Council Of Intermodal Shipping Consultants

Newsletter

October 31st 2018

Link road, rail, sea!

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

YEAR XXXVI
Issue of October 31st 2018

C.I.S.CO. NEWS

ASSOLOGISTICA AWARDS THE FRATELLI MORANDI FIRM ..... Page 3

PORTS AND TERMINALS

PORT OF VALENCIA APPROVES US$1.4BN EXPANSION ..... " 4

MARITIME TRANSPORT

SHIP SUPPLY: TECHNOLOGY TRANSFORMING PROCUREMENT ..... " 6

RAIL TRANSPORT

THE POLAND-BELARUS BORDER CROSSING: WHAT ARE THE ALTERNATIVES? ..... " 9

ROAD TRANSPORT

MODULAR OR 'MONSTER' TRUCKS BACK ON THE TABLE ..... " 13

INTERMODAL TRANSPORT

GEODIS EXPANDS GERMANY-SPAIN ROAD-RAIL SERVICE ..... " 16

TRASPORT & ENVIRONMENT

PESSIMISM IN THE AIR AS THE IMO PUSHES FOR REDUCED GREENHOUSE GAS EMISSIONS " 18

LOGISTICS

DHL RESEARCH SHOWS 75% OF COMPANIES BELIEVE INVESTMENT IN GROUND TRANSPORTATION WILL DIRECTLY SUPPORT THEIR COMPANY GROWTH ..... " 20

LAW & REGULATION

REGULATION (EU) 2017/352 ON PORT SERVICES AND FINANCIAL TRANSPARENCY: GENERAL PRINCIPLES ON FINANCIAL TRANSPARENCY AND PORT INFRASTRUCTURE CHARGES " 22

PROGRESS & TECHNOLOGY

IMPROVED DELIVERY OF CONSIGNMENTS: DB REVOLUTIONISES PRECISE DELIVERIES WITH WHAT3WORDS ..... Page 26

STUDIES & RESEARCH

SCRUBBER-FITTED DRY BULK VESSELS WILL COMMAND 2020 PREMIUMS ..... " 28

INFORMATION TECHNOLOGY

BLOCKCHAIN SET BACK, AS CRYPTOCURRENCY FAILURES DETER CONFUSED FREIGHT INDUSTRY " 30

ON THE CALENDAR ..... " 33

Ocotober 31st 2018

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

ASSOLOGISTICA AWARDS THE FRATELLI MORANDI FIRM

On the occasion of the assignment of the 2018 Logistic Award by the C.I.S.Co. partner Assologistica, a particular recognition was that which saw as protagonist the Anconetan company Fratelli Morandi & C. S.r.l., also a partner of C.I.S.Co.

The port of Ancona, pending the application of the waterfront project, is trying to change its skin acquiring new spaces that are fundamental for making the working lung not only vital for the city, but for the economy of the entire region.

In this context is situated the initiative of the company led by Andrea and Chiara Morandi, which acquired an area of about 10,000 square meters within the former Tubimar under concession for four years, with an investment of over one million euros.

The depot will also act as a customs warehouse and the goods will stop there while awaiting customs clearance.

Andrea Morandi, who also holds the position of president of the maritime agents of Ancona, said: "This award fills me with pride and pushes us to move forward on this path.

Logistics is vital, especially in a natural port like that of Ancona, always looking for new spaces ".

(source: Il Resto del Carlino – Ancona, October 28th 2018)

PORTS AND TERMINALS

PORT OF VALENCIA APPROVES US$1.4BN EXPANSION

The board of directors of the Port Authority of Valencia (PAV) has provisionally approved the conditions for a tender for the construction and operation of a new 5m teu container terminal in a northern extension of the port.

The execution of this infrastructure, which will have an area of adjacent and compacted esplanade of about 137 ha, will suppose an investment of about €1.2bn (US$1.4bn) between public contributions – among €400m (US$460m) – and private –from €800m-900m (US$920m-1bn).

The PAV's president Aurelio Martínez said that the project would be the port's "most important" one in the coming years because "in other projects there will be none involving €1.2bn (US$1.4bn) of investment."

Martínez and the PAV's general director Francesc Sánchez believe that the potential rise in container traffic will place the port area among the first three in Europe.

The terminal is designed to take advantage of the strengths of Valencia as an import/export and transit port and to accommodate the expected increase in container traffic until 2050.

Sánchez added that "a terminal is not created suddenly" and that the new proposal is "a consequence of a well-made analysis of the market" of the capacity of current terminals, of the projections of demand, freights and transshipments, of the sizes – to have in a future capacity to give service to the larger ships – and of the intermodal connections.

He also said that a conservative analysis of current industry trends estimates that the port could have a capacity problem in six or seven years.

The future container terminal of the northern extension of the port of Valencia will have a berthing dock of up to 1,970 m in length with a draft of 20 m alongside and throughout the dock and a maritime access channel with a depth of 22.50 m.

The PAV will make the road and rail connection vials of the plot with the port's general network.

Those who choose the tender for the construction and operation of this infrastructure may offer the size of the terminal that fits their business plan, which at least and to the maximum of its development; must include 800 m of berthing line and 49 ha.

Current operators "are required to increase the capacity of the current terminal," 50%, and "return the current concession" to bring it back to tender.

As a "terminal of the future", it is a requirement for to have the possibility of being 100% automated for loading and unloading containers, service to trucks and railroad.

A rail terminal is also required to guarantee environmental protection.

Martinez would like to award the construction project before June 2019 and deliver the first phase to the questionnaire within two years.

The concession period is set at 35 years for proposals for partial occupation, with the possibility of reaching 50, and 50 for those that propose full occupation.

The board of directors' final approval for the project to go ahead will be given in November.

(from: container-mag.com, October 23rd 2018)

MARITIME TRANSPORT

SHIP SUPPLY: TECHNOLOGY TRANSFORMING PROCUREMENT

Technology is transforming the way ship operators can source and order supplies for their vessels and an ever increasing number of suppliers are investing in the software required for e-procurement.

One such project is the introduction of a new customer portal by Wilhelmsen Ships Service, which is said to slash customer response times.

Launching at last month's SMM trade fair in Hamburg, the FRED (Framework for Enterprise Data) customer portal will provide WSS customers with an, until now, largely unseen instant overview of all their transactions, on-demand.

As Nakul Malhotra, Vice President, Technical Solutions & Marketing, Wilhelmsen Ships Service, said: "Whether it's online banking, or e-commerce, as consumers we take for granted that we can access our account details, or ordering information anywhere, anytime with just a few keystrokes.

But shipping, as an industry, is typically slower to realise and effectively harness the power of new technologies.

We're focused on changing that, and especially when it can totally transform our customers' experiences and interactions."

He added: "FRED is about us being able to personalise what we actually want to see.

We need to start bringing what we are used to as consumers into our B2B world.

Most importantly we need to make sure that the maritime industry gets into 2018."

Developed by Wilhelmsen Ships Service's Marine Products Division, the FRED integrated platform enables customers to securely access their transaction information, including invoices, delivery notes, their order history and view the current delivery status of orders.

It also allows customers to retrieve certificates for products such as ropes, along with providing an instant overview of which cylinders they have onboard, and where.

The numerous calls and emails that are typically needed to track current orders, chase invoices, retrieve certificates, or get transaction overviews will become a thing of the past, slashing the time and effort needed from days and hours to minutes.

The portal allows customers to access the information they need wherever and whenever they need it, via a computer or mobile phone and along with transactional data, FRED is inbuilt with alert settings relating to order status or usage such as highlighting when cylinder assets have been onboard for extended periods.

There is also a voice-activated Chatbot facility, where customers can ask about current orders and get an immediate response.

Mr Malhotra said: "The foundation for co-creating value-driving applications and easy to use tools FRED eliminates real pain points with the current transaction mechanisms in our business and wider industry."

Currently available as a limited release, FRED's development is constant, with Cargo Hold Cleaning selectors, the next generation of Waterproof – Wilhelmsen's water treatment logging and reporting tool, and a host of other applications and tools in the pipeline.

He is adamant FRED and its latest iterations will become an invaluable part of Wilhelmsen business.

Mr Malhotra said: "FRED was developed as a direct response to customer feedback and it cures an established and totally avoidable pain point.

Transactional data on demand frees up an enormous amount of time.

But more importantly it allows us to provide customers with invaluable insight into specific needs and create efficiencies related to the pre-purchase, purchase and post-purchase processes for the management of marine products for customers.

It's a massive leap forward for us, our customers and the industry.

Welcome to a new way of transacting."

Digitalisation is also driving new business at maritime e-procurement platform ShipServ.

It recently announced that it had delivered a full integration solution to global marine and offshore supplier and logistics company Francois Marine Services, which is a subsidiary of the Northern Marine Group.

The full integration has been built to connect Francois Marine's new Enterprise Resource Planning (ERP) system and will enable the company to increase efficiencies and the speed of processing multiple transactions, responding to RFQs (request for quotation), as well as driving customer retention and winning more business through faster turnaround times.

By fully integrating with ShipServ, Francois Marine can respond to RFQs and quote directly from their new ERP system, enabling the company to better automate the fulfilment of orders with existing and prospective customers, as well as providing greater visibility and control over the entire process.

Manual errors are also said to be significantly reduced ad re-typing is eliminated and efficiencies are gained through time savings.

Francois Marine, which is headquartered in Singapore and has subsidiary offices in South Korea, Rotterdam and Shanghai, procures a wide range of ship stores, marine and oilfield equipment and general consumables for all types of vessels, semi-submersible rigs, jack-ups and drill ships.

Commenting on the agreement, Dominic Fernandez, CEO of Francois Marine, said: "The growth of Francois Marine and the global nature of our business, as well as the markets that we work with makes it essential for us to have a state-of-the-art back office function that is seamlessly linked to all our operational processes.

Fully integrating ShipServ into our platform is an important part of this and enables us to have real control over the entire RFQ and order transaction process with customers and prospects, driving operational and time efficiencies.

The new integration is also an example of where suppliers to the marine and offshore industries must take advantage of developments in digitalisation, enhancing the services and solutions that can be provided to purchasers."

(from: shipmanagementinternational.com, October 12th 2018)

RAIL TRANSPORT

THE POLAND-BELARUS BORDER CROSSING: WHAT ARE THE ALTERNATIVES?

Five border crossings assure the movement of goods between Poland and Belarus.

But are all these border crossings operative?

And at which capacity?

These questions and more were addressed at the New Silk Road Conference, held on 27 September in Tilburg, the Netherlands.

Even after the conference, the specialised speakers took time to address the questions that did not make it to the panel time.

We gathered the most relevant questions asked and more importantly, the answers provided by the logistics providers, operators or others who have tried and tested the railway service between the continents.

Are all border crossings between Poland and Belarus operational and with enough capacity?

According to PKP Cargo, there are currently five crossing points between the countries.

The most known is Malaszewicze – Brest.

It is the most popular crossing, with enough capacity to handle the volumes, according to the Polish operator.

Currently the border point can handle more than twenty trains per day, or 450 thousand TEUs per year.

With the current volumes, it has more capacity than required and this is to be increased by four in 2022, explained the deputy director of the Bureau for Promotion and Investor Relations of PKP Cargo Andrzej Banucha.

A bit more to the north of the popular crossing are Siemianovska – Svisloch and Kuznitsa – Bruzhi.

Both of these border points are operative, each with a capacity to handle four trains per day, or 60 thousand TEUs per year.

UTLC has operated a container service between Poland and China via Bruzhi since August 2017.

The border crossing via Svisloch is lesser known.

However, RTSB said in a recent interview to expect volumes at this border point to grow in the near future.

Most northern crossing

The most northern border crossing on the map is the one via Kaliningrad.

This border point is operative and with enough capacity, explained Vladimir Remizovich, key project manager at United Transport and Logistics Company – Eurasian Railway Alliance (UTLC ERA).

The intermodal terminal is currently able to handle 16 trains per day, with a capacity of 450 thousand TEUs per year.

Services are gradually being developed along this route, which also offers a short sea connection to several European countries.

PKP Cargo mentions a fifth border crossing: that of Czeremcha – Wyskolitowsk.

At the moment this entry point does not seem to be used for Eurasian traffic.

Little information is available about this border crossing.

What happens in case of an accident on the New Silk Road? Is there a contingency plan?

According to Rob Brekelmans of New Silk Way Logistics, the simple answer to this question is 'no'.

As there has not been a contingency plan in case of disturbances in the European railway network so far, there is no such plan on for rail between China and Europe, he explained.

"If something happens, there may be alternative routes, depending on where the accident takes place.

But this will lead to delays", said Erik Groot Wassink of Nunner Logistics.

Similarly, when certain activities cause a delay at a terminal, there is not much that can be done to speed up the process, pointed out Brekelmans.

"You just have to wait for your turn."

How are damages handled? And do they occur regularly?

Damages do not occur regularly, but they do occur, the logistics providers say.

All of them explain that they have had to deal with damages before.

"It does not happen very often.

But we advise customers to put an extra effort in the packaging of the cargo as it does move much more on the way than in sea freight", said Groot Wassink.

"It does not happen often, but we have seen a few leaking containers, or fallout of reefer containers.

In such a case, damages will have to be compensated, which is a complicated matter as forwarders do generally not assume liability other than the limited liability under freight forwarding conditions", said Brekelmans.

"As New Silk Way Logistics, we accept liability for the entire journey: from Europe to Asia, by train, truck and other transport modes involved.

In doing this, we basically act as an operator, but as we do not have the traction we act as an operator only on paper.

We have developed a multimodal railway bill: a contract confirming this liability for the journey road-rail and in case of pre-on carriage by ocean or air."

Since the implementation of this contract, the company has not faced any damages yet.

Does the entry point via eastern European countries pose a threat to western European countries?

Slovakia and Hungary are increasingly gaining importance as entry points into Europe.

Cargo is shipped via Ukraine, and enters Slovakia via Dobra or Hungary via Zahony.

From here, the journey continues to Austria, Czech Republic or countries more south in Europe.

"This is a challenge for flow to western countries.

China is obviously looking for alternative routes to Europe", commented Roland Verbraak of GVT Logistics during the conference.

But according to Brekelmans these are opportunities for the European logistics provider.

"The more hubs come up, the more trains are operated between Europe and China.

We can pick up cargo from eastern Europe now."

Groot Wassink agrees: "This benefits us, especially since we will have a new direct line from Amsterdam to Budapest.

In this way, we can service more destinations."

What happens when the Chinese subsidies cease to exist?

The volumes of traffic on the New Silk Road are greatly dependent on the Chinese subsidies, yet these subsidies are expected to be discontinued sometime after 2020.

Although some have argued that rail services between Europe and China will not be feasible without the Chinese support, the logistics operators are a bit more positive.

"Only the strong connections will remain in place; the lines with sufficient volumes at the moment", said Groot Wassink.

"The New Silk Road will continue to exist as long as the is sufficient volume of freight and the eastbound-westbound balance is in place" added Brekelmans.

"But I believe that this will be the case.

I think the market mechanism will do its part and the balance will be there once the subsidies are pulled out."

(from: railfreight.com, October 16th 2018)

ROAD TRANSPORT

MODULAR OR 'MONSTER' TRUCKS BACK ON THE TABLE

European lawmakers are floating the idea of offering incentives for extra-long trucks made up of multiple trailers in the EU's first truck CO2 legislation.

Back in 2014, when EU policymakers were considering new legislation on truck design, modular vehicles found themselves at the centre of the debate.

Some said they offered a simple solution to cut fuel consumption and reduce CO2 emissions.

Opponents called them "monster trucks" saying they posed a deadly threat to other road users.

In the end, a European Commission attempt to allow these multiple-trailer trucks to cross EU borders, rather than being confined to the select few countries allowing them in trials, was killed off by Members of the European Parliament and EU member states.

But the monster trucks are back – this time hovering over a proposal to set the EU's first truck CO2 emissions limits.

These multi-trailer vehicles, called European Modular Systems (EMS) by the automotive industry, are not mentioned in the European Commission's proposal, put forward in May.

But at a EURACTIV event on the truck CO2 legislation in Brussels yesterday, Joachim Drees, CEO of MAN Truck & Bus, said the auto industry would like to see these trucks encouraged as part of a more integrated approach in the legislation.

Linde Haven, an assistant to the Dutch Green MEP Bas Eickhout who is drafting the European Parliament's report on the proposal, said several political groups in the parliament would also like to see such a provision added to the text.

Supercredits

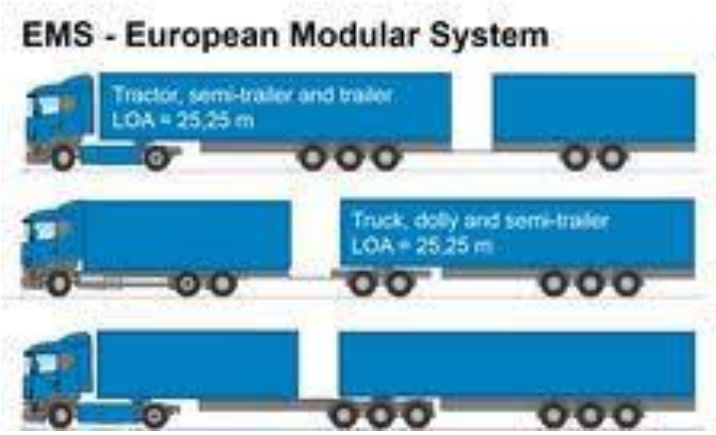
Such trucks could, for instance, be used to award 'supercredits' used to make meeting the standards easier, in the same way that electric vehicles are awarded in the EU's car CO2 regulation.

"What irritates me is that we're only looking at truck producers and not at an integrated approach," said Drees who is also chairman of the commercial vehicle board for European automotive industry association ACEA.

"We don't look at easy measures like EMS and side flaps.

Only with an integrated approach I could see that the proposed [emissions] reduction is possible."

The CEO of MAN Truck and Bus pointed out that in the German state of Baden-Wurttemberg, a region with many automotive companies that has a Green party led government, they have introduced a system encouraging these EMS trucks and were able to achieve a 12% reduction in CO2 compared with ordinary trucks.



He said he would like to see the legislation take on this and other measures that spread the decarbonisation beyond just the vehicle manufacturers, so that it involves the fuel providers, hauliers, drivers and customers as well.

Other examples of efficiency improvements he would like to see inserted into the legislation include side flaps, improved tyres, and loosening restrictions on the use of 'platooning' – a long series of several driverless cars.

However, William Todts, executive director of the campaign group Transport & Environment, said the legislation should not have these extra elements added.

"We need to focus – we're trying to solve a particular issue – vehicle CO2 performance," he said.

"We shouldn't try to solve all problems with one (piece of) legislation.

That would make things incredibly complex."

He questioned the practicality of counting these multi-trailer trucks as single vehicles, given that they are being constantly attached and reattached.

"This is a vehicle regulation.

How are we going to give benefits to vehicles that emit more CO2?

A longer and heavier truck is actually emitting more CO2 on a vehicle basis."

"But that would be the same as if we were to say a bus is emitting more emissions the more people that are in the bus, so therefore passenger cars are more efficient," Drees responded.

Topic is on the table

Haven said Eickhout is "not the biggest fan" of the EMS approach.

"But the topic is on the table and it will be taken into account," she said.

She added that Eickhout is generally not in favour of supercredits for any reason.

"It can potentially lower the overall emissions," she said.

"But we need necessary flexibilities within the regulation.

The options are open for now."

All three of the panellists said it was important for the legislation to be agreed before the end of the current parliamentary term in six month's time.

Not doing so would risk a delay to the legislation that would make the foreseen 2019 reference year for the emissions reduction impossible.

"Our development cycles are very long, we're selling 50,000 trucks a year," said Drees.

"The biggest issue now is we don't have the baseline, it will only be available in 2020."

However with Parliament and Council votes still months away, it remains uncertain whether Romania, which takes over the rotating EU presidency on 1 January, will be able to conclude the file in just three months.

If not, the EU's first truck emission limits may be delayed for years – whether they make concessions for monster trucks or not.

(from: euractiv.com, October 10th 2018)

INTERMODAL TRANSPORT

GEODIS EXPANDS GERMANY-SPAIN ROAD-RAIL SERVICE

International forwarding and logistics provider Geodis has expanded its road-rail service launched earlier this year for freight transport between Hendaye on the French-Spanish border and Metz on the French-German border.

Introduced in February, since this summer the service frequency has expanded to five or six trains per week on the route.

Combined with a local 'door-to-door' service, "this alternative offering reduces congestion on European roads as well as the carbon footprint of freight on this corridor", the company said.

The service is aimed at companies that export goods from Spain and Portugal to the north of France, Germany, Benelux countries and eastern Europe, or that import from these countries, for sectors such as retail distribution, automotive and industrial.

Geodis provides the end-to-end logistics solution via a 1,100-kilometre railway line between Hendaye and Metz, with local delivery by road for the final miles.

In the long term, a Paris stopover at Geodis' logistics platform in Bonneuil-sur-Marne is planned.

The service includes cross-docking in its own warehouses located at each end of the line, as well as freight transport from Metz to final delivery points in northern Europe or the Iberian Peninsula, using its own fleet of vehicles.

Olivier Royer, executive vice president road transport at Geodis, estimated that the multimodal service would take up to 11,500 trucks off the road each year.

"Beyond the driver shortage and road congestion situation which we are currently facing, we will see a real impact on the carbon footprint of freight between France and Spain by significantly reducing CO emissions per tonne transported," he noted.

"This multimodal solution makes it possible to achieve flows with a transit time similar to that of road haulage.

In this way we can guarantee high volume transport at a reasonable cost, while eliminating certain factors such rising diesel prices, seasonal fluctuations in heavy goods vehicle transport or the cost of return trips that normally impact transport by truck."

A freight tracking and management system has also been set up to allow customers to learn the location of their shipment in real time.

"Geodis also ensures its customers guaranteed service by offering alternative transport by road with the help of 3,800 vehicles from the Geodis fleet or from its transport partners in the event of an incident," the company said.

Geodis has a presence in 67 countries and a global network spanning 120 countries, and is ranked #1 in France, #4 in Europe and #7 worldwide.

It employs over 40,000 staff globally and generated €8.1 billion in sales in 2017.

(from: lloydsloadinglist.com, October 22nd 2018)

TRANSPORT & ENVIRONMENT

PESSIMISM IN THE AIR AS THE IMO PUSHES FOR REDUCED GREENHOUSE GAS EMISSIONS

The momentum behind efforts to curtail shipping's greenhouse gas (GHG) emissions appears to have come to a standstill, insiders have said as the International Maritime Organization (IMO) Maritime Environment Protection Committee (MEPC 73) meets in London this week.

Environmental lobbyists had hoped that plans to reduce GHG emissions by 2023 would begin in earnest now.

IMO secretary general Kitack Lim said MEPC had approved a programme of follow-up action to the initial strategy agreed in April.

"The programme sets a clear signal on how to further progress the matter of reduction of GHG emissions from ships up to 2023," said Mr Lim.

"I am convinced, in re-doubling your efforts and with support from working arrangements, you'll be able to deliver and accelerate the pace of actions and tackle this immense, global challenge."

However, according to a Loadstar source at MEPC, Brazil, Saudi Arabia and the US have renewed efforts to quash attempts to reduce emissions on an industry-wide level ahead of 2023.

"Going into the talks that began last week, ahead of MEPC, there had been expectations on getting the general strategy goals set out in April down into concrete steps," the source told The Loadstar.

"However, after a week of discussions the document drafted does not discuss any of the measures in specific detail, nor was there any talk on setting a date for when these would be discussed."

In April, the IMO's adoption of an initial strategy stated that by 2023 it would implement measures to cut 2008 levels of greenhouse gas emissions (GHGs) by at least 50% by 2050.

The source suggested that the wording of the initial strategy had caused a division among IMO members, with one side interpreting it to mean they did not need to act until 2023.

"This has resulted in a great deal of pessimism among those members that believe in climate change and want to take immediate action to address shipping's impact," the source continued.

"For those climate change deniers, this ambiguity within the initial strategy has created a great deal of happiness."

April's initial strategy refers to a range of candidate short-, mid- and long-term measures to be considered by IMO.

Short-term measures could be finalised and agreed between 2018 and 2023; mid-term measures, between 2023 and 2030; and long-term measures, beyond 2030.

"As far as I see it, all ambition is off because of the strategy's openness for interpretation," the source continued.

"And the reason it was written in such a way was to get it passed in the first place, with objections from those previously mentioned states – namely Brazil, Saudi and the US."

Pressure to reduce emissions increased this month after a report by the Intergovernmental Panel on Climate Change, which states there are just 12 years to before irreparable damage is done.

During last week's discussions one of the authors of the IPCC Report was brought into explain why short-term fixes were necessary.

"This was immediately objected to by the Saudi delegation who questioned the author's impartiality noting that he is also advising the Solomon Islands on its climate change strategy," said the source.

"While the objection was not upheld, it is indicative of the way everything surrounding climate change has come to a shuddering standstill.

Any hopes of changes being brought through in the immediate have been quashed – it's very much a case of death by 1,000 cuts."

(from: theloadstar.co.uk, October 23rd 2018)

LOGISTICS

DHL RESEARCH SHOWS 75% OF COMPANIES BELIEVE INVESTMENT IN GROUND TRANSPORTATION WILL DIRECTLY SUPPORT THEIR COMPANY GROWTH

DHL, the world's leading logistics company, today launched its latest research report on ground transportation logistics.

The report reveals that the fast-paced evolution underway in the sector is changing the way that shippers think when purchasing a transportation solution.

The global survey of transport buyers and operations professionals found that 83% of businesses are willing to pay more for better and value-added services as long as they provide a measureable return on their investment.

"The Logistics Transport Evolution: The Road ahead" is a report by DHL Supply Chain, using data from research by Lieberman Research Worldwide, LLC (LRW) that was commissioned by DHL to identify the factors that are impacting ground transportation logistics and how industry is adapting to the new frontier of solutions available.

The report found that across sectors and regions, companies are increasingly viewing ground transportation as being more than a tactical commodity, with 71% now considering it to be a strategic component of their businesses.

Companies agree there is a direct correlation between ground transportation and business performance with three quarters (75%) believing investing time and resources in ground transportation will directly help their company sales.

Javier Bilbao, Global Transport Lead & CEO Latin America, DHL Supply Chain said: "Transport is undoubtedly a critical aspect of the global business environment, and these findings indicate that companies across sectors and markets are now recognizing its strategic value.

We undertook this study to gain an insight into exactly what companies expect from their transportation service providers, both today and tomorrow.

Our research has shown us that customers are increasingly looking for complete solutions with a global reach as they have the capability to solve a wide range of transportation issues and requirements."

Global shifts in the business environment were identified as disrupting the ground transportation landscape.

In particular, the exponential growth of e-commerce and its implications on service was identified by 65% of companies as having a significant impact on their supply chain in the next 1-2 years.

Bilbao added: "Echoing the findings of our digitalization research, technology will be central to navigating this new era for ground transportation.

The capability of AI and data analytics to manage the order profile and shipping patterns of customers' increasingly complex and demanding operating models while optimizing cost and service, means that they are now viewed as essential services, rather than added benefits."

Although these changing dynamics are being witnessed across regions, variations can also be identified depending on the maturity of the market and the demands placed on shippers from their consumer base.

In Latin America, the priority consideration in selecting a ground transportation provider is on time delivery while in Europe, where the market is more mature, optimization of networks is the key focus for shippers.

Broader societal factors were also highlighted as presenting associated challenges, with 61% of companies referencing the increase in urbanization as a factor that will significantly impact their future business.

Technology and its ability to help manage this complex environment is increasingly seen as a standard requirement of 3PLs: more than two thirds (67%) of companies believe that big data analytics and artificial intelligence (AI) are services that are essential for 3PLs to offer their shipper customers.

(from: dhl.com, October 10th 2018)

LAW & REGULATION

REGULATION (EU) 2017/352 ON PORT SERVICES AND FINANCIAL TRANSPARENCY: GENERAL PRINCIPLES ON FINANCIAL TRANSPARENCY AND PORT INFRASTRUCTURE CHARGES

We (Nctm) will examine Regulation (EU) 2017/352 analyzing the recitals that reveal the general principles on financial transparency and port infrastructure charges.

With reference to the first issue, we immediately notice how the European legislator apparently set itself the goal of "preventing unfair competition between ports in the Union".

This also considering that Regulation (EU) No. 1316/2013 "establishing the Connecting Europe Facility" provides, in particular, that the ports of the so-called "trans-European network" can benefit from Union funding for the promotion of infrastructure projects of common interest in the field of telecommunications, energy and, as far as relevant for the purpose hereof, transport.

In light of the above, there is a real need to keep track of any form of financing coming (also) from the Union and to verify that no funding can compromise the necessary protection of free competition.

The legislator has then chosen to deal with the financial relations existing, at national level and in individual ports, among the players in the relevant market, namely national public authorities on the one hand and maritime ports in receipt of public fund on the other hand.

These relations must be "made transparent, in order to ensure a level playing field and to avoid market distortions".

To this aim, in recital 41, the European legislator stated that the possibility should be considered of extending, by means of the new regulation, the addressees of the specific financial transparency obligations set out in EC Directive No. 111/2006, now referring only to relations between Member States and public companies.

In particular, said directive lays down the obligation for Member States to ensure transparency of financial relations between public authorities and public

undertakings, for example: (i) public funds made available by the first in favor of the latter; (ii) the use to which these public funds are actually put.

The recitals of the regulation then deal with the case in which the managing body of the port, recipient of public funds, provides port services or dredging itself.

In that eventuality, the managing body of the port has the obligation to keep accounts for publicly funded activities carried out in its capacity as managing body "separate from accounts for activities carried out on a competitive basis".

Precisely because the managing body of the port could operate on a market where free competition should be guaranteed, the European legislator does not miss the opportunity to observe that, with reference to port services and dredging possibly carried out by the managing body of the port, the competent national authorities should ensure an examination to verify compliance with State aid rules.

With regard to port infrastructure charges, the regulation states in general that "in order to be efficient, the port infrastructure charges of each individual port should be set in a transparent way" and should be consistent with the port's own commercial strategy and investment plans.

But the subsequent provisions, which leave a certain room for maneuver to the managing bodies of the ports, act as counterweight to a stringent general provision.

Firstly, the European legislator states that the provisions of the regulation should not affect the rights of managing bodies of ports and their customers to agree commercially confidential "discounts".

However, in this case, the managing body of the port should "at least publish standard charges before any price differentiation".

This principle, certainly designed to protect positive practices that do not affect free competition, at first glance seems difficult to interpret and apply since no parameter is provided for assessing the legitimacy of the aforementioned "discounts" with respect to the necessary compliance with the free competition regime.

The regulation also establishes that "variations" (with respect to standard charges) of port infrastructures charges should be allowed where they pursue objectives of environmental policy and environmentally sustainable

development of the surrounding areas, with the intention – therefore – to reduce the environmental footprint of the waterborne vessels calling and staying in the port.

So, in these terms, it seems possible to realize a policy promoting short sea shipping as well as the objective to attract waterborne vessels which have an environmental performance, energy and carbon efficiency of transport operations that is better than average.

The regulation then states that the variation in port infrastructure charges "may results in rates being set at zero for certain categories of users".

The users referred to are, among others, hospital ships, vessels in scientific, cultural or humanitarian missions, tugboats and floating service equipment of the port.

These are therefore, on the one hand, hypotheses that we may consider as "exceptional" (see hospital ship), but on the other hand, "physiological" hypotheses (suffice it to think to the regulation reference to tugs).

Furthermore, in the recitals of the regulation, reference is made to the fees charged for port services operated under public service obligations and to charges for pilotage services.

Since these are not "exposed to effective competition, they might entail a higher risk of price abuse in case where monopoly power exists".

Therefore, the regulation suggests (albeit generally) that arrangements should be established to ensure that charges are set "in a transparent, objective and non-discriminatory way and are proportionate to the cost of the service provided".

We believe that this latter provision reflects an important and commonly accepted principle, in particular where it emphasizes the need that port infrastructure charges – in their transparency – be proportional to the actual cost of the service offered and do not discriminate the different ports operators.

As correctly noted in the regulation, an abusive conduct may "hide" precisely in the sphere of services provided under the public service obligation.

In conclusion, we deem it appropriate to stress once again that the regulation establishes that it is necessary to ensure that port users and other interested parties be consulted on "essential issues related to the sound development of the port, its charging, its performance and its capacity to attract and generate economic activities".

This recital recalls not only the principle of transparency, but first of all that of participation, involvement and, therefore, of the dialogue between managing bodies and port users from a collaboration perspective aimed at ensuring the pursuit of the general interest in the development of port activities.

(from: hellenicshippingnews.com, October 10th 2018)

PROGRESS & TECHNOLOGY

IMPROVED DELIVERY OF CONSIGNMENTS: DB REVOLUTIONISES PRECISE DELIVERIES WITH WHAT3WORDS

DB Schenker has introduced the firm what3words' innovative navigation and address system, which simplifies and improves the delivery of consignments with imprecise addresses, such as industrial complexes or warehousing facilities with several entrances that can make delivery difficult.

The problem has now been solved thanks to the integration of what3words into the firm's eSchenker online portal, as the system establishes and indicates a consignment's pick-up or delivery place more precisely.

* * *

DB Schenker announces the integration of what3words location technology in the eSchenker portal, improving operational efficiencies by allowing deliveries to be made to any precise three by three meter squares.

what3words has divided theworld into this squares, each with a unique address made from three dictionary words – a 3 word address.

///smiling.always.seating for example refers to the exact three meter square of the front door to the DB Schenker Head Office in Essen.

The what3words integration will enable more than 110,000 DB Schenker clients, who make over 500,000 bookings a month, to optimize their supply chains by specifying pick-up and drop-off points using a 3 word address.

Markus Sontheimer, CIO/CDO of DB Schenker says: "Our cooperation with what3words is another new service of DB Schenker's connect strategy towards a fully digital eco-system.

Especially with regard to trade shows or exhibitions, it provides our drivers with exact delivery points and thus allows us to serve our customers even faster and better."

Clare Jones, CCO of what3words adds: "In a recent study conducted in Germany, we found that 73% deliveries struggle to find a home or business address.

And, in more than a quarter of cases, delivery drivers have to seek additional information in order to locate an exact drop-off point.

what3words solves this problem for both sides - improving efficiencies and improving customer experience."

Logistics companies around the world face a global challenge: imprecise addressing.

Large sites such as factories, warehouses or events spaces often have several access points, making specific drop-off locations or delivery entrances extremely hard to identify and navigate to.

The DB eSchenker portal is paving the way in the logistics industry.

By adopting new technologies such as what3words, shipments get to their destination securely and on time, maintaining the highest standard of customer service possible.

Deutsche Bahn invested in what3words in 2016, with the two companies working together on the future of logistics and transportation.

(from: transportjournal.com/dbschenker.com, October 17th 2018)

STUDIES & RESEARCH

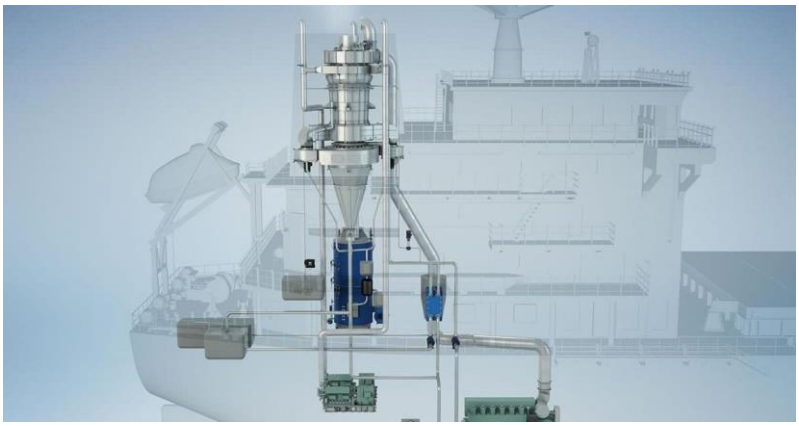
SCRUBBER-FITTED DRY BULK VESSELS WILL COMMAND 2020 PREMIUMS

Scrubber-fitted dry bulk vessels could be earning a significant premium over those burning more expensive low sulphur fuel and higher asset values will reward those owners that fitted the technology early, according to Maritime Strategies International.

In an article 'Scrubbing Up: the impact of fitting a scrubber on charter rates and asset values' MSI analyst Will Fray examines the economics of compliant fuel and scrubber adoption in the dry bulk sector.

Based on a five-year time horizon, MSI believes there will be a technology-led two-tier market for dry bulk timecharter rates, similar to that seen in the LNG sector.

Early-adopters will have a significant advantage in this scenario – notwithstanding potential technology operational issues – but the positive effect will decrease as more ships install the technology.



"As long as significant fuel price differentials remain between HFO and LSFO – and MSI believes there will be in the long term – vessels with scrubbers installed will attract a charter premium," says Fray.

"As more and more ships fit scrubbers, and over time as the finance is collectively repaid, vessels without scrubbers will face steep discounts and will become increasingly uncompetitive."

The consultancy calculates that in 2020, the value of the timecharter premium for a Capesize benchmark vessel fitted with a scrubber will be $12,100/day, for a Panamax $6,800/day, Ultramax $6,300/day and Handysize $5,100/day.

Considering the daily-equivalent cost of a financing, fitting and operating scrubber is a fraction of this, the financial incentive to fit a scrubber remains strong.

There is likely to be upward pressure on both the price of scrubbers and the time it takes to install them, despite lower costs to produce scrubbers as the industry matures.

This could potentially leverage the value of a vessel already fitted with a scrubber on January 1, 2020.

"The strong cost savings potential will have a positive impact on values of assets with scrubbers fitted as long as a timecharter premium exists.

Theoretically, the value of a scrubber being installed can be calculated as the net present value of all future cash flows of the scrubber, including revenue, costs and terminal value," adds Fray.

In MSI's view, the price differential between Low Sulphur Fuel Oil (compliant blended fuel composed of fuel oil and low sulphur diesel) and Heavy Fuel Oil bunkers will remain for several years beyond 2020, sitting at the top end of the historical premium range between HFO and MGO.

The comparatively lower cost of HFO could also create an incentive for owners and charterers to negotiate the sharing of cost-savings accruing from a vessel fitted with a scrubber, based on the undoubted difference in expectations for fuel costs between the two parties.

(from: hellenicshippingnews.com, October 23rd 2018)

INFORMATION TECHNOLOGY

BLOCKCHAIN SET BACK, AS CRYPTOCURRENCY FAILURES DETER CONFUSED FREIGHT INDUSTRY

Fear of cryptocurrencies and confusion over what blockchain really is are two key reasons holding the freight industry back from embracing the technology.

Blockchain infrastructure can make transactions more secure, faster and simpler.

But its link to cryptocurrencies, which is what it was originally developed for, has been a setback, as businesses confuse the recent failures of cryptocurrencies with blockchain.

"People still don't know the difference between blockchain and cryptocurrency," said Igor Jakomin, chief operating officer of CargoX.

"There is still a long way to go to convince people.

They want to be associated with blockchain but not actually to do it.

I think businesses don't understand.

They are listening to information about cryptocurrencies failing and that affects potential customers.

I tell them blockchain solutions have nothing to do with cryptocurrency – they can still use blockchain, but they don't understand."

CargoX has developed a smart bill of lading using blockchain infrastructure.

In the fourth quarter it also plans to introduce a blockchain-backed master bill of lading and telex release, while in the first quarter of next year it will launch a financial settlements solution using blockchain.

"If you are a user of CargoX you do not need to get involved in a cryptocurrency," he explained.

"Blockchain is an infrastructure.

The Bill of Lading (B/L) is a document, for which we have put the infrastructure on blockchain.

It's about transferring ownership of goods.

You do not need to be involved in cryptocurrency at all.

And some don't understand the real value of it.

Our B/L is much faster, cheaper and more secure than a courier service.

Our focus in development is to keep it simple."

CargoX claims that sending a bill of lading via a courier service takes between five and 10 days, and costs about $100.

By using blockchain, the time and cost is reduced.

"By sending tokens on the blockchain you can easily and securely change the ownership from Exporter to Importer which makes the Smart B/L tokens the perfect tool for claiming the ownership rights to the cargo," stated the company.

But fear of the new technology, added Mr Jakomin, will deter most businesses from using blockchain until at least 2020.

"The global market needs more time – 2020 is a more likely time for it to take off than 2019.

Our product is very easy to understand and integrate but still I think on a global scale next year will still be too soon."

CargoX is not alone in opting for a blockchain-based Bill of Lading.

Maersk and IBM announced a similar development via their TradeLens platform, while Israeli company Waves is set to launch its own solution.

Mr Jakomin said market penetration would help blockchain take off, and welcomed the competition.

"Competition is a good thing.

If you have the best product, you'll be market leader.

And it's growing every year.

All those companies which want to do something with blockchain are 100% convinced that it is the technology of the future.

And they will start convincing people to start using it.

They will turn non-blockchain believers to blockchain believers."

For companies which are still uncertain about whether they should embrace blockchain, PwC recommends asking six questions.

If 'yes' is the answer to at least four, then companies should consider using blockchain technology.

- Are multiple parties sharing data?
- Will multiple parties be updating data?
- Is there a requirement for verification?
- Is verification adding cost and complexity?
- Are interactions time sensitive?
- Will transactions by different users depend on each other?

PWC explained: "Use of blockchain should help to cut acquisition, management, documentation and compliance costs.

It should help new players enter the market and new markets to emerge, particularly in developing countries.

By simplifying use and increasing transparency, it will also help to improve customer satisfaction."

(from: theloadstar.co.uk, October 1st 2018)

ON THE CALENDAR

- 28/11/2018 – 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.