Centro Internazionale Studi Containers

Newsletter

July 15th 2019

Link road, rail, sea!

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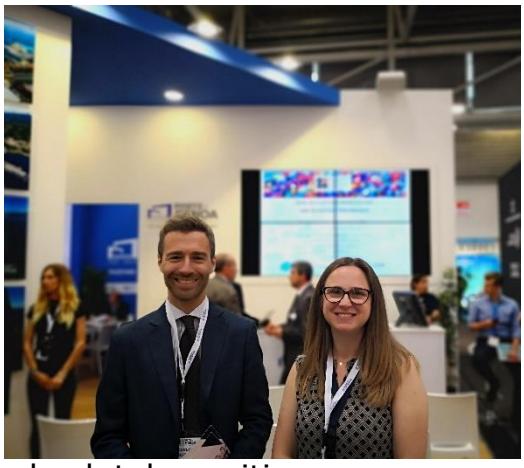
C.I.S.C.O. NEWS

THE EXPERIENCE OF RINA INTERMODAL AT AT THE TRANSPORT LOGISTIC 2019 IN MUNICH

A delegation from RINA Intermodal, member of C.I.S.Co., attended the fair Transport Logistic held in Munich last month.

"The experience at the Transport Logistic in Munich was very positive for RINA Intermodal as it allowed us to meet both our top customers and possible new customers" says Barbara Baldinucci, sales administration and operations coordinator at RINA Intermodal.



She addes: "In a stimulating environment that offers advanced technologies in the world of transport, it was very interesting to deal with new realities, companies and people.

The choice to share the exhibition booth with the Port of Genoa thanks to the C.I.S.Co., was absolutely positive.

This choice allowed us to participate in interesting conferences on digitization and on design of the new port of Vado Ligure.

The booth was strategically located and many customers and suppliers could find and visit us easily".

RINA provides a wide range of services across the Energy, Marine, Certification, Transport & Infrastructure and Industry sectors through a global network of 170 offices in 65 countries.

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Container operators benefit from RINA's fast and accurate container certification services.

Experienced inspectors and engineers with expertise in transport, welding, blasting and coating ensure both container manufacturing and in-service container stocks meet required standards.

Thanks to its capillary presence, RINA has several qualified surveyors worldwide.

(from: RINA Intermodal brochure)

PORTS AND TERMINALS

POLITICAL OPPOSITION INTENSIFIES TO COSCO SHIPPING'S INVESTMENT PLANS FOR PIRAEUS PORT

Political and financial interests remain at loggerheads over the future China's Cosco Shipping's investment plan for Piraeus, one of the leading Mediterranean container ports.

Investment in the fast expanding Greek port of Piraeus was the focus of a high-profile and multi-party meeting, 21 June, between the Chinese multinational's leadership, the visiting mayor of Shanghai, Ying Yong, the newly re-elected administration of the port city, and other interested parties.

The meeting and high-level contacts come after the Cosco-controlled Piraeus Port Authority's (PPA) $675m investment master plan continued to face obstacles and resistance from both the Greek government and local entities.

Opposition has intensified to Cosco's plan to upgrade and expand the ship repair services within the port area as well as to the proposed building of a high-end shopping mall, luxury hotels and a new logistics hub within the port's premises.

Re-elected Piraeus mayor Yannis Moralis said his administration wants to improve cooperation with Cosco, but also wants the Chinese controlled port authority to deepen its ties with local society and business interests.

The Shanghai-based Cosco Shipping acquired a controlling stake of the PPA in 2016 after placing the highest bid in an international tender, prior to 2014.

Cosco acquired a 40-year concession for the port, although the left wing government was an opponent of any privatisation, when it was in opposition.

Cosco purchased 51% of PPA in August 2016, with an option for another 16%, which it will acquire by implementing outlays agreed in the $1.68bn concession contract, which may reach $2.12bn with the investments.

The latest meeting follows the PPA's decision to tell the Shipping Ministry affiliated committee tasked with port development and planning, that it will not submit a modified master plan, after members of the latter requested changes - a development more-or-less expected with a general election in Greece scheduled for 7 July.

Cosco-led PPA has been in negotiations with the government during the past two years over its ambitious master plan, with still no resolution in sight.

With a clear lead in the opinion polls the conservative New Democracy has vowed to move the development of Piraeus forward.

Its leader, Kyriakos Mitsotakis, addressing supporters in the western port city of Patras, earlier this month 11 June, said the clearance of hurdles concerning Cosco's investments in Piraeus were among the first two ministerial decisions in a New Democracy government.

(from: seatrade-maritime.com, July 2nd 2019)

MARITIME TRANSPORT

SHIPPING HEAVYWEIGHTS AT RISK OF MISSING CLIMATE TARGETS

The world's shipping heavyweights are not investing in key technologies to reduce their carbon footprint, putting the sector at risk of missing targets to reduce greenhouse gas emissions by 50% by 2050, according to the Carbon Disclosure Project.

This is revealed in a new report 'A Sea Change':

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from the environmental non-profit and investment research provider CDP.

The report ranks 18 of the largest publicly listed shipping companies, representing US$62 billion of market capitalization, on business readiness for a low-carbon transition.

Shipping accounts for up to 3% of global emissions and 10% of transport emissions – roughly the same as aviation – and is an integral part of the global economy, transporting around 80% of the world's trade in physical goods.

Marine freight is the least emissions intensive way of moving cargo, but freight demand is on the rise, which will require the sector to rapidly reduce its carbon emissions.

Against the backdrop of the IMO's recent strategy to reduce the industry's greenhouse gas emissions by half by 2050, there is heightened pressure on shipping companies to take a long-term approach in curbing their carbon footprint.

To date Maersk, HMM and NORDEN are the most ambitious in setting long-term targets to reduce carbon emissions, consistent with the IMO's strategy.

However, the report finds there is a gap between the cutting-edge carbon-neutral technologies available to companies, and the forms of innovation they are developing.

CDP's analysis of marine innovations finds that only three are actively developing technologies that can have a transformative impact on the industry.

Companies such as NYK are working towards developing zero-emission vessels for 2050, whilst Maersk and NORDEN are actively pioneering the use of 'second generation' biofuels produced from waste sources such as cooking oil.

Wider innovation trends currently focus on technologies and fuels that only deliver marginal improvements.

Slow steaming – slowing down ships significantly below their maximum speed – is an important short-term solution capable of reducing carbon emissions by up to 30%.

13 of the 18 companies were found to have a formal slow steaming policy including K Line, HMM, Euronav and COSCO S.H who have established 'super slow steaming' policies.

Although slow steaming is positive in the short term, it could result in more voyages to meet growing demand, eroding the emission reductions made by slowing down ships.

The research also finds that whilst container companies which carry consumer goods such as clothing and food are resilient to long-term decarbonisation trends, they are facing increasing scrutiny and pressure as their customers look to cut emissions from their supply chain.

On the other hand, bulk and tanker companies that transport fossil fuels and other commodities face risks from changes in demand for these products due to wider decarbonisation trends.

Carole Ferguson, Head of Investor Research, CDP commented, "Shipping companies are facing a sea change on the horizon.

Based on current technologies, marine freight is one of the least emissions intensive modes of transport, therefore critical to the low-carbon transition.

But as the global economy grows, the industry could account for 17% of global emissions by 2050, if nothing is done.

Against the backdrop of the IMO's targets, the industry needs to drive collaboration with the manufacturers of vessels and shipping technologies to develop the step change innovations needed to have any chance of meeting these goals.

Separately, our recent analysis of the capital goods sector also shows that these manufacturers are much more focused on transformative change in power generation and other areas of transport than in technology solutions for the shipping sector.

While it is promising to see that leading companies are acting, with Maersk and HMM setting net zero emission targets for 2050 and exploring alternative fuels, the onus must be on the whole sector to jump-start their shift into a low-carbon future."

(from: euractiv.com, July 4th 2019)

RAIL TRANSPORT

BELARUS BOTTLENECKS MAY SEE BOOMING ASIA-EUROPE RAIL FREIGHT HIT THE BUFFERS

Bottlenecks at the Belarus border may slam the brakes on booming Asia-Europe rail services.
And replacing the gauge to alleviate the problem would prove financially disastrous.

One source told The Loadstar such had been the success of the China-Europe rail link that Belarus's stations on the Polish border were showing signs of exceeding capacity.

Another said: "To say they are congested may be too strong at the moment, but there have definitely been emerging signs of problems.

The Brest freight yard, close to the Polish border, where cranes lift boxes from broad-gauge trains to European-gauge trains, has reportedly experienced one or two delays."

Estimates suggest the cranes at this freight yard can handle between 250,000 and 300,000 teu annually, but forecasts for this year suggest some 350,000 teu will pass through.

Belarus Railways installed an automatic gauge-changer in 2015, reportedly cutting changeover times from two hours to 30 minutes.

"From what I understand, the Belarusians and Polish have been working together to address the issues," the source told The Loadstar.

"Plenty of rail capacity exists, it is the cranes that move the boxes at the border that are in short supply."

There are other options, but for many shippers this frontier in south-east Poland is seen as optimal, as it is less likely to suffer extreme weather events and is believed to be more secure.

Even so, time is an important factor for shippers electing rail over ocean, with the former costing anywhere from two to three times more than moving goods by sea.

"Twenty is the magic number; shippers want to see goods moved in fewer than 20 days if they are paying the extra it costs to use rail," the source continued.

"The moment it starts taking 20-21 days to move goods is the moment they question the economics."

Some observers have suggested the most sensible option would be to deploy a standard gauge across the world, but others see this as a non-starter.

President of Eurasian rail alliance United Transport and Logistics Company (UTLC) Alexey Grom told The Loadstar "it defied reality" to think track gauges could be replaced.

"The 1,520mm (5ft) rail gauge currently spans over 220,000km and accounts for 17% of all rail track globally, making it the second largest rail system in the world," he said.

"Replacing this entire gauge is not only an economically unfeasible idea, but is also practically impossible."

Those that have called for a universal gauge most commonly suggest the 1,435mm width found across EU member states.

However, Mr Grom pointed out that Portugal and Spain host a variety of gauges.

"UTLC is constantly working on improving its services in the interest of our clients in Europe and China," added Mr Grom.

"This includes developing alternate routes to compensate for temporary 'bottlenecks' on border crossings between Belarus and the EU.

One of our shareholders, Belarusian Railway, is currently in the final stages of further upgrading the capacity of our transit hub in the city of Brest, Belarus, on the Polish border."

The EU has also been addressing the problem, with a recent decision to build a third track over the Bug river, also on the eastern border of Poland.

Once complete, this will bring the total number of rail lines linking the railway junction of Małaszewicze to Brest to three, increasing overall cargo transfer capacity.

"There are currently no limitations impairing the transit capacity of the Brest terminal," Mr Grom claimed.

"We use alternative routes to ship goods for European clients, including through the Baltic seaport of Kaliningrad, where cargo is then transferred to shortsea routes."

This service covers destinations in Northern Europe, including Hamburg and Rostock, with Mr Grom noting that it currently operates at only about 20% capacity.

He sees various other options for shippers, on the Belarus-Polish border, UTLC has two additional routes to Bruzhi and Svislac.

"We see significant potential in further expanding shipping through these crossing points in the near future," he said.

"The Dostyk and Altynkol inland ports on the Kazakh-Chinese border, both used by UTLC, are also more than sufficient to handle increasing shipping volumes on these rail routes.

Altynkol is one of the most modern container facilities in the world."

(from: theloadstar.com, July 1st 2019)

INTERMODAL TRANSPORT

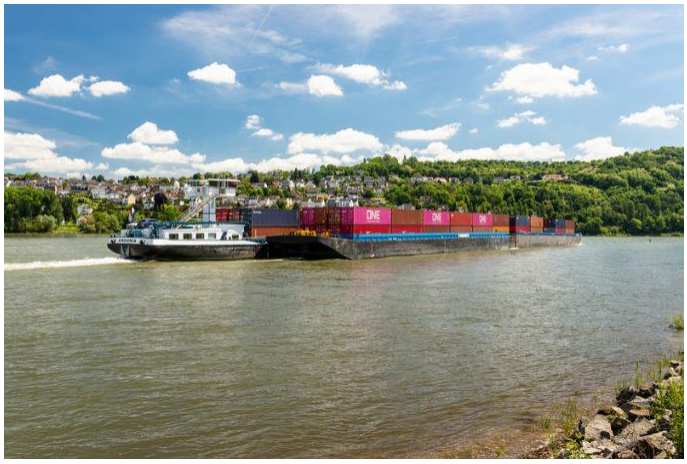
PORT OF ROTTERDAM EXPANSION SPARKS CALL FOR URGENT EXPANSION OF RHINE FREIGHT CORRIDOR

European port operators have claimed there is an "urgent" need to expand the role of the River Rhine as a freight transport corridor, despite capacity issues caused by low water levels.

German transport minister Volker Wissing said the need to boost capacity along the German river had been made more paramount following developments at the port of Rotterdam.

"With the expansion of Europe's largest seaport and the doubling of container throughput, the capacity of hinterland transport must also be increased," he said.

"To ensure supply for the population and companies along the Rhine, we need an efficient waterway and greater speed in carrying out transport projects along the Rhine corridor."



Last August, shippers were hit with surcharges and delays across Europe's inland waterways, following declining water levels along the Rhine caused by soaring temperatures.

In November, levels hit their lowest in a century after prolonged drought, and one source told The Loadstar the river was so low "one could cross by foot, something never seen before".

Mr Wissing said this had exemplified the need to increase the Rhine's role as a freight corridor.

"The low water levels revealed the urgent need to expand the role of the Rhine as the central European transport and logistics axis," he said.

"It is therefore important that the German government quickly implements the project to optimise unloading along the Middle Rhine."

Fellow German transport minister Andreas Scheuer announced in May that an unloading optimisation project would be included in the master plan for inland navigation, also announcing the hiring of new personnel for expansion and planning.

"It is a first step in the right direction," said Mr Wissing, whose position was supported by the vice president of Port of Rotterdam Authority, Emile Hoogsteden.

He added: "It is [also] equally important to upgrade rail infrastructure; this concerns the construction of an alternative route to the Middle Rhine Valley.

And also extension of the Betuwe line between Oberhausen and Emmerich in North Rhine-Westphalia."

Meanwhile, Swiss rail freight operator Schweizerzug has announced it had commenced weekly direct freight links with Rotterdam from Frenkendorf and Niederglatt.

A move hot on the heels of increased frequencies from the two Swiss terminals to Antwerp in Q1.

Chief executive Roman Mayer said: "Both Niederglatt and Frenkendorf benefit from direct and therefore faster links to Rotterdam.

We're covering Switzerland's most important economic regions – at the same price.

Zurich and the east of Switzerland especially might consider this new service attractive."

(from: theloadstar.com, July 5th 2019)

TRANSPORT & ENVIRONMENT

MAERSK: TOWARDS A ZERO-CARBON FUTURE

Changing weather patterns, rising sea levels and decreasing biodiversity.

We are already experiencing the physical impacts of climate change which has become one of the most important issues the world is facing today.

As shipping accounts for 2-3% of global CO2 emissions and around 80% of world trade travels by sea, the industry holds significant potential to help create a carbon-neutral economy by 2050 – contributing to reach the Paris Agreement's goal of staying well below 2°C temperature rise.

To accelerate the transition to carbon-neutral shipping, Maersk has set a new and ambitious target in 2018 of having net-zero CO2 emissions from operations by 2050.

Carbon-neutral vessels from 2030

Due to the 20-25-year lifetime of a vessel, Maersk must have carbon neutral vessels commercially viable by 2030 to realise the 2050 target.

Developing new fuels and vessel technologies as well as optimising networks will be major contribution areas.

"We will invest significant resources in innovation and fleet technology to improve the technical and financial viability of decarbonised solutions," continues Toft.

Over the past four years, Maersk has invested around USD 1bn and engaged more than 50 engineers each year in developing and deploying energy-efficient solutions.

The focus is on finding solutions specific to ocean transport, as the industry calls for different solutions compared to transportation by vehicle, train or plane.

For instance, the electric truck is expected to carry a maximum load of two, twenty-foot containers (TEUs) and it runs 800km per charging.

In comparison, a vessel carrying thousands of containers from Panama to Rotterdam travels around 8800km.

With a short battery life and no charging points along the route, new solutions are imperative.

"The only possible way to achieve the so much needed decarbonisation in our industry is by fully transforming to new carbon-neutral fuels and supply chains" says Søren Toft, Chief Operating Officer of Maersk.

The call for collaboration

For several years, Maersk has taken a leading role on behalf of the industry to improve energy efficiency.

As a result, the company has achieved a 41% relative reduction in CO2 emissions from its activities, compared to 2008.

The company has managed to decouple emissions from trade growth, and continues to focus on efficiency improvements.

Maersk's efficiency target, now aiming for a 60% reduction relative to cargo moved by 2030 from a 2008 baseline, has been aligned with the International Maritime Organization's strategy for greenhouse gas reductions in shipping.

However, the climate change problem can only be solved by becoming carbon-neutral as efficiency will not be enough.

With current technology proving insufficient, Maersk recognises the need for innovation and collaboration across the industry.

"Going forward we cannot do this alone," says Toft.

By setting the ambitious target of net-zero emissions by 2050, Maersk hopes to inspire researchers, technology developers, investors, cargo owners and legislators to come together in co-development and sponsorship of sustainable solutions that we are yet to see in the maritime industry.

Beyond fuels and vessel technology

Research and development will be key to take the industry away from today's fossil-based technology.

And it is not purely about developing new ship designs or fuel types, according to John Kornerup Bang, Head of Sustainability Strategy and Chief Advisor on climate change at Maersk.

"Building a new supply chain and changing incentive structures in the market to support these new solutions is very important, and this is why we are calling all actors related to the shipping industry to join this journey," he says.

How climate change develops will impact business strategy, performance and market conditions globally – for Maersk, its suppliers and its customers.

In 2019, Maersk is open to initiate open and collaborative dialogue with all possible parties to tackle one of the most important issues in the world: climate change.

Contributing to global goals

The United Nations Sustainable Development Goals (SDGs) have defined a new and enhanced space for businesses to contribute to solving major global challenges, such as the growing urgency to tackle climate change.

(from: hellenicshippingnews.com, June 27th 2019)

INDUSTRY

KOMBIVERKEHR SHAREHOLDERS' MEETING: KOMBIVERKEHR SEES GOVERNMENT'S CLIMATE PROTECTION TARGETS AT RISK

Under the general conditions prevailing at present, rail will be unable to increase its share of transport from 25 to the 30 per cent by 2030 that the German government is hoping for.

That was the firm view of Robert Breuhahn and Armin Riedl at today's meeting of the partners of Kombiverkehr KG in Frankfurt, which was otherwise dominated by the company's birthday celebrations: Kombiverkehr is celebrating 50 years of existence this year.

In principle, the two managing directors of the European market leader in intermodal transport consider an annual increase in transport volumes in Combined Transport (CT) of more than ten per cent to be possible given a "product range in line with market requirements".

It was unrealistic to expect such growth rates in practice, however.

Breuhahn and Riedl set out the reasons for this claim using the example of Kombiverkehr's development of the last and the current year, making clear what has to change if rail freight transport in general and CT in particular is actually to be able to play the part in climate protection that it could do in theory.

With some 170 shuttle trains every day, in 2018 Kombiverkehr again operated the largest and densest intermodal network in Europe for switching transport from road to rail.

By shifting truck consignments to rail, Kombiverkehr saved more than one million tons of carbon dioxide (CO2) emissions.

However, the number of truck consignments actually transported fell 2.1 per cent on the previous year to 937,837 (just under 1.9 million TEU).

"As the European market leader, we cannot escape the general trend," Breuhahn said.

"That is why the development of Kombiverkehr is a gauge of the development of the market as a whole."

According to Breuhahn, the different growth rates of individual transport axes reflect precisely where there were major problems on the railways, and where there were fewer.

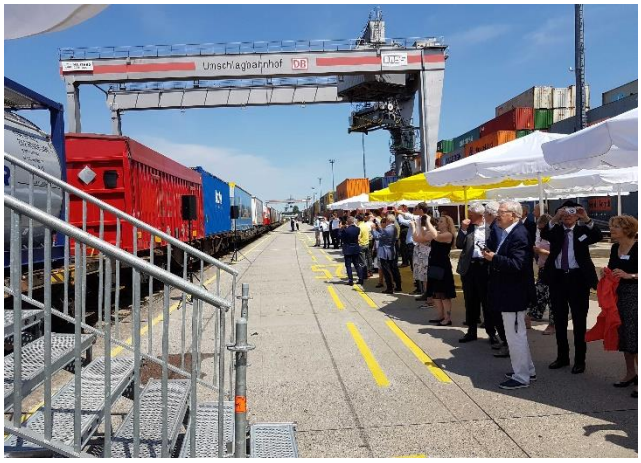
Rail operators unable to meet Kombiverkehr's demand for trains

He puts the decline of 3.6 per cent to 200,000 consignments in the German national network primarily down to the "again unsatisfactory service quality of DB Cargo."

Its punctuality rate had reached less than 70 per cent.

In this situation, it was rather cynical for subsidiaries of Deutsche Bahn to profit from the poor performance of the parent company.

"Yet that is exactly what happens when terminal operators rigorously demand storage fees for swap bodies or containers that are only in the terminal in the first place because the trains are not punctual."



Breuhahn stated that quality on the railways had now deteriorated for the last six consecutive years.

Alongside the many engineering works, he laid the blame at the door of rail operators for their resource problems.

"There is a shortage of locomotives and train drivers, and of transshipment capacity at the terminals."

That was why even periods of high demand in 2018 could not be converted into additional CT consignments.

Due to low water levels on the Rhine, for instance, trains on the Rhine railways were hopelessly overbooked in the fourth quarter of 2018.

"We would have been happy to run additional trains.

But the rail operators were unable to meet the demand due to the shortage of locomotives and train drivers."

Overall, Deutsche Bahn was unable to provide ten per cent of all the trains regularly ordered by Kombiverkehr.

International: double-digit growth in transport with northern Europe and Benelux

The overall picture for international transport was similar: the 738,000 consignments (1.5 million TEU) represented a 1.7 per cent drop in consignments transported compared with the previous year.

That the decline was less than that recorded for domestic transport can be attributed primarily to two transport axes: with the northern European and Baltic states on the one hand, and with Benelux on the other (each up 12 per cent).

According to Breuhahn, demand on both axes has continued to rise.

In 2018 the products offered both via the Fixed Link and via the Baltic Sea ports of Kiel, Lübeck and Rostock were expanded.

Months of strikes result in drop for France and Spain

Kombiverkehr suffered the sharpest decline in trains to and from France and Spain.

Almost one in five consignments there returned to the road – a drop of 17 per cent.

The primary reason was that a number of French rail workers' unions went on strike for two days a week from April to June.

As the distances involved mean that our trains to and from Spain need more than a day to cover the journey through France, they were nearly always affected by at least one of the strike days.

Even once the strikes came to an end, customers only returned to rail hesitatingly.

The strikes are thus having a lasting negative impact.

Consignment volumes between Germany and Italy, Kombiverkehr's most important transport destination, fell by 3.4 per cent in 2018.

At 368,000 consignments, more than one in four transport units still crosses the Alps, whether via Austria or Switzerland.

"In Austrian transits especially, sectoral driving bans, convoy controls and increased Brenner tolls ought to have ensured a real boom via the Brenner Pass," Breuhahn reckoned.

"That is what we expected."

The spanner in the works came from "serious quality issues that were not just caused by the rail operators."

This was exacerbated by extensive line closures due to engineering works and storms.

In August alone, the main route via the Brenner Pass was again closed for two full weeks.

"In light of the difficult general conditions, we can look back on 2018 and say that we did the very best we could in the circumstances," Breuhahn noted.

"But when you consider the very much greater possibilities that Kombiverkehr would have had with regard to climate protection, you have to say that it was another year of missed opportunities."

2019 so far continuing the negative trend of the previous year

So far 2019 is proving to be a virtually seamless continuation of the previous year's trends.

According to Breuhahn, "Even in the first five months of the year, our transport figures have again been impacted by strikes, train accidents, a disproportionate increase in the amount of engineering works across the whole European rail network and resource problems for the rail operators."

The result was a decline in consignments of about one per cent.

Over the same period Kombiverkehr had also felt the effect of economic problems in the automotive and chemicals industries, resulting in a fall in utilisation of both national and international train capacities.

"Given the increase in engineering works this year – particularly on the German rail network – we anticipate that our transport volumes will at best stagnate both in the next few months and in the year as a whole."

Urgent need for spending on modernisation and digitalisation in rail freight transport

An improvement in the quality of the rail network would, in the opinion of Armin Riedl, Breuhahn's fellow managing director, allow a marked rise in intermodal consignments and greater climate protection.

"We in Germany especially are no longer experiencing normal services with occasional engineering works; we are experiencing constant engineering works in which we have to deliver normal services."

He therefore called for "more investment aimed at ensuring continuous flows during engineering works as well as better coordination and the international and cross-network scheduling of such works."

This would enable the efficiency of rail to be increased while at the same time reducing the system costs for all companies along the intermodal transport chain.

In the face of threatened cuts in the federal transport budget, Riedl added: "The government programme on the future of rail freight transport that was to be part of the Master Plan for Rail Freight Transport, under which some 500 million euros were to be spent on both trialling and introducing innovative technologies in digitalisation, automation and vehicle technology, has unfortunately not yet been started.

However, this additional spending on the modernisation and digitalisation of processes in rail freight transport is required as a matter of urgency."

Digitalisation improves service and lowers costs

For Kombiverkehr, Riedl announced further service improvements through the digitalisation of the data flows accompanying transport.

He mentioned three key areas of development.

"Following the successful launch of the online booking system, we are now concentrating all our efforts on paperless agency processing.

Key figures of Kombiverkehr at a glance	
	2018
Total truck consignments transported	937,837
International consignments	737,778
National consignments	200,059
Total consignment volume in TEU (Twenty-Foot-Equivalent-Unit)	1.88 milion
TEU international	1.48 million
TEU national	400,000
Saving in CO2 emissions compared with end-to-end road transport	1.1 million to
Transport volume	22.05 million to
Average transport distance	809 km
Goods volume in ton kilometres (tkm)	17.83 billion
Sales	425.7 million
Employees	129

This will enable us to simplify procedures at the terminals and make life a little easier for our customers and for drivers."

The second major project was KV 4.0, which is geared to the digital exchange of all consignment data along the entire intermodal transport chain.

Key milestones here had been achieved.

"With our project partners we have defined the data hub that can serve as a basis for the fully digitalised exchange of data between all participants and thereby enable greater transparency and cost reductions."

To drive implementation of the platform forward quickly and effectively, a development company is to be formed shortly.

Kombiverkehr introduces real-time tracking of consignments and estimated time of pickup

Finally, Riedl promised that customers of Kombiverkehr would shortly be able both to track the location of their consignments on rail in real time online as well as establish the estimated time of pickup (ETP) in the destination station.

"That is precisely what is at the core of our Train Monitor pilot project, in which the first trains have been running since last week and that we are presenting to the public for the first time at the partners' meeting.

It enables us to close a gap and complete the intermodal information chain just as our customers want."

Regarding the route price reduction introduced at the end of 2018, Riedl noted that this did not make up for the existing discrimination against rail transport.

"Compared with the route price reduction, gas trucks, for instance, receive a subsidy four times greater just through their exemption from tolls, even though the CO2 emissions of these trucks are scarcely lower than those of diesel-driven vehicles and far higher than emissions in intermodal transport."

(from: kombiverkehr.de, July 2nd 2019)

LOGISTICS

DHL REPORT HIGHLIGHTS 'GROWING PAINS' OF E-COMMERCE SUPPLY CHAINS

Companies must urgently solve their e-commerce supply chain challenges in order to "unlock the full value of this powerful channel", with 3PLs well-placed to help companies to respond to the rapidly changing environment, according to DHL Supply Chain in its latest research report.

The report, entitled 'The e-commerce supply chain: Overcoming growing pains', concludes that, despite understanding the vital importance of e-commerce on customer retention and satisfaction, most firms have failed to fully implement an e-commerce strategy.

The findings are drawn from a global survey of nearly 900 decision-makers spanning all the major industry sectors, including retail, consumer goods, life sciences, high tech, auto and engineering and manufacturing.

They reveal that 70% of B2C companies and 60% of B2B companies are still working towards the full implementation of their strategy, even though 70% of respondents rate e-commerce as 'Very Important' or 'Extremely Important' to their business in terms of volume and revenue.

The report also uncovered the major barriers to full strategy implementation, which include constantly-changing customer expectations, pace of delivery, and limitations in existing infrastructure.

Nabil Malouli, Global e-Commerce Product Lead at DHL Supply Chain said: "It's clear to see the importance of considering quality customer service within the e-commerce strategy, but with customer expectations constantly evolving and changing, companies are under pressure to keep up with building out their e-commerce offerings – and the new supply chains they require – resulting in the challenge of full implementation.

Supply chains need to keep up with, and respond to new business models, service expectations and technological needs of customers in order to capture new ones and retain existing ones."

The evolving demands of e-commerce means that in the next 3-5 years over 50% of businesses will be making some type of change to their distribution strategy, the report noted.

To deal with this pressure, many companies are opting to partner with a third-party logistics companies (3PLs) to augment their in-house resources and capabilities, enabling them to quickly and effectively scale to capitalise on e-commerce opportunities, the report noted.

Malouli added: "What companies need in the e-commerce journey depends on where they are coming from – they are all in different places in terms of implementing their e-commerce strategy, which means they will have different strategies and expectations about how to move forward with their supply chains.

Many companies opt to partner with a 3PL to help them respond to this changing environment while ensuring they have the expertise and flexibility to meet changing customer expectations."

(from: lloydsloadinglist.com, July 9th 2019)

LAW & REGULATION

COUNTING DOWN TO SULPHUR 2020: LIMITING AIR POLLUTION FROM SHIPS; PROTECTING HUMAN HEALTH AND THE ENVIRONMENT

New requirements for ships to cut sulphur oxide emissions enter into effect on 1 January 2020, marking a sea change in fuel used by ships, globally, which will significantly reduce air pollution from ships with positive benefits for human health and the environment.

IMO has been preparing ahead of the implementation date.

From 1 January 2020, under IMO's MARPOL convention for the prevention of pollution from ships, the sulphur content of fuel oil used by ships operating outside designated emission control areas shall not exceed 0.50% – representing an 80% cut from the current 3.50% limit.

At a roundtable industry meeting hosted by IMO at its London Headquarters (21 June), participants were updated on the latest guidance, treaty amendments and other instruments emanating from IMO to support the implementation of the "sulphur 2020" rule.

All of these have been developed by Member States working through IMO, in collaboration with stakeholders, recognising the need for cooperation in order to develop and deliver technically robust instruments for international shipping.

Participants[1] at the roundtable discussion on the consistent implementation of the 0.50% sulphur limit agreed on the need to continue to raise awareness of the requirement.

Industry participants from the shipping, oil refinery and bunker industries welcomed with appreciation the effort made by IMO to address concerns and reviewed progress towards implementation.

[1] Roundtable discussion on the consistent implementation of the 0.50% sulphur limit, IMO Headquarters, 21 June 2019: The meeting was opened by IMO Secretary-Kitack Lim and was attended by representatives from IMO Secretariat and: International Chamber of Shipping (ICS); BIMCO; Oil Companies International Marine Forum (OCIMF); International Association of Independent Tanker Owners (INTERTANKO); International Association of Dry Cargo Shipowners (INTERCARGO); IPIECA; The Institute of Marine Engineering, Science and Technology (IMarEST); International Bunker Industry Association (IBIA).

The IMO Secretariat highlighted the latest decisions emanating from IMO's Marine Environment Protection Committee (MEPC 74), including adoption of guidelines on consistent implementation, port State control and other guidance; and from the Maritime Safety Committee (MSC 101), including the adoption of Recommended interim measures to enhance the safety of ships relating to the use of oil fuel.

Industry participants reported on their work, including the latest version of the ICS Guidance to Shipping Companies and Crews on Preparing for Compliance with the 2020 'Global Sulphur Cap' which will be published in the first week of July 2019; a Joint Industry Project developing industry guidelines with a focus on safety to support implementation, including training; updated charter clauses developed to address sulphur 2020 and fuel issues; investment by the oil refining industry in new blends of fuel oil to meet the limit; and potentially linking sulphur 2020 provisions with current ship inspection programmes.

Participants recalled that 1 January 2020 is now less than six months away and expressed their commitment to enhancing collaboration, including further information sharing among stakeholders, as appropriate, to make a smooth transition to the 0.50% limit, recognizing the benefits for human health and the environment.

Availability of compliant fuel oil

Views were exchanged on the general availability of fuel to meet the 0.50% limit, with ships expected to begin taking on 0.50% low sulphur blended fuels from October/November onwards, in order to be ready for 1 January 2020.

A forecast from the International Energy Agency (IEA), in April 2019 forecasts that the refineries will have capacity to make the compliant fuel oil available.

Compliant fuel oil has already been made available for testing by some ships.

The roundtable participants urged the need for the oil refinery and bunker industry to continue, and strengthen where possible, their efforts to provide sufficient compliant fuels as early as possible to allow more ships to test trial for experience gaining.

There was also a need for more information on the new fuel products to be made widely available.

Fuel oil safety

Potential safety issues with new blends of fuel oil have been recognised and IMO guidelines provide advice on steps to take to address those risks.

It was noted that the International Organization for Standardization (ISO) has been developing a Publicly Available Specification (PAS) related to the 0.50% limit.

The PAS will provide additional guidance on the application of the existing ISO 8217 specification for fuels for use in marine diesel engines and boilers, for example, compatibility and stability of new blends of fuel oil.

The roundtable participants highlighted the need to provide further information on arising safety issues and to enhance crew training in anticipation of the new fuels being made available before the end of 2019, and to highlight the safety aspects in particular.

Enforcement and compliance

Consistent enforcement by port State control was recognised as essential to ensure a level playing field and ensure the shipping market would not become distorted.

Participants acknowledged the adoption of relevant 2019 Guidelines for port State control under MARPOL Annex VI chapter 3.

The IMO Sub-Committee on Implementation of IMO Instruments (III 6) meets 1-5 July and could provide an opportunity for information sharing by port State control regimes.

Reporting to IMO and information sharing

Participants recognized the need to further improve reporting and information sharing through the IMO Global Integrated Shipping Information system (GISIS).

MARPOL Annex VI requires information to be provided, including on fuel oil availability, incidents of non-availability of compliant fuel oil and fuel oil quality.

Work is already under way to review the current MARPOL Annex VI module to provide greater scope for data entry and to make the module more user friendly.

Raising awareness

Participants agreed on the need to continue to raise awareness about sulphur 2020.

An open source free to access e-learning course is being developed through the joint industry project, for use by seafarers and others.

The course will offer three modules, the first will focus on IMO Guidance on the development of a ship implementation plan for the consistent implementation of the 0.50% sulphur limit under MARPOL Annex VI (MEPC.1/Circ.878).

A new IMO leaflet (download here: http://www.imo.org/en/MediaCentre/HotTopics/Documents/Sulphur%202020%202-page%20flyer_draft_19-6-2019_online_final.pdf) outlines the requirement, answers the most frequently asked questions about the rule and provides a list of the instruments supporting implementation, best practice guidance, port State control and sampling guidelines and others.

IMO will publish a compilation of all related guidance, best practices and so on, as a single IMO publication (hard copy and electronic formats) later this year.

IMO conference on 2020 and alternative fuels

IMO plans to hold a conference in October 2019 with wide participation from stakeholders, to provide updates on planning for 2020.

The conference will also include a session on the latest developments regarding alternative fuels and low carbon technologies.

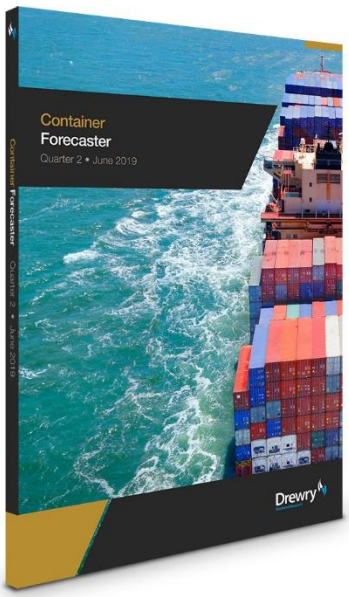
(from: hellenicshippingnews.com/imo.org, June 28th 2019)

STUDIES & RESEARCH

DREWRY DOWNGRADES 2019 CONTAINER GROWTH FORECAST TO 3%

Container shipping analyst Drewry has downgraded its forecast for global port throughput growth in 2019 to 3% from its previous prediction of 3.9%, as trade and geopolitical tensions threaten a further slowing to global economic growth, and the regionalisation of manufacturing supply chains and environmental concerns add further uncertainty.

The recently published Container Forecaster report from global shipping consultancy notes that today's container market is "confronting more than its fair share of headwinds", highlighting "concerns of a slowing global economy stoked by the ongoing US-China trade war – albeit paused for the moment – escalating geo-political tension in many regions of the world, and an industry grappling with challenging new emission regulations".



It added: "Beyond these, however, a series of existential fears are also beginning to present themselves that could dent demand for shipping in the future; namely, the regionalisation of manufacturing supply chains and growing momentum behind a low carbon, environment-first campaign that has the potential to fundamentally change global consumption habits.

It is for all these reasons that Drewry has downgraded its forecast for global port throughput growth in 2019 to 3%, from our previous prediction of 3.9%."

Simon Heaney, senior manager for container research at Drewry and editor of the Container Forecaster commented: "We remain confident that world trade will rebound in 2020, but much will depend on developments outside of carriers' control.

Further spreading of protectionist policies could stunt growth, particularly if the US aims its tariff target at other trading partners.

However, there could be some upside for trade if more manufacturing production is relocated outside of China.

The Asian export powerhouse has progressively reduced its requirement for foreign inputs, choking off demand for intermediate goods, so any shift to less self-reliant economies should give trade a bit of a kick-start."

In such unpredictable times, Drewry believes the risk of temporary supply disruption is heightened.

In the transpacific market, for example, differences of opinion over the strength of the third quarter peak season have led to divergent strategies from carriers.

"Some lines are placing extra loaders into the trade, indicating they expect a repeat of last year's cargo rush, while others are more circumspect, announcing blanked sailings to protect load factors and spot freight rates," the analyst noted.

Heaney noted: "Carriers can be forgiven for not having all of the answers in such times.

One suspects that even Nostradamus would throw his hands up in despair; such is the volatility of the leading characters.

There will undoubtedly be some errors along the way and the risk of temporary supply issues has undoubtedly been raised, either from too many cancelled sailings or misplaced capacity transfers between trades."

(from: lloydsloadinglist.com, July 3rd 2019)

INFORMATION TECHNOLOGY

HAPAG-LLOYD AND ONE JOIN MAERSK-IBM DATA-SHARING PLATFORM TRADELENS

Global container carriers Hapag-Lloyd and Singapore-based Ocean Network Express (ONE) are to join more than 100 participants using the 'TradeLens' blockchain-enabled digital shipping platform jointly developed by A.P. Moller-Maersk and IBM, which aims to promote the efficient, transparent and secure exchange of information in order to support greater collaboration and trust across the global supply chain.

The addition of Hapag-Lloyd and ONE, the world's fifth and sixth largest carriers respectively, helps build significant additional momentum to the initiative and means that five of the world's top six container lines are now participating, after CMA CGM and MSC Mediterranean Shipping Company last month announced their respective decisions to join TradeLens.

"With these additions, the scope of the platform now extends to more than half of the world's ocean container cargo," the organisations noted.

"Expanding digital collaboration is critical to the evolution of the container shipping industry," said Martin Gnass, managing director for information technology at Hapag-Lloyd.

"TradeLens has made significant progress in launching a much-needed transformation in the industry, including its partnership model.

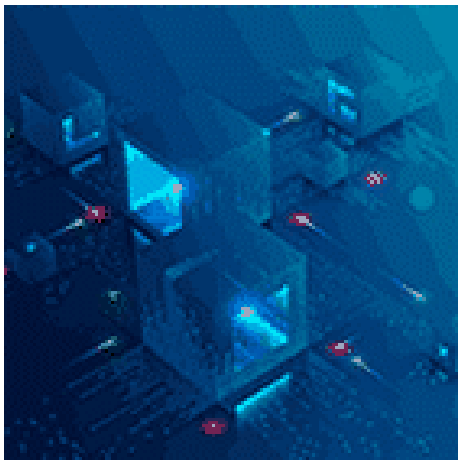
Now, with five of the world's six largest carriers committed to the platform, not to mention many other ecosystem participants, we can collectively accelerate that transformation to provide greater trust, transparency and collaboration across supply chains and help promote global trade."

The partners said the addition of these two global carriers will help drive further adoption of TradeLens around the world now that TradeLens customers have access to major carriers in all three leading global vessel sharing alliances on the platform.

With an already significant presence in Asia, ONE is further strengthening and expanding its coverage through joint cooperation with TradeLens to help meet the challenging demands of the crucial Asia market, the carrier said.

"We believe this innovative approach based on open standards and open governance can benefit the entire industry while ultimately benefitting our customers who rely on the world's shipping industry to transport global container volume of more than 120 million TEU across international borders each year," said Noriaki Yamaga, managing director for corporate and innovation at Ocean Network Express.

"The opportunities to drive greater innovation across the shipping supply chain are enormous and we are excited about the opportunity to provide our leadership and insight to help the platform continue to evolve."



Those behind the initiative say that TradeLens was launched to help modernise the world's supply chain ecosystems, where many of the processes for transporting and trading goods use costly, manual and paper-based systems.

Replacing these peer-to-peer and often unreliable information exchanges, the platform enables participants to digitally connect, share information and collaborate across the shipping supply chain ecosystem, TradeLens said.

Vincent Clerc, chief commercial officer for A.P. Moller – Maersk, said: "The addition of more leading carriers to TradeLens will help global supply chain customers expand and explore the benefits of digitization and deliver new opportunities to the increasing number of TradeLens ecosystem participants across the global supply chain.

As a neutral industry platform, TradeLens offers supply chain visibility, ease of documentation and the potential of introducing new products on top of the platform.

These attributes bring new opportunities for the Maersk transformation towards becoming an end-to-end container logistics company improving the experience and services we offer the customers."

Maersk said members of TradeLens "gain a comprehensive view of their data and can collaborate as cargo moves around the world, helping create a transparent, secured, immutable record of transactions", claiming that "the attributes of blockchain technology are ideally suited for large networks of disparate partners".

Blockchain establishes a shared, immutable record of all the transactions that take place within a network and enables permissioned parties access to secured data in real time.

Bridget van Kralingen, senior vice president for Global Industries, Clients, Platforms & Blockchain, at IBM, commented: "Blockchain for the enterprise is solving previously unsolvable problems.

Through improved trust, simplicity and improved insight into provenance, blockchain solutions such as TradeLens are delivering proven value across business processes for our clients and their ecosystems.

Massive new efficiencies in global trade are now possible and we're seeing similar effects across the food industry, mining, trade finance, banking and other industries where the value of blockchain is more apparent than ever before."

However, some critics of the scheme question who will ultimately own the data and how that will be used, believing that the initiative may ultimately be used for provide a major advantage to Maersk and IBM.

TradeLens said Hapag-Lloyd and ONE "will each operate a blockchain node, participate in consensus to validate transactions, host data, and assume a critical role of acting as Trust Anchors, or validators, for the network".

It said both companies will be represented on the TradeLens Advisory Board, "which will include members across the supply chain to advise on standards for neutrality and openness".

(from: lloydsloadinglist.com, July 2nd 2019)

REEFER

RECORD-BREAKING REEFER ORDER: 13,420 NEW REEFERS FOR HAPAG-LLOYD / REEFER FLEET INCREASES TO MORE THAN 100,000 CONTAINERS

Hapag-Lloyd has placed a record order for the refrigerated containers known as "reefers".

Production of 970 20-foot containers and 12,450 40-foot containers is already scheduled to commence as early as July.

Delivery of the refrigerated containers, which have traditionally been white as opposed to Hapag-Lloyd's orange standard containers, is set for November 2019 – or right in time for reefer season, as that is when harvest season begins in countries in the southern hemisphere.

It will primarily be fruits and vegetables – such as blueberries, cherries and avocados from Chile, Peru and elsewhere – but also fish and meat that will be making their way to consumers in these containers.

Hapag-Lloyd reefers are also used worldwide to transport goods that are sensitive to high temperatures, such as pharmaceuticals and blood plasma.

"With this new order, we will be expanding our transport capacities for our customers.

They will now have at their disposal over 100,000 state-of-the-art refrigerated containers with a total capacity of 210,000 TEU, some of which will be equipped with the latest Controlled Atmosphere technology, which slows the ripening process during transport, thereby extending the shelf life of fruit and vegetables", explains Niklas Ohling, Senior Director Container Steering at Hapag-Lloyd.

The production of the reefer containers will also be the starting signal for the fleet-wide equipping of reefers with the latest IoT monitoring technology.

The resulting customer products will be marketed under the name Hapag-Lloyd LIVE.

The product features of Hapag-Lloyd LIVE will be gradually made available to customers as the installation of the equipment proceeds and will offer real-time GPS positioning, information on the temperature inside the container, and systems for notifications and alarm management, among other features.

"In recent years, we have continuously invested in the expansion and modernization of the reefer fleet.

We have consolidated our leading position in this market segment and can offer our customers outstanding quality in the transport of temperature-sensitive goods on all trades routes," Ohling adds.

(from: hellenicshippingnews.com, July 5th 2019)

ON THE CALENDAR

28-30/08/19	Jakarta	Inamarine 2019
10-10/09/19	Londra	12th Annual Shipping & Marine Services Forum
11-13/09/19	Amburgo	Seatrade Europe Cruise & River Cruise Convention
11-13/09/19	Amburgo	MARINE INTERIORS Cruise & Ferry Global Expo
19-24/09/19	Genova	59° Salone Nautico
23-25/09/19	Doha	Ports & Maritime Evolution, Rail & Logistics Evolution, Road & Logistics Evolution Qatar Assembly & Expo
23-24/09/19	Roma	AIIT 2nd International Congress on transport infrastructure and systems in a changing world
03-05/10/19	Piacenza	GIS 2019 - Giornate italiane del sollevamento dei trasporti eccezionali
06-09/10/19	Limassol	16th "Maritime Cyprus 2019" Conference
15-18/10/19	Oslo	15th GreenPort Congress and Cruise 2019
15-15/10/19	New York	11th Annual New York Maritime Forum
21-21/10/19	Atlantis	The Maritime Standard Awards 2019
22-22/10/19	Atlantis	The Maritime Standard Tanker Conference 2019
23-23/10/19	Parma	Logisticamente On Food
06-06/11/19	Abu Dhabi	The Maritime Standard Ship Finance and Trade Conference 2019
27-28/11/19	Madrid	International Cruise Summit 2019
03-05/12/19	Pordenone	Navaltech 2019 - Marine Technologies Expo
04-05/12/19	Barcellona	Cruise Ship Interiors Expo

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