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Newsletter C.I.S.Co. July 2020



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PRS TERMINATES ALL RELATIONSHIPS AND NEGOTIATIONS WITH WHIRPOOL - FOR THE PURCHASE OF THE NAPLES FACTORY



"The production of patented Passive Refrigeration containers will start in Abruzzo in November 2020 where 350 workers will be employed for an initial production capacity of 1,500 containers"

Lugano, July 30th, 2020 - PRS Passive Refrigeration Solutions S.A. ("PRS SA") informs that has terminated all relationships and negotiations with Whirlpool for the purchase of the Naples factory due to the Whirlpool's previous binding agreements with the Government and the Unions which are incompatible with the sale of the factory proposed by Whirlpool.

Due to the very serious financial and reputational damages caused to PRS S.A. by Whirlpool's failures and misconduct, PRS SA has issued a mandate to his lawyers for legal action to recover such damages.

Furthermore PRS S.A. - reaffirming the seriousness and consistency of its business initiative - informs that, despite the delays and difficulties that Whirlpool's behavior has caused to the company's programs, the production of patented PRS containers will begin in Abruzzo (Teramo) in November of 2020. The investment will be entirely financed by private equity, will have an initial production capacity of 1,500 containers, and will reach 6,000 containers per year at the beginning of 2022. The factory will employ 350 workers. For this purpose, PRS EU Spa has already been established.

The PRS SA activity in this period has achieved important results and international recognition, in particular:

- Spain: the excellent results of the tests carried out in 2019 with fresh vegetables and fruits, have resulted in the interest of the Government of Cataluna which is now carrying out a series of tests simulating the transport of meat and fresh fruit from Spain to China on the Silk Road railway. The positive results will entail a significant increase in Spanish agri-food production and the systematic use of Passive Refrigeration intermodal containers in long-range transport between Spain and China;

- Russia: the grant in Russia of the patent for PRS containers has allowed the establishment with local market leaders of the PRS-Eurasia partnership for the production, management, and assistance on the central section of the Silk Road, thus completing the connection of refrigerated transport for food and medical products between Europe and China.

- NENA countries (Near East and North Africa): FAO has indicated the use of PRS containers for intermodal transport in these Countries as a priority mean to reduce the environmental impact and the transport costs of fresh food as well as help to prevent the spread of COVID-19: the use of PRS containers significantly limits the movement of drivers between the various areas.

PRS Passive Refrigerations Solutions S.A.

PRS S.A. is a private company whose mission is the development, patenting, design, and production of innovative systems for the optimized use of energy aimed at the conservation and transport of perishable products.

PRS technology fully complies with the requirements of the European Commission's Green Deal and the Sustainable Development Goals defined by the United Nations and FAO.

The evaluation of the PRS technology made by the Chinese Government with two-year due diligence, as a necessary premise for the authorization to set up the JV in China, the United Nation (UNIDO) award as the world best technological innovation in the agri-food sector and the granting of international patents, confirm the absolute validity of the PRS technology.

The R & D activity is carried out both directly and in cooperation with universities and Research Centers in Italy and abroad.



View of PRS containers in the port of Genova: the front wall has no refrigeration equipment as the temperature control is achieved by mean of the thermal energy stored in the Thermal Accumulators

SIMULATION VITAL IN ADJUSTING QUAY OPERATIONS DURING CRISIS PERIODS



"HPC Hamburg Ports Consulting experts have recently highlighted how simulation can be used to effectively achieve a clear picture of terminal quay operations during times of volatile transport volumes. "

COVID-19 has dished out many shocks to the supply chain and it is more important than ever that terminal operators have a clear picture of their operations in times of volatile transport volumes as shipping companies continue to adapt their services lines and implement blank sailings.

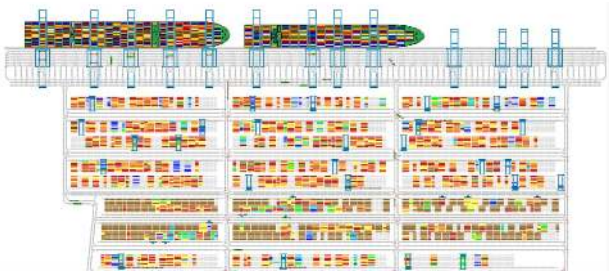
Maxim Neiser, Terminal Planning and Simulation Specialist at HPC, said in a recent paper that one measure that offers cost saving potential for terminals is temporarily taking quay cranes out of operation i.e. mothballing.

To find out more read Neiser's paper "How to get a Clearer Picture of Terminal Quay Operations in Times of Volatile Transport Volumes" click here.

However, as Neiser noted, this is not a simple decision to take: If and how many cranes can be mothballed while ensuring unchanged service levels to vessels, considering the dynamic interdependencies of terminal and vessel operations. One of the best tools to use in order to make this decision with full visibility of its impact on operations is to use quay simulation.

"Quay simulation is not a crystal ball, but its results come with an average accuracy of about 98% percent, a figure pretty close to the reality," Neiser said.

In his paper Neiser explores various use cases for such quay simulation and explains while it has been typically used to investigate growing container volume forecast it is also applicable when volumes are dropping as vessels cease calling at ports during times of crisis.



In another paper, Nils Kemme is Partner and port operations consultant at HPC Hamburg Port Consulting, supports Neiser's view of simulation and also suggests its is the "one and only tool" to provide detailed and highly accurate insights into the effects of equipment reductions on terminal performance and service levels.

Kemme notes that taking any equipment out of service offers huge cost saving potential, but also provides a significant risk to operations but this can be mitigated somewhat via simulation.

To find out more read Kemme's paper "Determining the optimal volume trigger points to right-size terminal equipment" click here.

Ultimately simulation will facilitate optimal cost saving decisions and flexibility for terminal operators, Kemme said..

porttechnology.org

PREDECESSOR AND SUCCESSOR



"At the beginning of June Zeno D'Agostino, the president of Italy's Port Network Authority of the Eastern Adriatic Sea, who has been in office since November 2016, was deposed. Mario Sommariva was appointed temporary managing commissioner in his place. In Trieste, the new (and now old) commissioner explained to ITJ reporter Kerstin Kloss why he was more than happy to relinquish his post again."

How do you explain the events in -Trieste to foreign partners, Mr Sommariva?

Anac –the Autorità nazionale anticorruzione, our national anti-corruption autho- rity – misinterpreted a law on the compati-bili-ty of various public tasks. I want to make it clear that this had nothing to do with corruption at all, but was related exclusively to bureaucracy.

Zeno D'Agostino was the chairman of the entity Trieste Termi-nal Passeggeri, a cruise--terminal operator that manages cruise services in the gateway. The port authority owns 40% of the shares therein, but it has no power. Thus in our opinion this task wasn't in conflict with his role as port president. Anac was of the opinion that he shouldn't have been appointed port president. The strange thing is that he was appointed five years ago, but it only turned out to be relevant now, five months before Mr D'Agostino's mandate was set to come to an end.

Can you explain why the port president had to leave his post now – in the midst of the downturn triggered by government measures to contain the outbreak of Covid-19, which was a parti-cularly difficult period for Italy?

No, I can't explain it at all, really; I'm just happy that we placed our faith in the country's judiciary. An administrative court tried the case at the end of June and its verdict allowed Mr D'Agostino to return to his post.

Did you ever doubt his return?

We knew we'd win in court in the end. Both Mr D'Agostino personally as well as the port authority filed a lawsuit in the Rome administrative court. After the court suspended Anac's decision, there were no more barriers to his return. We expected a verdict on 24 June; in the end the decision was taken on 30 June.

What was transport minister Paola de Micheli's position?

She was clearly on our side from the very beginning. My interim appointment emphasised her great overall confidence in Mr D'Agostino's work over the past five years. The measures she has taken show that she recognises his abilities, sincerity and vision.

Wouldn't you, with your in-depth know-ledge of the logistics sector, actually be the ideal new port president?

No, no, no! There's no alternative to Mr D'Agostino. I'm the autho-rity's secretary general and, as its acting director, I was only in charge of maintaining port operations until Mr D'Agostino's return. My personal role wasn't all that impor-tant, really.

Zeno and I have a joint project to develop this port as well as the overall port compound. Our task is to create jobs and to innova-te, for new oppor- tunities for young people. As long as I have enough strength and energy I'll support this project. That's all.

What key projects are in the pipeline for future implementation?

We've got three important infrastructure development projects on the table at the moment. The first one is to close the Arvedi Group's Servola steel factory and to develop it into a container terminal, most likely. Secondly, the site of a former oil factory is set to be re-dedicated as a multipurpose terminal. And thirdly, the old port of Trieste will be used for cruise ships as soon as measures to contain the outbreak of Covid-19 end.

Did Mr D'Agostino's temporary removal have any negative impact on Italy's port system as a whole?

Yes, there was some negative fallout. The impact on Italy's port system is that it's difficult for us to explain to people observing the process from abroad what actually happened. That's why every port in Italy supported us with its solidarity, including industry associations.

A short portrait of Mario Sommariva

63-year-old Genoa-born Mario Sommariva has more than 40 years of experience in shipping, ports and logistics. He has wor-ked in various positions for the Filt Cgil transport union, amongst many other jobs.

Before becoming secretary general of the Port Network Authori-ty of the Eastern Adria-tic Sea in Trieste in 2015, he held a simi-lar position in the port of Bari for eight years.

transportjournal.com

CONTAINER VOLUME AT MAJOR CHINESE PORTS UP 3.4% IN EARLY JULY



Looking at export container volumes Xiamen port reported a 1.5% increase and Guangzhou port posted over 10% growth rate. Cargo throughput at major coastal ports increased 12.1% year-on-year, the export cargo throughput increased 14.4%.

Related: Container volume at major Chinese ports up 3.5% in late June

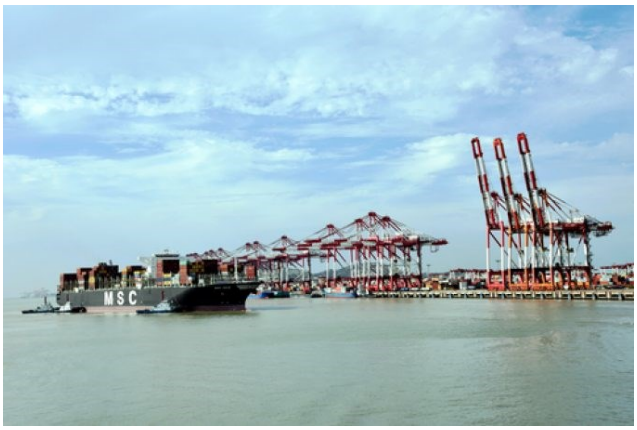
Crude oil shipments at major coastal ports increased 26.8% year-on-year, among which the growth rate of Rizhao port and Tianjin port exceeded 50%, while the port inventories increased 28.2%.

Metal ore shipments at major ports increased 18.3% year-on-year, among which the growth rate of Tianjin port exceeded 60%, while inventory volume declined 4.9%.

Cargo throughput at three major Yangtze river ports, Nanjing, Wuhan and Chongqing, declined 4.9% comparing to the same period of last year while the container volume slightly increased 0.2%. However, some of the terminals along Yangtze river had to shut down temporally due to recent floods..

seatrade-maritime.com

BOOMING INTRA-ASIA TRADE PUSHES CARRIERS TO LAUNCH MORE SERVICES



MSC has become the latest shipping line to revamp its intra-Asia service offering amid strengthening China-Asean trade.

From this week, MSC has updated four existing intra-Asia services and is launching a new South-east Asia loop named Seahorse, which links Tanjung Pelepas, Singapore, Jakarta, Yantian, Kaohsiung, Manila, Vung Tau and Laem Chabang.

"Customers are showing increasing demand for new services to move cargo between key locations in Asia," said the carrier.

"These enhancements to our intra-Asia network offer direct connections and competitive transit times for long-haul cargo from Greater China and South-east Asia, as well as comprehensive port coverage between Indonesia, South China, Taiwan, Philippines, Vietnam and Thailand."

Dubbed the largest tradelane in the world, intra-Asia accounts for some 33m teu every year, but in reality comprises hundreds of individual lanes criss-crossing Asia Pacific, the Indian Subcontinent and Australasia.

Between January and April – at the height of the Covid crisis in Asia – some trade data suggested intra-Asia volumes were suffering from 'lockdown-syndrome' alongside the major deepsea trades.

However, for China-Asean at least, recent figures show a 5.6% increase in bilateral trade to $299bn during the first-half of the year.

The South-east Asian trading-bloc surpassed the EU to become China's largest trading partner for the first time, albeit perhaps temporarily as European economies get back into gear, post-lockdown.

As well as MSC, new services between China and Asean, and intra-Asean, have been launched by other major players in the region. For example, in March, Maersk's Sealand Asia adjusted two intra-Asia strings to add new direct calls between Indonesia and China; and ONE has increased direct sailings from China, with two new services launching this month to Indonesia, Thailand, Vietnam and the Philippines.

Regional carriers have revamped services, too. This month, Thailand's RCL began a butterfly service between Singapore, Malaysia, and Indonesia, while this Friday, Wan Hai will launch its fourth string between Taiwan, Vietnam and Thailand with partner Interasia Lines.

A traditionally competitive market, intra-Asia freight rates have held steady throughout the crisis – unlike the steep rate climbs experienced on the deepsea trades.

"Some mainline carriers are offering promotional rates on intra-Asia lanes, especially where they need boxes to be repositioned," said Mr Sundara, Asia Pacific ocean freight director at Scan Global Logistics.

He added: "To cope with the peak in transpacific eastbound and Far East westbound trades, intra-Asia movement has been capped to provide priority movement for these mainline east-west trades.

"They are moving backhaul empties into the Far East to ensure empty boxes are quickly released for export. However, we expect these carriers to push harder for intra-Asia trades sometime near the end of the third quarter, although we can still secure rates until the end of September, both as FAK and for named accounts."

Furthermore, Mr Sundara explains, carriers including Hapag-Lloyd, CNC and Sealand are pushing online spot rates.

"MSC has joined the bandwagon by offering instant quotes. Even though this is not rolled out to intra-Asia trade yet, we expect this to happen as it begins the network upgrade."

theloadstar.com

ASIA-NORTH EUROPE MARKET SHARE SET TO EBB AND FLOW BETWEEN THE ALLIANCES



More evidence has emerged on how differently the three main container shipping alliances on the Asia-North Europe trade are to manage capacity for the remainder of the year.

According to new data from SeaIntelligence today, the 2M and Ocean alliances had been quick off the mark early in the year to make drastic capacity cuts in weeks five and six. The 2M partners reduced capacity by over 50%, compared with that week in 2019, while the Ocean Alliance reduced capacity by around 45%, year on year.

THE Alliance reduced capacity by 29% in week five and by 38% in week six, but has since maintained a relatively stable capacity offering.

However, over the next two months, while the 2M partners will see year-on year-capacity reduced by 24% and THE Alliance's offering will be cut back by 24%-27%, the Ocean Alliance will reduce capacity by a far modest 14%-18%.

"The Ocean Alliance's cumulative capacity reductions by week 40 are the lowest of the three alliances, and by quite some margin," SeaIntelligence CEO Alan Murphy said. "This is a trend we also see on the Asia-North America east coast and Asia-Mediterranean trades.

"As we have noted on several occasions, there is no logical basis to suggest that the Ocean Alliance would be impacted differently. Which makes these developments a bit curious, especially since this is not a trend that we saw in 2019 either."

According to eeSea data, this will also result in a change in market share on the trade: currently 2M deploys 41% of headhaul capacity, with the Ocean Alliance providing 38% and THE Alliance the remaining 21%.

Next month that will change, with 2M maintaining a 41% market share, with Ocean Alliance moving to 40% and THE Alliance reduced to 19%.

In September, the Ocean Alliance is set – according to current schedules – to operate 39% of capacity, with 2M reduced to a 36% market share and THE Alliance on 25%.

However, assuming that the 2M partners reinstate the AE2/Swan in October, as originally planned, the 2M partners will once more be the leading vessel-sharing agreement, with 44% of operated capacity.

Meanwhile, last week, just two further Asia-North Europe blank sailings were announced by carriers, SeaIntelligence noted.

Mr Murphy said: "The fewer new blank sailings does not mean demand has come back to normal, as it dropped by 15.9% year on year in April and 11.4% in May, but rather that the carriers seem to believe their current blank sailings programme is adequate – aggressive even, considering that a host of blank sailings have been reinstated in recent weeks.".

theloadstar.com

CONTAINERSHIP DEMOLITION INCREASING, BUT SCRAP PRICES HAVE FALLEN 25% THIS YEAR



With the containership charter market in the doldrums, demolition sales have picked up, with reports of a number of vessel sales.

Among them is the 1998-built 9,600 teu Sine Maersk (pictured above), which has been sold to Turkish breakers and will become the largest containership ever sent for recycling.

According to vesselsvalue.com, the post-panamax ship has been at anchor off Aliaga, Turkey, since 29 June and is due to be handed over to buyers today for an undisclosed price.

The online service lists the vessel as having a current scrap value of $11.7m, from a 2006 peak of some $150m.

However, Alphaliner notes that Maersk is likely to receive about $100/Ldt less scrapping the ship at a Turkish yard than the carrier could have obtained in the Indian sub-continent.

Maersk ballasted the ship from Oman to Turkey via the Suez Canal to honour its commitment to sustainable vessel recycling, in accordance with the Basel Convention and EU Ship Recycling Regulation.

The Sine Maersk was built at the group's Odense shipyard in Denmark and was subsequently lengthened, including raising its deck house bridge, in 2011 to boost its container intake by 2,200 teu.

The consultant noted that two Costamare-owned sister ships, the 7,403 teu ex Katrine Maersk and Kirsten Maersk, had recently arrived in India for breaking.

According to the most recent data from Alphaliner, as at 22 June, there were 66 containerships of 7,500 teu to 12,500 teu in lay-up, along with 49 of more than 12,500 teu.

A broker source told The Loadstar that, given the expected ongoing weak demand and the depressed charter market, a number of 10,000 teu ships would be candidates for scrapping.

"I think carriers will be looking to improve their balance sheets with some demo sales, and the non-operating owners will just want to get the best deal possible, wash their face and walk away," he said.

According to London broker Braemar ACM, over the past 30 days there have been 18 container vessels, with a capacity of 58,500 teu, sold for demolition, while the total demolished so far this year has reached 38 vessels for 90,000 teu.

This is somewhat below the 74 ships, for 145,500 teu, scrapped during the same period of 2019, but the low number reflects the demo market being stymied for three months due to the pandemic.

However, with the recent acceleration in scrapping enquiries, the amount of container tonnage recycled this year is likely to exceed last year's total of 100 ships for 195,500 teu.

But sellers will need to adjust their price expectations to conclude deals. For example, recent demolition sales by carriers Evergreen and Yang Ming have only achieved around $280/Ldt, more than 25% below the market level at the beginning of the year.

theloadstar.com

SKY-HIGH OCEAN SHIPPING RATES MAY HAVE FINALLY PEAKED



Ocean container rates remain exceptionally high but may have finally hit their ceiling. Spot rates have not only stopped rising, they've pulled back by single digits. Is this a new plateau or the start of a longer-term reversal as liner alliances bring more capacity back online?

The share of idle container-ship tonnage is declining. The number of box ships being chartered by carriers is increasing. Charter rates are on the rise. All of this implies there will be more slots available for containers, a headwind for freight rates.

Spot rates halt their ascent

"As carriers restore capacity, ocean rates dipped slightly," said Freightos Chief Marketing Officer Eytan Buchman in the company's weekly report.

The Freightos Baltic Daily Index tracks the price to ship a forty-foot equivalent unit (FEU) container in various trades. Rates peaked on July 8 on the China-West Coast route (SONAR: FBXD.CNAW) and on July 7 on the China-East Coast route (SONAR: FBXD.CNAE). China-West Coast rates hit a high of $2,855 per FEU before falling 4% to $2,753 per FEU on Wednesday — still more than 65% above rates in the past two years.

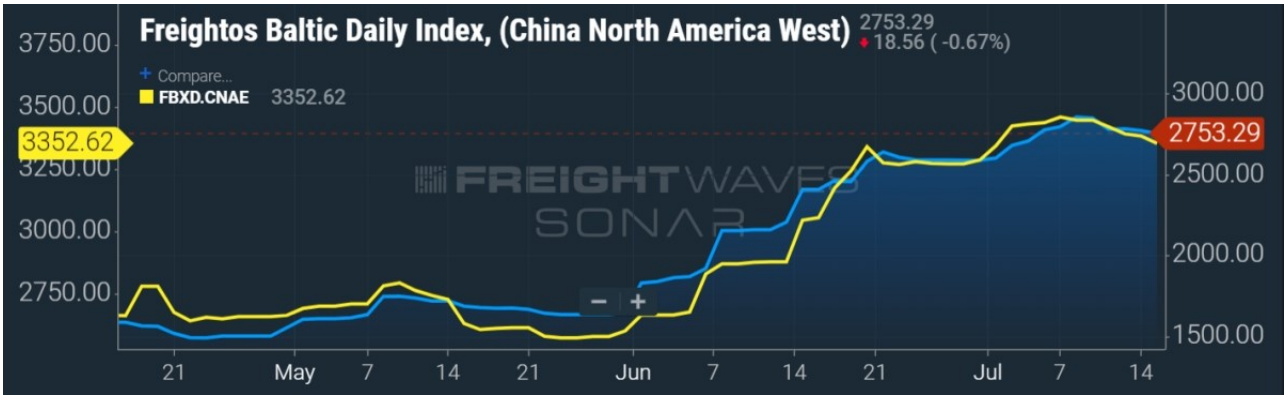
Demand in flux

"Volumes and capacity are still not at equilibrium, keeping rates up, with reports of some carriers even requesting premiums on top of these rates to prevent rolled shipments," noted Buchman.

The COVID-19 crisis could push importers to bring even more cargo in quickly, he continued. "As infections rates, closures and restrictions grow in the U.S., these extreme freight rates may point to the urgency importers are feeling to ship as soon as possible, as the pandemic has made it impossible to know how long consumers will still be buying."

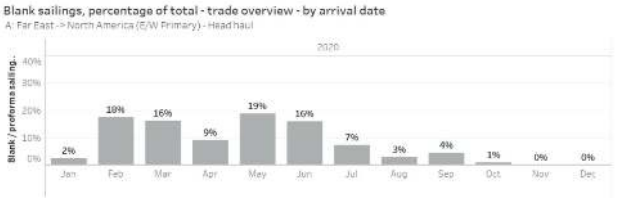
On one hand, this could lead to more orders in the coming weeks. On the other hand, importer urgency could have already brought orders forward, implying demand weakness ahead.

U.K.-based consultancy MSI warned in a new report: "There is some need for caution, since the recent rebound in volumes is potentially being driven by one-off inventory restocking dynamics. There are signs that the U.S. economic recovery in particular is slowing," it said. This raises the question of "how durable current volume rebounds will prove."



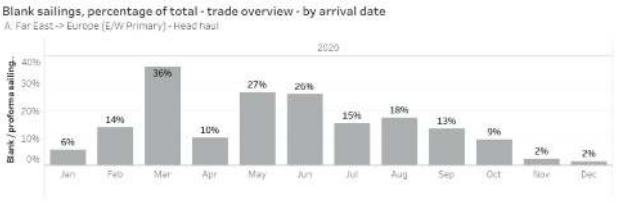
Blank-sailing data

Demand could be either positive or negative for rates. Given COVID-19, demand is a wildcard. Supply appears more one-sided, in favor of rates declining. An unprecedented amount of capacity was artificially removed from service by carriers to support rates in the wake of coronavirus-stricken demand declines. That capacity is now returning.
Carriers "blanked" (canceled) sailings to calibrate supply to demand. According to the data updated on Thursday from eeSea.com, carriers blanked 14.7% of their sailings from Asia to North America arriving in the second quarter, but have



only blanked 4.7% of third-quarter arrivals.
(Chart: eeSea.com)

The data also shows that carriers are much more optimistic about North American consumer demand than European demand. In the second quarter, 21% of Asia-Europe sailings were blanked, with 15.3% blanked in the third.
This implies that carriers are as pessimistic about European imports in the current quarter as they were about U.S. imports in

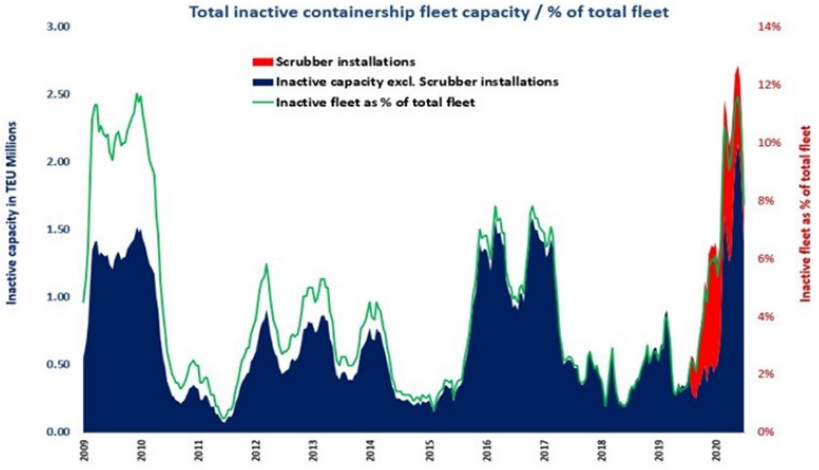


the previous quarter.
(Chart: eeSea.com)

Inactive fleet on the decline
The fewer blank sailings, the fewer ships are idled. Data on idled ships tracked by Alphaliner is pointing to a major change.
Alphaliner reported that the inactive container-ship fleet fell to 1,847,871 twenty-foot equivalent units (TEUs) as of July 6, down 20% from the previous count in late June.
"The inactive fleet capacity level has dropped below the 2-million-TEU mark for the first time since mid-February, indicating improving market conditions," said Alphaliner.
NOO: Non-owner operated ships. SR: ships undergoing scrubber retrofits (Charts: Alphaliner)

Inactive containerships > 500 TEU
As at 6 July 2020
Breakdown by Size Range

TEU Range	Units idle	Trend	of which, NOO Units	NOO %	*SR
500-999 teu	50	↘	40	80%	1
1,000-1,999	90	↘	72	80%	0
2,000-2,999	36	↘	26	72%	2
3,000-5,099	60	↘	33	55%	2
5,100-7,499	55	↘	20	36%	4
7,500-12,499	44	↘	13	30%	18
12,500 & over	40	↘	0	0%	16
Total units	375	↘	204	54%	43
Total TEU	1,847,871		578,510	31%	
Inactive TEU as % of total fleet	7.9%				



Charter rates rebounding

Carrier fleets are composed of owned tonnage and chartered vessels. This mix provides the flexibility to manage costs. Carriers renew fewer expiring charter contracts in weak markets. This increases the number of ships available for hire and decreases charter rates.

Those charter rates plunged in the wake of the coronavirus. Now, they're coming back.
According to MSI, "Recent weeks have been encouraging, at least for mid-size and larger benchmarks, as a chartering spree has greatly reduced the number of spot units and placed upward pressure on time-charter earnings."
Charter rates for 8,500-TEU ships are up to $18,000 per day from a low of $11,000 per day. "The specific driver was chartering by MSC [Mediterranean Shipping Co.], which fixed essentially the entire market in the space of a week," reported MSI.

Will carrier willpower break down?

Ocean carriers have been surprisingly adept at averting a price war during the pandemic — so much so that the word "profiteering" has been voiced.

But the real test of carrier willpower will come when vessel supply returns to the market. In other words, now.

More services, fewer blanked sailings and more chartered-in ships equate to more container slots that need to be filled. If carriers don't maintain price discipline, a mid-single-digit drop in spot rates could snowball into something more substantial.

As Simon Sundboell, founder of eeSea.com, previously told FreightWaves, "Now that things are starting to open back up, it'll be interesting to see how well carriers manage not just the shutdown but the reopening. It's way too early to claim that carriers have gotten the upper hand in the perpetual supply/demand-balance game." Click for more FreightWaves/American Shipper articles by Greg Miller

MORE ON BLANK SAILINGS: For an in-depth Q&A on blank sailings with Sea-Intelligence CEO Alan Murphy, see story here. For extensive data on blank sailings from eeSea.com, see story here. For a comparison of second- and third-quarter blank sailings to U.S. ports, see story here.

freightwaves.com

EUROPEAN EXPORTERS STILL UP AGAINST IT, BUT EQUIPMENT SHORTAGES ARE EASING



Blank sailings, escalating freight rates and a shortage of equipment continue to hobble European exporters.

Shippers to Asia and the US are facing lengthy delays and uncertainty for container bookings as the knock-on effect of short-notice carrier blanking programmes plays havoc with supply chains.

As a consequence, rates have soared, particularly to Asia where they have doubled in the past year, and in some instances are being increased after containers have been delivered to the export quay.

And shippers are still struggling with equipment availability, with shortages due to vessel schedule changes, which have resulted in significant disruption to carrier container control systems.

One senior ocean carrier operations manager told The Loadstar recently its systems were "in a state of chaos".

"We are spending a fortune on positioning equipment that has come off at the wrong hub port, plus we are having to lease more containers than we really need to to cover acute shortages in the regions," he added.

However, according to the latest survey by online equipment platform XChange, container availability in Europe is "on the rise". In line with the reduction in the number of blank sailings, XChange's Container Availability Index (CAx) recorded an improving picture for European exporters.

"Containers are moving again," said XChange, "with higher levels of equipment availability across European ports. Containers are now being loaded and returned, though the industry is still working on a lower heat than what we were used to before the corona pandemic."

Nevertheless, it noted that "some ports and depots were already filled with equipment" and the overstocking in some hubs and depots would remain, "especially when we combine a lower than usual level of demand with containers that are being returned to depots".

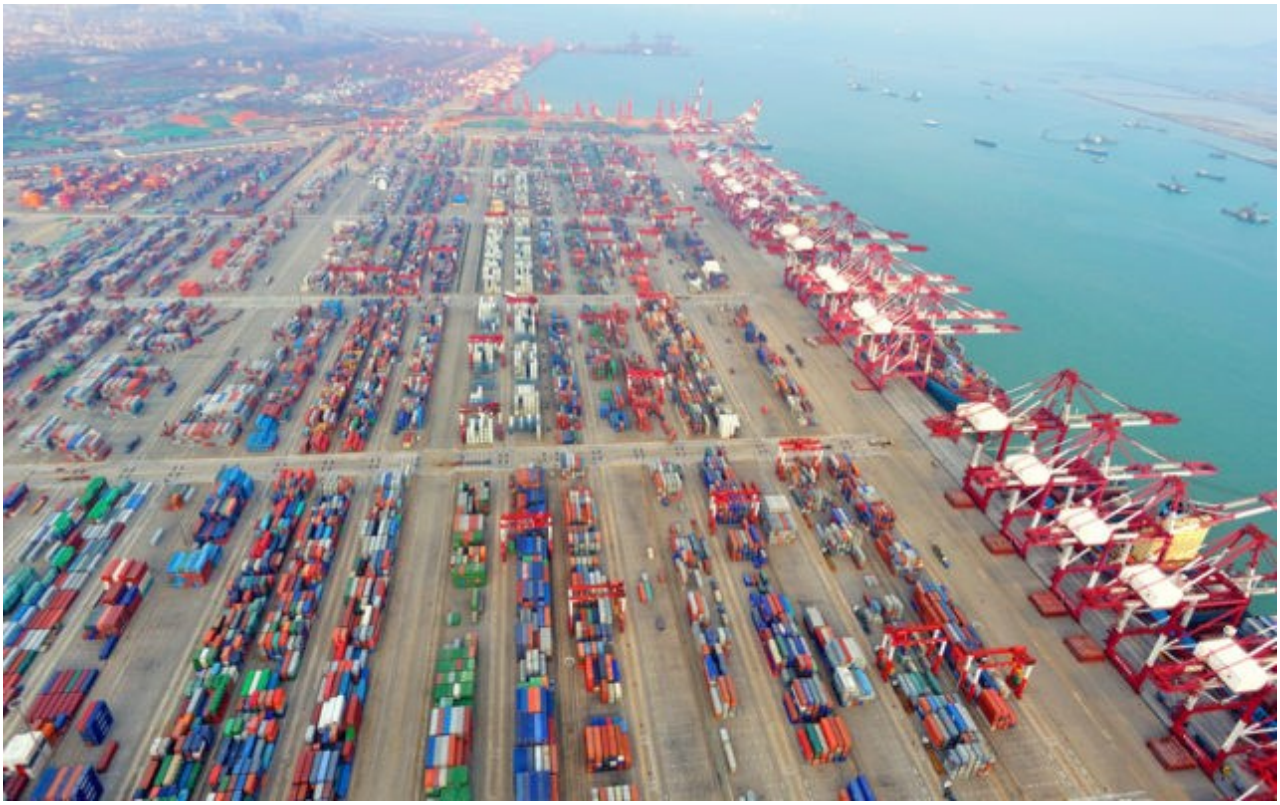
And there is some good news for Hamburg shippers, from the CAx report. In March the CAx was reporting equipment shortages at the German hub port due to the impact of the original Chinese lockdown. At the time the port's marketing division refuted the suggestion of container shortages but conceded that carriers and their customers "might run into temporary bottlenecks".

However, according to the latest CAx reading, container availability in Hamburg is "increasing", especially for standard 20 ft boxes with a value of 0.47 in week 29 increasing to 0.78 by week 31. A value is above 0.5 indicates a container surplus, while a reading below 0.5 suggests a deficit of equipment.

And as an example of the unbalanced equipment situation around Europe, the CAx reading for a standard 40 ft box in Genoa recorded an availability of just 0.01, an indication of an acute shortage of equipment in the region.

theloadstar.com

QINGDAO LAUNCHES NEW PORT AREA TO CUT LOGISTICS COSTS



"The Port of Qingdao has said the Dongjiakou Port Area has been officially opened and is now ready to receive commercial vessels. ."

In a statement, the Port of Qingdao said the Dongjiakou Port Area will save approximately $14.2 million (100 million yuan) a year in logistics costs for companies based in and around it.

While it will be a multipurpose hub, the Dongjiakou Port Area will be mainly used for importing and exporting bulk cargo. It is one of four port areas in the Port of Qingdao, along with Dagang, Qianwan and Huangdon, the last being a major gateway for oil. Their size means these areas are sometimes referred to as ports in their own right.

The launching of the Dongjiakou Port Area will allow the entire ecosystem to work more effectively, with all of the port areas working together to turn the Port of Qingdao into a "fourth generation port", a flexible transshipment and import and export hub. Qingdao is the fifth biggest port in China and eighth busiest in the world, with a TEU traffic of 18.2 million. It is particularly important for China's overseas maritime strategy and has a share in the Port of Vado Ligure, Italy, which Beijing sees as a key point of entry into Europe.

It is the latest step forward for one of Chine's major ports; Qingdao, along with others including Tianjin and Guangzhou, are developing and testing the potential of 5G networks as the seek to become 'smart ports'.

theloadstar.com

CHINA-EUROPE RAIL FREIGHT HITS THE BUFFERS AS ROCKETING DEMAND



Record-breaking volumes have caused congestion and lengthy delays on China-Europe rail freight services.

According to Norman Global Logistics (NGL), June and July have been "extremely busy" for Silk Road rail services, putting pressure on infrastructure and increasing journey times.

Rob Foster, NGL's business development manager for central and north China, said: "Major congestion is taking place on most services at the China-Kazakhstan border [Alashankou and Khorgos] which has caused a huge bottleneck."

Indeed, delays at the Khorgos transhipment hub, where containers must be transloaded onto wide-gauge wagons for the journey through central Asia, have created a ripple effect, impacting terminals in China and Europe.

NGL said Xian, Wuhan, Ganzhou and Xiamen had stopped accepting any new orders to clear the backlogs, expected to last until the end of this week, while Yiwu and Chengdu have resorted to halving departures to twice a week. Zhengzhou diverted all trains bound for Liege, Munich, and Milan to Erenhot, causing an three-to-five-day delay.

"In some locations like Wuhan, for example, we have experienced delays in shipments not departing for up to two or three weeks later than expected due to the bottleneck at the border," Mr Foster told The Loadstar.

He added: "The carriers have been reluctant to release trains in order not to have them detained at the border. Once a container is delayed people are looking for some sort of refund on the cost of the freight, which the carriers really do not want to entertain.

"Another challenge is that tracking on Silk Road is a long way behind air and ocean, and requires a lot of manual work to track down information, unless you have loaded your GSP system into the container."

NGL noted the congestion has spread to the Malaszewicze border in Poland, with container transloading containers now taking around "two days longer than usual."

Congestion at Malaszewicze – another gauge-change hotspot – has been going on for years, with infrastructure upgrades failing to keep up with volumes, forwarders say.

Double-digit increases have not been uncommon for China-Europe rail services in recent years, but the coronavirus pandemic and subsequent capacity crunch in air and ocean have sent volumes through the roof since March, once China's lockdown was mostly over.

According to China Railway, there were 5,122 China-Europe freight trains in the first half, up 36% year on year. Last month alone there were 1,169 trains, another new record.

Khorgos was the busiest border-crossing of all the Silk Road routes from China, handling 2,000 trains in the first half, a 48% increase over 2019.

Eastbound services have also undergone significant expansion this year, with forwarders launching block train services from Germany to cope with demand. However, a continued imbalance between eastbound and westbound trains has been raised as a major cause of the current congestion, since the mismatch in trade flows creates a shortage of wagons in China.."

theloadstar.com

TUNNELLING RESTARTS IN GENOA ON TERZO VALICO RAIL PROJECT



"A ceremony was held in Genoa on July 21 to mark the resumption of construction on the Genoa Node element of Italian Rail Network's (RFI) €6.9bn Terzo Valico rail project following a two-year suspension of work. ."

The ceremony was attended by Mr Pietro Salini, CEO of Webuild (formerly Salini Impeglio), Italy's infrastructure and transport minister, Mr Paola De Micheli, Mr Calogero Mauceri, extraordinary commissioner for the Terzo Valico dei Giovi and the Node, Mr Maurizio Gentile, CEO of RFI, and the Archbishop of Genoa, Monsignor Marco Tasca.

Resumption of tunnelling follows the signing of a contract between RFI and the Cociv consortium led by the Webuild Group for the design and construction of the Terzo Valico dei Giovi project.

The Genoa Node scheme involves the completion of civil works on the Colombo, San Tomaso and Polcevera tunnels within 30 months at a cost of €120m. Webuild says this will accelerate work on the new 250km/h 53km line between Genoa, Novi Ligure and Tortona, which is 40% complete, and includes 37km of tunnels.

RFI and Cociv also signed a contract for a link to connect the new line with the existing railway in Novi Ligure and to construct a siding for freight trains at San Bovo. The scheme includes the construction of connections with the existing rail network at Voltri, Genoa Parco Campo, and Tortona.

When it opens, the Terzo Valico project will cut the journey time between Genoa and Milan from 1h 39min today to 50 minutes and improve freight connections between the port of Genoa, northern Italy, and northern Europe. Terzo Valico will form part of the Rhine-Alps TEN-T corridor linking Genoa with Rotterdam, Antwerp and Zeebrugge.

railjournal.com

COVID OVERTAKES DRIVER SHORTAGE AS HIGHEST HURDLE FOR EUROPEAN ROAD FREIGHT

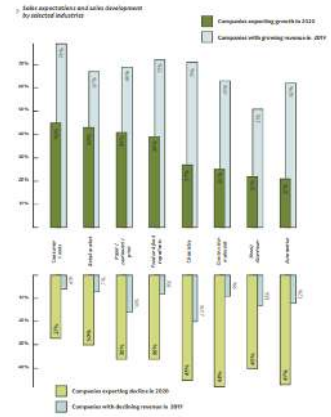


The Covid crisis has hit forwarders specialising in European road transport, particularly those working in the automotive and construction sectors.

Previous issues such as driver shortages and Brexit pale in comparison with the lack of volumes and low pricing in the current market.

Only 32% of forwarders expect revenues to grow this year, against 67% last year, according to the European Road Transportation survey by Transporeon, of more than 1,200 freight forwarders.

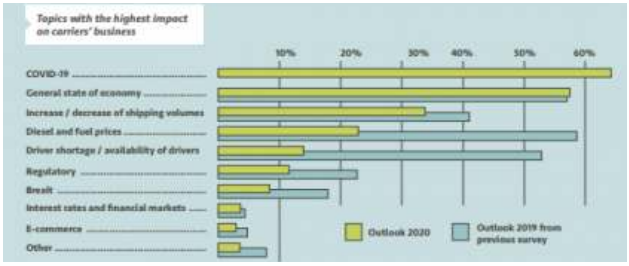
Some 38% expect a decline in turnover, against 10% last year, and nearly half of the chemicals, construction and automotive industries (45%, 48% and 47% respectively) are expecting declines this year.



Transporeon

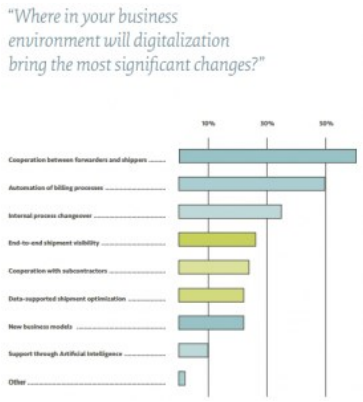
Some 77% are seeing a decline in volumes, and 30% are seeing free capacity in the market due to Covid. Spring 2020 saw a record high in available capacity, with transport prices correspondingly low. As a result, only 28% are planning to increase capacity this year – against 46% last year. One in 10 will cut their capacity.

Covid and its consequences dominate forwarder concerns, with 64% saying it was the issue with the greatest impact on business, with 58% noting that the economy was a primary issue. Last year, driver shortage was seen as a real concern for more than 50% of forwarders, now it is worrying for less than 15%.



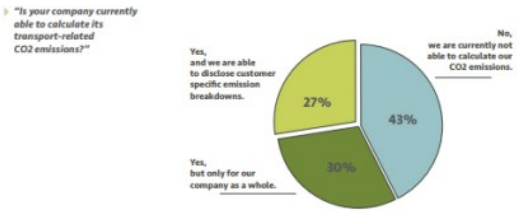
Despite severe lockdowns in countries such as Italy and Spain, freight forwarders in the UK, Ireland and Poland see the greatest impact of Covid on their own situation, with over 70% of carriers in each market affected.

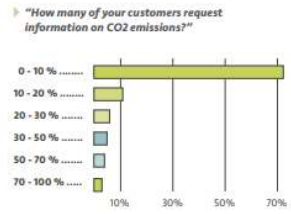
However, digitalisation is one positive, with 74% of forwarders saying it will improve their business. Nearly 50% said the best optimisation would be cutting waiting and unloading times, while the second most important measure was time slot management.



The majority of forwarders give customers the current position of the shipment when asked, with 42% giving customers live tracking and 38% give customers the ability to view status messages.

Emissions, however, remain a problem. Nearly 43% are unable to calculate them, while 72% said less than 10% of their customers ask for emissions data.





"In the currently very challenging economic situation, it's absolutely vital that transport companies, but also our governments, continue to invest in digitalisation and data-driven infrastructures," said Stephan Sieber, chief executive of Transporeon.

"We see this in the survey results: three-quarters of all carriers believe digitalisation will improve their business situation; and we see it in the increased uptake in spot market opportunities, which only become possible through enhanced digital technology.

"In the years ahead, I'm convinced digital technology will not only make the industry more efficient, but also play a central role in managing its environmental impact. And clearly we have a lot of work to do there."

theloadstar.com

MEPS BLESS MOBILITY PACKAGE WITHOUT FUSS



After reaching a political agreement with the Council back in December, the Parliament still needed to endorse the package before it could become part of EU law. All three legal acts ultimately passed and all proposed amendments were rejected.

"The mobility package promotes fair competition between operators and improves road safety as well as drivers' working conditions. The European single market cannot properly function without fair common rules which are uniformly controlled and enforced", said one of the legislation's rapporteurs, Henna Virkkunen (EPP).

Talks lasted three years and exposed a bitter divide between Europe's west and east, with countries like Bulgaria and Romania branding the rules the 'Macron Package', a reference to the French president, while truck drivers turned up en masse in Brussels to protest the reforms.

MEPs were not unified in their support for the package though and during the vote yesterday, a noticeable split emerged when lawmakers were asked whether to adopt or reject the three separate chapters of the legislation.

Posting of drivers passed 469 votes to 218, cabotage made it through 513 to 174 and driving time was split 524 to 162.

Take a load off

The new rules say that drivers cannot take their mandatory weekly break inside their vehicle and that their company will have to pay for accommodation if the rest period is taken away from the driver's home.

Virkunnen said that "certain minimum working standards are needed to ensure a level playing field between operators. Undermining employment conditions cannot be used as a competitive asset."

"This will put an end to the damaging situation where truck drivers spent months living and working in their vehicles in appalling conditions," according to the European Transport Workers Federation (ETF).

Head of the ETUC trade union Per Hilmersson said the vote "will prevent companies forcing drivers to spend months on end away from home, depriving them of their family and social life, while cheating them out of decent pay and social security contributions."

However, ministers from nine countries opposed to the package – from Bulgaria, Cyprus, Estonia, Hungary, Malta, Latvia, Lithuania, Poland and Romania – wrote in a recent opinion piece for EURACTIV that the requirement is not all it is cracked up to be.

"The ban on taking a regular rest in the cabin of a vehicle is problematic, taking into account the COVID-19 requirements to keep social distance, as well as lack of adequate accommodation places and safe parking facilities in the EU," they warned.

Secure truck stops are indeed a serious problem for the sector. According to the International Road Transport Union (IRU), the lack of a common standard of what qualifies as a safe facility is part of the problem.

An EU study in 2019 found that there is a lack of data on how many stops are actually needed. The knock-on effects include estimated annual cargo thefts totalling €8.2 billion and a decrease in the attractiveness of the profession, due to safety fears.

Single market fight

Socialist MEP Ismail Ertug insisted during a press conference after the vote that cabotage requirements and a four-day-long cooling off period are designed to address the "over-capacity" present in the sector.

New smart tachographs will be phased in to help record border crossings, driving times and unloading operations. The Commission is expected to define common standards for the technology.

Trucking firms will also have to demonstrate that they are active in the member state where they are registered, a new rule aimed at tackling letterbox companies.

But members of the industry maintain that the package is only geared towards protectionism and ignores the economic reality of the coronavirus pandemic that is facing the sector.

"The result of the vote is clear evidence of how profoundly divisive the Mobility Package is – between East and West, old and new, centre and periphery, industrial and service-oriented member states," said the head of Lithuanian's hauliers' association, Romas Austinskas.

"We are extremely concerned that having this gulf deepened, the EU's peripheral hauliers will miss out on long term benefits of the Single Market," he added.

Critics of the new rules have also pointed out that the requirement for trucks to return to their home base on a regular basis will have a negative environmental impact and that Central and Eastern countries will be on the hook for increased CO2 output as a result.

Some estimates say it could produce up to three million extra tonnes of emissions every year and the Commission is currently producing an impact assessment on that particular aspect of the package.

EU transport chief Adina-Ioana Vălean said in a statement that "the social improvements of the Mobility Package I are significant, and to this end, I welcome the Parliament's vote."

However, she added that "the Commission regrets that the new set of rules includes elements that are possibly not in line with the European Green Deal's ambitions and the European Council endorsement of the objective of achieving a climate-neutral EU by 2050."

She confirmed that her services "are currently assessing the expected impact of these two aspects on the climate, the environment, and the functioning of the Single Market, and we are gathering all the necessary information."

When asked about what would happen if the analysis came back negative, MEP Ertug replied that he did not believe "this assessment will lead to a negative conclusion."

The analysis, he added, is part of "the destructive strategy of stakeholders that are against this package".

Extra rules on the posting of workers – which will apply to cabotage and international operators – will come into force 18 months after the legislation is published in the EU's official journal.

The market access provisions, including the truck cooling-off period, will also come into force at the end of 2021, while the trucker rest period requirements will be applicable after just 20 days.

euractiv.com

SHIPPING SECTOR PRIORITISES FIVE SOLUTIONS FOR DECARBONISATION

Shell and Deloitte's new report sets out the industry view on barriers to decarbonisation and identifies priority solutions for meeting the IMO's GHG ambitions.

Grahaeme Henderson
Vice President, Shell Shipping & Maritime

> *"There is a growing view that now is the time to act if the industry is to meet the IMO's ambition."*

July 07 2020
As the International Maritime Organization (IMO) restarts its committee work this week with a focus on efficiency measures ensuring progress towards greenhouse gas (GHG) reductions in the sector, a new report published today by Shell and Deloitte finds that 95% of senior shipping executives see decarbonisation as important or a top three priority for the industry.
Nearly 80% noted that its importance had increased significantly over the past 18 months. This finding demonstrates real optimism and support for progress at the IMO.
The report brings together findings from in-depth interviews with more than 80 senior shipping executives from organisations across Europe, North America, and Asia, representing customers, ship owners, operators, charterers, port authorities, regulators, technology providers, financiers, equipment manufacturers and bunker suppliers. It presents an industry view of the barriers to decarbonisation the industry faces, and the solutions that would enable it to meet the IMO's ambition of reducing GHG emissions by at least 50% by 2050.

The results have been both encouraging and daunting.
Despite the research being carried out as COVID-19 spread around the world and the impact of travel restrictions and falls in demand were beginning to become clear, senior shipping executives remained willing and enthusiastic participants. They reported different drivers to decarbonise – in Europe executives felt a stronger social and regulatory incentive, and in Asia executives predominantly felt the incentive was coming from regulation. But in all regions, decarbonisation is on the agenda.
Throughout the interviews we asked participants what they saw as the major barriers to decarbonising shipping. Three factors emerged as key: a lack of market and customer demand; no technological alignment on what the new fuels would be; and a lack of harmonised regulatory incentives.
Despite concerns around the deadlock that these barriers can create, with little clarity on where to start and who should lead, there was enormous optimism in what we heard. There is a growing view that now is the time to act if the industry is to meet the IMO's ambition. Shipping executives noted that to reach it, the first net-zero vessels will need to enter the global fleet by around 2030 – something that has also been recognised through the goals of the Getting to Zero Coalition. This creates a real sense of urgency.

By recognising that all of us in the shipping industry were facing many of the same blockers, we were able to explore potential solutions, with different organisations contributing different pieces of the puzzle. Through this process, 12 solutions were identified with five of those prioritised as the most critical to unlocking progress in the short-term:

- **Scale-up customer demand:** Create scale in demand for low or zero-emission shipping through charterers' and customers' commitments that include long-term contracts and green procurement criteria. Natural candidates to lead this solution are state-owned and publicly listed companies with proximity to end consumers (e.g. containers, food bulk) and others with ambitious scope 2 and 3 net carbon footprint commitments.
- **Global regulatory alignment:** Create a level playing field globally and reduce uncertainty regarding regulations and timeframes. New IMO guidelines due in 2023 should provide clarity and should be aligned with leading local and regional regulatory bodies (eg. EU, China and US). Short-term regulatory incentives should also be considered.
- **Cross-sector research and development:** Intensify partnerships to develop zero or low-emission fuels through joint research and development (R&D) across shipping, other harder-to-abate sectors and the energy industry. Create a much larger pool of capital and expertise to evolve new technologies and increase the likelihood that production and transportation infrastructure will be available once future fuels are commercially viable.
- **Scale-up controlled pilot projects:** Increase R&D effectiveness by running end-to-end green pilot projects involving customers, charterers, operators, owners and ports on specific routes and vessel types. Operators that follow a predetermined schedule, such as container ships especially on shorter and busier routes, are likely candidates for pilot projects.
- **Coordinated industry commitments:** Increase the reach of existing initiatives – such as the Getting to Zero Coalition, Clean Cargo Working Group and others – by consolidating objectives and strengthening the coordination of various concurrent workstreams. A body with a specific mandate, formed with dues from the industry, could accelerate the shift from ideas to action and help break the deadlock.

Underpinning all of the solutions is operational efficiency. Particularly when the lifespan of a ship is 20-30 years, operational improvements to reduce the emissions of the current fleet are critical if we are going to meet the IMO's ambitions for 2050. Whichever pathway to decarbonisation the sector chooses, efficiency is on the critical path to success. Which makes the talks this week all the more pressing.
But while efficiencies and the five priority solutions should unlock progress, they are only the first step on the road to net-zero emission vessels and decarbonisation. The industry identified a further six actions that will be needed to build on these between now and 2030.
Roadmap to 2030
Developing and scaling any of these solutions will require unprecedented collaboration between a broad and diverse group across shipping. Not only are the traditional ship owners, operators and regulators needed, but in many cases the customers, ports, financiers and others also need to play important roles.
And there is little time to lose. As conversations like this week's at the IMO gain momentum and we get closer to the critical milestones of 2023, 2030, and 2050, the conditions are emerging for fundamental change for the industry. It is vital that shipping is positioned to succeed in this. Not just by working with regulators to develop practical strategies for our industry, but by being bold and ambitious about what we can achieve together.
This research has been an opportunity to listen to each other and reflect. It shows that many of us in shipping are facing the same barriers, pressures, and risks. It is clear that the transformation of shipping is going to be complex and will require time and significant resources. But this roadmap begins to set out a practical pathway towards decarbonisation that we can work on together. We must all be prepared to take difficult decisions on this to accelerate progress towards a net zero industry.
globalmaritimeforum.org

Download the report here

AUSTRALIA LAUNCHING INSPECTION CAMPAIGN ON SECURING OF CONTAINERS



AMSA said the campaign was being launched in response to serious incidents including the loss of 50 containers off Wollongong by the APL England in May and three containers from the Navios Unite off Cape Leeuwin in June.

AMSA said improper stacking and securing of cargo and poor maintenance of securing equipment are likely to have been contributing factors to these incidents which caused "significant environmental damage".

Related: Master of APL England charged in Australian court

"We have seen the serious consequence of improper cargo securing arrangements in the form of tonnes plastics and other debris washing up on our beautiful beaches and floating in our oceans," said AMSA acting general manager of operations Michael Drake.

"Rusted cargo securing points, improper lashings and exceeding stack weight limits have all contributed to these incidents and ship operators should be on notice that non-compliance will not be tolerated in Australia."

The campaign will run from the beginning of August to end October and involved both PSC inspections, as well as standalo-

HOW TO AVOID CONTAINER INCIDENTS?



A new White Paper urges counter measures against the increasing number of container-related incidents caused by poorly stowed, undeclared or misdeclared dangerous cargoes.

The National Cargo Bureau (NCB) – a US inspection body authorised to certify compliance with dangerous goods regulations – reports that a recent inspection initiative revealed an alarming number of containers carried by sea include misdeclared dangerous cargoes that represent a serious safety risk to crew, vessel and the environment.

The inspection also showed that 55% of containers were non-compliant with 43% failing to secure dangerous goods correctly within the container itself. Approximately 6.5% of containers carrying dangerous cargoes had been misdeclared.

It has been reported that, on average, a containership suffers a major fire every 60 days. However, in 2019 there were nine major containership fires reported suggesting that the frequency of incidents is increasing. (mw)

www.natcargo.org
transportjournal.com

TURNING IMO2021 INTO AN OPPORTUNITY INSTEAD OF A BURDEN

Being a shipping IT professional can be frustrating. You recognise the need to invest in further cybersecurity, but your management team still treat it as a "compliance problem". But perhaps this is a result of the way cybersecurity has been presented to leadership. The dialogue needs to change. IMO 2021 could offer a unique opportunity to reposition cybersecurity as an important enabler of the wider business objectives.

At our recent virtual conference – CyberSecure at Sea – we asked ~120 shipping IT professionals what was holding them back from rolling out cyber security controls. ~50% pointed toward the struggle with providing their management teams the confidence that they are spending wisely on cyber security or that investing in additional resources to manage cyber risk is required at all. It is clear there is a misalignment between what IT professionals know is needed and what leadership believes is the risk.

Management teams in shipping believe cyber security is mainly a "compliance problem"

This is frustrating for the IT professional. But it isn't really a surprise.

Management's main concerns are driving up revenue and driving down cost. Maximise chartering at minimal expense. To run a tight ship, any investment that cannot visibly drive either of these twin goals is deprioritised. If the link is not clear, they don't believe it or they don't understand it, investing in it is a luxury. So the responsibility falls on the CIO or IT manager to help leadership understand the need and urgency.

But shipping IT professionals still find themselves stuck in a dialogue with management about how to do the bare minimum in order to comply with IMO 2021, instead of how to take steps to properly cybersecure.

From our discussions with shipping IT professionals, we find only 20% are actively engaging with their management to align cybersecurity strategy. In over 65% of cases, the dialogue is either focused purely on compliance or related to purchasing specific cybersecurity solutions. This means that for every 100 interactions that IT professionals have with their management team, 65 of them are either discussing compliance or a point solution.

Interestingly, none of the shipping IT professionals we speak to have a relationship with management where they agree to an annual budget and make the day to day decisions around cybersecurity strategy and tactics. So management are making decisions on what cybersecurity controls to put in place on a case by case basis, rather than the IT professionals.

This is why cyber security in shipping is still commonly treated as a "compliance problem" – it is being presented as one.

This mindset is based on false assumptions

The most dangerous one is that shipping is not a targeted sector. If you still don't believe the threat landscape is shifting, then just look at the data – just within the first 5 months of 2020, there were public announcements of cyber attacks on MSC, Anglo Eastern, OSM and twice on Toll Group. While the amount of losses in revenue or remediation costs remain guarded secrets, they have all admitted to significant interruptions in operations.

Another false assumption is that we can achieve vessel digitalisation and worry about cyber security later. The evidence is clear that this simply isn't the case. Just to cite one example, a common assumption is that you can maintain separation of the business, crew and OT networks. So it should be impossible for an attacker to compromise a crew asset, then use that foothold to attack a critical business workstation or OT system.

In reality, in ~80% of vessels CyberOwl has deployed on, we find assets connected to the business network that the IT manager knows nothing about. They haven't identified them in their inventory, have no idea of their nature, did not sanction a connection, had no way of controlling or disconnecting them remotely. Sometimes it is not just 1 or 2 such assets, but 10s of them. In several cases, these unauthorised connections were later discovered to be OT devices linked to a bridge system, the engine room or auxiliary power system.

The relationship between IT and management needs to change. IMO 2021 is an opportunity to get "air time".

IMO 2021 presents a window of opportunity. Management teams have no choice but to make sure their fleet has a cyber risk management system that complies. Instead of approaching the dialogue as a compliance issue, this is the opportunity to frame cyber security as a business issue – an enabler to deliver overall business priorities. Whether this is business efficiency, vessel performance optimisation, remote control and management or crew welfare.

There are useful examples in recent history of leveraging compliance to strengthen overall cyber risk management. According to analysis by Marsh, companies successfully used GDPR as a catalyst, with 78% investing more in cyber security en route to GDPR compliance. A key finding in a 2019 UK government report was that as a result of GDPR, there was a significant increase in the number of businesses putting in place quarterly updates with senior management on cybersecurity, intensifying cybersecurity training and enhancing cybersecurity policies. Essentially, where the opportunity was taken, GDPR had a positive effect in improving executive attention that prompted the related investments.

This window of opportunity won't last forever. Don't squander it.

So how do shipping IT professionals make the most out of IMO 2021?

• Shifting the emphasis of the discussion with management is an important start. Turn the conversation from "what we need to do to comply" to "how does cybersecurity support the way we want to work going forward." For example, the need for better remote access control becomes less about the fact it is an IACS recommendation, but more because it reduces the need to get an engineer onboard the vessel.

• Use IMO 2021 as a catalyst for working more closely with your colleagues in technical, operations and quality. Get a good understanding of their ambitions for improving performance and reducing costs. Use this knowledge to demonstrate how cybersecurity could help them achieve that securely. Link your cybersecurity initiatives with their cost-savings or revenue-gain figures.

• Quantify the risk within the context of these wider business objectives. Help management visualise the potential loss due to a cyber attack. But make this real to your own organisation and its digitalisation ambitions, rather than using high-level industry report figures. There are various well-recognised methods for quantifying the cyber risk to an organisation. One approach we like using at CyberOwl is the FAIR methodology.

• Define some key cybersecurity metrics to start collecting and tracking. Begin with a pragmatic, small number that won't drown your resources. At minimum, these should measure the volume of system outages, volume of cyber incidents and some aspect of usage policy abuse, misconfigurations or suspicious behaviour. Gather benchmarks on these metrics from a friendly cybersecurity advisor or a collaborative network of other shipping IT professionals. Present the trends and benchmarks to your management, clearly explaining their implications.

• Lean on your vendors to help you inform your cybersecurity strategy. It is part of the value and service they bring to you. When you perform trials, treat it as a learning exercise, not just a procurement exercise. Clearly set out what you are trying to learn about your current cybersecurity posture, where the risks are and how you are currently managing them. Share this "list of learning points" with your vendor. They should be helping you learn, rather than just proving to you their cybersecurity product is better than the competition.

Finally, it doesn't need to be a huge transformation programme. Start small and simple. Make some changes. Measure the improvement. Share any good news and small wins. Repeat.

How are you engaging with your management on IMO 2021? Get in touch with us here if you would like help or a free consultation on how to reposition the dialogue.

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BOOSTING THE EU'S GREEN RECOVERY: EU INVESTS OVER €2 BILLION IN 140 KEY TRANSPORT PROJECTS TO JUMP-START THE ECONOMY



The EU is supporting the economic recovery in all Member States by injecting almost €2.2 billion into 140 key transport projects. These projects will help build missing transport links across the continent, support sustainable transport and create jobs. The projects will receive funding through the Connecting Europe Facility (CEF), the EU's grant scheme supporting transport infrastructure.

With this budget, the EU will deliver on its climate objectives set out in the **European Green Deal**. A very strong emphasis is on projects reinforcing railways, including cross-border links and connections to ports and airports. Inland waterway transport is boosted through more capacity and better multimodal connections to the road and rail networks. In the maritime sector, priority is given to short-sea-shipping projects based on alternative fuels and the installation of on-shore power supply for ports to cut emissions from docked ships.

Commissioner for Transport Adina **Vălean** said: "The €2.2 billion EU contribution to this crucial transport infrastructure will help kick-start the recovery, and we expect it to generate €5 billion in investments. The type of projects we invest in ranges from inland waterways transport to multimodal connections, alternative fuels to massive railroad infrastructure. The Connecting Europe Facility (CEF) is one of our key instruments in creating a crisis-proof and resilient transport system - vital *now and in the long run."*

The EU will support **rail infrastructure projects** located on the trans-European transport (TEN-T) core network with a total of €1.6 billion (55 projects). This includes the Rail Baltica project, which integrates the Baltic States in the European rail network, as well as the cross-border section of the railway line between Dresden (Germany) and Prague (Czechia).

It will also support the shift to **greener fuels for transport** (19 projects) with almost €142 million. A number of projects involve converting vessels so they may run on Liquefied Natural Gas (LNG), as well as installing corresponding infrastructure in ports.

Road transport will also see the deployment of **alternative fuels** infrastructure, namely through the installation of 17,275 charging points on the road network and the deployment of 355 new buses.

Nine projects will contribute to an interoperable railway system in the EU and the seamless operation of trains across the continent through the **European Rail Traffic Management System (ERTMS).** Upgrading locomotives and railway track to the unified European train control system will boost safety, decrease travel times and optimise track usage. The nine projects will receive over €49.8 million.

Background

The projects were selected for funding via two competitive calls for proposals launched in October 2019 (regular CEF Transport call) and November 2019 (CEF Transport Blending Facility call). The EU's financial contribution comes in the form of grants, with different co-financing rates depending on the project type. For 10 projects selected under the Blending Facility, EU support is to be combined with additional financing from banks (via a loan, debt, equity or any other repayable form of support).

Overall, under the CEF programme, **€23.2 billion** is available for grants from the EU's 2014-2020 budget to co-fund Trans-European Transport Network (TEN-T) projects in the EU Member States. Since 2014, the first CEF programming year, six calls for project proposals have been launched (one per year). In total, CEF has so far supported 794 projects in the transport sector, worth a total of €21.1 billion.

Next steps

For both calls, given EU Member States' approval of the selected projects, the Commission will adopt formal financing decisions in the coming days. The Commission's Innovation and Networks Executive Agency (INEA) will sign the grant agreements with the project beneficiaries at the latest by January 2021.

More information

Connecting Europe Facility 2014-2019 (country overview)
CEF Call 2019 – More information on the selected projects (Brochure - 169 pages)
Maps of EU railway projects
List of selected projects / List of selected projects (Blending Facility)
All selected projects in one list
Q&A: How are projects selected?
European Year of Rail 2021
Transport Infrastructure & Investment
INEA - Innovation and Networks Executive Agency.

ec.europa.eu

EU FUND 'INSUFFICIENT' AS COVID-19 CAUSES RECORD PEACETIME ECONOMIC DECLINE



"The COVID-19 pandemic will cost the global economy the equivalent of the combined GDP of Germany, France, Italy and Spain, according to a report released by Valenciaport and the Institute of International Economy (IIE)."



In a statement, Valenciaport and the IIE said economic activity will fall by approximately $12 billion, which would be the biggest drop in peacetime, and that it will require a collaborative strategy from governments to recover.

Additionally, it said the recovery $865 billion (€750 billion) fund recently unveiled by the EU was must be the "first step towards a sustained and sustainable long-term recovery project".

Vincente Pallardo, analyst at the IIE, described the recovery fund as "insufficient" if Europe was to recover from the COVID-19 pandemic in the long term.

"It is a first step, the next one has to be included in the community budget for the next seven years", Pallardo explained, in a presentation with Aurelio Martinez, president of the Port Authority of Valencia.

"This is the biggest drop in economic activity in times of peace. We are facing the greatest fiscal and monetary expansion in history," said Pallardó.

Valenciaport for its part forecasts an overall decrease in traffic in 2020 of 10% and expects a normalisation in the movement of goods in the second half of the 2020.

However, the first days of July show an improvement in the export traffic managed by Valenciaport, which marks a slight recovery in activity.

"In the month of July we began to see a slight improvement in the traffic of goods, especially in exports," Martinez said.

"If the figures continue in this line in the coming months, the second half of the year will have some standardized traffic.

"The greatest impact has been in the toughest months of the Covid, (April, May and June) so that traffic estimates for Valenciaport this year may be a drop of around 10%."

porttechnology.org

ASIA'S BUSY SHIPPING LANES A HOTSPOT FOR DISASTER, BUT RO-RO POSES HIGHEST SAFETY RISK



Major ship losses continued to decline last year, but smaller incidents are on the rise, alongside increased safety risks resulting from the coronavirus pandemic.

Today's Safety & Shipping Review 2020, published by insurance provider Allianz, reveals 41 ships of over 100 gross tons were lost in 2019, 20% fewer than in 2018 and 70% fewer than a decade ago.

Asia was worst hit, with 14 large ship losses, which Allianz puts down to high levels of trade, busy shipping lanes, older fleets and typhoon exposure.

There were 15 cargo ships lost last year, most in South-east Asia, and the report highlights ro-ro vessels as among the biggest safety risks, with total losses and smaller incidents up 20%.

Rahul Khanna, global head of marine risk consulting at Allianz said: "The rise in number, and severity, of claims on ro-ro vessels is concerning. Ro-ros can be more exposed to fire and stability issues than other vessels. Many have quick turnarounds in port, and a number of accident investigations have revealed that pre-sail stability checks were either not carried out as required, or were based on inaccurate cargo information."

Across all sectors, the number of small incidents, such as those caused by machinery damage, were up 5% to 2,815.

"We cannot lose sight of the fact that, while total losses have reduced significantly, the total number of incidents increased year on year," noted Baptiste Ossena, the Allianz global product leader for hull insurance.

"It does not take much for a serious incident to result in a total loss and, hence, the warning signs are there."

For example, Allianz said, there were almost 200 reported fires on vessels over the past year, a 13% increase, with five total losses in 2019 alone, with misdeclared cargo the major cause.

Indeed, a spate of containership fires prompted renewed focus on verified gross mass (VGM) declarations recently, with carriers implementing new and higher surcharges for misdeclared cargo weights.

And the report highlights the potential safety risks from the crew change crisis, as well as a raft of other challenges following the global coronavirus pandemic, lockdowns and, ultimately, recession.

"The inability to change crews is impacting the welfare of sailors, which could lead to an increase in human error onboard vessels," Allianz said.

Furthermore, cargo damage and delay are more likely to occur as supply chains come under strain, the report claims, adding that disruption of essential maintenance and servicing heightens the risk of machinery damage – one of the major causes of insurance claims.

Mr Khanna added: "We know from past downturns that crew and maintenance budgets are among the first areas that can be cut, and this can impact the safe operations of vessels and machinery, potentially causing damage or breakdown, which in turn can lead to groundings or collisions.

"It is crucial that safety and maintenance standards are not impacted by any downturn."

theloadstar.com

FROM 10/08/20 TO 13/08/20
MAPUTO, MOZAMBICO
Transport Evolution: Mozambique Forum & Showcase | NEW DATE»

FROM 25/08/20 TO 27/08/20
MOSCOW
25th TransRussia | NEW DATES»

FROM 15/09/20 TO 15/09/20
LONDON
13th Annual Shipping & Marine Services Forum»

FROM 15/09/20 TO 17/09/20
ANTWERP
Antwerp XL 2020 | Shaqping the future of breakbulk (NEW DATES)»

FROM 17/09/20 TO 18/09/20
MILAN
3rd Automation Instrumentation Summit 2020 | NEW DATES!»

FROM 22/09/20 TO 23/09/20
AMSTERDAM
Home Delivery World Europe 2020 | NEW DATES!»

FROM 24/09/20 TO 25/09/20
SHANGHAI
The 9th Annual Event Green Shiptech China Congress 2020 | NEW DATES!»

FROM 28/09/20 TO 03/10/20
NAPLESNaples Shipping Week»

FROM 29/09/20 TO 30/09/20
MIAMI
Envirotech for Shipping Forum USA»

FROM 29/09/20 TO 01/10/20
BREMEN
Breakbulk Europe | CANCELLED»