be negative for the private sector negatively affected by a drop of households' purchasing power."

As the first sign of this uncertainty, a general strike has been announced today in Catalonia with the idea to protest against the Spanish police' actions during the Sunday vote.

The dockers at the Port of Barcelona have supported the strike, paralyzing the work of the port and forcing some vessels to dock outside.

According to the Organization of Dockworkers of Barcelona (Organización de Estibadores Portuarios de Barcelona), the support of the strike was 100%, although the Spanish Transport Ministry (Ministerio de Fomento) reports only 1.5% of the morning shift workers in support.

Or maybe Catalonia will simply use the referendum results in its further negotiations with the Spanish government for more regional autonomy?

According to Eurasia Group President Ian Bremmer quoted by CNBC, "The Basque region in Spain presently has more rights of autonomy than Catalonia, so there's precedent for an outcome that can satisfy both sides."

We will follow this process and inform you of further developments.

(form: port.today, October 3rd 2017)

MARITIME TRANSPORT

STRONG PEAK BRINGS ASIA-NORTH EUROPE TOWARDS 10M TEU MILESTONE

Following a strong peak season, the westbound Asia to North Europe trade is on course to break the 10 million teu milestone in 2017, according to Drewry's latest Container Insight Weekly analysis.

Following a revision by CTS, headhaul Asia to North Europe shipments increased by 5.2% after eight months to reach 6.8 million teu, it said, adding that growth had been "relatively consistent through the year, with year-on-year comparisons residing in a fairly narrow band of between 3-8% since May.

Were this pattern to continue for the remainder of the year the trade would surpass the 10 million teu threshold for the first time ever come end December," Drewry said.

"By all accounts it was a strong peak season this year, but the spike or seasonality was slightly less pronounced, and it would appear it started earlier.

Several factors account for this advancement, but two key ingredients are the general rise of online shopping and the greater adoption in Europe of the American retail marketing 'Black Friday' discounting event on the last Friday of November that have both served to dilute some of the traditional surge to meet the Christmas shopping season."

As a result, Drewry believes that trade growth might taper off after the current 'Chinese Golden Week' holidays, when factories close in the first week in October, and that end-year growth will slip from its current rate closer to 4%.

"This view is given some credence by the complete lack of success carriers had in raising rates at the start of September," Drewry noted.

"Looking further ahead we believe that demand growth will settle at about 3% for 2018 as the restocking and recovery plans in locations such as Russia seen this year will become less influential on growth trends."

Strong demand and a stable market meant that carriers this year were able to avoid the trend for blank sailings during this year's peak season.

"This is in contrast to three previous years when shipping lines resorted to miss sailings as a measure to manage excessive capacity," Drewry noted.

Indeed, CMA CGM launched a temporary service SEANE connecting Southeast Asia to North Europe in July to meet seasonal demand.

"Due to the introduction of this service and upgrading of vessels in a few other loops, headhaul net capacity will increase by a projected 12% for November," Drewry highlighted.

However, to cater for the closure of many Chinese factories in the Golden Week holidays, carriers have declared a number of voids from the end of September and early October, which will strip about 30,000 teu in monthly capacity from the trade, or roughly 3% of the total that existed in August, Drewry observed.

"By the start of 2018 we anticipate that effective westbound capacity will remain significantly inflated compared to the same point a year ago, at as much as 20% higher year-on-year," Drewry added.

This assumes that CMA CGM will suspend its seasonal SEANE loop.

"More generally, with a massive influx of ULCVs scheduled for delivery in 2018 and 2019, carriers might have to rationalise services again and cascade a number of existing 14,000 teu units to smaller routes to prop up ship utilisation."

Spot rates trended down slightly over the past 12 months, but were still profitable and with much of the historical volatility absent during the summer months, Drewry said, adding: "However, rates have been on a more prolonged downturn since September even though utilisation was unlikely to have decreased too dramatically from the mid-90% average seen in the previous four months.

"Despite the most recent softness of the market, we believe that rates will once again trend upwards in 2018, on the working assumption that carriers, working in a smaller competitive pool, will continue to display the same capacity management skills that have served them well this year to help to offset the newbuild deliveries," the analyst said.

"Demand and freight rates will undertake a seasonal drop as the year closes out, but the longer-term outlook for this trade remains positive."

(from: lloydsloadinglist.com, October 9th 2017)

RAIL TRANSPORT

TRIESTE-ZEEBRUGGE RAIL FREIGHT SERVICE LAUNCHES

Logistics group Ekol has launched a twice-weekly intermodal connection linking its Trieste intermodal and ferry hub with P&O Ferries' European hub, connecting the two companies' respective Europe-UK network and Turkey, Iran and Middle East network.

The new Ekol block train is operated by Hupac, which deploys its own modern wagon fleet and manages the day-to-day train operations.

The service is expected to carry around 5,000 shipments per year from Trieste's EMT terminal.

Alaa Jennane, director of engineering business development at Ekol, said this new connection "continues to support the Ekol network expansion in the South-North corridor to link its strategic markets", adding: "We keep executing our strategy to offer more and more intermodal connections inside Europe.

We connected the Mediterranean with the Baltic sea by the Trieste-Kiel train in January 2017 but now we are very glad to offer to our customers a new direct connection between the Mediterranean and the North Sea".

Three weeks ago, Ekol Logistics also announced the opening of new block train connecting Budapest with Cologne – the company's first rail freight solution for the "East-West corridor".

Jennane said the new Trieste-Zeebrugge block train "will be the first direct train that will connect Turkey, Iran and the Middle East with the Benelux countries and all the UK in a totally green mode, without using a single driver.

Thanks to our strategic partner P&O Ferries, we can transport shipments using their ferry and terminal services to different regions in England including Tilbury, Hull, and Teesport – and to other destinations with other partners."

Janette Bell, managing director of P&O Ferries, commented: "We are delighted to announce the launch of this new train into Zeebrugge, which will further enhance our integrated rail and ferry service linking the entire continent of Europe with Britain.

We expanded our operation at Zeebrugge last year so that we now have capacity to ship 700,000 units per year and can continue to grow."

Renzo Capanni, director of Hupac, said: "Hupac is very pleased to welcome Ekol on this new intermodal line.

Together with all parties involved, we managed to develop a cutting-edge service to directly connect Turkey with the UK within very competitive transit-times.

This new service shows again that multimodal can be a great alternative to pure road transport."

P&O Ferries has reported that rail volumes at its continental hubs in Zeebrugge and Europoort grew by 14% in the first half of 2017.

Its operation at Zeebrugge already has connecting rail services to Segrate, Busto and Novara in Italy and Oradea in Romania.

Together with its logistics division, P&O Ferrymasters, the company also operates integrated road and rail links to countries across the continent including Italy, Poland and Romania.

A P&O Ferrymasters-owned rail terminal in the northern Romanian city of Oradea, which will facilitate the onward movement of goods to Britain from the Silk Road, became operational last year.

Joachim Coens, CEO of the Port of Zeebrugge, commented: "Intermodality is of high value to our port.

The launch of this Ekol block train is a reinforcement of our connections to Italy and further destinations and is an expansion of the complete offer of direct and indirect intermodal connections in Zeebrugge."

(from: lloydsloadinglist.com, September 26th 2017)

ROAD TRANSPORT

HOW OLD TROLLEY TECHNOLOGY IS POWERING THE TRUCKS OF TOMORROW

Keeping electric trucks charged to work continuously remains one of the most vexing problems of green shipping and logistics.

Air quality officials in California believe they might have found a possible solution for the twin ports of Los Angeles and Long Beach.

They recently launched testing of a trolley-like catenary system from German automation company Siemens on a short stretch of road near the port complex.

Nearly 16 million shipping containers moved through the gateway last year, making it the largest port in the U.S.

But in addition to transporting goods, the complex creates millions of tons of pollutants that regulators want to scrub from the air.

The mayors of Los Angeles and Long Beach have set a goal to have near-zero or zero emissions at the complex by 2035.

Regulators and the trucking industry are exploring a variety of technologies to reach that target, including ultra-low emission natural gas engines, hydrogen fuel-cell vehicles, battery-electric trucks and hybrids.

Catenary is yet another approach that can supplement hybrid and battery-electric trucks.

Catenary systems work by equipping electric-powered trucks with metal devices called pantographs.

When a truck drives under overhead catenary wiring the pantographs on a truck's roof provide power for the electric motor.

This solves the downtime problem for electric trucks when they stop working for long periods to charge or swap batteries.

But such systems still require considerable investment in the overhead wiring along roadways.

In Europe, it costs about 3 million euros per kilometer to implement a catenary system, including upgrades to the grid, according to Roger Bedell, founder of Opbrid Fast Charge Systems in Switzerland.

That works out to about $5.6 million per mile.

The $13.5-million demonstration project directed by California's South Coast Air Quality Management District has built a 1-mile catenary system – 2 miles counting both directions – along Alameda Street in Carson, near the ports of Long Beach and Los Angeles.

There are three trucks in the heaviest Class 8 weight segment testing out the system, pulling loads of 60,000 pounds back and forth along the roadway, said Sam Atwood, a spokesman for the district.

Two of the trucks are made by TransPower of Escondido, Calif.

One is a battery-electric vehicle, and the other is a hybrid that runs on compressed natural gas and electricity.

The third is a diesel-electric hybrid built by Mack Trucks.

Testing started in July and is expected to run at least six months, Atwood said.

There's potential for catenary in an environment "where you are running a mile or a mile and a half to a specific point and back and forth," said Jonathan Randall, senior vice president of North American sales for Mack Trucks, a division of Volvo Trucks.

Once off the wire, the truck could easily switch to diesel power and continue on its way.

With so many different technologies undergoing tests at the port and elsewhere, it's hard to know which will work best.

"We know there will be some form of electric truck, compressed natural gas remains viable, liquefied natural gas is interesting, and then there are the fuel cells we are working on," Randall said.

"Everything is open to see what the industry will accept and what is commercially viable."

The catenary test has not been without hiccups.

The project faced significant delays caused by attempting to build the demonstration system in what is a highly industrialized section of Southern California next to a major refinery.

"There were a lot of problems to be worked out with the infrastructure," Atwood said.

The builders had to deal with underground natural gas pipelines.

The electrical structure requires a large transformer to convert AC power to the DC used by the electric powertrains in the trucks.

There were a host of safety regulations to meet.

Longer catenary systems are already in service in Europe, championed mostly by Siemens.

After testing the technology on a 2-kilometer public road in 2016 in Stockholm, Sweden, Siemens built a longer eHighway across Germany, outfitting 10 kilometers of the autobahn with a catenary wire.

Southern California's South Coast Air Quality Management District will try to determine whether the technology is scalable for a U.S. highway system.

"In Germany and Sweden, the track is much longer, but it's also in a kind of greenfield.

There's nothing out there," said Matt Miyasato, deputy executive officer in the science and technology advancement office at the air quality agency.

"In our case, it was in a very busy industrialized area already surrounded by refineries and tank farms."

The challenge of building an effective catenary above a busy California highway is one that needs to be built into the design strategy if such systems are to come to the U.S.

"We've been pitching it to [Siemens] as, now you have a solution you could put anywhere," Miyasato said.

"It doesn't have to be in a greenfield or out in the middle of nowhere — you could do it in a highly industrialized area like SoCal."

Still, experts said it has proven harder to install a catenary over existing roadways, especially where infrastructure is outdated.

"I wonder if [catenaries] would work better if we start building new roadways or expansions of existing roadways," said Bill Van Amburg, senior vice president at Calstart, a green trucking and transport technology incubator.

It might work best on a dedicated lane for trucks as opposed to trying to retrofit it on an existing, older roadway, he said.

One way to reduce cost is to limit the length of a catenary.

The trial is examining how far a system could extend.

"In California right now most people are looking at catenary projects to allow an electric, regional heavy-haul truck to extend its range," Van Amburg said.

"Because it can connect to power periodically within a zone."

That means prioritizing powering trucks that travel shorter distances rather than long-haul tractor-trailers making cross-country trips.

Companies could also combine the most efficient form of traditional charging methods, DC fast-charging, with the catenary track, an idea Miyasato calls "opportunity charging."

"You could put DC fast chargers on either end of the route — somewhere down at the marine terminals and somewhere up in the rail yard," Miyasato said.

"That's one of the comparisons we want Siemens to make: does it make more sense to charge on a catenary line or should you just have opportunity charging on each end?"

Either way, a catenary system is not likely to be used as a single solution. "In Southern California, they're thinking about how to use this for backbone corridors where the bulk of freight goes," Van Amburg said.

But they're also realizing that in addition to "backbone routes" that could be outfitted with a catenary, trucks must get to distribution centers or other sites along secondary routes. In that case, they will need additional stored power on board.

"The catenary is not going to do the total job," he said.

(from: trucks.com, October 11th 2017)

INTERMODAL TRANSPORT

NEW TRUCK RECORD FOR EUROTUNNEL

In September 2017, Le Shuttle Freight set a new historic record for a month of September with 138,774 trucks transported, an increase of 2% compared to the month of September in 2016.

Since 1 January 2017, 1,225,943 trucks have crossed the Channel with Le Shuttle Freight, so the service could top last year's result of around 1.6M HGVs.

Passenger vehicle traffic increased by 9% compared to the month of September in 2016, with 240,059 vehicles transported, the second best month of September since the end of duty free in 1999.

Since 1 January 2017, Le Shuttle Passenger traffic is relatively stable with 2,072,415 vehicles transported.

According to the latest annual port statistics from the Department of Transport, the Port of Dover accounted for 26.5 Mt of accompanied freight in 2016, while Eurotunnel's figure for Le Shuttle Fret was 21.3 Mt, so in total Dover Straits flow-through trade amounted to 47.8 Mt.

This just underscores how exposed the trade is to a hard-Brexit and to potentially a 5-fold increase in customs clearances.

CHIEF, the UK customs system is now around 20 years old and has an estimated capacity of 150M annual transactions, but the post-Brexit number could increase to 300M.

The replacement Customs Declaration Service (CDS), combining off-the-shelf tariff and declaration processing products from IBM, is not due to go live until 2019, the Brexit year, and it is unlikely there will be no "teething problems."

Speaking recently to WorldCargo News, Chris Sturman, CEO of the Food Storage & Distribution Federation, pointed out that because of the migrants'

crisis and the UK import:export trade imbalance of almost 2:1 via the Dover Straits, only about 1 in 10 trucks using the Straits by ferry or Eurotunnel are UK-registered.

Border delays with trucks tailing back 30-40 miles - what the Port of Dover has termed the "armageddon scenario" - could result if the EU plays "hardball" with the UK, but non-UK truckers would be the hardest hit, so it is no-one's interest for EU negotiators to try to bury the UK's nose in it.

Groupe Eurotunnel SE's third quarter revenues will be published on Thursday 19 October 2017 before market opening.

The traffic figures for October 2017 will be published on Monday 13 November, before market opening.

(from: worldcargonews.com, October 11th 2017)

TRANSPORT & ENVIRONMENT

SHIPPING'S NEW TECHNOLOGIES WILL HELP ADDRESS POLLUTION CONCERNS

A ship owner investing in a newbuilding today has in front of him a flurry of options to consider in order to comply with the upcoming new regulations.

In a recent weekly report, shipbroker Intermodal said that "an undoubtedly interesting market lately is the newbuilding market, in which we are witnessing numerous orders across all sectors and sizes.

At the same time, we have observed that specialized agencies of the United Nations such as the International Maritime Organization (IMO) have recently strengthened their regulations, in an effort to prevent pollution globally, protect the marine environment and improve safety and security aboard as well as ashore".

According to Mr. George Panagopoulos, Research Analyst with Intermodal, "amidst the regulations that have entered into force on January 1st 2016 is the part of the revised MARPOL Annex VI for the NOx Tier III limits, that owners need to comply with in order to trade in ECA areas.

As a result, taking into consideration this new regulation, keel-laid vessels will need their engines to comply with the regulation".

He says that "to put things into perspective it is helpful to examine the best practices for design of ships subject to NOx Tier III requirements: the first option is the Selective catalytic reduction (SCR) that is an advanced active emissions control technology system that injects a liquid-reductant agent through a special catalyst into the exhaust stream of a diesel engine.

As a result the vessel will be Tier III compliant and the NOx reduction is more than 80%, with the only disadvantage being the high cost of investment.

The second option is the Exhaust Gas Recirculation (EGR), where NOx emissions will be reduced by using internal engine technology, without making use of installing after-treatment devices.

In detail, NOx emissions will be achieved by cooling some of the exhaust gas and redirecting it back into the charge air to be used again in the combustion process.

Well known engine manufacturers have started to implement this option.

An example is MAN Diesel & Turbo which recently announced that it will offer the world's first IMO-certified two-stroke engine with Tier III NOx control and EGR systems.

However, this option has some risks as until today there is limited operational experience and similar to the SCR system the cost of investment is rather high", Panagopoulos noted.

According to the analyst, "all in all, there is no absolute answer for the best option to comply with.

Both options are Tier III compliant, but have different features.

For instance, OPEX costs in the EGR system are low, whereas in the SCR system are high.

Furthermore, the SCR system requires more space compared to the EGR system which is more compact.

Also, EGR can be combined with SOx scrubber, whereas the SCR can be combined in some cases.

Lastly, there is possible impact on engine durability in the EGR, where on the contrary in the SCR there is none.

Apart from the aforementioned systems that achieve Tier III-compliance together with the LNG fuelled vessels, there are other options under development for the reduction of NOx emissions, such as the use of alternative fuels, the Direct water injection (DWI) where up to 50% NOx reduction can be achieved, the Fuel-water emulsion (FWE) where the NOx reduction can be up to 30%.

Lastly, the Intake air humidification and humid air motors (HAM) where NOx emissions can be from 30% to 70%.

The shipping industry is evolving day by day in an effort to adapt to new technologies such as auto manning vessels and 3D printing", Panagopoulos concluded.

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

LOGISTICS

THE LOGISTICS OF FIDGET SPINNERS: HOW JACK AND JEFF ARE RESHAPING GLOBAL RETAIL

Amazon has 27 airplanes and 258 supply chain facilities in the United States.

Alibaba just announced $15 billion dollars to be invested in its global logistics network.

Meanwhile, brick-and-mortar stores shut down in droves.

Just this April, Credit Suisse reported that over 8,600 brick-and-mortar stores may shutter their doors in 2017.

But "Retail Apocalypse" is a misnomer.

Digital channels may spell trouble for traditional retailers but it also represents evolution, giving Asian and Indian manufacturers a global reach.

And at the heart is a battle being waged between Alibaba and Amazon, both via very different strategies.

Take Fidget Spinners

Look no further than 2017's spinner craze, with over 200 million sold after their February debut.

Global supply chains responded quickly – over 200,000 spinners were available from Alibaba retailers and upwards of 8,000 sellers on Amazon.

Short lived, the fidget frenzy was just the latest consumer fad to push global production into overdrive, like 2015's hoverboards.

Riding this wave were droves of Chinese or Indian manufacturers that can now tap into digital platforms to source, import and sell directly to SMBs or consumers online.

Unsurprisingly given their bankruptcy just months later, it took Toys R Us months to stock spinners.

Two retail paths diverged in the forest…

Alibaba and Amazon are at the heart of the new digital sourcing and retail, both with very different methods.

Alibaba connects global businesses and consumers as the world's largest virtual middleman, while Amazon is becoming a global player that controls everything from manufacturing to sales and physical logistics.

Here's how Amazon and Alibaba's different business models play out from the perspective of two little spinners.

The Alibaba Method

For the Alibaba spinner, take Xiamen Denghong Electronics, one of millions of Alibaba sellers.

All we know from their profile is that they have at least 11 transactions over the past year, and they sell light-up spinners in bulk for about $2/each.

The retailer can sell via a plethora of websites – their own website, AliExpress or they can use a platform like the Freightos Marketplace to arrange shipping to the US online.

With platforms like ShipBob, they can overnight the spinner to the fidgety Floridian consumer.

In other words, Alibaba just connected two small businesses around the world, while third-party businesses arranged transportation and logistics.

Alibaba never touched the product.

Of course, this may change, given recent Alibaba investment.

The Amazon Model

Amazon's model couldn't be more different.

For third-party sellers, Amazon is there every step of the way.

It's difficult to track down individual Amazon sellers but let's assume that WuyiMC is a Chinese seller, like close to 25% of Amazon Europe marketplace sellers.

Amazon's licensed NVOCC (ocean freight forwarder), Beijing Century JOYO Courier Service, imports the spinners from China, where they are delivered to a California Amazon fulfillment center.

Amazon airplanes then whisk them via the future Amazon hub in Kentucky to the local FBA distribution center in Lakeland, Florida, before delivery in Miami Beach overnight … by an Amazon delivery man.

A tale of two potential logistics giants

Both Alibaba and Amazon's course may doom retailers.

Or it may help them succeed like never before.

Last September, Cainiao Network, now a logistics arm of Alibaba, held its second funding round for $7.5 billion dollars, while aggressively partnering with logistics companies worldwide.

And just last week, Jack Ma committed to investing $15 billion more in logistics.

Alibaba Chairman Jack Ma's ambitious plan involves expanding the platform to enable six million small businesses to sell across borders, delivering products globally within 72 hours, and building up to 1.2 billion customers outside China.

This is Alibaba's vision of global retail, playing the role of a global intermediary across both B2C and B2B channels for small and midsize businesses worldwide.

Amazon's Jeff Bezos' vision may go in a polar opposite direction.

Already providing the infrastructure for Chinese sellers' customs, warehousing, distribution and sales, Amazon is also rapidly expanding dozens of private label lines, from fashion to health food.

Amazon has spent 25 years evolving from sales to warehousing and finally to in-house product brands.

While small business vendors account for some 50% of all Amazon sales, Amazon is still, after all, looking out for itself.

46% of US households have Amazon Prime subscriptions, forming the backbone of demand that could push Amazon's shift from retailer to product brand, manufacturer, importer, distributor, and retailer sooner than you think.

Global sourcing, importing, and sales power has shifted from large retailers to small businesses worldwide.

The extent to which it remains in the hands of smaller and midsize businesses is up to Jeff and Jack.

(from: theloadstar.co.uk/freightos.com, October 4th 2017)

LAW & REGULATION

ISO MAY PRODUCE INTERMEDIATE ISO 8217 SPECIFICATIONS PRIOR TO 2020

There's not enough time to produce a new fully revised ISO 8217 standard before 2020, but it is possible that a "publicly available specification" could be ready sooner in response to a request from the IMO for ISO to "keep consistency between the ISO standard and implementation of the 0.50% sulphur limit."

The 6th edition of the standard was published in March 2017.

It dealt with the issue of fatty acid methyl ester(s) (FAME) and introduced a new reporting requirement on cold flow properties for winter grade distillates (cloud point and cold filter plugging point), but it was not yet able to address all of the issues arising from the introduction to the market of several less conventional types of marine fuels with maximum 0.10% sulphur for operation in emission control areas (ECAs).

Quality concerns specific to low sulphur types of fuel are expected to become even more pressing with the 0.50% sulphur limit in 2020.

The technical committee that reviews and updates the ISO 8217 marine fuel standard, as well as ISO 8216 (classification of marine fuels) has started looking at what to do for the next revision.

The normal revision process takes at least three years so it would not be ready prior to 2020, but sometime late in 2020 at the earliest, probably later.

However, it is possible that the ISO 8217 technical committee (ISO TC28/SC4/WG6) could work on an interim solution by producing a publicly available specification (PAS), which is an intermediate specification published prior to a full International Standard.

A PAS is initially valid for up to three years, after which it may be extended for up to another three years or can be withdrawn.

The PAS, or elements of it, could be adopted as part of the next full ISO 8217 revision.

At the moment, ISO 8217 is divided into distillate marine (MD) grades, distillate FAME (DF) grades and residual marine (RM) grades.

We already have some fuels meeting the 0.10% sulphur limit in ECAs that do not fit into the distillate category, and hence are typically sold under ISO 8217 residual marine specifications (RM grades).

ISO 8217 will likely continue to have DM grades (pure distillate fuels) so the main question is how it will address the low sulphur fuel blends that fall into the RM category today.

The most pressing quality concerns about the blends that are expected to be produced to meet the 0.50% sulphur limit in 2020 relate to stability and the compatibility between various products, and this would likely be the focus of the work.

It could include incorporating new test methods to get a better measure of fuel stability and compatibility.

It will be a challenge to come up with ISO 8217 specifications for the low sulphur fuels that are not traditional distillates because their compositions can vary so much.

They may be based on vacuum gas oil (VGO), or blends incorporating various heavy and light refinery product streams, including residual fuel oils and middle distillates.

(from: hellenicshippingnews.com, October 11th 2017)

STUDIES & RESEARCH

CHINA-EUROPE INTERMODAL 'COULD SEE A DECADE OF 15% ANNUAL GROWTH'

Container traffic transported by train between China and Europe could record 15% annual growth over the next decade, although this will depend on the level of sea freight rates over the period and the continuation of Chinese subsidies, according to a major study by global strategy consultants Roland Berger.

Entitled 'Eurasian rail corridors: what opportunities for freight?', the study was presented at a recent conference organised by the International Union of Railways (UIC).

Its author, Andreas Schwilling, told the conference: "Eurasian rail freight is a growth story and this growth is expected to continue."

Among the factors driving volume development were reductions in transit times and increased punctuality, largely a result of improvements in infrastructure and handling terminals and more efficient customs and border-crossing procedures.

The Eurasian rail freight corridor via Kazakhstan is the most utilised at present and the shortest, with transit times of 16-17 days for the 10,000 km journey.

"There are some trains which are already able to cover the distance between China and Europe in 14 days, but the average is 16 days or a few days longer," Schwilling said.

He said the volume of rail freight traffic between five Asian countries, especially China (but excluding south-east Asia) and the EU had increased from 25,000 TEU in 2014 to 145,000 TEU in 2016 – the equivalent of almost 1,800 trains – with further growth since then.

"It's quite impressive growth despite the fact that sea freight rates have dropped so dramatically," he noted.

Rail is typically three to four times more expensive than ocean freight.

"With the consolidation in the ocean shipping sector, we expect rates to rise at least a little bit, which would be in favour of rail freight – it's the main variable in the calculation of the further growth in traffic by rail."

Another key factor in rail's business model is subsidies from Chinese regional governments, in some cases as high as US$2,000-$2,500 per TEU, within the framework of China's 'One Belt One Road' initiative.

The study forecasts a volume of traffic of 636,000 TEU by 2027 – about 21 trains per day – "a sort of base case", Schwilling said, adding: "We've also forecasted a more optimistic case of about 100,000 TEU more, as well as a worst-case scenario which would be about 400,000 TEU.

This is mainly based on the assumption that Chinese subsidies go down and the sea freight rates do not recover."

Volumes carried on Eurasian rail freight corridors could also be boosted by e-commerce.

"Rail would be an ideal solution for customers ordering goods online from China who accepted delivery times of two to three weeks," Schwilling added.

"Air cargo would be far too expensive and as for sea freight, they would not willing to wait 6-7 weeks for their parcels to be transported.

Another potential growth area is foodstuffs."

(from: lloydsloadinglist.com, October 2nd 2017)

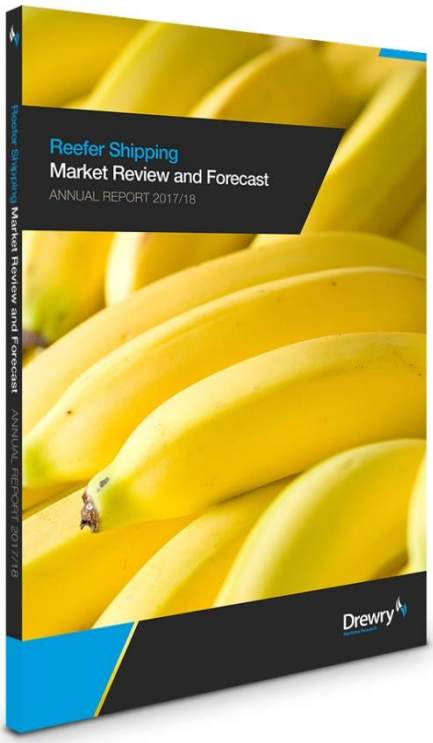
REEFER

REEFER SUPPLY SHORTAGE MEANS RATES SET TO SOAR

Reefer rates are set to skyrocket, as the increasing pressures from carrier consolidation collide with acute shortages of reefer containers, according to new analysis by Drewry.

With half of the planned M&A activity among container carriers still to come into effect, and the typical reefer season cooling down after its peak in Q4 and Q1, Drewry's Global Reefer Freight Rate Index increased by $52, or about 2%, from Q1 to Q2.

Based on the preliminary data for Q3, the index will rise further as the slack season continues, the company advised, while, at the same time, the rates for dry vans are maintaining their normal seasonality, falling from Q1 to Q2 and rising again in Q3.



"Hence, the argument could be made that carrier consolidation by itself is not responsible for the rise in reefer rates, and that there has to be another factor," Drewry explained in its latest Container Insight Weekly briefing.

"That other factor, we believe, is a shortage of reefer containers."

Data derived from Drewry's Reefer Shipping Market Review and Forecast 2017/18 shows that, using 2010 as a base, 2016 is the first year where demand had outgrown supply.

"The number of reefer boxes joining the fleet was very low in 2016, at around 60% of its historical average for the last decade.

And it will be low again in 2017," the analyst noted.

"Shipping lines and leasing companies are not collectively sitting by and letting it happen: there have been a few big orders recently and the reefer box manufacturers are now fully booked for Q4 deliveries."

Drewry continued: "All of this is putting many reefer shippers in a particularly unpleasant spot: due to the perishability of their cargo, they are extremely sensitive to supply-side disruptions.

And they have seen plenty of those of late."

It said shippers were increasingly asking themselves whether they are paying too much for their reefer container shipments and how their reefer container rates compare to those of their competitors.

"That is why Drewry decided to launch a Reefer Benchmarking Club, where shippers and forwarders can now confidentially and anonymously benchmark their buying rates against their peers, with a trusted and independent advisor to the maritime industries," the company explained.

The first round of benchmarks will be made on rates for 4Q17.

Drewry concluded: "The need for greater transparency in reefer shipping pricing is growing as shippers face mounting cost pressures due to equipment shortages."

(from: lloydsloadinglist.com, October 2nd 2017)

ON THE CALENDAR

▪ 26/10/2017 – 27/10/2017	Barcelona	5th MED Ports 2017
▪ 29/11/2017 – 30/11/2017	Abidjan	18th Intermodal Africa 2017
▪ 24/01/2018 – 25/01/2018	Mauritius	12th Indian Ocean Ports and Logistics 2018
▪ 07/03/2018 – 09/03/2018	Padova	Green Logistics Expo
▪ 28/03/2018 - 29/03/2018	Beira	19th Intermodal Africa 2018
▪ 18/04/2018 - 19/04/2018	Livorno	6th MED Ports 2018
▪ 30/05/2018 - 31/05/2018	Varna	7th Black Sea Ports and Shipping 2018
▪ 04/07/2018 – 05/07/2018	Johor	16th ASEAN Ports & Shipping 2018
▪ 26/09/2018 – 27/09/2018	Riga	2nd Baltic Sea Ports & Shipping 2018
▪ 24/10/2018 – 25/10/2018	Aqaba	15th Trans Middle East 2018
▪ 28/11/2017 – 29/11/2018	Accra	20th Intermodal Africa 2018
▪ 30/01/2019 – 31/01/2019	Kuwait City	16th Trans Middle East 2019
▪ 20/02/2019 – 21/02/2019	Manila	10th Philippine Ports and Shipping 2019
▪ 20/03/2019 – 21/03/2019	Mombasa	21st Intermodal Africa 2019

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