

# Newsletter

July 15<sup>th</sup> 2017

*Link road, rail, sea!*

Council Of Intermodal Shipping Consultants

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***July 15<sup>th</sup> 2017***

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## PORTS AND TERMINALS

### SHANGHAI PORT FALLS SHORT OF LOFTY GOALS DESPITE HUGE CARGO VOLUME

Two decades ago, Shanghai's ambitious goal was to transform itself into an international metropolis with world-class financial and shipping centres on a par with Hong Kong.

Mainland China's most developed city, capitalising on the thriving trade between the country and foreign economies, envisioned creating a busy port and a gateway for global business as it shelled out billions of dollars to build berths, deepen rivers and increase handling capacity.

To date, the efforts appear to have paid off.

The Port of Shanghai has become the world's busiest container port in terms of volume, handling 37.1 million 20-foot-equivalent units (teus) in 2016, up a scant 1.6 per cent from a year earlier.

But it was enough to ensure Shanghai retained the title of the world's No 1 container port for the seventh consecutive year.

Piggybacking on the Yangtze River Delta, the mainland's most affluent region and home to thousands of export-oriented companies, Shanghai Port has seen buoyant cargo growth as Chinese-made clothes, leather bags and electrical appliances were snapped up by foreign buyers over the past two decades.

In comparison, Hong Kong Port's container throughput last year hit 19.6 million teus, 47 per cent less than its Shanghai counterpart.

"Shanghai Port is the top beneficiary of China's booming trade and rising economic might, and the largest container volume worldwide is proof of the [region's] rapid economic growth," said Lu Ming, an agent with Shanghai Ocean Shipping Agency.

"However, Shanghai hasn't established itself as an international shipping hub yet."

In 2016, only 7.2 per cent of cargo handled via the Shanghai Port fell into the category of international transshipment – defined as cargo that is sent onwards to other ports in Asia.

In Hong Kong and Singapore, the more established shipping centres in Asia, international transshipments account for more than 50 per cent of their total container throughput.

In August 2016, Shanghai municipality published a blueprint for the city's economic development in which it set a target of 15 per cent for international transshipments by 2040.

Shipping industry officials said the efficiency of loading and discharging cargo at the Port of Shanghai has improved over the past two decades.

But they have lobbied local authorities to further cut red tape in customs



procedures and oversight to boost cargo flow and processing of goods in Shanghai amid the ambitious goal of creating a Hong Kong-like free market embraced by global businesses.

In 2013, Shanghai launched the mainland's first free-

trade zone, which included part of Yangshan deep-water port, as a way of reinforcing its efforts to become a global financial and shipping centre.

The city government has been constantly touting its progress in streamlining the customs process, reducing the time needed for carriers and cargo owners to complete their documentation.

However, two senior officials with international shippers said the city's custom clearance system still lags far behind Singapore and Hong Kong.

For example, Chinese exporters have to go through different procedures imposed by authorities for commodity inspection, quarantine of animals and plants, and customs clearance before receiving approval to ship their goods abroad.

Industry observers say the cutting of customs red tape could effectively improve logistics services which would speed up cargo flows.

That in turn would encourage global transportation and manufacturing businesses to increase their investments in Shanghai.

Ioana Kraft, the general manager of the European Union Chamber of Commerce's Shanghai office, said recently that reforms related to port development, particularly loosened customs oversight, were anticipated by European businesses operating in Shanghai, which could in turn encourage more trading companies to do business with the mainland's commercial capital.

"The Shanghai government, fully aware of the importance of building both 'hardware' and 'software,' has been making efforts to attract vessels from around the globe to call on the Port of Shanghai," said Xiao Yingjie, president of the Merchant Marine College at Shanghai Maritime University.

"The focus is on how to ease port congestion and avoid gridlock in traffic."

An advisor to the local government, Xiao played down fears of rivalry between Shanghai and other ports along the Yangtze River Delta, such as Ningbo in Zhejiang province.

"Competition is not inevitable," he said, explaining that ports could focus on different market segments.

"In its efforts to build a world-class port, Shanghai can attract not only container carriers, but cruise operators banking on the country's booming tourism market."

A Shanghai port authority official, who asked not to be identified, said the city has a lot to learn from Hong Kong in terms of planning, management and services despite the fact that two decades of construction and operations have seen it outgrow the special administrative region in terms of volume.

In the early 1990s, Hutchison Port Holdings Group, a subsidiary of billionaire Li Ka-shing's conglomerate Hutchison Whampoa, set up a joint venture with the Shanghai government-owned port group to become the first operator of modern container terminals in the city.

"I am pessimistic whether Shanghai will ever become a real global shipping centre," said Xiong Hao, an assistant general manager at Shanghai Jump International Shipping.

"Local manufacturers are feeling the pinch of slowing exports and business morale appears to be low."

Last year, exports and imports via Shanghai Port were valued at 6.9 trillion yuan (US\$1 trillion), up just 1.5 per cent from 2015.

*(from: portfinanceinternational.com, June 6<sup>th</sup> 2017)*

## MARITIME TRANSPORT

### NEW PANAMA CANAL BOOSTS SHIP SIZES

Panama Canal Authority (ACP) last week celebrated the first anniversary of the expansion of the Panama Canal, taking the opportunity to showcase some statistics from year-one operations.

Most interesting of all was the average 5.9 daily vessel transits (of which containerships accounted for about 51%) - far above the original forecast of two to three daily transits expected in the first year.

Rapid adoption of the widened canal by container lines was expected, given that the US\$5 billion project enabled them to upsize vessels from a maximum of around 5,000 TEU to nearer 14,000 TEU.

This allowed carriers to make use of more ships from other over-tonnaged lanes.

Drewry predicted vessel upgrading would be gradual as there was insufficient demand, as well as physical restraints at US East Coast ports, to enable all services to immediately deploy the maximum ship size available.

Nonetheless, the upgrade in the size of ships used on the Asia to East Coast North America via Panama trade (the most common trade using the canal) has been spectacular, rising by nearly 60% since May 2016, from 4,900 TEU to around 7,800 TEU as of June 2017.

Now that the raising of the Bayonne Bridge in New York has been completed carriers have the opportunity to add even more of the larger ships.

Weekly Asia-ECNA services via Panama have not increased in number before the expansion with shippers being able to utilise 14 different loops.

To mitigate the upgrading of ships on those services carriers instead had to reduce the number of services routed via the Suez Canal, from nine loops in May last year to five in June this year.

Panama Canal expansion reignited the shift away from the West Coast for Asian export cargoes, which had reversed in the first-half 2016.

That momentum has carried into 2017 with volumes from Asia to USEC up by 6% after five months to 1.8 million teu, according to Piers statistics.

Shipments from Asia to the US Gulf Coast soared 34% to just under 200,000 teu. As reported last week, Asia to USWC volumes rose less sharply (2.5%) but it still remains the dominant gateway at nearly 4 million TEU.

The pace of growth seen thus far in 2017 indicates that it will be another bumper year for Asia to ECNA container traffic and will very likely surpass the annual 4.8% spurt.

When including volumes to Canada and Mexico - for which we only have data for the first four months - the average monthly Asia-ECNA shipments over the past 12 months stood at 443,000 teu in April, some 7.3% higher than in the same month last year.



The problem for Asia-ECNA carriers is that monthly shipments very rarely fall into the average category.

The lumpiness of volumes month-to-month in this trade requires skilful capacity management through void sailings to prevent load factors from dropping to levels that will reduce their pricing power.

It demonstrates quite a bit of capacity was shaved via this method from August through to April, but since then the trade has been operating at virtually full capacity (ignoring slow-steaming).

It would appear that carriers wanted to showcase their new networks in all their glory for the start of the new alliance roll-outs, which has had a detrimental impact on load factors.

Carriers have had a mixed year so far in this regard with our estimated headhaul ship utilisation ranging from over 100% in January (when we counted 11 void sailings) to a low of 80% in March (four void sailings).

Despite an improvement to our estimated Asia-ECNA ship utilisation index in April, when it gained nine points to 89%, carriers continue to suffer from lower spot market freight rates.

*(from: porttechnology.org, July 3<sup>rd</sup> 2017)*



## RAIL TRANSPORT

### EU COMMISSIONER BULC: ERTMS ROLL-OUT 'TOO SLOW'

Roll-out of the European Rail Traffic Management System (ERTMS) has been 'too slow' and action is required to ensure targets are met, says the EU's Transport Commissioner Violeta Bulc.

She told the final SERA railway convention that as a 'cornerstone' of rail sector digitalisation, ERTMS was essential for a single and safe European railway area, but was critical of progress so far.

"ERTMS has been too slow – 4100 kilometres or less than two per cent of the EU rail network has been equipped by the end of 2016 – we have to accelerate the deployment to meet the target European Deployment Plan on ERTMS," she told stakeholders in Brussels.

Ms Bulc was addressing the last of five Single European Railway Area conferences dedicated to the implementation of the technical pillar of the EU's 4th Railway Package, which aims to create a more level playing field for rail operators across Europe and stimulate greater competition.

#### *Interoperable rail network*

She welcomed the new draft of the ERTMS Action Plan, based on deploying an interoperable and compliant infrastructure; taking steps to deliver standardised On Board Unit, driving efficiencies in testing and validation processes; and providing focussed financial support.

"Public consultation will be open until October, I invite you to actively participate.

I want to work constructively with you to deliver ERTMS and a genuinely interoperable rail network." said Ms Bulc.

She used the conference to focus on a host of rail freight topics, including the environmental effect, TEN-T freight networks, technology, trans-Asian/Europe rail routes and co-operation: "My vision for rail is that it becomes the backbone of decarbonised, sustainable, integrated and multimodal transport union in order to serve the needs of people and businesses," she added.

#### *'Willingness of stakeholders'*

The common thread which had emerged from the SERA conferences had been the 'willingness of all stakeholders to work together' to ensure its timely delivery.

Ms Bulc pointed to the example of Rail Baltica of what can be achieved on the railway network with clear vision, good planning and co-operation.

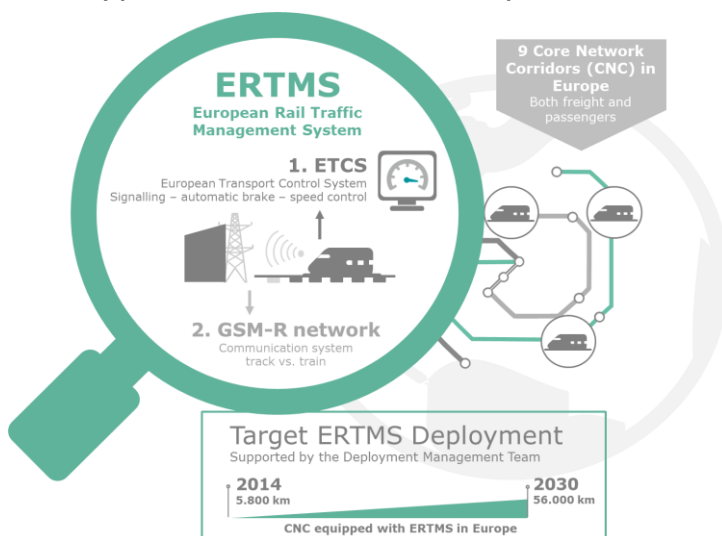
"Rail Baltica is one of the flagship projects on the TEN-T corridors linking Lithuania, Latvia and Estonia to the European railway network," she said.

"It creates a new transport platform and logistics corridor that will boost regional economies, enable synergies through the joint implementation model and support new jobs and growth.

This project is a success story because it also brings into co-operation companies traditionally seen as competitors within the rail sector."

*'These modes do not sleep'*

This type of alliance was 'indispensable' as rail is a 'network' industry and is in fierce competition with other modes of transport: road, aviation, inland waterways and motorways of the sea.



"These modes do not sleep," she added.

Commissioner Bulc said rail had a vital role to play in four particular areas: the environment, the economy, society and people, and digitalisation.

Focusing on the environment, she said rail had to become a 'bigger part of the transport puzzle' if the EU's commitment to reducing carbon emissions from transport by 60 per cent by 2050 was to happen.

On the economy, she highlighted how the modal share of rail freight in inland freight transport had remained stuck below 20 per cent for the past 10 years, but added: "Nevertheless it has a strong European and international component as 50 per cent of freight traffic is cross-border.

There is room for improvement."

*'Simplification'*

The 4th Railway Package was described as 'extremely important as it brought much-needed simplification, but last year's approval was 'just a start': "Now we have to continue working hard in order to ensure timely and duly implementation – for that all stakeholders have to be on board," she said.

Goals include eliminating more than 11,000 'redundant' national rules, developing a new safety culture which takes account of human factors, and faster, cheaper & better procedures for vehicle authorisations and safety certifications of railway undertakings.

She also attached 'great importance' to the landmark Rotterdam Declaration of 2016, which emphasised the importance of establishing the European TEN-T network corridors and broadening their scope to take account of sustainability and digitalisation.

"We need to maintain and build on the dynamism momentum that we witnessed last year," said Ms Bulc.

"The revitalisation of rail freight and modal shift can happen if the quality and reliability of the services offered increases sharply."

#### *'Long overdue'*

The project about sharing train tracking information and Estimated Time of Arrival was, she added, 'important and long overdue', but also necessary for attracting new business to the sector: "We need to start thinking about integrated customer solutions."

Digitalisation was another critical area of importance, responsible for creating 'new links between modes and previously separated business sectors': "It is a base for creating the intelligent and multimodal transport systems and will also be at the heart of the future rail system," she said.

"There are major opportunities offered by e-freight and single logistics windows, and digital ticket will encourage multimodal seamless door-to-door mobility – all is geared towards improved efficiency and usage of time."

#### *Rail freight projects*

The convention also featured presentations from various rail and transport heads, including Karel Vinck, the European ERTMS Co-ordinator; Alberto Mazzola, Senior VP of Ferrovie dello Stato Italiane; Mark Frequin, Dutch Ministry of Transport; and Gavin Dunnett, Director of Mobility at the European Investment Bank.

The bank is co-developer of The Investment Plan for Europe, which is providing funding to several rail freight projects.

Looking ahead, Ms Bulc said it was essential for the European rail sector to compete internationally, and that while the EU was open to sharing technical standards with the likes of India and Indonesia, there was also a need for more 'equal market access' in the EU's discussions with Japan and China.

### *One Belt One Road*

"Indeed, China has been in the focus as it has been advocating its One Belt One Road initiative," said Ms Bulc.

"China's proposal is ambitious and strives to develop infrastructure and trade with the countries along this route.

In the framework of the EU-China Connectivity Platform, I advocate extension of the TEN-T corridors in the EU neighbourhood."

This represented, she said, an 'important potential' for European companies, adding: "We are also working with neighbours closer to home, and one example is that of the extended TEN-T network, which now stretches from the Atlantic to the shores of the Caspian Sea."

Reiterating her support for the rail sector, Commissioner Bulc concluded: "I understand its value, I see massive potential for the future – but we have to get out there, work together in addressing societal challenges and market trends, and highlight the contribution that rail makes and could make in the future."

More information about the SERA conference series is available on the European Commission website.

*(from: railfreight.com, June 26<sup>th</sup> 2017)*



## ROAD TRANSPORT

### COMMISSION EYES FUEL EFFICIENCY RULES FOR TRUCKS AS ROAD TRANSPORT LOOKS SET TO GROW

Europe lags behind the major world economies in regulating fuel efficiency standards for the fast-growing truck transport sector and the Commission is moving to address the issue with legislative proposals, a panel on the Future of Road Freight Transport was told on Monday (3 July).

Organised by Friends of Europe, a Brussels-based think tank, the panel heard that trucks are often “the forgotten elephant in the room” in discussions on fossil fuel consumption and carbon emissions related to transport.

“Trucks are the fastest growing sector in terms of oil demand.

At 17 million barrels per day, it is one-fifth of the global oil demand.

But there has been little public attention and not enough policy measures,” said Fatih Birol, the executive director of the International Energy Agency (IEA), which compiled the report.

Birol added that one of the reasons for this is that there are one billion cars in the world compared to only 60 million trucks.

But despite the huge disparity in numbers, truck transport accounts for 35% of transport-related CO<sub>2</sub> emissions and cars only slightly more, at 40%.

Furthermore, road transport accounts for almost a half of the total freight transport in Europe, underpinning the sector’s importance for the economy.

Birol explained that the USA, Canada, Japan and China already have fuel efficiency standards for trucks in place and Europe is still behind.

He said the three main issues that need addressing are fuel efficiency, improvement of road cargo traffic logistics and data exchange and the use of alternative fuels.

Maroš Šefčovič, the Commission’s vice-president in charge of the Energy Union, said freight transport was not overlooked but admitted there was a sense of “urgency to act”.

"Our estimate suggests that freight transport in Europe will grow significantly, by 60% between 2010-2050.

So we are already in that growth curve and the figures make it obvious that we must take action".

On top of a proposal for monitoring and reporting CO2 emissions and fuel consumptions by heavy duty vehicles from 2019, outlined in the Commission's mobility package, Šefčovič said the EU executive aims to propose "new legislation on heavy-duty vehicles fuel efficiency standard in early 2018".



"It will be the first ever EU legislation specifically addressing heavy duty vehicle emissions," the Commissioner explained, adding that the Commission's proposal would not be a straight copy-paste of rules already in force in the US, China or Japan.

"It will be based on a solid impact assessment.

We want to make sure that what we are proposing is the most suitable solution for the EU," Šefčovič said.

Turning to the issue of logistics, the Commissioner said: "We all agree that we need a more efficient system, digitalisation, big data, automation, self-driving, low emission vehicles, artificial intelligence, the Internet of things.

All these are potential game changers... We must be prepared for this new revolution".

However, he warned there was no panacea when it came to phasing out diesel and increasing the use of alternative fuels.

"We need a gradual transformation of the transport system.

There is no single fuel solution, no silver bullet.

All options must be pursued.

We will propose a revision of the directive on clean vehicles later this year," Šefčovič said.

But he stressed the medium-term importance of advanced biofuels and natural gas, and the need to improve and broaden the infrastructure for alternative fuels.

“We are working on a new initiative to accelerate the roll-out of alternative fuels infrastructure throughout Europe, it will be part of the mobility package later this year.

But there is no single magic solution.

There is a need for coordination and cooperation across many sectors and among many stakeholders,” Slovakia’s Commissioner concluded.

*(from: euractiv.com, July 3<sup>rd</sup> 2017)*

## INDUSTRY

### TT CLUB FOR LANDBRIDGE

The TT Club aims to ensure that its members utilising the Asia-Europe rail corridor for container traffic are adequately protected regarding liability exposures.

The TT Club has drafted trading conditions for use when moving freight by rail between China and Europe.

These conditions aim to offer a contractual framework to meet the requirements of the ever growing trade flowing from the 'One Belt, One Road' initiative.

The Rail Consignment Note is a bilingual document in English and Mandarin addressing these requirements of moving freight across two continents and through multiple jurisdictions, where a number of legal regimes may be in force.

The contractual terms (in English) on the reverse side of the Rail Consignment Note regulate the operator's liability during the transit, with a Mandarin copy of these conditions available to supplement understanding.



operations in mainland China and is delivered to the market by our experts based in Shanghai, Hong Kong and London," says Asia Pacific Regional Director Phillip Emmanuel.

TT Club has been focused upon the growing transport operator and logistics sector of the Asia Pacific region and in particular on mainland China for some time.

One of a number of initiatives the insurer has taken in order to provide effective support for this growth is to draw up robust trading conditions for multimodal transits offered by its members.



"TT Club has throughout its near fifty year history been dedicated to facilitating container moves via all modes," adds Emmanuel.

"We are therefore well-placed by reason of our experience and network coverage to offer relevant insurance products and service for the rapidly expanding rail oriented Asia-Europe trade."

Depending on the start/finish points, the 9-12,000 kilometre rail journey can take between 12 and 18 days; some thirty-five trains a week on average ran last year and carried over 150,000 TEU.

Estimates based on the currently committed investment levels would see nearly 0.5M TEU moved on over 5,000 trains in three years' time.

It is clear that TT Club logistics and forwarding members are going to have an increasing requirement for multimodal cover.

The Club also offers a variety of advisory facilities to assist transport operators.

An example is an International Freight Forwarding Agency Agreement developed to support Asian members in making contracts with their customers.

The agreement, offered in both English and Mandarin, stipulates the services to be performed by the operator, the liability regime in place and the responsibilities of the cargo interest.

*(from: worldcargonews.com, July 4<sup>th</sup> 2017)*

## LOGISTICS

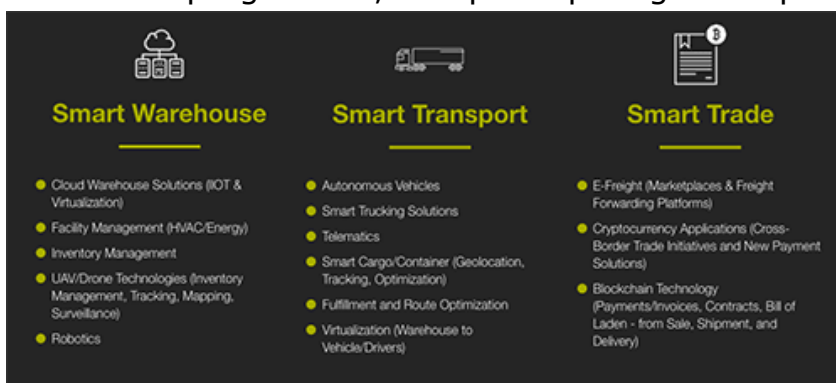
### NEW WAVE OF FREIGHT TECHNOLOGY UNVEILED

A second set of 10 logistics technology startup firms has showcased a range of 'out of the box' innovations as part of the Logistics Tech Accelerator logistics innovation programme.

Kaleido Logistics and RocketSpace launched the Logistics Tech Accelerator programme just over a year ago to connect disruptive startups from around the world with technology-minded freight transport firms to fuel cross-industry collaboration and generate a new wave of logistics innovation.

The 10 businesses that participated in the latest demonstration include: Pittsburgh-based IAM Robotics, which makes autonomous mobile robots to handle materials in logistics and manufacturing; Cologne-based Freightly, an online transport management system and booking portal for logistics; Amsterdam-based Optiply, a fully automated inventory optimisation solution for e-commerce; Madrid-based OBUU, supplying advanced stock optimisation software; Bengaluru-based Getvu, which uses Augmented Reality technology to streamline supply chain processes; and Schiphol-based Undagrid, which optimises logistical processes via an autonomous communication network, innovative sensor, and tracking technology.

Under the programme, the participating startup businesses are challenged to rethink logistics and work hand-in-hand on a pilot programme, to develop solutions that can be taken to the market.



problems they're solving with exclusive demonstrations as well as the future partnership pathways they have forged with the corporate collaborators throughout the accelerator programme.

Xoán Martínez, Kaleido Logistics CEO and founder of the programme said: "It is very motivating to see how startups are bringing their technologies to the market in collaboration with the corporates, a great mix between technology,

energy and experience, with the common goal of bringing out-of-the-box thinking to the logistics sector.

And it's also great to see how open innovation culture is shared by colleagues from the founders of the Logistics Tech Accelerator programme, the startups that made it onto the programme, as well as our corporate partners such as Lufthansa Cargo, Ingram Micro, MAN Truck & Bus, and Fiege."

During the latest event, one of the successful business outcomes from the first group of projects was showcased.

In this, startup member CargoSteps and corporate partner Kaleido Logistics demonstrated how they jointly developed Freight Intelligence, an airfreight track and trace tool for the manufacturing industry that gives companies complete visibility and control over their air freight supply chain.

"The objective behind the creation of the Logistics Tech Accelerator programme is to allow stunning technologies that are ready to go to market to work with corporate collaborators to open a new period in logistics," Martínez added.

"The latest event shows that joining the Logistics Tech Accelerator programme is a great opportunity to explore and experiment with a diverse group of industry leaders, opening the door for new applications of technology and potential long-term partnerships."

Applications for the third group of startup businesses to join the programme are now open and will close on July 23, 2017.

Interested startups and corporations can learn more about qualifications for the Logistics Tech Accelerator programme at the following website:

[www.logisticstechaccelerator.com](http://www.logisticstechaccelerator.com)

*(from: lloydsloadinglist.com, June 29<sup>th</sup> 2017)*

## LAW & REGULATION

### VGM AND MORE: IMPROVING CONTAINER STANDARDS

In 2011 the International Maritime Organization (IMO) agreed a two-year output on 'Development of measures to prevent loss of containers', in part arising from the 'Lashing@Sea' project report.

VGM was one of the results; here are some others.

MARIN (the Maritime Research Institute Netherlands) reported in IMO's safety subcommittee in September 2010 on the 'Lashing@Sea' project.

Amongst the report recommendations was a call that cargo securing designs and standards be improved, having found that in most cases containers and their corner castings are the weakest link.

Consequently, the IMO requested that the International Organization for Standardization (ISO) review those standards.

*ISO 1161:2016 (Series 1 – Corner and intermediate fittings – Specification)*

The review of this standard includes revised load values, strength requirements, interior wall thicknesses to the blind walls of the corner fittings and a new clause and annex covering tests and testing methodology.

These changes will ensure the corner and intermediate fittings strength and that they are capable of handling the expected forces generated on board an ultra large container ship.

Importantly, there are three new requirements.

1. Manufacturers are now responsible for ensuring that quantities of undesirable elements in the raw material are kept to an absolute minimum.

The correct mix of raw materials to ensure compliance with the strength requirements and weldability must be used, and miscellaneous scrap in the mixture is not permitted.

2. If any defects in the corner or intermediate fittings are detected by visual examination or non-destructive testing, the fittings are to be destroyed.



This is a major change.

Previously manufacturers were permitted to repair cracks and deficiencies.

3. At least 2% of each batch of fittings produced are to be tested.

Fittings are to be selected randomly by the Classification Society witnessing the production and each tested fitting should show no permanent deformation.

Tests are now to include a full dimensional check - external as well as aperture and placement dimensions.

Corner and intermediate fittings produced after July 2016 and complying with ISO 1161:2016 should meet the expected forces associated with the largest ships.

However, there is concern that, unless the buyer specifically requests corner and intermediate fitting to this latest standard, the older and now withdrawn version standard (ISO 1161:1994) will still be used.

The risk remains that the supplied fittings may not have been properly tested or comply with the revised strength requirements.

#### *ISO 3874 (Series 1 freight containers – Handling and securing)*

As with ISO 1161, this standard has undergone considerable editing and new content has been added.



Notable among the changes is the inclusion of fully automatic twistlocks and automatic container locks (the latter have no twisting element, nor any moving parts).

Within the standard there are a number of tests which all container interconnectors must pass and, in the case of the automatic designs, these include a functional test.

This is designed to ensure the twistlock/lock remains connected under the expected forces due to rolling, heaving and whipping at sea.

Another significant change concerns lashing gear used to secure containers on board ships.

New annexes have been created to cover the design and strength requirements of container securing fittings.

The revised standard will provide a selection of tests for all lashing gear that reflects the forces of ultra large container ships stacking to 11 high on deck.

The standard is currently undergoing final editing and should be published shortly.

However, while those elements of the standard that relate to maritime transport has been revised, the sections covering other surface modes (road and rail) will be subject to a new work item, due to begin shortly.

*ISO 6346:1995 (Freight containers -- Coding, identification and marking)*

While not falling under the IMO work output, there has been collaborative work between the UN agencies in relation to ISO 6346.

Following an incident on board 'Annabella' when a European Swapbody collapsed, the IMO similarly approached the ISO seeking a solution to identify containers with reduced stacking and/or racking strength.

Amendments were made to the International Convention for Safe Containers (CSC) requiring all containers with a stacking capability of less than 192,000kg to be marked in accordance with ISO 6346, which now calls for such containers to have a different Size/Type code, changing the last character from a numeral to a letter.

The result is that stakeholders (stow planners, terminal operatives etc) can identify 'weaker' containers, not just electronically but by visible markings.

CSC now requires that all containers with reduced stacking and/or racking capabilities are remarked.

IMO allowed a 30-month period before the amendment to CSC entered into force, in the hope that container operators would make the changes to the marking in conjunction with a regular CSC examination.

However, three and a half years later, containers with reduced stacking are still being used for international transport without having been remarked.

The technical experts who sit on such working groups have the expectation that changes result in improved safety and reduced risk.

It is incumbent on the users of the standards to adopt and act on those changes, to improve safety in the supply chain.

*(from: [theloadstar.co.uk/ttclub.com](http://theloadstar.co.uk/ttclub.com), July 5<sup>th</sup> 2017)*

## STUDIES & RESEARCH

### SHIPPERS EYE GETTING MORE CHOICE ON WHICH PORTS THEIR CARRIER CALLS AT

While the biggest shippers of ocean container freight have limited say on where their carriers call, some industry executives used last week's TOC Europe Container Supply Chain event in Amsterdam as a platform to call for greater choice.

Lars Jensen, partner and chief executive at SeaIntelligence Consulting, explained that due to the hugely diversified customer base using a single box ship, few customers had been able to influence carrier service strings.

"Historically, shippers haven't played that great a role and, to be honest, I don't see how they can, because the reality is that liner shipping is fundamentally different to the tanker or dry bulk business.

At the end of the day, if it's a big ship, carriers will have 2,000 customers on board; if it's a small ship it might be 30 to 40.

This simply leads you down an economic rationale where even the largest shippers in the world do not have enough volume to dictate a specific route.

It is in the nature of liner shipping itself – it's equivalent to a bus service, where the bus company cannot tailor that service to every passenger.

That doesn't mean that shippers should be completely ignored, which unfortunately seems to be the case."

Peter de Langen, principal consultant of the ports and logistics advisory at Copenhagen Business School, argued that shippers had far more power when they focused their efforts on hinterland transport.

"Shippers have had most effect on the inland leg of a container journey – whenever there has been a substantial shift of cargo from, say, road to barge, that has been driven by a major shipper.

Where they haven't been active, these projects such as modal shift haven't met with any success.

Wherever shippers become active they help transition the industry.



From a service provider point of view, the best gift you can get is input from your customers, and that is important in inland transport, which often accounts for as much as 90% of the end-to-end transport cost."

However, in some cases, ports are working to bring shippers together in an effort that resemble online crowd-sourcing to increase shipper power.

Port of Liverpool owner Peel Ports is predicating much of its ongoing development in the UK on dealing directly with shippers.

Deputy chief operating officer David Huck explained that bringing shippers together could force lines to rethink their networks.



"I'd like to challenge the idea that the lines are now the kingmaker in terms of the port industry.

What are the drivers for shipping lines?

The shortest sea route, every time.

Let's be honest, the carriers have had a rough few years and getting profitability back is paramount for them.

But what about the cargo owner, who is actually paying the bill?

They are predominantly interested in the shortest inland leg, and what do I say to my customer who has 22,000 teu and is located nine miles from Liverpool's port, but who sees all of his cargo come in through the UK's southern ports?

He tells me that he hasn't enough influence with the carriers to get a service to Liverpool.

The UK's largest scrap exporter is also located near Liverpool and has 28,000 teu a year, but says the same.

But if I put those two together, suddenly I do have shipping lines interested.

This has driven the investments at Liverpool and we are starting to change some of the dynamics of the marketplace.

We have identified over 200 importers and exporters in our natural hinterland and brought them together, because they are saying they want other choices –

90% of containers coming into the UK come in through southern ports, but 60% of their contents are consumed in the north of the country.

We have looked at it from cost, carbon and congestion perspectives, and how to redesign UK supply chains, and today we believe we have the tool kit to do that through a new deepwater terminal.

Our 200 or so shipper partners cumulatively control 200,000 teu, and that must be the sort of volume that can change carrier behaviour," he said.

However, Mr Jensen also claimed that in the wake of the formation of the three main deepsea vessel alliances, shippers were actually being offered a greater array of port choices.

"What we are seeing right now, partly as a consequence of the new alliances, is greater choice for shippers, although clearly if you are consolidating carries and there are fewer physical carriers, there are fewer companies to choose from.

But is that really what you are buying as a shipper?

Or are you buying the ability to move cargo from port A to port B – or even better, inland point A to inland point B?

What we are seeing is a drive to scale of not just ships, but networks.

The creation of networks of scale is driving the industry to a point where we are seeing more port-pair combinations.

From the perspective of how many port-to-port products, especially direct ones, that shippers have to choose from, the wave of consolidation is actually beginning to drive the industry where there are more combinations, despite there being fewer carriers.

And with these come with better transit times.

Simply, there is, de facto, more product choice," he said.

*(from: theloadstar.co.uk, July 4<sup>th</sup> 2017)*

## REEFER

### MAERSK MAKES REMOTE CONTAINER MANAGEMENT SYSTEM AVAILABLE TO SHIPPERS

Maersk Line will formally make its remote container management (RCM) system available to shippers at the end of next month.

The company said it would make RCM data freely available to shippers, while those that pay a subscription fee, which would be based on the amount of boxes shipped, would be able to “download all data from the full journey of the container”.

Among other things, shippers can access an overview of all containers with journey assessment parameters as well as have the option to export this data to Excel; a temperature graph with option to view O2 and CO2 and ambient temperature also available; a view of container positions on a map, with options to view routes; journey assessment based on standard thresholds; and a consolidated list of notifications, sent daily, with the option to subscribe for notifications via email.



Maersk executives said the system would allow shippers vastly increased levels of visibility into the moving parts of their supply chains.

Vincent Clerc, chief commercial officer for Maersk Line, said: “RCM has the capabilities that our customers have wanted from us for a very long time.

It is going to insert an unprecedented level of visibility and reliability into their supply chains that will make their business better.

The old days of waiting, hoping and reacting are over.

Our customers can now monitor and make decisions about their supply chain as their cargo moves, as well as use the data to study and improve their entire supply chain.

Particularly for our customers with very sensitive, higher value refrigerated cargo, RCM significantly raises the total value proposition of refrigerated container trade."

The system was originally deployed by Maersk in early 2016 as a way of managing its reefer fleet of 270,000 units, and following an enormous installation project that was the subject of both a Loadstar podcast and LongRead, RCM offered the carrier huge amounts of data that have helped it to significantly manage its cost base.

But the advantages it could offer perishable shippers are also obvious.

Anne Sophie Zerlang, head of reefer for Maersk Line, said: "Our customers have always wanted to know where their products are and if they are being properly cared for from the very beginning to when their customer receives them.

Now with RCM, they will always know.

We expect we will see an increase in our traditional perishable reefer volumes like agriculture as a result of RCM, but also new opportunities in sectors like pharmaceuticals, where there is also a need for the kind of supply chain integrity RCM provides.

As we receive feedback and learn more from our customers, we will look for ways to improve and expand the value of RCM."

Other lines are expected to follow suit, as technology providers bring increasingly cost-effective and easy-to-apply systems to market.

*(from: theloadstar.co.uk, June 26<sup>th</sup> 2017)*

## SAFETY & SECURITY

### FREIGHT SECTOR 'ILL-PREPARED' FOR CYBER ATTACKS

The ocean freight and freight forwarding sectors are “ill-prepared” for cyber attacks, with last week’s ‘Petya’ attack on Maersk and others providing a wake-up call as the industry shifts towards automation and digitalisation, according to online freight forwarding company iContainers.

The Petya virus not only crippled Maersk’s booking system and slowed down its tracking of containers, it also caused congestion at nearly 80 ports around the world operated by its subsidiary, APM Terminals.

The carrier was only able to resume accepting bookings nearly three days after the attack, and that had to be done initially through a third party provider, observed Klaus Lysdal, vice president of sales and operations of iContainers.

“Considering the importance and value of what the industry does, it is ill-prepared for an attack such as this,” said Lysdal.

“One would have thought that Maersk was perhaps the carrier with the highest level of protection.”

Following last week’s ransomware virus attack on Maersk, iContainers said it was left temporarily limited in terms of taking bookings and managing operations related to cargo on the Danish shipping giant’s vessels.



And in the days after the attack, as Maersk struggled to regain some form of normality, freight forwarders continued to work on getting releases for import containers, iContainers said.

It said research indicates that the organisations hit tend to be those in industries with fewer investments into cyber security.

And while the ocean freight industry has been relatively slow in adopting much-needed security measures to fend off attacks such as these, recent maritime conferences have put much emphasis on cyber security.

According to iContainers, this attack should serve as a warning of the increasing vulnerabilities of the industry as it shifts towards automation and digitalisation.

"With global coverage and more and more features being made available online, carriers are facing increasing exposure to such attacks," argued Lysdal.

"For the industry as a whole, this attack probably comes as a healthy reminder.

After years of low earnings and huge losses, some may not have been as diligent on their security as they perhaps should have been.

Maersk stands to lose a substantial amount of money from this current attack, which hopefully will spur every carrier to intensify their security measures."

He said experts have warned to expect more hits over the next six months, as affected organisations try to dig at the root of the problem.

According to global advisory firm AlixPartner, most of these attacks originate from an initial email.

As news of the attack became known on Tuesday, iContainers said it was "quick to alert its employees, warning them to take extra care in opening emails, attachments, and external links".

Lysdal noted: "All we can really do is protect our systems.

Between the carriers, rails, and terminals, there really isn't much that can be done from a third party."

*(from: lloydsloadinglist.com, July 3<sup>rd</sup> 2017)*



## ON THE CALENDAR

- 28/09/2017 – 29/09/2017      Tallinn      Baltic Sea Ports & Shipping 2017
- 03/10/2017 – 04/10/2017      Las Palmas      ICHCA Conference
- 05/10/2017 – 06/10/2017      Las Palmas      ICHCA ISP Technical Panel & CARC Meeting
- 26/10/2017 – 27/10/2017      Barcelona      5th MED Ports 2017
- 29/11/2017 – 30/11/2017      Abidjan      18th Intermodal Africa 2017
- 24/01/2018 – 25/01/2018      Mauritius      12th Indian Ocean Ports and Logistics 2018
- 07/03/2018 – 09/03/2018      Padova      Green Logistics Expo
- 28/03/2018 – 29/03/2018      Beira      19th Intermodal Africa 2018
- 18/04/2018 – 19/04/2018      Livorno      6th MED Ports 2018
- 30/05/2018 – 31/05/2018      Varna      7th Black Sea Ports and Shipping 2018
- 04/07/2018 – 05/07/2018      Johor      16th ASEAN Ports & Shipping 2018
- 26/09/2018 – 27/09/2018      Riga      2nd Baltic Sea Ports & Shipping 2018
- 24/10/2018 – 25/10/2018      Aqaba      15th Trans Middle East 2018
- 28/11/2017 – 29/11/2018      Accra      20th Intermodal Africa 2018
- 30/01/2019 – 31/01/2019      Kuwait City      16th Trans Middle East 2019
- 20/02/2019 – 21/02/2019      Manila      10th Philippine Ports and Shipping 2019
- 20/03/2019 – 21/03/2019      Mombasa      21st Intermodal Africa 2019

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