Council Of Intermodal Shipping Consultants

Newsletter

October 31st 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 31st 2017

October 31st 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

PORTS AND TERMINALS

RUSSIAN PORTS TO CHARGE "INVESTMENT DUES" ALREADY IN 2017

The Russian Ministry of Transport has drafted regulations to introduce the so-called "investment dues" at the nation's seaports.

The money collected through these fees are meant to be invested in construction and development of the state-owned facilities at the seaports.

However, this may decrease the competitiveness of the Russian ports, writes PortNews.

The relevant documents have been published on the federal website for legal information, among them a draft of amendments into the order #387 of the Transport Ministry "On approving the list of harbour dues collected in the seaports of the Russian Federation", which is to come into effect already on 1 November 2017.

The published federal documents introduce a concept of "investment dues" to be imposed on all vessels under foreign as well as Russian flags calling at Russia's seaports.

The fee is to be used for financing the investment programs on construction and development of the state-owned facilities at the ports.

The dues will be set up by the Transport Ministry for one year and a planned period of the two following years for particular ports.

As reported, they will be imposed on all dry cargo ships (including containerships) and tankers entering and exiting Russian ports on their overseas voyages.

Passenger ships and ferries may also be charged in case the ports and terminals of their calls are included in the federal investment program.

Ro-Ro vessels and Russian fishing ships working within the country's waters are exempted.

The dues are charged in rubles and based on a vessel's GRT.

Containerships are subject to a 0.5 coefficient.

The new port charges are being introduced at a rather complicated moment for the Russian ports.

As we wrote earlier, in August, President Vladimir Putin ordered to convert the port handling charges of Russian stevedoring companies into rubles as from 1 January 2018, although traditionally, these tariffs of most Russian ports, especially those handling containers, were set up in US dollars and this was generally accepted by the global shipping business.

Besides, following the extensive terminal development and the crisis of 2014-2015, which resulted in a 25% drop in container throughput in 2015, the container facilities in Russia are heavily underutilized.

Thus, in the Baltic ports the utilization rate is just about 30%, in the Far East it is 40% and in the Black Sea it is 60%.

The general cargo facilities are generally utilized by just 50-60%.

In these conditions, the additional port dues may affect negatively the competitiveness of Russia's ports as compared with the neighboring states.

Also, the investment fee will most probably increase the costs of exported goods and consequently have a negative impact on competitiveness of the national products on the global market.

Port.Today will monitor this issue to assess the effects of the new charges in due course.

(from: port.today, October 24th 2017)

MARITIME TRANSPORT

DREWRY FORECASTS 4% GROWTH FOR CONTAINER TRADES

Lower growth and challenges from industry consolidation will make it difficult to develop new greenfield terminals, TOC conference hears.

Speaking at the TOC Container Supply Chain Conference in Lima, Peru this week, Dinesh Sharma, Director at Drewry shipping consultants, said the consultancy is now forecasting global container traffic will show an average growth rate of 4% for the next 5 years.

This will bring over 14M TEU of new cargo into shipping, and drive global port volume up by 160M TEU.

The growth, however, will not be evenly spread.

Commenting on the Americas, Dinesh said Drewry is forecasting 3% growth for North America, with the West Coast growing at close to 3% and the east and gulf coasts "slightly faster".

In South America, Drewry sees the east cost growing at 3% from 2018 and while west coast will average 4% over the five-year period, making it the best performing market in the Americas.

Speaking in the same conference session Ricardo Sánchez, Officer in Charge, Natural Resources & Infrastructure Division at the Economic Commission for Latin America & the Caribbean, noted that global GDP is still in a slower growth phase compared to previous years when port volumes expanded rapidly.

There is some good news: compared to 2016 domestic demand in South America is growing agin and "we are seeing some positives and more optimism" said Sánchez.

However the outlook for ports is "marred by stress" from the new alliances and bigger vessels that is driving up operating costs and capital requirements.

Relatively low growth and challenging market conditions are making it unattractive to develop new terminals in South America at the moment.

Enno Koll, Head of Latin America for PSA International said the Singapore-based operator has four terminals in South America (including one in Cuba) but current conditions are not right for green field development.

“To build a new port you need 7% to 9% growth,” he said, “new terminals are not going to happen.”

Koll also noted that when growth is lower terminals have to look to steal volume from each other, while at the same time the shrinking number of carriers means this approach leads to a “winner takes all”scenario where some terminals miss out altogether.

Today, he added, a terminal really needs to secure one of the three main alliances to be viable, and even then there are considerable challenges.

Large ships require more infrastructure and investment, while at the same time investing in hardware is no guarantee of success.

Faced with a low growth market terminals need new strategies.

PSA International is “thinking inside the box” and focusing on identifying the cargo in containers and working out how it can partner with customers for mutual success.

It is also watching closely for disruptive change as new players like Amazon extend their reach into logistics.

Koll highlighted that the way Uber disrupted the taxi market “was an eye opener” for the PSA, and the whole shipping industry must start “thinking about who will take our business”.

(from: worldcargonews.com, October 18th 2017)

RAIL TRANSPORT

DUTCH TRACK ACCESS CHARGES STREAMLINED WITH THOSE OF NEIGHBOURING COUNTRIES

The Netherlands will streamline track access charges with those of neighbouring countries, the new government announced in the coalition agreement that was presented today.

Germany plans to halve its track access charges as soon as next year.

The Dutch rail freight industry has urged the Dutch government to respond with similar measures for the past months.

"Railway and inland shipping can contribute significantly to a reduction of freight traffic on the road and emission that negatively affect the environment.

We stimulate rail freight by streamlining track access charges with those of neighbouring countries", the plan of the newly formed government reads.

In line with this effort, it has also announced to introduce a road transport for heavy goods vehicles.

The kilometer tax has been dubbed 'Maut' and will inherit the registration and payment system of neighbouring countries, where the tax policy was already in place.

Radical change

Plans of the previous government indicated that track access charges would once again be increased in 2019, or at the latest in 2020, in order to cover the costs of managing and maintaining the railway.

Track access charges were also increased significantly in 2015-2016, and currently amount to 2.79-2.97 Euros per kilometer for an intermodal shuttle.

As a comparison, Germany currently charges 2.71 Euros per kilometer.

Although German track access charges were higher than Dutch tariffs until 2012, use of the Dutch railway is now significantly more expensive.

Industry players have repeatedly criticised the high tariffs, stating they jeopardized the competitive position of the Dutch railway network.

The Dutch government should provide support that is on a par with that of their European port counterparts to maintain a competitive position, the Port of Rotterdam stated earlier this year.

A petition asking the government to halve track access charges instead of pushing the planned increase was initiated two weeks ago by lobby organisation RailGood.

Freight train nuisance

The new government also supports measures to reduce nuisance of freight traffic passing through densely populated areas.

It stimulates the use of quieter freight trains and wants to encourage the use of the Betuweroute, which is dedicated for the traffic of rail freight trains.

With this passage, the coalition agreement replies to concerns of municipalities in the near vicinity of railway lines frequently used by freight trains.

One of these concerns is the risk of trains carrying dangerous chemicals, especially on the Amersfoort-Apeldoorn (Bentheim route) and Eindhoven-Venlo (Brabant route), popular freight corridors to and from Germany.

Previous Secretary of State Sharon Dijksma concluded that risk ceilings in place are exceeded too often and suggested route enforcements to the Betuweroute.

The same politician also investigated the possibility to enforce lower maximum speed limits for freight trains passing the municipalities of Zevenbergen, Oudenbosch en Roosendaal at night.

These municipalities lie on the West-Brabantroute (Dordrecht-Roosendaal), an important corridor for freight traffic between the Netherlands and Belgium and accordingly, face noise nuisance from trains passing at night.

(from: railfreight.com, October 10th 2017)

ROAD TRANSPORT

TRUCKERS FROM WESTERN EUROPE BREAK POSTED WORKERS RULES, CZECH BORDER CHECKS SHOW

Employers from the western EU Member States don't stick to the rules when it comes to posted workers, a series of checks conducted by the Czech Republic has shown.

According to the Enforcement Directive introduced in 2014, posted workers are obliged to keep specific documents in their workplace.

These documents include an employment contract, time sheets indicating the start, end and duration of the daily working time and proof of payment of wages.

Furthermore, all the information has to be provided in the language of the country where the employee was sent.

Those rules also apply to truck drivers, but as checks on border crossings have shown, none of the drivers from Germany, Austria, Italy or other countries are aware of their duties.

On the other hand, eastern European drivers had all the necessary documents in several European languages.

"The letter for Commissioner Bulc, which summarises the conclusions of the inspections, is already prepared.

It will be sent also to the other EU countries," Tomáš Neřold, a spokesperson of the Czech transport ministry, told EURACTIV.cz.

East-west dispute

The discrepancy between the eastern and western member states in this matter emerged after Germany, France and Austria had introduced a national statutory minimum wage (so-called MiLog and Loi Macron) for all foreign workers, including truck drivers.

This measure was perceived negatively in the eastern states because their wages are much lower than wages in states such as Germany or France.

The criticism was first raised after a Czech truck driver was fined in Germany because of his low wage.

"These are protectionist measures applied under the label of social dumping, which lead to a violation of the basic principles of the EU internal market," says Jana Radová, head of the Brussels office of the Confederation of Industry of the Czech Republic.

The introduction of minimum wage legislation is also criticised by the European Commission, which launched an infringement procedure against the application of the French and German minimum wage legislation to the transport sector.

To solve this dispute, the Commission at first claimed that transportation sector could be included in the revision of the posted workers directive.

It would mean that a Czech driver passing by Germany should have the same wage as a German driver.

But the Commission proposed new legislation this year aimed at the transport sector.

Still, this "mobility package" is far from what eastern member states expected because the proposed rules could damage the competitiveness of Czech businesses, Czech transport companies argue.

That is why the Czech Republic launched the initiative focused on checking road transport workers sent from abroad – to let western countries know that they are not following existing rules and setting new stricter legislation is not a good idea.

"This initiative was a clever move.

It is a new argument for future negotiations and there is still chance to change the revision of posting of workers in the transport sector," explained Czech MEP Martina Dlabajová (ANO, ALDE), a shadow rapporteur for the revision of posting of workers directive.

According to Dlabajová, the results of border checks prove that rules on posting or workers are used only to protect western markets from low-cost competition from the east.

The transport ministry agrees with Dlabajová and also points out that posting of workers is abused by politicians as a subject of populist promises.

“But politicians of western countries do not explain the other side of the coin, especially the impact of their political proposals on their own business,” spokesman Neřold added.

No fines, only brochures

The ministry of transport, in cooperation with the ministry of labour and social affairs checked 58 drivers; most of them were German and Polish.

There were also seven drivers from countries outside the European Union.

Drivers without the necessary documents did not receive fines.

They were only notified of the duties and received an information brochure.

The Czech Republic calls on other states to start similar preventive checks as well and to push transport companies to follow the rules on the posting of workers.

(from: euractiv.com, October 20th 2017)

INTERMODAL TRANSPORT

FELIXSTOWE INTERMODAL UPGRADE GETS GO-AHEAD

The UK government has approved the latest enhancements to the Port of Felixstowe's rail connections, a move that one freight customer described as a "huge milestone", that will increase the top UK container port's intermodal connections with the English Midlands and Northwest by around 50%.

The £60.4 million scheme, jointly funded by Network Rail and Hutchison Ports, will allow up to 47 freight trains to run per day in each direction between Ipswich and Felixstowe, an increase of around 50% compared with the current capacity.

Sources at the port told Lloyd's Loading List that the current capacity had more or less already been reached and that the upgrade to the Felixstowe-Ipswich branch line would provide enough capacity for growth for some years.

Recent increases have been possible only through increasing the lengths of the trains.

The UK Secretary of State for Transport Chris Grayling recently also reportedly vowed to that he intended to go ahead with a separate upgrade in the Ely area, including Ely North Junction, that would provide improvements for both freight and passenger services from King's Cross to King's Lynn, Ipswich to Peterborough, and Felixstowe to Nuneaton and beyond, during Control Period 6 (CP6), which runs from 2019-2024.

Commenting on the scheme, Clemence Cheng, executive director of Hutchison Ports and CEO of the Port of Felixstowe, said: "Rail is an increasingly important differentiator as shipping lines and cargo owners look to remove carbon from their supply chains.

The Port of Felixstowe already has the widest choice of rail services in the UK with 33 daily services to 17 different inland destinations.

This scheme complements the investment we have made in rail capacity at the port and will allow us to offer an even greater range of sustainable distribution option to our customers.

Over 100 million HGV miles per year are already saved by using rail freight from Felixstowe and we look forward to that figure increasing significantly in future."

Top UK intermodal operator Freightliner's UK Managing Director, Adam Cunliffe, said: "We are delighted that the Port of Felixstowe's improvement plans have been given the go-ahead which will create much needed additional rail freight capacity at the port.

As well as satisfying growing customer demand, the environmental benefits of moving freight by rail are significant, and we look forward to operating increased services once the enhanced rail connections are complete."

John Smith, Managing Director of GB Railfreight, added: "Great news, GB Railfreight see this as a huge milestone in the development of a fit for purpose UK intermodal rail freight network.

The Felixstowe Branch Line is part of a key strategic freight route through to the Midlands and Northwest.

This new capacity connecting the Port of Felixstowe will result in increased modal shift and radically reduce the impact of road vehicles on our environment and public health."

Hans-Georg Werner, CEO at DB Cargo UK, said: "DB Cargo UK is pleased that these improvement plans have been given the green light.

This much-needed additional rail freight capacity will allow for more competition which is good for the Port of Felixstowe and good for all rail freight customers."

Network Rail is delivering the project as part of its Railway Upgrade Plan.

In the coming months, engineers will start clearing vegetation in preparation for building the second track.

Meliha Duymaz, Network Rail's Route Managing Director for Anglia, said: "We're improving the Felixstowe branch line to provide a step change for rail freight in Suffolk and beyond as part of our Railway Upgrade Plan.

We're supporting the growth of the UK economy by enabling more goods to be transported on the railway and reducing the number of lorries on the road.

The work will also create a safer and more reliable railway for passengers travelling between Ipswich and Felixstowe."

Port of Felixstowe is the UK's largest and busiest container port, and with three rail terminals, it also has the busiest and biggest intermodal rail freight facility in the UK.

The latest phase of development, Berths 8 & 9, provides additional deep-water capacity for the world's largest container ships.

(from: lloydsloadinglist.com, October 17th 2017)

TRANSPORT & ENVIRONMENT

GLOBAL SHIPPING EMISSIONS RISE AS IMO MEETS TO DISCUSS CLIMATE ACTION

Emissions of greenhouse gases (GHGs) from global shipping are on the rise again, according to a study released today by the International Council on Clean Transportation (ICCT).

This finding increases pressure on policymakers gathering at the International Maritime Organization (IMO) headquarters next week to take action on climate change.

The new study combines state of the art global ship operations (AIS) data with detailed vessel characteristics for more than half a million ships to estimate GHG emissions and air pollution from shipping at high resolution (1 x 1) on an hourly basis for the years 2013 to 2015.

	Third IMO GHG Study (million tonnes)						ICCT (million tonnes)		
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Global CO_2 Emissions*	31,959	32,133	31,822	33,661	34,726	34,968	35,672	36,084	36,062
International Shipping	881	916	858	773	853	805	801	813	812
Domestic Shipping	133	139	75	83	110	87	73	78	78
Fishing	86	80	44	58	58	51	36	39	42
Total Shipping	1,100	1,135	977	914	1,021	942	910	930	932
% of global	3.5%	3.5%	3.1%	2.7%	2.9%	2.6%	2.5%	2.6%	2.6%

Table: Shipping CO2 emissions compared to global CO2 emissions

Overall, maritime fuel consumption increased from 291 to 298 million tonnes (+2.4%) from 2013 to 2015, compared to a 7% increase in shipping transport work.

Accordingly, carbon dioxide (CO2) emissions from global shipping (oceangoing vessels, domestic ships, and fishing vessels) increased from 910 to 932 million tonnes over the same period (Table).

The study highlights that three ship classes and six flag states (country of registration) are responsible for the majority of emissions (Figure).

Container ships (23%), bulk carriers (19%) and oil tankers (13%) accounted for more than half of CO_2 emissions.

In terms of flag states, ships registered to Panama (15%), China (11%), Liberia (9%), Marshall Islands (7%), Singapore (6%), and Malta (5%) were the largest emitters.

These flags account for 66% of the global shipping fleet's deadweight tonnage.

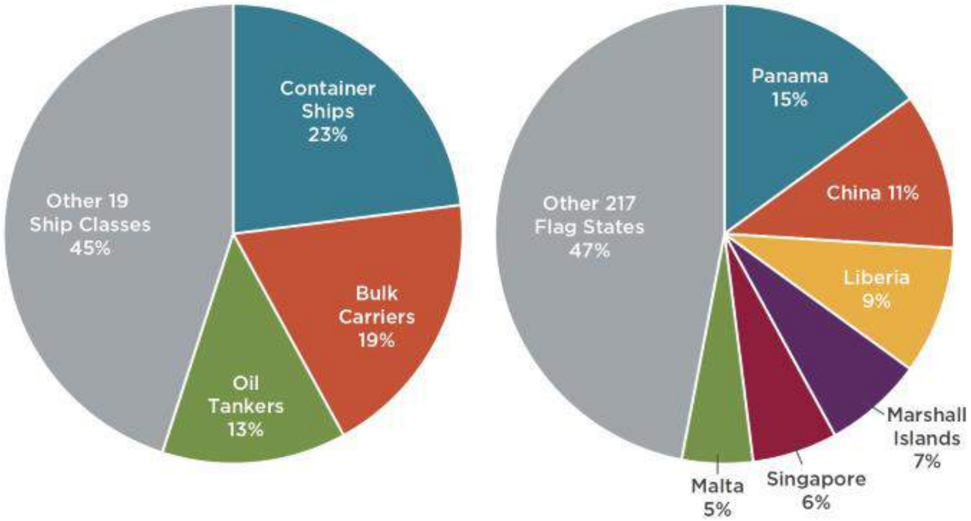

Figure: Share of CO_2 emissions by ship class (left) and flag state (right), 2013–2015

The study shows that improvements in ship efficiency were outpaced by increases in transport supply over the period studied, driving GHGs and air pollution higher.

One contributing factor to this trend is that the biggest ships are speeding up and emitting more.

While average speeds remained largely flat between 2013 and 2015 for most ships, the largest oil tankers and container ships sped up nearly 4% and more than 11%, respectively.

The study also identifies black carbon as the second most important climate pollutant after CO_2, representing between 7 and 21% of the total climate impact of shipping.

"When IMO last looked at this in 2014, shipping emissions had dropped after the Great Recession," said Naya Olmer, the lead author on the report.

“We now know that the pendulum has swung back, with emissions again on the rise as global trade expands.”

“This study shows that business as usual improvements in shipping efficiency will not be enough to reduce GHG emissions from ships,” said Dan Rutherford, the ICCT’s program director for marine and one of the paper’s coauthors.
“Concerted action is needed from IMO to promote low and even zero carbon technologies if the shipping industry is to pull its weight in protecting the global climate,” he added.

The shipping industry is a major emitter of climate pollution.

If it were a country, the global marine transportation sector would have ranked 6th in terms of carbon dioxide (CO2) emissions in 2015, just below Germany and well above Korea.

Marine CO2 emissions are projected to double by 2050 as international trade expands unless effective policies are developed to constrain emissions growth.

Countries, industry representatives, and non-governmental organizations will gather the week of October 23rd in London to develop IMO’s comprehensive GHG strategy for ships, which could include a cap on ship GHG emissions.

International shipping was not included in the landmark 2015 Paris climate agreement.

(from: hellenicshippingnews.com, October 18th 2017)

LEASING

CHARTER MARKET STILL VERY BAD NEWS FOR THE NOOS AS THEIR LOSSES MOUNT

In just seven years, some $2.7bn has been wiped off the value of the seven publicly listed non-operating containership owners (NOOs), according to Alphaliner.

If the parlous state of the Noos needs further illustration, Alphaliner notes that investors would have seen 78% of their money lost during the period.

“A January 2014 investment of $100 in an equal weight portfolio of the seven companies would only be worth $22 today,” said the analyst.

And “this was even after taking into account the cumulative dividends paid out over the past four years,” it added.

The seven NOOs – Seaspan, Danaos, Global Ship Lease, Costamare, Diana Containerships, Box Ships and Rickmers Maritime Trust – are now effectively five, following the liquidation of Singapore-listed Rickmers this year, while Athens-based Box Ships sold its fleet of nine vessels last year, writing off $483.5m.

Rickmers had to write off around $790m on its fleet of 16 panamax vessels, acquired between 2007 and 2009 but which have largely been irrelevant since the expansion of the Panama Canal and widespread vessel cascading following the dawn of the ultra-large container vessel (ULCV) era.

And despite some signs of market improvement, the remaining five face enormous challenges, Alphaliner said.

“Despite a slightly improved charter market and better second-hand vessel prices this year, their share prices are down by an average of 34% since the beginning of 2017.”

And in terms of losses due to vessel value impairment, Seaspan, by far the largest NOO, with 79 vessels on its books, has seen the greatest decline.

Alphaliner estimates the “charter-free market value” of its fleet is $2.5bn less today than its carrying value at the start of the year.

It said: “Although the ships’ market values would be higher after taking into account the above-market charter rates for some of its ships, Seaspan would still need to take a substantial impairment hit.”

“The adjustment will be much larger than the $285m impairment charge that the non-operating owner recognised in 2016 for 16 smaller vessels,” it added.

Seaspan is scheduled to report its nine-month results on 1 November.

Similar reappraisals of the book values of the GSL and Costamare fleets are also likely – GSL is facing an impairment loss of $202m and Costamare as much as $572m on its fleet of 15 box ships.

Costamare yesterday reported its nine-month results, which saw voyage revenue down from $385m in 2016 to $311m this year.

Net profit declined 24% to $70m for the nine-month period.

But in the worst position is Diana Containerships, argues Alphaliner.

The NOO has seen its share price decline 100% this year, despite four separate reverse stock splits designed to arrest that fall.

Its losses amounted to $196m between 2013 and 2016, and it is forecast to post a further loss of $80m this year.

(from: theloadstar.co.uk, October 25th 2017)

LOGISTICS

WHICH EMERGING MARKETS OFFER THE BEST LOGISTICS OPPORTUNITIES?

Each year, the Agility Emerging Markets Logistics Index (AEMLI), compiled by Transport Intelligence in partnership with Agility, seeks to answer to this question.

AEMLI, which is published free around the start of each year, takes three approaches: a survey of supply chain professionals; an assessment of the largest and fastest-growing emerging market air and sea tradelanes; and an index which examines the attractiveness of emerging markets according to three main criteria – market size & growth; market compatibility (ease of doing business); and market connectedness (quality of infrastructure).

Last year, more than 800 supply chain professionals were surveyed and it was found that India, China, Brazil, Vietnam and Indonesia had the most potential to grow as logistics markets over the next five years.

This was similar to the previous year, as respondents perennially value market size highly, although it is clearly not the whole story.

Of the 50 emerging markets considered in the study, Vietnam had the 23rd highest GDP, but ranked fourth in potential, according to survey respondents, probably on account of its sustained surging trade volumes.

Iran was ranked ninth in potential, up from 15th a year ago.

It will be interesting to see how it fares this year now that the clamour around it has somewhat died down.

The survey also covers topics such as supply chain risk, problems doing business in emerging markets, the future of free trade and globalisation, Brexit and emerging markets and much more.

Overall, it provides insight into a wide range of supply chain issues across emerging markets, helping to assess which countries offer the best logistics opportunities.

Moving on to trade, the first step into an emerging market for an international logistics provider is often through the offer of forwarding services.

Over time, providers form closer relationships with agent partners before setting up shop themselves (sometimes by acquiring the partner), then expanding their offering to more complex logistics services.

Take Myanmar as an example.

CEVA opened its first office in the capital, Yangon, in June 2017, having been operational in the country for five years through a "network partner".

Panalpina trod a similar path in 2015 and many others have done the same over the past decade.

Therefore, an important part of assessing logistics opportunities in emerging markets is the performance of the respective air and sea freight tradelanes.

The tradelane analysis in AEMLI investigates tonnage shipped by air and sea between 50 emerging markets and the US and EU, ranking the 10 largest and 25 fastest-growing import and export lanes for each mode.

The analysis digs deep, identifying the most important commodities on specific tradelanes and what is really driving or holding back growth.

For example, in last year's AEMLI, the top 10 emerging market air freight export tradelanes to the US/EU included Kenya-EU (third–highest, 209,000 tonnes), Colombia-US (fifth, 166,000 tonnes) and Bangladesh-EU (tenth, 88,000 tonnes).

Kenya-EU air freight tonnage is dominated by flowers (around 75%) and vegetables (25%).

While growth was in the low single digits last year, over the longer run, its 2005 to 2016 compound annual growth rate (CAGR) was 10.9%.

Panalpina in particular has tapped growth in this lane through a series of acquisitions.

On the Colombia-US lane, flowers are also the big story, accounting for about 90% of tonnage.

Last year, growth was estimated at 6.1%, though its longer-run growth is weaker, with its CAGR at just 2%.

Bangladesh-EU is a different story, with 2016 growth of over 20% and a long-run CAGR of 8.2%.

Unsurprisingly, around 75% of tonnage is accounted for by apparel.

The final way by which AEMLI investigates emerging markets is the Index section itself, which ranks the 50 countries on a scale of 0 to 10.

Last year, China was top with a score of 7.88, while Mozambique was bottom of the pile with a score of 3.38.

The Index is comprised of three 'sub-indices' with the following weightings: market size and growth (50%), market compatibility (25%) and market connectedness (25%).

The market size and growth sub-index covers metrics such as GDP, population, GDP forecasts and financial stability.

Compatibility is broadly a measure of the ease of doing business, including variables measuring business regulation, foreign direct investment, security threats and so on.

Finally, connectedness measures the quality of infrastructure and the efficiency of customs and border controls.

Generally, markets with improving prospects are those moving up the index year-on-year.

Last year, Iran was the biggest improver, moving up eight places to rank 18th, as it took steps to reintegrate into the world economy.

When UN sanctions were removed in January 2016, many shippers and logistics providers renewed their interest in the country.

Moving in the opposite direction was Nigeria, which moved down nine places to 24th, as the collapse in oil prices continued to take its toll on the economy, with its economic forecasts slashed.

Elsewhere, South Africa fell four positions to 21st as falling foreign direct investment, stalling infrastructure development and social issues weighed down its score.

Overall, 2016 was another year where optimism around emerging markets was questioned.

Clearly, there has been a significant trade bounce in 2017, with several major forwarders reporting first-half year-on-year air freight volume growth in excess of 10%.

Sea freight volumes have grown healthily too.

On this basis, the tradelanes and index portions of AEMLI should deliver a more optimistic message, but, as ever, it is up to the industry to give its views through the survey.

(from: theloadstar.co.uk, October 16th 2017)

LAW & REGULATION

MAJOR-ACCIDENT HAZARDS IN HARBOUR AREAS: PERHAPS A GAP IN LAW?

It has been almost one year since the Italian port reform came into force and it seems appropriate to make a few considerations on port accident prevention and security, especially in light of the implementation, in Italy, of the EU Seveso III Directive on control of major-accident hazards.

It should first be noted that there appears to be a mismatch between the EU Directive and Italian law.

Reference is made in particular to the apparent conflict between the EU environmental legislation and Italian port legislation.

In light of the latest reform, it would indeed seem that the former, contrary to the latter, does no longer require port administrations to prepare a safety report on port areas.

It is, however, not the first time that such a misalignment between EU and Italian legislation occurs (suffice it to think of anchorage dues).

In any event, to be concise, we will just limit ourselves to making a few considerations here.

Legislative Decree No. 105/2015, implementing the Seveso III EU Directive, repealed Ministerial Decree No. 293 of 16 May 2001, which required Port Authorities (now Port System Authorities) to draw up, and subsequently update, the Integrated Port Security Report on the risk of industrial accidents with reference to all hazardous activies carried out in Italian ports.

Therefore, according to many experts, the circumstance for which said Decree has abolished the Port System Authority's obligation to prepare the safety report has given rise to a gap in law, circumstance that may adversely impact the management of any accidents that may occur in port areas involving one or more "Seveso" establishments or, in any event, hazardous substances present in port areas.

The reason for such a "regulatory vacuum" can be seen in the fact that the new provisions on risk identification – especially concerning ports – do not seem to be reflected in the Italian port law, even after the 2016 reform.

Indeed, Article 5, paragraph 5, of Law no. 84/94 still applies, providing that "The Port Master Plan of the ports referred to in paragraphs 1 and 1-bis shall include, as an attachment, a report on the safety of the port area in relation to the risks of major accidents associated with certain industrial activities".

In essence, so-called "ports of international interest" would still seem to be under the obligation to prepare the Port Safety Report, to be enclosed in the Port Master Plan once approved by the Management Committee of the Port System Authority, while the adoption of On-Site Emergency Plans or Off-Site Emergency Plans is no longer required.

In light of the numerous criticisms brought forward by experts and port operators regarding the general worsening of the legislation on major-accident risk management, some specific sector studies have been carried out to remedy any gap in the law.

The most important of such studies would seem the one prepared by ARPA (i.e. the Regional Environmental Protection Agency) in cooperation with the Italian National Fire Corps, which suggests several guidelines for approving Port Emergency Plans which – having also regard to other planning tools for port areas – may be deemed valid and effective, irrespective of the presence or not of "Seveso establishments" in Italian ports and, therefore, be included in the Safety Report to be subsequently enclosed to the Port Master Plan (called "Port System Master Plan" after the reform).

Well, although nearly a year has passed since the port law reform came into force, a number of issues are still uncertain, including in respect of port accident-prevention and safety.

Current Legislative Decree No. 105/2015 seems to have changed in pejus the previous statutory rules by limiting, as a matter of fact, both accident-prevention instruments and emergency-planning instruments.

In light of the above considerations and of the technical proposals aimed at overcoming gaps, there is nothing we can do but wait for a concrete response from the competent Port System Authorities, which however, for now, is not likely to come soon.

(from: hellenicshippingnews.com/nctm studio legale, October 7th 2017)

STUDIES & RESEARCH

NEW OCEAN FREIGHT DIGITAL PLAYERS 'OVER-HYPED'

Alphaliner claims a digital reality check is needed as it reveals that demand for new services is less strong than many new entrants advertise.

New e-forwarding companies are struggling to penetrate container shipping markets because many are over-hyped and offer only "piecemeal" solutions, according to Alphaliner.

The analyst argued in its latest weekly newsletter that despite recent publicity surrounding the growing numbers of technology start-ups in the container shipping market, the industry had shown no sign of embracing the use of new technology.

"The shipping industry has continued to lag behind other sectors in innovation, with disruptive technologies failing to gain any visible foothold in the market," it said.

"About half of all bookings for container shipments continue to be made manually, while up to a third of shipping invoices are reported to contain errors, despite the introduction of e-commerce capabilities by shipping lines more than 15 years ago."

One reason offered by Alphaliner for the lack of penetration by more recent digital entrants was their failure to address specific supply chain challenges facing the industry, with many offering only "fragmented" services that "lack the ability to integrate all relevant processes".

The analyst added: "Even within their individual focus markets, actual demand appears to be overstated and the industry's poor track record of embracing change could undo most of the promised benefits that these new digital initiatives are supposed to deliver."

Although container lines are now intensifying efforts to digitise some of the transactional parts of their business, Alphaliner said it was still "unclear" whether digital technologies would ever truly transform container shipping as they have other industries.

Alphaliner noted that Amazon's volumes now it had gained an NVOCC license to operate in the China-US trade also remained very small, and the company had so far not produced any disruptive breakthroughs in the shipping market.

"Even Alibaba's recent partnerships with several carriers, including Maersk, CMA CGM, Zim and Evergreen, to offer online freight booking since the end of 2016 have generated very little volumes, despite the initial fanfare," it added.

Alphaliner claimed true disruption of the market would only likely become possible when new technology initiatives combined operation, documentation, information and financial flows across the entire supply chain.

"A new revenue model that is not reliant solely on transactional flows, but is able to generate alternative sources of revenue including trade financing and data mining would also radically alter the landscape, as traditional transaction fee-based models have failed to generate sufficient demand in an industry that has adopted very few innovations since the first containers were shipped more than 60 years ago," it concluded.

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

REEFER

'ACTIVE' CONTROLLED ATMOSPHERE BRINGS FRESH TECHNOLOGY TO THE REEFER

Daikin Reefer has invented new "active" controlled atmosphere (CA) technology it claims will revolutionise refrigerated shipping, allowing container lines to launch a fresh charge against air freight in the battle for perishable cargo.

According to Ah Huat Goh, general manager, global marketing and service, reefer container department at Daikin, the technology represents a significant advancement over the "passive" solutions on the market.

"Active CA will open up more commodities to shipping lines because it's more reliable and can reduce oxygen more precisely than passive technology," he told The Coolstar.

He added: "Active CA helps prolong the shelf-life of produce such as asparagus, avocados, lettuces, cherries and blueberries.

As a result, shipping lines will definitely be able to challenge airlines more for these cargoes."

The technology is adapted from Daikin's oxygen concentrator, developed for use in the medical industry.

"Unlike passive CA, which relies on produce respiration, Daikin's Active CA produces nitrogen-rich gas to the reefer container, reducing oxygen density rapidly.

This puts the fresh produce 'to'sleep' in a matter of a day or so, leading to longer shelf-life.

In addition, produce loses water content from respiring.

Daikin Active CA quickly minimises this loss," claimed the company.

Mr Goh added: "We inject outside humidity into the reefer container.

This is extremely important for fruits with a high water content because when you have high humidity you have a higher weight and better quality, because it's 95% water, and the freshness relies on humidity.

"Of course, this very much depends on outside humidity – if it is hot and humid outside you're going to inject more humidity; if outside is cold and dry you inject less humidity.

This is going to be a game-changer for the industry."

The company believes the potential for new cargo routes and commodities will come as a boon to shipping lines which have suffered from low reefer freight rates in recent years.

However, there have been recent predictions that rates will rise due to a forecasted shortage in the number of reefer units in operation.

Additionally, Mr Goh believes the current wave of industry consolidation among carriers will also have positive impact on reefer trades.

"For too many years there was very fierce competition driving rates down.

Shipping lines have gone out of business and reefer trades have been affected too because when they aren't making money they're going to cut costs and this leads to reliability issues, a poor product, and less investment – it's a vicious cycle.

Over the past two years, with shipping lines not making money, there's been a big freeze on new reefer container investment and the containers have been getting older. In fact I would say that 2016 was the worst year for reefer manufacturers because it was the lowest for new equipment investment.

With consolidation we will see rates stabilising, which will help shipping companies to be profitable and make better investments for the shipper. We're already seeing it, reefer investment has shot up.

Consolidation has stabilised things and everything has started picking up," added Mr Goh.

(from: theloadstar.co.uk/the-coolstar, October 4th 2017)

ON THE CALENDAR

- 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.