Centro Internazionale Studi Containers

Newsletter

December 31st 2018

Link road, rail, sea!

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STUDIES & RESEARCH

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PORTS AND TERMINALS

EU AGREES DIRECTIVE ON PORT RECEPTION FACILITIES TO PROCESS SHIP WASTE

The European Parliament and Council have reached a provisional agreement on a directive on port reception facilities for the delivery and processing of waste from ships.

This was based on a proposal by the European Commission in January 2018 as part of the European strategy to reduce plastic waste.

The directive sets measures, aiming to ensure that waste generated on ships or collected at sea is always returned to land, recycled and processed in ports.

Violeta Bulk, commissioner for mobility and transport, said: "Pollution is killing our oceans and urgent action is needed to reduce marine pollution and marine litter.

Shipping and ports play a central role in collecting waste generated from a sea going vessel.

Today's agreement is a further proof of the EU's determination to protect the oceans from pollution while fostering new and innovative business models to make our economy more circular and sustainable."

The new rules will enable a mix of incentive and enforcement measures such as a targeted inspection regime, supported by a digital reporting system, as well as cost recovery systems, based on an indirect fee that will give incentives for 'green ships' that demonstrate sustainable waste management on board.

The rapporteur, MEP Gesine Meissner, said: "Ships will not have any financial incentive anymore to dump garbage into the sea.

With the 100% indirect fee they will have to automatically pay a waste fee once they enter a port which allows them to deliver all the garbage on board.

We also made sure that the Commission will soon propose updated legislation on what cannot be discharged at sea which should make the enforcement of discharge bans more effective."

A statement from the European Commission earlier in 2018 noted that 20-40% of marine litter originates from sea-based sources.

With this in mind, the new directive hopes to protect the marine environment by reducing discharges of waste from ships; and to improve efficiency of maritime operations in ports by reducing the administrative burden.

According to the Commission, this will be achieved by seeking further alignment with the MARPOL Convention, which has introduced a stricter regime for garbage discharges and has also become more stringent over time in relation to other types of waste from ships.

(from: container-mag.com, December 14th 2018)

MARITIME TRANSPORT

SCRUBBER RETROFITS COULD REIN IN BOXSHIP CAPACITY

Scrubber retrofits ahead of the 2020 sulphur cap could give freight rates a temporary boost by restricting capacity next year, according to Drewry.

The London-based analyst firm says that although containerships fitted with exhaust scrubbing technology will be in the minority, numbers are on the rise.

This is despite the technology coming under fire, particularly so-called open loop scrubbers, which have been banned in some regions, including in Singapore.

If, however, the rising trend of scrubbers continues there is the potential for some supply-side disruption that could prove beneficial to carriers, Drewry says.

Depending on the size and type of vessel, a scrubber retrofit can take up to six weeks to undertake.

Time enough to impact slot availability, according to Drewry.

"New regulation is expected to reignite the demolitions market after a down year in 2018 by weeding out more of the older, more heavily polluting ships that will no longer be economic post-2020, but at a more macro-level a number of trades could see deployment numbers temporarily reduced next year as more ships are taken out of service for retrofitting," says Drewry.

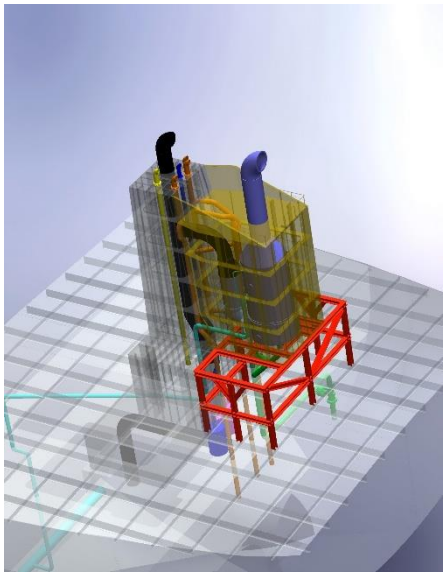
Following a slow start, scrubber adoption to comply with low-sulphur regulation has picked up gradually.

Mediterranean Shipping Co leads the way in vessel numbers with those earmarked for retrofits representing nearly half of the overall total, but Hyundai Merchant Marine, CMA CGM and Maersk Line too have announced plans to adopt the technology on at least some of its fleet.

The latest count shows 266 retrofitted containerships, representing an aggregate capacity of 2.2m teu, according to Drewry.

"While the scrubber fleet only represents 5% of the fleet in number, it accounts for twice that ratio in teu capacity due to the emphasis towards larger ships being retrofitted," it says.

"Moreover, scrubber penetration is much more significant in the orderbook, which combined with more anticipated retrofits in time will lift the ratio higher still."



On the major east-west trades, the penetration of scrubber-fitted ships is, as it stands, fairly low.

Drewry noted that on the Asia-Mediterranean trade only 17% of ships ran with scrubbers in November.

Meanwhile, on the transpacific this number was around 10% on the Asia-North America east coast trade and 9% on Asia-North America west coast services.

Scrubber-retrofitted vessels on the Asia-northern Europe trade were even lower, representing 5% of the overall fleet.

"This means there is plenty of scope for those ships to be pulled from active duty next year to get retrofitted, which unless replaced will reduce overall utilisation and aid spot market freight rate inflation," Drewry says.

The impact on the spot market will however depend on the extent of the retrofit wave, and how lines manage the process alongside void sailing programmes or if it will effectively replace it altogether, according to Drewry.

(from: lloydsloadinglist.com, December 18th 2018)

RAIL TRANSPORT

RAIL FREIGHT FORWARD COALITION SIGNED IN KATOWICE

Today, on Friday, 14 December, the Rail Freight Forward coalition is launched in Katowice, Poland.

This is a coalition of European rail freight companies committed to reducing the negative impact of freight transport on the planet.

The key objective is a modal share of 30 per cent for rail by 2030.

They call it the more intelligent transport mix.

Rail is the most carbon-efficient motorised way to travel: CO2 emissions from rail account for less than 3 per cent of CO2 emissions from transport although it carries 17 per cent of inland freight and 8 per cent of passengers in Europe, according to European Railway and Infrastructure Companies (CER), a coalition member.

Despite such facts, rail transport accounts for 18 per cent of the freight transport market.

30 per cent

By 2030 this share should be almost doubled, the parties believe. According to the European Commission's 2011 White Paper on Transport, it should be possible to shift more than 30 per cent of road freight over 300 kilometres to other modes, such as rail or waterborne transport, by 2030.

The Rail Freight Forward Coalition signs the Rail Freight Vision 2030 and its manifesto today, thereby emphasising the objective.

To mark their climate commitment, the coalition will also launch Noah's Train, the world's longest transformative mobile artwork.

Designed by prominent European street artists and inspired by the old tale, it symbolises the hope rail freight brings to our common future.

The train stops in Vienna on 14 January, in Berlin on 24 January, in Paris on 5 February and in Brussels on 20 February.

Cooperation

Strong cooperation within the sector is key to unlocking rail's potential and securing its place as the best solution for reducing harmful emissions, decongesting Europe's roads and providing the efficient and competitive services sought by customers, pointed out ERFA, another coalition member.

The lobby organisation points out that further work needs to be done to ensure much-needed support from infrastructure managers so that rail can compete successfully with other modes of transport for customers.

Infrastructure managers

According to ERFA president Lindsay Durham governments must support infrastructure managers by putting in place incentives to deal with recurring problems on the network, which lead to service delays/ cancellations.

"Unless responsibility is attributed for trying to prevent and resolve recurring disturbances to the rail network, such as falling trees on the track, suicides and maintenance-relate problems, rail will be unable to seriously address its quality problem."

Moreover, she calls for a more standardised infrastructure, e.g a standard gauge to transport standard containers, so that unit costs can be reduced, enabling a more competitive price.

"If infrastructure is not fit for purpose, then it is the railway undertakings who suffer the inefficiencies."

Competitive market

An improved framework is also needed for delivering competition within rail, the organisation claims.

"Competition drives innovation, investment, efficiency and new ideas.

A large part of the policy framework has already been put in place, but not yet is there an open and competitive market in all countries.

We would therefore support evolution of the existing rail packages to ensure that there really is absolute clarity and no hiding place for discrimination."

Rail Freight Forward is composed of rail freight operators supported by CER, ERFA, UIC and VDV.

Current members of the Rail Freight Forward coalition are BLS Cargo, CD Cargo, CFL Multimodal, DB Cargo, GreenCargo, Lineas, LTE Group, Mercitalia, Ost-West Logistik, PKP Cargo, Rail Cargo Group, SBB Cargo, SNCF Logistics, ZSSK Cargo.

(from: railpage.com, December 14th 2018)

ROAD TRANSPORT

TRUCK MAKERS TONE DOWN CRITICISM OF EUROPE'S CO2 REGULATION

Under pressure from regulators, truck makers have softened their criticism of Europe's first-ever regulation on CO2 emissions from heavy-duty vehicles, focusing their comments on the lack of recharging infrastructure in cities and motorways.

A change of tone was perceptible last Friday (7 December) when the European Automobile Association (ACEA) briefed journalists about the industry's position on CO2 emissions standards for trucks.

"We are concerned that there is a general misperception that the industry is in opposition to the introduction of CO2 emission standards for our sector," said Joachim Drees, the CEO of MAN Truck & Bus who chairs ACEA's commercial vehicle board of directors.

"Let's be absolutely clear – we are not fighting against the regulation, we are committed to reducing CO2 emissions.

What we are fighting for is a balanced regulation," Drees said.

Less than a month ago (on Wednesday 14 November), members of the European Parliament voted to beef up a draft EU regulation aimed at cutting CO2 emissions from heavy-duty vehicles, going beyond what the European Commission had originally proposed.

Truck makers reacted furiously.

In a statement, ACEA said it was "alarmed by the excessively aggressive CO2 reduction target" voted by Parliament and blamed MEPs for "blatantly ignoring the fact that the potential for electrifying the truck fleet is far lower than for cars".

On Friday, the tone was more cordial.

Truck makers seem ready to accept that electrification will probably happen faster than originally foreseen.

ACEA's comments are now focused more on developing the necessary recharging infrastructure – in cities and motorways.

"To meet the CO2 targets, an extremely high proportion of medium-sized urban delivery vehicles will have to be zero emission in a few years," Drees pointed out, confirming a trend that has already become visible in the industry.

However, ACEA stressed that electrification will take more time for long-distance road transport.

"While using electric power for a delivery truck operating in urban environments can make sense, a scenario where electric power is the right choice for a 14-tonne truck operating between Spain and Poland is much less likely in the mid-term or even in the long-term," Drees said, pointing to the specific needs of trucks when it comes to recharging infrastructure.

Indeed, "it would take days to recharge" a heavy-duty electric truck on the same infrastructure used by cars, he pointed out, saying "recharging infrastructure suitable for trucks is simply not available today".

More room is also required alongside motorways, Drees added, saying "overfilled parking lots" are already a problem alongside motorways at night.

"Now you have to consider this also in connection with recharging infrastructure," he said.

And in urban logistics, fleet owners will have to make charging points available on their premises, Drees pointed out, saying this will add to cost pressure on operators.

All of these challenges will have to be addressed without losing sight of the industry's needs, Drees underlined.

"Our customers need to make money with trucks.

They are not lifestyle products," he warned.

That said, the industry has not been standing idle.

Manufacturers have done "a lot of work with infrastructure providers" to better understand the needs of the road transport sector, Drees said.

For city deliveries, "we have invested in people who are consulting our customers" about their recharging infrastructure requirements.

Electric trucks will come – and fast.

More and more studies show that they are not only feasible to build, but also profitable to operate.

And zero emission trucks will be needed to meet the Paris climate goals, write Stef Cornelis and Thomas Earl.

Electricity "will dominate": Lord Adair Turner

While electrification remains a challenge for long-distance haulage, the direction of travel is becoming clearer – at least for policymakers.

In November, the European Commission published a long-term climate strategy for 2050, which put electrification at the centre of the sector's decarbonisation efforts.

Much of the EU's hopes rest on rapid advances on battery and fuel cell developments, which "need to be complemented by strong action to accelerate the roll-out of appropriate recharging and refuelling infrastructure," the Commission said in its 2050 climate strategy.

For long-haul transport, electrification can also take place via catenary lines and pantograph systems, such as in rail, tram, and metro systems "or possibly through road electrification," the Commission noted.

But some argue that the Commission may have been overly cautious in its assumptions.

"We are probably more optimistic than the Commission that battery-electric vehicles in trucks may extend their dominance to long distance haulage," said Lord Adair Turner, a former boss of the Confederation of British Industry (CBI) who was chairman of the 2008 UK Committee on Climate Change.

According to Turner, the electrical drivetrain has a "huge advantage" over the internal combustion engine (ICE) when it comes to efficient use of energy.

And that advantage applies to heavy-duty long-distance transport as well, he said.

"With an internal combustion engine, 70-80% of the energy is disappearing in heat, and only 20-30% of the energy is kinetic energy going in the wheels.

However efficient they make the engine, it will always be the case that energy is lost," he told EURACTIV in a phone interview.

"Whereas with an electric engine, around 90-95% ends up as kinetic energy.

And that inherent, fundamental advantage of electric engines in terms of thermodynamics, we think, means they will dominate the trucking arena," he said.

Lord Adair Turner is currently chairman of the Energy Transitions Commission (ETC), a diverse group of leaders from the public, private and social sectors, which includes several CEOs or senior executives from multinationals like PB, Shell, Engie, and Tata.

In a recent report, called Mission Possible, the ETC said electrification and hydrogen were the main avenues for heavy-duty transport in the long run.

"We think the engines will go electric," Turner told EURACTIV.

"Urban buses can go electric.

China is now committed to having all its one million urban buses electric by 2025.

Cities like Shenzhen are already all-electric.

Wonder around Shanghai and Beijing, you'll see electric buses all over the place.

I think buses are going to go electric faster than people think.

The ETC can certainly see "a major role" for hydrogen in long-distance trucks and on railway networks which have not yet been electrified", Turner said.

There, "it may make sense to go for hydrogen rather than take the capital cost of electrifying the less-utilised rail lines.

Long-distance freight railways, we can also easily see a shift to hydrogen," he said.

"But as for the balance between short and long-distance between battery electric and hydrogen fuel cell electric, let the market decide.

We can certainly see a role for both."

On the other hand, Turner was dismissive about the potential of gas for trucking.

"Gas is only a partial solution, it's a stop-gap.

If you look at our Mission Possible report, we can see a role for the gas route in trucks, but it's not a fundamental role."

(from: euractiv.com, December 11th 2018)

INTERMODAL TRANSPORT

MULTIMODAL SUSTAINABLE TRANSPORT: WHICH ROLE FOR THE INTERNALISATION OF EXTERNAL COSTS?

The following article presents the preliminary results of the study: "*Sustainable transport infrastructure charging and internalisation of transport externalities*" elaborated by the European Commission.

Background and purpose of the study

The issue of internalising the external costs of transport, e.g. via appropriate pricing, has been on the agenda for a long time.

The Commission has committed to this principle for instance in the 2011 White Paper[1]; and there is large agreement amongst transport economists on the merits of this concept.

While many studies have been carried out and also individual initiatives have been taken forward on this basis, notably on road pricing in the Eurovignette Directive, a comprehensive up-to-date overview of the external effects compared with internalisation measures of different transport modes has been missing.

A systematic analysis of transport infrastructure costs is also not available.

This is why the European Commission services have decided in 2017 to try and establish in a comprehensive way the underlying facts and figures, with a view to inform future policy debates.

The purpose of this work is to provide a comprehensive, up-to-date overview of the state of play regarding the "user pays" and "polluter pays" principles.

We do this by assessing the external and infrastructure costs of different transport modes and comparing them with the taxes and charges paid by transport users.

This study covers all transport modes in the EU's 28 Member States and other advanced economies, differentiating passenger and freight.

[1] Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system [COM(2011) 144].

From a methodological perspective, this high ambition implies the need to make various important assumptions, in particular where reliable data is missing[2].

Notwithstanding the methodological challenges, external costs are real costs related to non-market items (lives, health, air quality, time, etc.).

Somebody ultimately bears them and ideally it should be the one producing them as 'polluter' or 'user'.

Therefore, it is important to regularly estimate these costs also in monetary terms, with the best methodologies and data available.

Preliminary insights

The preliminary results allow for first tentative yet important insights: the overall size of transport external costs is estimated at around 1.000 billion euro annually.

To put this in context, this corresponds to almost 7% of EU28 GDP.

These include external costs related to accidents, environment (air pollution, climate change, the costs related to energy production, i.e. the well-to-tank emissions, noise, habitat damage) and, only for road, congestion costs of more than 250 billion euro[3].

Infrastructure costs are not included in this figure[4].

These external costs are a quantification in monetary terms of non-market items, merely expressed as % of GDP for an idea of their size.

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[2] 2 The complete methodology, together with assumptions and input data will be presented in the report, together with an assessment of the robustness of the figures and a comparison with previous studies.

The estimation of external costs draws on a number of sources (such as Eurostat, European Commission's "EU transport in Figures", Intergovernmental Panel on Climate Change, Organisation for Economic Co-operation and Development, International Energy Agency, European Environment Agency, World Health Organization, Joint Research Centre, etc.) and on the most recent scientific literature available.

The methodology was also discussed with external experts in a workshop organised by the Commission.

[3] 3 A significant part of the total external cost of congestion is already internalised by the willingness of the users to travel in congested situation.

[4] 4 For road, rail and inland waterway transport, the total infrastructure costs in the EU28 amount to more than € 250 billion for 2016.

The main part of these costs are caused by passenger cars and heavy goods vehicles.

As for aviation and maritime transport, infrastructure costs are estimated for a selection of (air)ports, no total infrastructure costs figures at the EU28 level are provided.

Therefore they cannot, for instance, be compared to the share of transport in the economy.

The level of external costs is significantly higher than previously quantified for most categories.

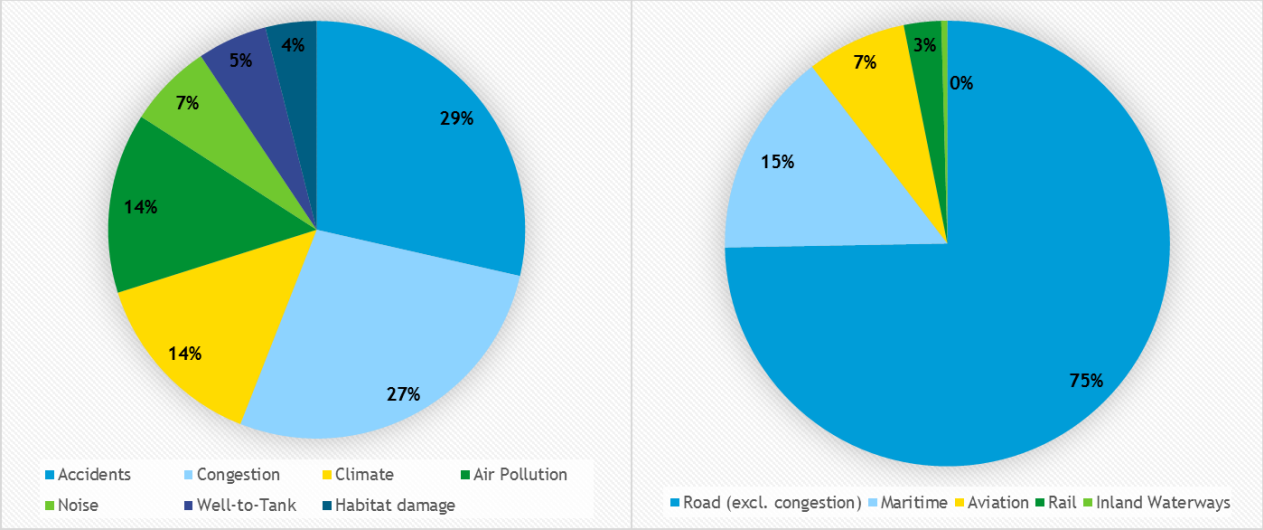
This is partly due to an increase of the real external effects, but also reflects a different, updated methodology — new research results have been taken into account, and other developments such as the real life emissions have also been reflected.

Figure 1 below shows that environmental costs represent almost 50% of the external costs of transport.

In absolute terms, road causes more than three quarters of the transport external costs.

The high share of road transport activity compared to other modes contributes to this outcome.

Figure 1 – External costs by cost category and by transport mode for EU28 in 2016[5]



[5] For aviation and maritime the study collected information for a number of specific ports and airports and not for the whole EU.

This graph scales up the costs for the selected ports and airports therefore assuming that the traffic to and from them are representative of the EU traffic.

Furthermore, for some cost categories the figures are depending on local conditions and therefore cannot be scaled up.

The right-hand side figure excludes congestion costs as these have been assessed only for the road modes.

Figure 2 shows that the prevalent type of cost varies by mode.

Environmental costs (respectively air pollution and climate change) represent the lion's share in maritime and aviation.

In road transport, environmental, accidents and congestion costs are of similar magnitudes (the latter is not shown in Figure 2 as it was estimated only for road modes).

The external cost of rail transport and inland waterways are much smaller.

Figure 2 - Total external costs per transport mode for EU28 in 2016[6]

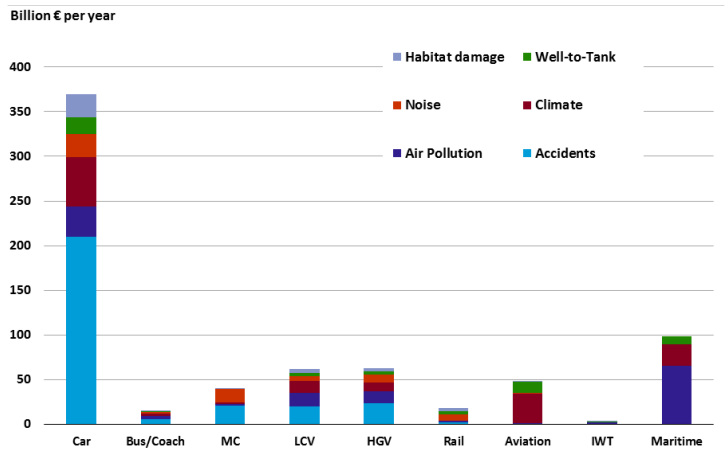
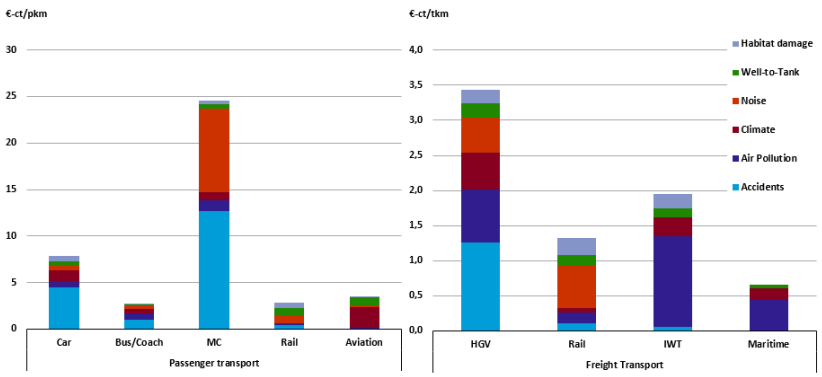


Figure 3 shows that in relative terms (per passenger-km and tonne-km) the picture is more nuanced but confirms that the road, except for busses and coaches, creates the highest average external costs for both passenger and freight transport.

Figure 3 - Average external costs per mode for EU28 in 2016



Comparing infrastructure and external costs with taxes and charges paid by transport users, Figure 4 shows that users and polluters do not fully pay the

[6] 6 MC: Motorcycles; LCV: Light Commercial Vehicles; HGV: Heavy Goods Vehicles; IWT: Inland Waterway Transport

total costs (external and infrastructure) that they are responsible for and this is true for all transport modes.

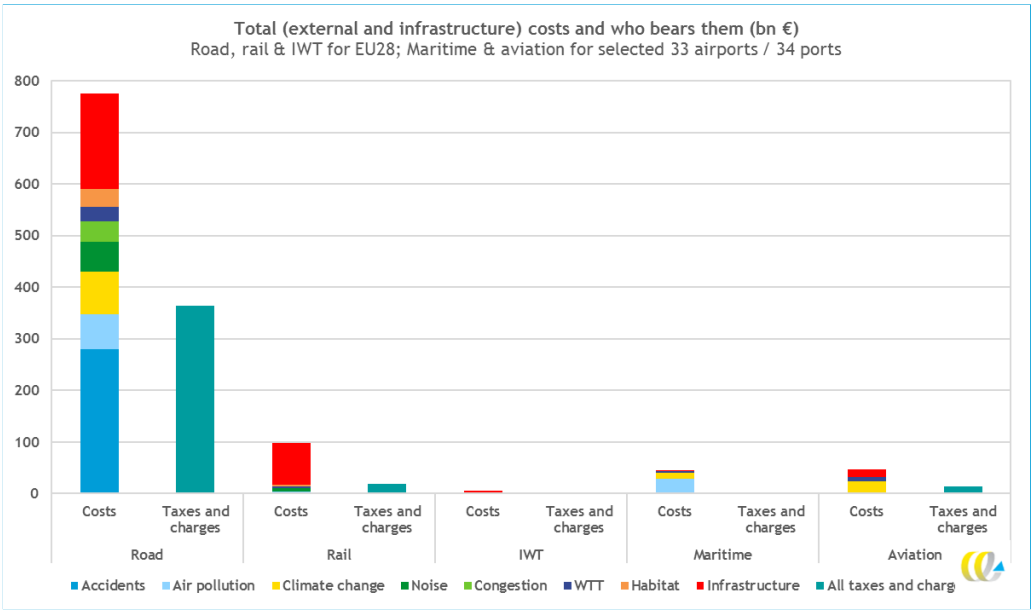
Road users pay for a bigger share of their total costs than rail users, but rail users pay for a bigger share of their external costs.

The burden paid by aviation roughly covers the infrastructure costs, but only a small amount of the environmental costs.

Waterborne transport users pay the smallest share of their total costs compared to users of other modes.

That means that, for the time being, it is the "society pays" rather than the "user pays" and "polluter pays" principles that is implemented in the EU.

Figure 4 - Comparison between total costs (external and infrastructure) and total taxes and charges[7]



One of the main principles behind the internalisation of external costs is that the final price paid by users should be close to the so-called social marginal costs.

The price for a transport service should then cover the marginal cost of externalities and the marginal infrastructure costs.

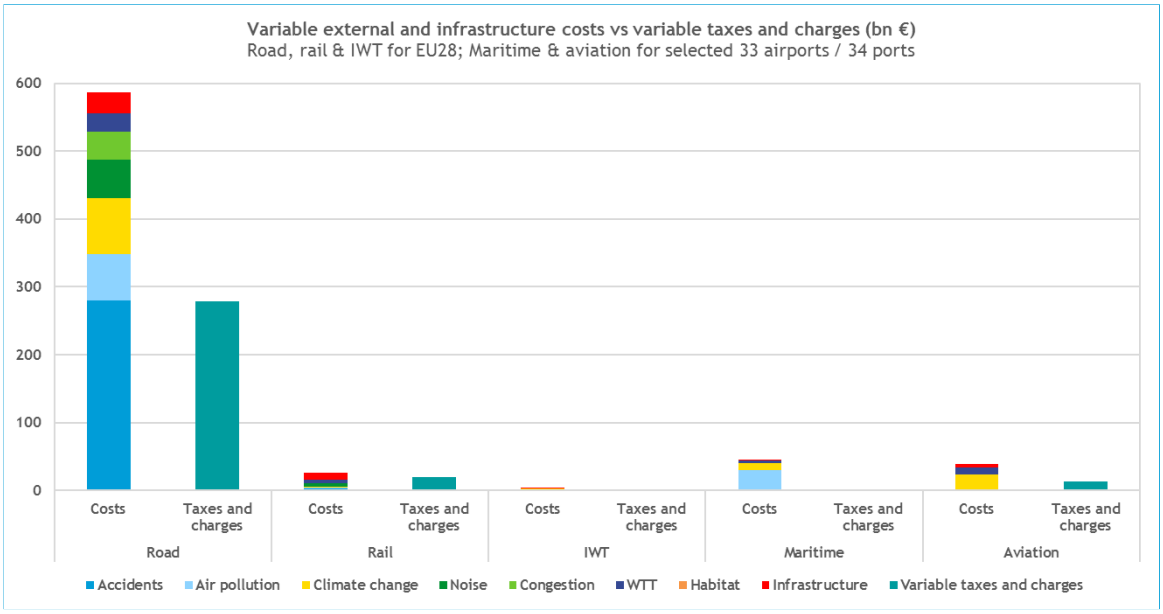
[7] 7 Figure 1 and 4 cannot be compared as different methodologies are used to calculate the congestion costs.

The one used in Figure 1 (left-hand side) is more in line with the methodology to estimate the other external costs and is used to calculate the overall external cost of transport.

The one used for Figure 4 is more relevant for comparison to taxes and charges and is roughly 6 times smaller than the former.

Given that the marginal infrastructure costs are not affected by the relatively high fixed costs of rail infrastructure, Figure 5 shows a slightly different picture: users and polluters still do not fully pay the (marginal) costs that they are responsible for, but the rail users pay for a higher share then road users.

Figure 5 - Comparison between variable costs (external and infrastructure) and variable taxes and charges



The final study report will provide a large number of indicators to illustrate these points, as described in the following section.

A breakdown by Member State will be available.

Next steps

The outstanding building blocks of the study will look into exploiting the data collected analytically so as to establish:

1. to what extent revenues from infrastructure charges cover expenditure on: a) maintenance, and b) maintenance and capital costs together?;

2. who bears the costs (public sector, the general public, transport users) per mode and how the users of different modes compare in terms of compliance with the 'polluter pays' and 'user pays' principles?;

3. what is the potential for further internalisation?

4. how internalisation measures are deployed in countries as part of a wider policy toolbox aimed at more sustainable transport (e.g. subsidies/incentives which complement road tolls)?

This will also include cross-country and cross-mode comparisons based on taxation and incentives.

Notwithstanding the methodological challenges, the findings of this study, once completed, will be an important input for forthcoming debates on the future of EU transport policies.

(from: transportenvirenment.org/europa.eu, December 17th 2018)

INLAND RIVER TRANSPORT

TWO-WAY NAVIGATION THE LENGTH OF THE ELBE FAIRWAY

The Port of Hamburg reports that a crucial "pinchpoint" along the Elbe fairway will be widened in 2019, with completion scheduled for the end of the year.

The project is part of the fairway adjustment of the Lower and Outer Elbe, which finally got the go-ahead less than two months ago and is due for completion in the summer of 2021.

With an extra 1m controlling depth, it is estimated that large containerships will be able to arrive at and leave the port with an extra 1,300 TEU on board.

Meanwhile, pending completion of the whole project in 2021, as part of it the fairway between Störbogen and Wedel will be widened by 20m to 385m next year.

A "passing box" will then be created on the 7 kms long stretch between Wedel and Wittenbergen.

This will bring to an end the 'one-way traffic' for ships with a combined width of more than 90m.

The arithmetic, says Hamburg Port Authority (HPA), suggests that 2,800 ultra-large ships could then reach the port - more than twice as many as today.

To be prepared for further developments in ship sizes, HPA and the pilots are working together with shipping companies on simulation studies, for example to research the manoeuvring capacities for 23,000 TEU containerships.

In the course of these studies, calls by these ships in the port will be re-created in the simulator.

Since 2015, HVCC (Hamburg Vessel Coordination Center), has worked to optimise passage for vessels defined as "extraordinarily large ships" (AGF in German) - containerships, bulk carriers and cruise ships.

AGFs are defined by HPA as vessels that are more than 300m long and 45m wide.

The number of calls by AGFs has risen steadily from 600 in 2008 to 1000 this year, despite the numerous restrictions along the 120-kms stretch of the River Elbe between the estuary and the port boundary, which must be exactly observed.

Set up by Eurogate and HHLA, HVCC undertakes not only the operational coordination of arrival and departure planning for mega-ships, but also - as the Feeder Logistics Centre (FLZ) - rotation planning, arrival control and stowage planning for feederships and inland waterway craft in the Port of Hamburg.

In 2017, HVCC served more than 3,000 vessels calling or leaving Hamburg.

(from: worldcargonews.com, December 17th 2018)

INDUSTRY

CONTAINER SHIPPING INDUSTRY CALLS FOR FIVE-YEAR EXTENSION TO BLOCK EXEMPTION REGULATION

Container liner industry groups today called for the European Commission to renew the block exemption regulation that covers shipping services for a further five years.

The current exemption, which allows carriers to operate as consortia in trades serving the EU and was introduced when the EC banned the liner conference system, is set to expire on 25 April 2020.

Earlier this year, a report from the OECD-funded International Transport Forum concluded that the consolidation of alliances into three major groupings had reduced shipper choice and service levels, while suppliers to the carriers – such as ports, feeder operators and hauliers – have been left vulnerable to the bigger buying power of alliances.

But in a joint submission to the EC today, the World Shipping Council (WSC), International Chamber of Shipping (ICS), the European Community Shipowners' Association (ECSA), and the Asian Shipowners' Association (ASA) argued that the block exemption had made the industry more stable and pointed to the fact that freight rates had declined considerably while it has been in force.

Martin Dorsman, secretary General of ECSA, said: "A lot has changed in our industry in the past five years, but the fact is that there is still fierce competition among carriers.

The purely operational agreements covered by the BER [block exemption regulation] foster competition by lowering barriers to entry and enabling carriers to compete on more routes."

A key point for the regulation's critics is that when it was last renewed in 2014, the EC adjusted its market share criteria, judging that any single consortium should not have more than a 30% market share on any given trade, which has increasingly come into focus with the consolidation of the deep-sea alliances into three major groupings.

The 85-page submission to the EC argued that while attention has generally focused on the three east-west alliances which dominate the Asia-Europe and transatlantic trades, the scope of the BER covered far more.

"Alliances, which have existed for over two decades, are still vastly outnumbered by the number of non-alliance services in EU international trades: it is estimated that there are 61 vessel-sharing arrangements outside the big three alliances and at least an additional 57 services with slot agreements with third parties in place.

Virtually all of those smaller vessel-sharing arrangements are within the strict market share boundaries of the BER safe harbour, and are properly viewed as presenting minimal risk to competition," the submission says.

John Butler, WSC president and chief executive, added: "The bottom line is that the BER has worked very well for almost 25 years.

It sets out clear rules that can be practically applied without the need for extensive legal analysis.

This means that carriers can focus on seeking the most efficient transportation solutions without the cost and delay associated with legal self-assessment for these routine operational arrangements."

And with the IMO's 2020 low-sulphur regulations looming larger by the day, as well as the grander 50% reduction in greenhouse gas emissions target by 2050, the submission also argued that vessel-sharing would be key to carriers meeting the new requirements.

ICS secretary general Guy Platten explained: "A factor that is new in this review of the BER is the fact that the IMO has now set concrete goals for greenhouse gas emissions reductions for the international shipping industry.

We will need to use every available tool to increase efficiency, and the BER supports vessel-sharing that is a key tool for the liner sector to reduce its fuel burn and therefore reduce its emissions."

(from: theloadstar.co.uk, December 20th 2018)

LAW & REGULATION

POLITICIANS COULD FACE BACKLASH WHEN IMO 2020 EFFECTS HIT CONSUMERS

If the threat of higher diesel taxes was enough to cause riots on the streets of Paris, then the impact of an obscure new rule forcing shipping companies to use cleaner fuels in commercial vessels has the potential to turn the "gilets jaunes" movement apoplectic with rage unless policymakers wake up to the danger.

In just over a year, the International Maritime Organization, based in London on the banks of the Thames, will introduce radical new guidelines forcing shippers around the world to stop using dirty fuel oil and instead shift to low-sulfur marine diesel to help clean up the environment.

However, the impact of the change will reverberate far beyond the world's merchant fleets on the high seas.

Demand for transport diesel is expected to surge as a consequence of the rules known as IMO 2020, while supply remains constrained by the ability of refiners to adapt quickly enough.

According to the International Energy Agency, bulk wholesale prices for diesel could increase by up to 30% as ship operators scramble for supplies of cleaner marine fuels in order to comply and avoid potential penalties.

Meanwhile, S&P Global Platts Analytics forecasts the shift could add $7 to the cost of a barrel of crude in 2020.

"If the market is right, we are probably set for considerable price volatility in 2020," warned Bjarne Schieldrop, chief commodities analyst at SEB, in a recent research note on IMO 2020.

The increasingly interconnected nature of commodity markets means this volatility will reverberate far beyond the trading screens of oil brokers and into household budgets.

Unless governments cut fuel taxes then motorists – especially in Europe where diesel cars still account for 45% of new purchases – could be hit hard in their pockets when they go to fill up at the pumps.

The introduction of IMO 2020 rules on the seas could also be a final nail in the coffin of the diesel car on the roads, after sales already took a hit following the Volkswagen emissions scandal that has shaken consumer confidence in the once-favored engine technology.

But the economic ramifications of the change will be even more profound.

The total economic cost of IMO 2020 may even reach $1 trillion over five years, according to S&P Global Platts Analytics.

Shipping companies operating the world's commercial fleet of about 80,000 vessels will inevitably pass on the higher fuel costs for using 0.5% low-sulfur diesel, or installing gigantic devices called 'scrubbers' to clean up engine emissions, to consumers.

Each scrubber – which works by stripping the sulfur out of fuel – costs between $2 million and $6 million to install.

With shipping accounting for the carriage of about 90% of the world's trade, the inflationary risks arising from the introduction of IMO 2020 are going unnoticed.

Policymakers are for the most part oblivious to the danger despite the increasing number of warnings coming from the energy and shipping industries about the issue.

"This issue is flying under the radar for most politicians at the moment," said Richard Joswick, head of oil pricing and trade flow analytics at S&P Global Platts, speaking this week at the Middle East Executive Petroleum Conference in Dubai.

"Most people don't know what fuel oil is but if costs rise for consumers because of IMO 2020 it will get a lot of attention."

Environmentalists argue the introduction of tougher regulations are long overdue.

Merchant shipping is among the world's dirtiest industries, spewing out CO2 emissions on a frightening scale even for the most hardnosed climate change deniers.

According to European Union figures, maritime transport disgorges 1 billion tonnes of CO2 annually and unless this is addressed the industry's emissions are expected to increase by up to 250% by 2050.

But the IMO is determined to do its bit to save the planet and prevent a climate change apocalypse from happening.

By forcing shippers to clean up their act, its strategy aims for greenhouse gas emissions to reach their peak soon and then fall by at least 50% from levels recorded in 2008 over the next 30 years.

However, given the growing needs of a rising global population, meeting this goal will be tough and will require zero-emissions vessels to come into service on a commercial scale by the end of the next decade.

Of course, fuel oil – used to power the world's ships ever since the Royal Navy turned its back on coal in 1912 – won't completely disappear overnight.

Some 18 billion barrels' worth of fuel oil derivatives related to Platts price assessments are traded on exchanges every year.

Significant questions also remain unanswered about how the IMO can enforce its new regulations.

Although the major international commercial ship operators can be relied upon to comply, implementation among smaller fleets will be harder to monitor.

US President Donald Trump could also set IMO 2020 off course.

Trump has made demanding OPEC delivers lower oil prices to protect US consumers a personal quest.

A critic of global efforts to address climate change, he may also cause problems if fuel costs and inflation in the world's largest economy rise as a consequence of the IMO's policies.

Although forcing cargo vessels to use cleaner fuels may help save the environment, it represents potentially another global economic risk policymakers would be wise not to ignore much longer.

(from: hellenicshippingnews.com, December 18th 2018)

PROGRESS & TECHNOLOGY

TOP 10 SHIPS OF 2018: #1 - DIAMOND GAS ORCHID

Mitsubishi Shipbuilding Co., Ltd. (MHIMSB) delivered the first Sayaringo STaGE type liquefied natural gas (LNG) carrier, named Diamond Gas Orchid in June, 2018.

The Sayaringo STaGE, which was developed based on MHIMSB's cutting-edge technology, has a continuous cover over the cargo tanks, a feature inherited from its predecessor the "Sayaendo", and while keeping this merit, incorporates apple-shaped MOSS-type cargo tanks and a twin-shaft hybrid propulsion system "STaGE" plant, enhancing economic efficiency, environment friendliness, and versatility.

The Sayaringo STaGE was developed by enhancing the highly regarded Sayaendo LNG carrier, which was also developed and built by MHIMSB.

Sayaendo retains the reliable configuration and sloshing resistance of spherical cargo tanks, while integrating a continuous tank cover to improve the carrier's overall structural efficiency, thus achieving a lightweight and compact design.

Diamond Gas Orchid is designed with a maximum 165,000 cu. m. of storage capacity, or 6.2% more than its typical Sayaendo predecessors.

As the design is flexible, MHI says it is possible to achieve a capacity near 180,000 cu. m. without exceeding the ship-size limitations of the Panama Canal's new locks.

The Sayaendo was named after sayaendo (podded peas) because its (pea)-like spherical tanks are covered with a continuous saya (legume)-like cover.

On the other hand, the Sayaringo STaGE also has a continuous cover over the tanks.

The reason for the naming is the upper semi-sphere of the tanks is larger than the lower semi-sphere, and the swelling shape of the tank seems like a ringo (apple) in the saya (legume)-like cover.

Other inherited advantages are the lightweight hull, low-wind resistance, and good maintainability.

By combining the inherited features with the newly adopted propulsion system concept "STaGE," the Sayaringo STaGE dramatically enhances its fuel efficiency.

The Sayaringo STaGE aims to ship LNG from North American shale gas deposits, which have recently been in the news regarding expansion of LNG resources, to Japan.

The apple-shaped LNG tanks are based on a highly reliable MOSS-type tank with extensive track records.

MHIMSB improved the MOSS-type tank into an apple-like shape to increase the volumetric efficiency and maximize the cargo capacity along with meeting the New Panamax limits on dimensions.

Built in Japan at Mitsubishi Shipbuilding, Diamond Gas Orchid graces the cover of the December 2018 "Great Ships" edition of Maritime Reporter & Engineering News.

The ordinary tank consists of semi-spheres and a cylinder, and the apple-shaped tank consists of a donut-shaped torus as well as semi-spheres and a cylinder.

Because of the lower height, the center of gravity of the apple-shaped tank is at a lower position than the ordinary one despite the same volumetric capacity.

STaGE is an abbreviation for Steam Turbine and Gas Engine, and is a hybrid propulsion plant that consists of an ultra-steam turbine (UST) plant on the port side and a combination of a dual-fuel diesel engine (DFE) and an electric propulsion motor (PEM), DFE-PEM plant, on the starboard side.

The exhaust-gas and jacket waste heat from the DFE are recovered to heat the feedwater going toward the UST plant, achieving significant improvement in fuel efficiency.

In the UST plant, the heated feedwater flows to the boiler to generate steam to be used to drive the turbine.

The electricity generated by the DFEs drives the PEM.

Ordinarily, a huge amount of waste heat from DFEs is dumped into the exhaust-gas and jacket cooling water.

But the STaGE plant uses the waste heat to heat the boiler feedwater, enhancing the plant's total efficiency.

The waste heat from the DFEs is also recycled to generate auxiliary steam as well as the drive steam for the main turbine, also enhancing total efficiency.

As such, the STaGE plant achieves significant efficiency enhancement by combining two different propulsion engines and by optimizing the waste heat energy.

Main particulars:

Yard: Mitsubishi Shipbuilding Co., Ltd. (MHIMSB)
Type: LNG Carrier, Sayaringo STaGE type
Name: Diamond Gas Orchid
Owner: Diamond LNG Shipping 1, Pte. Ltd.
Operator: NYK
Classification: American Bureau of Shipping
Length (OA): 293.5 m
Breadth: 48.94 m
Depth: 27 m
Draft: 11.05 m
Speed: 19.5 Knots
Propulsion: main engines MHI Ultra Steam Turbine plant x 1 unit, electric propulsion Motor x 1 unit

(from: marinelink.com, December 18th 2018)

STUDIES & RESEARCH

ALPHALINER QUESTIONS INSTANT BOX BOOKING RATIONALE

CMA CGM's decision to offer instant online bookings has led some analysts to recall the fate of a previous attempt to create a similar platform more than a decade ago.

CMA CGM announced a pilot agreement earlier this month to sell container slots on east-west services directly to shippers on freight marketplace Freightos.

The agreement allows for online bookings, guaranteed pricing and secured capacity on the Marseille-based line's China-US services, with plans in place to roll out the new product on other trades, including Asia.

This follows similar moves by its European counterparts, Maersk Line and Hapag-Lloyd, which have both launched their own instant online freight offers in recent months.

All three lines have credited their respective platforms as a significant stride forward for container shipping, effectively allowing box booking to be as easy as booking a flight.

But this premium offer for customers is not entirely new, according to Alphaliner.

In 2008, Maersk Line launched a similar product, called Youship.

It granted customers guaranteed vessel space and instant shipping confirmation.

Upon payment, the freight rate was listed online.

"The Maersk initiative was one of the first attempts at taking container shipping into the digital era," said Alphaliner.

"Aimed at simplifying shipments for small businesses, it was marketed as 'making container shipping just as easy as ordering airline tickets, books, car rentals or takeaway food online'."

Despite claims from the Danish line that the product was a success, it pulled the plug on its online booking portal just over 18 months later after its inception.

It was abandoned in October 2009.

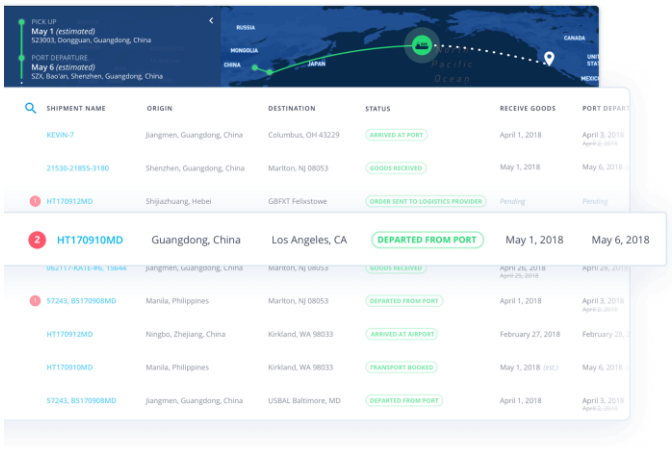
"Maersk said at the time that the service could work only 'when shipping capacity was constrained'," said Alphainer.

"Although Maersk stated that the service was 'temporarily on hold', the initiative was never revived."

If carriers' latest online platforms are not to follow a similar fate, Alphaliner stresses that several key characteristics of the container shipping market must be overcome.

First, is how smaller and occasional shippers, for which these online platforms cater, make up only a small percentage of the market — no more than 5%, on the 'high-volume trade lanes', such as the transpacific and Asia-Europe.

Alphaliner also highlighted how freight rates on such public pricing platforms are often higher than market levels, since carriers will charge a premium for guaranteed space and the smaller volumes involved.



Furthermore, there is also the danger that shippers could use freight rates on these platforms as leverage to negotiate a better rate with competitors.

"As Maersk succinctly pointed out back in 2009, online pricing platforms are attractive when there are capacity constraints on trade lanes which would make it difficult for small shippers to secure attractive rates and space guarantees," said Alphaliner.

The issue is when space constraints are no longer apparent, as it would be difficult to justify rate premiums.

For CMA CGM, the litmus test for its Freightos offering will be when utilisation levels on the transpacific fall.

This scenario looks increasingly likely in the new year with volumes expected to slow after the unprecedented volume spike because of cargo frontloading ahead of proposed tariffs.

"Several online freight platforms introduced in the past few years to cater for container shipments all failed to take off, and transacted volumes never grew beyond a very small scale," said Alphaliner.

"It remains to be seen if a platform that offers instant online container freight rate quotations, together with the promise of guaranteed pricing and secured space, will fare better this time."

(from: lloydsloadinglist.com, December 13th 2018)

ON THE CALENDAR

- 28/01/2019 – 31/01/2019 Kuwait City 16th Trans Middle East 2019
- 19/02/2019 – 21/02/2019 Manila 10th Philippine Ports and Shipping 2019
- 19/03/2019 – 21/03/2019 Mombasa 21st Intermodal Africa 2019
- 14/05/2019 – 16/05/2019 Aktau 1st Caspian Ports and Shipping 2019
- 25/06/2019 – 27/06/2019 Casablanca 7th Mediterranean Ports and Shipping 2019
- 09/07/2019 – 11/07/2019 Constanta 8th Black Sea Ports and Shipping 2019
- 10/09/2019 – 12/09/2019 Phnom Penh 17th ASEAN Ports and Shipping 2019
- 22/10/2019 – 24/10/2019 Polonia 3rd Baltic Ports and Shipping 2019
- 26/11/2019 – 28/11/2019 Douala 22nd 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.