Newsletter

September 30th 2017

Link road, rail, sea!

Council Of Intermodal Shipping Consultants

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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

THE BOARD OF DIRECTORS OF C.I.S.Co. ELECTED A NEW PRESIDENT

The Board of Directors of C.I.S.Co., at the meeting held in the "Golden Room" at the Chamber of Commerce of Genoa on Friday, September 15th, elected Filippo Gallo as the new President of the association.

"I thank the Chamber of Commerce of Genoa and the Port Authority of West Ligurian Sea" said Gallo, shortly after the election, "and I will try to make my experience available to C.I.S.Co."

The Board of Directors then elected to serve as Vice President Emanuele Marocchi and confirmed Giordano Bruno Guerrini as Secretary General: "For over fifty years at the service of companies to spread good practices," Guerrini commented "C.I.S.Co. offers its members a broad international reference network. "

C.I.S.Co. is the national referent of the BIC (Bureau International des Containers) and represents the Italian container owners and operators.

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CARGO INCIDENT NOTIFICATION SYSTEM WIN BIC AWARD 2017

The Cargo Incident Notification System (CINS) won the BIC Award 2017, a prestigious award annually awarded by BIC (Bureau International des Containers).

The recognition goes to the person or organization that during the year has distinguished for the contribution to safe and sustainable expansion in the field of containerized and intermodal transport.

"CINS, founded in 2011 by five of the world's largest shipping companies, CMA-CGM, Evergreen, Hapag-Lloyd and MSC, aims to highlight the risks involved in containerized transport," explains Giordano Bruno Guerrini, president of Bureau International des Containers.

"By collecting data from sea accidents in a single database is much easier to recognize trends and circumstances that may require immediate action."

The award, delivered on the evening of September 12th at the headquarters of the IMO (International Maritime Organization) in London by Giordano Bruno Guerrini accompanied by Secretary General Douglas Owen, was withdrawn by the Vice President of CINS Ken Rohlmann of Hapag-Lloyd and another founder, Christophe Triat of MSC

“CINS works with the sole purpose of improving shipboard security, and is independent of any commercial interest," commented Rohlmann.

CINS also carries out guidelines for the transport of some hazardous materials within the containers and collects within itself 14 shipping companies, equivalent to two-thirds of the number of containers in circulation.

PORTS AND TERMINALS

DREWRY: MORE CHINESE PORT INVESTMENTS TO COME

This week Drewry Maritime Research have held a webinar presentation of its Ports & Terminals Insight Report.

The report is issued quarterly and supplements Drewry's main Annual Container Terminal Operators report.

The 3Q 2017 report was presented by Neil Davidson, Drewry's Senior Analyst, Ports and Terminals.

The report covers several questions.

One of them is the dramatic rise of the overseas investments by the Chinese port operators.

Thus, 15 years ago there were just a few of them, and even in 2012 they were not so many, but today more than half of the Chinese port investments are outside China.

However, despite the wide international coverage, the volumes from the overseas terminals of the China based operators (COSCO, China Shipping, China Merchants, SIPG) make up only 15% of their equity TEU, indicating that the Chinese operators still have to grow before they become as truly international as the big four global operators (Hutchison Ports, PSA, APMT and DP World).

Analysing the recent M&A deals of Chinese and non-Chinese buyers, Drewry admit that the Chinese buyers are willing and able to pay a premium for port assets.

For instance, their deals with the port authorities of Melbourne, Darwin and Piraeus were made with the enterprise value vs. EBITDA ratios over 20.

COSCO paid 14.9 times EBITDA for 51% of Spanish Noatum Ports.

This is quite high, as "traditional investors might be prepared to pay 12 times EBITDA", according to Neil Davidson.

But low borrowing costs of the national banks (with interest rates of just 2-3.5%) and a strong geopolitical motivation (One Belt One Road strategy) sustain this M&A activity of the Chinese players.

Commenting on the possible next steps of the Chinese investors, Neil Davidson admits that a further expansion can be expected, and not only along the OBOR route, but also in Africa and Latin America, with the idea “to fill more global gaps”.

As an example, he mentions the recent acquisition of a container terminal in Paranaguá, Brazil by China Merchants Port, which happened to become the first entry of the Chinese investors into the Latin America market.

And they may consider not only individual ports or terminals for their M&A activity, but also groups with large asset portfolios as well.

But obviously, not only China is interested in port and terminal acquisitions.

Discussing the competition in this area, Neil Davidson highlights the interest on the part of the Turkish operator Yilport, as well as the traditional global players like DP World, Hutchison Ports, PSA, ICTSI, who have become more cautious recently but still have a desire for the suitable assets at the right price.

And the EV/EBITDA value that the bidders are ready to pay for an asset will be definitely dependent on this competition.

Another question covered by the report is the global container port throughput trends.

And here Drewry mark the positive signs that have continued for four quarters by now.

The recovery of the container port volumes seen at the end of 2016 and into 2017 has been sustained through the second quarter of 2017 hitting a 5% growth rate on an annual basis, so that for the whole year 2017 the consultants predict the growth rate at the level of 5.5%.

However, Neil Davidson warns “not to get carried away” with the current buoyant growth rate, as it will most probably not to be sustained and in 2018-2019 will return to 3-4%.

Drewry also mark that despite the recovery in volumes, the EBITDA margin of stock-listed port companies have fallen slightly in 3Q 2017, from 39.6% to 36.7%.

The reason behind it is that although the revenues are affected positively by the growing throughputs, the cost side is still being hit by the impact of bigger ships.

Discussing the future trends of vessel upsizing, Neil Davidson expresses the hope that the maximum ship size has been reached with the 18,000-22,000 TEU category, of which the latest order was made by CMA CGM just a few days ago.

However, the cascading will still affect the ports in the years to come, with many large ships to be delivered into the Asia-Europe trade.

(from: port.today, September 21st 2017)

MARITIME TRANSPORT

FMC CHIEF DOYLE APPLAUDS 'INNOVATIVE' THE ALLIANCE FUND TO PREVENT ANOTHER HANJIN 'DEBACLE'

The US Federal Maritime Commission (FMC) yesterday approved THE Alliance's plan for a $50m contingency fund in case one of its members becomes insolvent or suffers serious "financial distress".

Each of THE Alliance's members – Hapag-Lloyd, MOL, NYK, K line and Yang Ming – are to contribute an initial $1m and a further $9m in "additional funds or through a letter of credit", said FMC commissioner William Doyle, who voted to approve.

Mr Doyle was speaking at the FTR Transportation conference in Indianapolis yesterday and said it was crucial that vessel-operating alliances structured themselves to avoid a repeat of the supply chain chaos seen in the wake of the Hanjin bankruptcy last year, when $14bn worth of cargo was stranded on over 100 vessels around the world.

"Last year's collapse was a wake-up call for the entire ocean transport and logistics chain.

It is so important that another Hanjin debacle does not happen.

Companies may fail, but the responsibility lies with everyone, at least to the extent that we do not have the damage that occurred post-Hanjin.

Looking back, things could have been done differently.

Looking forward, things must be done differently.

And, things are being done differently with the establishment of this contingency trust fund by THE Alliance.

Hopefully it will never have to be tapped."

Mr Doyle added: "I firmly believe that if a carrier joins an alliance, it is the responsibility of members to ensure the cargo gets to where it needs to go.

If a carrier fails and that carrier is party to an alliance, the cargo carried on the failed company's ships may equate to a fraction of the container volume carried.

Many containers may belong to other carriers in the alliance."

While the fund is set to be administered by a neutral trustee, in the case of an insolvency event or other "material adverse change", the other lines would form a committee that would exclude the affected line.

This committee would approve all disbursements by unanimous agreement and instruct the trustee on "actual disbursements and on other administrative functions".

These would ensure the affected line and other parties could continue to operate THE Alliance services and make port calls.

They would also "pay costs, losses or liabilities reasonably incurred by the parties as a result of the arrest of a vessel"; funds or payments related to carriage, handling, storage, or delivery of containers carried by an affected line; pay the claims of third parties, which could lead to the arrest or detention of a vessel; and reimburse non-affected parties for costs, losses, or liabilities incurred by the other members of THE Alliance".

And after any disbursements, the lines have agreed to "replenish the account and otherwise ensure that the fund is healthy".

Mr Doyle said: "The fund is designed to be a living instrument.

Everyone suffered in the ocean maritime transportation chain [due to Hanjin].

So it is essential that all take responsibility.

The responsibility is to get the ship into port and get it unloaded, get the empties onboard and get the ship back out to sea. I applaud the innovative actions taken by carriers of THE Alliance.

It is a responsible commercial reaction to the events of last year and it serves to assure the shipping public that its cargo will be delivered in a reliable and timely manner."

(from: theloadstar.co.uk, September 15th 2017)

RAIL TRANSPORT

INCOHERENT POLICY PUTTING FRENCH RAIL FREIGHT AT RISK, WARNS COURT OF AUDITORS

France’s Court of Auditors has expressed concern over the fragility of French National Railways’ (SNCF) freight operations in a communication to government ministers which calls into question the “coherence and effectiveness” of French freight transport policy.

Between 2008 and 2016 the court carried out a series of investigations into the rail freight activities of SNCF Mobility, looking at the accounts and management of its rail freight subsidiaries, Fret SNCF and open-access operator VFLI.

The court also looked at the performance of locomotive leasing unit Akiem, which was formed in 2008 with the aim of optimising the management of the SNCF freight locomotive fleet.

The court notes that despite efforts to reform Fret SNCF and streamline its operations, the company remains in a fragile state and is not economically viable.

In 2005 the state agreed a €1.4bn recapitalisation of Fret SNCF in return for a restructuring plan which aimed to make services more responsive to the needs of customers.

This was a precursor to the liberalisation of the French rail freight market the following year.

Between 2008 and 2015 Fret SNCF cut its workforce from 14,933 to 7420 and sold 101 of its 262 locomotives to Akiem between 2009 and 2011.

The court says this highlights the overcapacity in the operator’s fleet during this period.

Wagonload traffic was slashed from around 700,000 wagonloads in 2005 to 150,000 in 2014 and the organisational structure was streamlined, but despite these efforts, costs remain high.

“The cost and working conditions of SNCF staff continues to weigh on its profitability,” the court notes.

Average gross pay of Fret SNCF staff increased by 2.8% annually between 2008 and 2014, compared with an average of 1.6% across the broader transport sector.

Meanwhile, staff absence has increased from an average of 10.5 days in 2009 to 12.8 days in 2014.

VFLI employee absence fell from 6.9 days to 6.6 days over this period.

Fret SNCF’s operating losses have fallen but were still the equivalent of 23.9% of turnover in 2015, when the company made a loss of €253m on revenues of €1.06bn.

Net debt more than doubled between 2008 and 2014 from €1.79bn to €4bn and is forecast to reach €5.1bn by 2020.

While VFLI has grown quickly, capturing 38% of the French rail freight market by 2015, Fret SNCF’s market share has been in persistent decline.

The court says VFLI has been successful because of “the flexibility of its offer, its social framework, and its more selective and non-generalist business model,” which has enabled it to adapt to changes in the market in a way Fret SNCF has not.

Decline

The French government launched a new rail freight strategy in 2009 which sought to rebalance the modal split in favour of rail.

However, rail’s share of the inland freight market fell from 10.2% in 2008 to 9.5% in 2014 and volumes declined from 40.4 billion tonne-km in 2008 to 32.2 billion tonne-km in 2014, a 21% drop.

While this trend was driven by a decline in heavy industries, the court argues it was “aggravated by the poor state of the network, which has seriously degraded the reliability of paths allocated for freight trains, and therefore the quality of service considered essential by shippers, which have therefore switched traffic to other modes.”

The "dual role" of the state as both the driver of transport policy and SNCF Mobility shareholder is cited as a key issue and while the state has expressed support for rail freight it has implemented initiatives such as 44-tonne lorries and abandonment of the ecotax which have harmed the industry.

The new social framework introduced in 2016 is also regarded by the court as a "missed opportunity" to improve the competitiveness of Fret SNCF.

The maximum working time for traincrew is 1568 hours a year and a collective bargaining agreement signed in June 2016 has not translated into any savings for SNCF Mobility.

Freight operators will also face increasing track access charges, and the court argues that the provisions relating to rail freight in the state's 2017-2026 contract with infrastructure manager SNCF Network are "not consistent with the state's ambitions for this mode."

In addition, the court suggests that mechanisms should be introduced to support shippers opting to use more environmentally-sustainable forms of transport.

(from: railjournal.com, September 15th 2017)

ROAD TRANSPORT

WILL ELECTRIC TRUCKS TAKE CHARGE?

After publishing our report on climate-friendly freight and buses in June, three months later seems soon to release an update.

But things are moving fast.

Cummins released a concept electric truck at the end of August.

BYD has ramped up its offering of smaller electric trucks in the US and Asia.

Tesla is due to unveil a long-haul electric truck in Los Angeles on 26 October.

Already, Tesla's big bet on battery electric vehicles has transformed the automotive sector.

Tesla has shown that battery cars which customers desire can be produced at reasonable cost and, last - but not least - carmakers planning to penetrate the market in a serious way need to help roll out charging infrastructure.

European manufacturers are scrambling to catch up.

But Tesla's announcement of a battery electric highway truck left many die-hard fans head-scratching.

Conventional wisdom is that a 40 tonne long-haul electric truck would be too expensive, too heavy and ill-suited to truckers' operational needs.

It remains to be seen if Tesla can disrupt truck-making.

But it's worth pointing out why the idea can't be dismissed.

First, Tesla isn't the only company saying battery trucks make sense.

Mercedes announced a 26 tonne delivery truck last year, and MAN, a Volkswagen subsidiary, is also working on a battery truck.

But the most clear and compelling summary of why battery trucks might actually make a lot of sense comes in a series of blogs from Auke Hoekstra, senior advisor at the University of Eindhoven.

First and foremost is cost.

Road transport is dominated by cost.

If battery trucks are more expensive than diesel trucks they won't succeed.

Tesla's battery pack costs are rumoured to be below $160/kWh.

And that's before factoring in the massive scale effects of its gigafactory.

Bloomberg and McKinsey expect battery pack costs to drop below $100 by 2030, while projections from the ICCT are in a similar range.

Put simply, between the mid 2010s and mid 2020s, battery costs will roughly halve - and the additional contribution of the new generation of post-lithium ion batteries coming on stream is still very difficult to quantify.

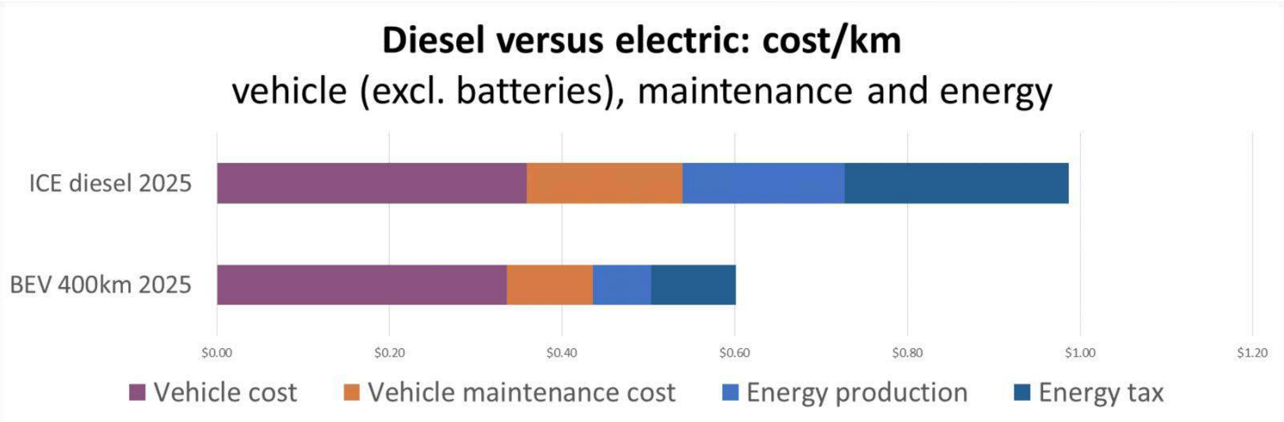
And that's not the full story, even on batteries: truck-builders may lease rather than sell the battery back, delivering day-to-day energy cost savings even more directly to the transport operator.

Doing away with the engine, after-treatment, and the complex transmission that comes with diesel all yielding big ticket savings.

Battery trucks run on super-efficient electric engines with almost no maintenance costs.

According to Hoekstra, battery trucks would be around one third cheaper to run.

Knowing a trucker spends around 30-40k on diesel every year, it's clear from his work that the big savings are on the energy side:



A battery truck won't be as heavy as often feared.

Yes, the battery could add 4-5t tonnes of weight, but this needs to be set against the removal of the diesel engine, together with weight savings on the powertrain side.

Combined with the significant opportunities for light-weighting (e.g. using more aluminium or carbon fibre), the weight of the batteries could be far less of a problem.

The big remaining question is: how suited to truckers' needs will battery trucks be?

As the update to T&E's study will show, 48% of truck journeys in the EU are shorter than 300km (the update will be released on 27 Sept).

For longer journeys, companies would need charging stations to be installed on their premises or in highway service stations.

If the rechargers are big enough (up to one megawatt), charging times would be quick.

Lack of this infrastructure will initially limit battery trucks to predictable routes, ideally returning to the same base.

But, if the economics are favourable, electric trucks will start to gain market share quickly.

And, if politicians remove uncertainty regarding the investment timeframe for charging stations, the pace of penetration will pick up.

All of this suggests a much brighter future for electric trucks.

To date, truck manufacturing has been a very conservative business, even more wedded to diesel than car manufacturing.

Truck-makers have had few reasons to develop alternative powertrains.

That means policy support will be needed to bring road freight emissions to zero.

The EU is preparing CO2 regulation for trucks and buses.

Its focus is – and should be – efficiency.

A recent report by the ICCT showed trucks could be around 43% more efficient with a reduced total cost of ownership.

But the CO2 regulation must be forward-looking and support trucks and buses with zero tailpipe emissions.

It can do so in three ways:

- zero-rate electric and other zero-emission (capable) vehicles
- avoid multipliers (supercredits) for battery vehicles and instead extend the planned Zero Emission Vehicle (ZEV) mandate for cars and vans to also include trucks and buses, and third
- use the EU's post 2020 budget to electrify, or further electrify, freight transport systems.

Alongside the points above, progress on three additional initiatives is needed.

First, the EU needs to adopt the Commission's proposed toll discount for zero emission vehicles (already set out in the draft revision of the EuroVignette Directive); second, ensure Europe's procurement authorities lead the way on zero emission transport with a progressive revision of the Clean Vehicles Directive; and third, reform the Energy Tax Directive to increase Europe's minimum diesel taxes.

Put this six-part package in place and the EU will have the world's most progressive framework for zero emission heavy duty vehicles.

And that is exactly what Europe needs.

I admire Elon Musk, but I want to see Europe – and its world-leading truckmakers – win the race for zero emission road transport.

How is the European team shaping up?

To hear the views of Europe's main players - from the makers of electric road systems, batteries and hydrogen, to regulators, operators, and technology experts - come to Zero Emissions Land Freight on Wed 27 Sept, a Nordic Council of Ministers event, in partnership with T&E.

There you can decide if Europe is positioning itself to lead – or fall behind.

(from: transportenvironment.org, September 19th 2017)

INTERMODAL TRANSPORT

SWISSTERMINAL BOOSTS CAPACITY IN ZURICH

Swissterminal will resume operations at container terminal Niederglatt from the start of November.

Located in the municipal district of Niederhasli close to Zurich, the operator said using the terminal would enable it to increase capacity "in line with an increased customer demand for rail freight solutions in one of the most important markets in Switzerland".

From 2012, Swissterminal has served the greater area of Zurich exclusively via container terminal Rekingen.

However, the lease for the site is coming to an end so, from November, Swissterminal will operate with a feeder connection between Niederglatt and its headquarters in Frenkendorf close to Basel using three trains of 32 TEU capacity per week.

"Via Niederglatt, Swissterminal continues to offer clients in greater Zurich a solution to move containers via combined transport to and from sea ports in an ecological manner," said a company statement.

"Situated in the municipality of Niederhasli, the terminal has direct rail connection via the access point Niederglatt.

On top of that, connections to the motorways A1 and A51 facilitate easy transit to adjacent areas."

Swissterminal said Niederglatt offered space for up to 4,000 teu on its 34,000 m site."

This corresponds to a capacity increase of 320% in comparison to Rekingen," said the company.

“The terminal features 12 reefer connections, a reach stacker, which can lift up to 35 tonnes, and a forklift for the handling of empty containers.

The shift of freight transport from road to rail is a crucial cornerstone of both Swiss and European transport policies.

With putting Niederglatt into service, Swissterminal contributes to relieving road congestion between the important industrial areas of Basel and Zurich.

The location [also] benefits from the service expansion of Swisstrain, which started to connect to Antwerp in addition to Rotterdam in July.”

Swissterminal claimed transit times to north European hub ports would also be improved.

“For export cargo, the trip to the terminals APM2, RWG and EMX in Rotterdam takes one to three days less than before, depending on the respective departure,” said the company.

“For imports, fitting connections for all vessels departing at Maasvlakte terminals are available.

And regarding the terminal EMX, Swisstrain saves two days each on Mondays and Fridays.”

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

TRANSPORT & ENVIRONMENT

THE ROLE OF ROAD CHARGING IN IMPROVING TRANSPORT

On 31 May 2017, the European Commission published its proposal to review the "Eurovignette" Directive.

The Directive defines how Member States of the European Union can charge vehicles for their use of road infrastructure and was conceived to ensure the proper functioning of the EU transport market.

Transport accounts for around a quarter of EU GHG emissions.

Meanwhile air pollution from road transport contributes to over 400,000 premature deaths per year, 26,000 people die in traffic annually, and the EU economy loses 100 bn every year in congestioni.

Road charging is a key instrument to tackle this.

First, distance-based tolls improve transport efficiency.

If the cost of a journey is priced according to the trip length, road users will make sure that they are performing journeys as efficiently as possible (avoiding empty runs, ride/load sharing, using cleaner modes).

Second, tolls can be differentiated according to the environmental performance of vehicles.

This is a very powerful tool to encourage the purchase and use of cleaner vehicles.

For example, truck tolls have been instrumental in encouraging the use of EURO V and VI trucks on tolled roads.

Environmental differentiation is currently focused on air pollution (EURO standards) but should be extended to incentivise lower CO2 or zero emission vehicles.

This is particularly important for trucks where very few incentives currently exist for zero emission technology.

Third, road charging will become an increasingly important fiscal instrument.

As vehicles become increasingly efficient, and ultimately stop burning diesel and petrol, fuel tax revenues will fall.

Road charging will be essential to make up for the loss in revenues, but also to manage transport demand and deal with congestion in a world with driverless, zero-emission vehicles.

The Commission proposal goes into the right direction.

In particular T&E supports:

1. Mandatory CO2 differentiation of road charges for all vehicles.

   In practice, this would mean that a vehicle’s toll level would be based on its tailpipe carbon dioxide emissions as measured by the EU’s test procedures (WLTP for cars and vans; VECTO for trucks).

   CO2 differentiation for trucks would complement and gradually replace differentiation based on air pollution.

   For cars Euro class differentiation will continue to play a role but it must be based on Real Driving Emission test results and not on the discredited laboratory tests.

2. A 75% toll discount for all zero emission trucks across Europe.

   This financial incentive would encourage the purchase of zero emission trucks, which would help create a bigger market for zero emission vehicles.

   However, the incentive should be medium term and phased down once zero emission trucks achieve 20% of vehicle registrations.

3. The proposed phase-out of time-based vignettes for all road vehicles across Europe.

   Vignettes are discriminatory and ineffective.

   Once vignettes are phased out member states will have the choice whether to evolve to distance based tolls or have no tolls at all.

This is not the same as an obligation to introduce distance based tolls and is in line with the directive's original purpose: safeguard the proper functioning of the internal market.

In addition, the Commission needs to be improved by the following steps:

1. Mandate minimum external cost charges across the entire tolled road network and increase the values provided in the annex to account for all external costs (and not only on certain sections of road and for certain external costs, as suggested in the Commission's costs proposal).

   Trucks only cover 30% of their external costs and should be charged to better internalise these external costs, influencing smarter purchase and use patterns.

2. Better separating cars and vans in the revision of the Eurovignette Directive so that all tolls for trucks that start from 3.5 tons must also apply to vans used to transport goods.

   Vans are increasingly used in freight transport as a means to bypass regulation attributable to trucks this distortion must be addressed at EU level.

(from: transportenvironment.org, September 12th 2017)

LOGISTICS

K+N UNVEILS 'TRANSFORMATION' PLAN FOR ITS 'CUSTOMERS, TECHNOLOGY AND PEOPLE'

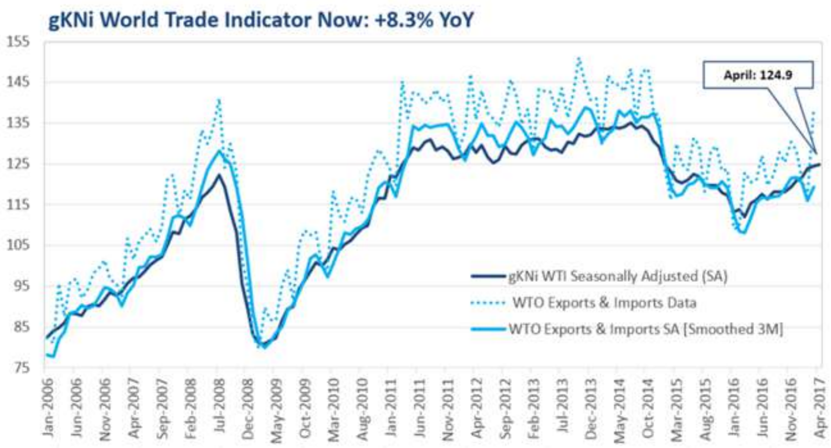
Kuehne + Nagel has unveiled its new corporate plan to succeed the Focus + Excellence initiative that has run since 2014.

At the company's capital markets presentation today in London, chief executive Detlef Trefzger said KN+ NextGen was effectively an umbrella term for a range of "transformative projects" to be launched in the coming months.

"There are three dimensions to this – customers, technology and people," he said.

"Firstly, we will set a new standard for customer excellence and expand into new services," he added, citing the recent launch of the KN Lithium battery programme as its first example.

"This is about leveraging our strengths to extend our services from the supply chain to the value chain," he said, adding that KN has around 18 touch points with customers' supply chains.



"We will not become involved with their product development and liabilities, nor the sale and marketing of products, but in between customer product development and the end consumers there is plenty of room for service expansion," he said.

He said much of these opportunities would be explored through new technology platforms, and cited one system nearing launch designed specifically for high-volume commodity shippers, which would appear to be a response to Silicon Valley logistics start-up Haven.

“We will address the commodity customers, who have high-volumes that require no specialised handling, with a new online simple quote and book system call eTouch that will revolutionise the commodity segment,” he said.

“Over the next couple of years, improving customer experience through technology is the name of the game,” he added.

And KN wants to tackle the challenge of recruiting staff who have different skill sets to traditional logistics professionals, which has also been a feature of start-up disruption.

“We are going to be hiring process engineers, data experts and scientists, and will blend our forwarding and logistics know-how with these new skills to create new logistics specialists – and we will call them e-warders.

“However, we also believe that the transport and logistics will stay a people business because it is people that continue to interface with technology,” he said.

Beyond the immediate focus on technology and transformation, KN’s corporate ambitions have remained largely the same – it is continuing to target market share with a growth rate that is double the market, and it will continue to hunt for acquisitions.

“Through acquisitions we will add vertical and geographic footprint and acquire new abilities,” Dr Trefzger told the assembled audience of investors and analysts.

Today also saw the launch of a new intelligence service for shippers, Global Kuehne + Nagel Indicators (GKNI), which combines trade and logistics flow figures, big data and predictive analytics to give “a picture of the very recent past, present and very near future”, according to chief information officer Martin Kolbe.

The company has termed it “nowcasting”.

“We have 25,000 data sets from KN’s shipment data and combined with other data such as port throughputs and real-time vessel movements in a new algorithm to provide trade balance, import and export and industrial production forecasts,” he said.

KN head of new business Joao Monteiro claimed that the GKNI delivered customers with forecast data “55 days earlier than other trade estimates on the market”.

It currently covers six verticals and 12 countries.

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

PROGRESS & TECHNOLOGY

AUTOMATION IN RAILWAY MORE COMPLICATED THAN IN AVIATION

In the aviation industry automated systems are already implemented to a much larger extent than currently in railway systems.

Airplanes are for a large part operated by a computer, rather than the pilot in the cockpit.

The pilot's role evolved from actively flying the airplane to monitoring the automated flight and to take control if something goes wrong.

But this was a long process, says Dick Terleth, Director Mobility at ADSE, an independent Dutch engineering and consulting company in Aerospace, Rail and Defence.

"Implementing automation in trains might be a much more complicated matter."

Dick Terleth and Sander van Lochem will speak at the Intelligent Rail Summit held in Vienna from 28-30 November this year.

Here, they will present a comparison between aviation and rail, focusing on the key aspects of the introduction, operation and life cycle management of Automated Train Operations (ATO).

After years of working within the rail and aviation industry they can elaborate on experiences and lessons learned.

Differences

An airplane moves through a three-dimensional space.

When there is a chance of colliding with another airplane, it has a lot of room and possibilities to divert.

During a flight, constant communication between pilot and traffic control is present, but the pilot is in command of the aircraft.

There is no active automated interface between the airplane and traffic control as in the signalling and control systems in rail.

Due to these factors, it has been relatively easy to adopt an automated flying system in aviation, Terleth points out.

"This is completely different in the railway sector, where space is more confined to the railtrack and a much higher level of interaction between the vehicle and the rail infrastructure takes place.

Also, there are more factors, like people walking along the track, to take into consideration.

A lot more needs to be done to successfully implement an automated driving system on rail, as the prerequisites are much harder to fulfill."

Safety

One of the major concerns when it comes to any automated system is safety.

In order to successfully implement such a system, one must be able to permanently guarantee that this system is safe.

This was exactly what happened as the automated pilot made its way into the aviation industry, Terleth describes.

"Safety was always a main aspect in aviation.

This was needed to develop aviation transport.

If it was not considered safe to travel by air, people would not travel by airplane.

The industry adopted a strong safety culture in which everybody is encouraged to learn from accidents and incidents by reporting and analyzing these events.

These lessons are then incorporated in the design of aircraft and in the procedures for operating and maintaining the aircraft."

Safety is important in the railway sector, but is not as paramount as it has been in the aviation industry, says Terleth.

Nevertheless, devoting similar focus on safety in the railway industry is an inevitable aspect of the successful implementation of ATO and as such, there are still a lot of challenges ahead, the expert believes.

Challenges

"For example, what do you do when some system is malfunctioning?

In the current situation, you could stop the train and investigate the problem, only to continue the journey as the problem has been solved.

Obviously it is not possible to stop an aircraft in midair when something is wrong, so the aviation industry needed to learn to continue the flight.

Redundancy of systems and coping with malfunctions by fail-safe design where key.

Reliability and availability of the airplane was also increased by these methods."

The acceptance among passengers of an automated driving train is seen as another challenge, although this is might be a process with less obstacles than one would expect, Terleth points out.

"It is mostly a matter of getting used.

In many cases, passengers get into a train without actually noticing that it is operated by a person.

They just assume this is the case, even if it is not.

But it is nice to know someone is there if something goes wrong."

More information on the Intelligent Rail Summit can be found here: https://www.railtech.com/intelligent-rail-summit-2017/

(from: railfreight.com, September 18th 2017)

STUDIES & RESEARCH

AVERAGE CALL SIZE AT GLOBAL PORTS GROWS 12.6%

The global average call size at terminals is growing as more and more larger container vessels enter the market, thus increasing pressure on the processes and infrastructure of terminal operators, informs JOC.

The analysis was made by the leading business information provider IHS Markit based on the data supplied by the world's largest shipping lines that account for over 75% of global fleet capacity and more than 95% of global capacity in the vessel range over 4,000 TEU.

The report covers 879 terminals in about 500 ports all over the world.

The analysed data demonstrate a 12.6% rise y-o-y in average call size in the first quarter of 2017, up to 1,076 containers.

With the exception of Africa, call sizes rose in all major world regions, with the biggest increases registered in Southeast Asia (up 19.2%), Latin America (up 17.1%), and North America (up 17%).

In the reported period ships with capacity over 10,000 TEU accounted for 10.7% of port calls, up from 8.5% in Q1 2016.

Almost all major regions showed an increase in the number of calls by ships of this size category, with North Asia showing the biggest increase.

Vessels in the 10,000-to-14,000-TEU category accounted for around 7% of global calls and those larger than 14,000 TEU make up about 3.7% of global calls.

However, the vast majority of calls were made by ships of below 5,400 TEU capacity.

The largest average calls were in the Middle East and India (1,731 TEU), followed by North America (1,551) and East Asia (1,124).

These growing ship sizes keep increasing the pressure on terminal operators to upgrade their facilities and processes to handle larger vessels.

The total world container fleet capacity was reported at 20.6 mln TEU at the end of Q2 2017, up 1.4% as compared with Q2 2016.

According to Alphaliner, during the first half of 2017, 26 ships of over 14,000 TEU capacity were delivered, with a dozen more expected to join the fleet in the coming months.

The current order book is around 14% of existing fleet capacity and 80% of it is for vessels larger than 10,000 TEU in size, according to IHS Markit.

(from: port.today/seanews.com.tr, September 13th 2017)

REEFER

HAPAG-LLOYD ORDERS 7,700 NEW REEFER CONTAINERS

European liner shipping company Hapag-Lloyd is making further investments to maintain and expand its container fleet, ordering another 7,700 latest-generation refrigerated containers (reefers).

The order this year follows one for 5,700 reefers last year and includes 7,000 x 40-foot and 700 x 20-foot units.

In addition, 1,000 of the new containers are equipped with 'Controlled Atmosphere' technology, which slows down the ripening process of various types of fruit and vegetables, thereby allowing them to be transported for longer periods of time while maintaining a consistent quality.

Production will begin this month.

For the first time, 1,000 of the new 40-foot containers will be manufactured in a plant in San Antonio, Chile, a region in which they are in high demand.

As a result, it will be possible to reduce the necessary shifting of empty containers from alternative production sites, which saves both time and money in terms of empty transports, Hapag-Lloyd said.

"After the merger with UASC this past May, Hapag-Lloyd has once again significantly grown in the reefer market," said Anthony Firmin, Chief Operating Officer (COO) at Hapag-Lloyd.

"With these new orders, we are further expanding this position and investing in an efficient and modern fleet as well as in the expansion of our most recent product, 'ExtraFresh Plus', in order to meet the needs of our customers worldwide."

Working together with suppliers, Hapag-Lloyd said it had refined its Controlled Atmosphere technology.

Its 'ExtraFresh Plus' technology allows even extremely sensitive fruits, such as blueberries and lychees, to be transported at the desired level of quality and degree of ripeness, the company claimed.

With a fleet of 219 container ships and a total transport capacity of 1.6 million TEU, Hapag-Lloyd is one of the world's leading liner shipping companies.

The company has a container capacity of 2.3 million TEU – including one of the largest and most modern fleets of reefer containers.

(from: lloydsloadinglist.com, September 18th 2017)

ON THE CALENDAR

03/10/2017 – 04/10/2017	Las Palmas	ICHCA Conference
05/10/2017 – 06/10/2017	Las Palmas	ICHCA ISP Technical Panel & CARC Meeting
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.