The International Association of Marine and Shipping Professionals (IAMSP) is the professional body for Marine and Shipping professionals world-wide, formed in 2015. The association is an independent, non-political organization aims to:

Contribute to the promotion and protection of maritime activities of the shipping industry, the study of their development opportunities and more generally everything concerning these activities.

Promote the development of occupations related to maritime and shipping; serve as a point of contact and effective term for the business relationship with the shipping industry (charter brokers, traders, shipping agents, Marine surveyors, ship inspectors, ship-managers, sailors, and stevedores etc.).

Ensuring the representation of its members to the institutions, national and international organizations as well as with governments, communities and professional groups while promoting the exchange of information, skills and the exchange of experience.

Develop the partnership relations sponsorship, collaboration between IAMSP and other associations, companies, national and international organizations involved in activities related to Maritimes and shipping.

Contribute to the update and improvement of professional knowledge of its members and raise their skill levels to international standards.

Progress towards a comprehensive and integrated view of all marine areas and the activities and resources related to the sea.
Crumbling infrastructure is a worldwide problem

18/08/2018
A bridge too far

The first bridges were likely to have been built by early man shoving a fallen tree across a stream. Since then, construction techniques have come on a bit—from wood to stone, wrought iron and then steel. In the 20th century, reinforced concrete appeared. Concrete is an immensely strong material, especially when coupled with steel. But the sudden collapse of the Morandi bridge in Genoa this week (pictured), with a tragic loss of life, adds to the concern of civil engineers that many bridges around the world which use reinforced concrete are deteriorating faster than was expected.

The Genoa bridge is based on a design called a cable-stayed bridge, although it is a somewhat unusual variant. Such a bridge uses one or more towers, from which run cables that support the deck of the bridge. This is different from a suspension bridge, such as the Golden Gate Bridge in San Francisco, in which the cables holding up the deck are suspended vertically from a main cable anchored at either end of the bridge. Cable-stayed bridges are widely used, mainly for spans shorter than those crossed in one go by a suspension bridge.

A familiar feature of a cable-stayed bridge is that the cables form a fan-like pattern emanating from the supporting tower. If one of the cables is damaged or breaks, it should be obvious; the loading on the bridge is calculated so that the remaining cables will be capable of holding the structure up. The Morandi bridge is different because it was supported by pre-stressed concrete tendons. The tendons are made from bundles of steel wires tightened to produce compressive strength and then encased in concrete. The bridge was designed by Riccardo Morandi, a proponent of this type of bridge. Only a few have been built around the world.
Concerns about Genoa’s bridge had been raised in the past. The Italian media has reported that in 2016, Antonio Brencich, a specialist in reinforced concrete at the University of Genoa, described the bridge as a “failure of engineering” and that sooner or later it would have to be replaced. Daniele Zonta, a civil-engineering expert at the University of Strathclyde, in Britain, says that since the opening of the bridge in 1967 the tendons have required continuous monitoring and maintenance.

Although the design of the bridge is unusual, it is much too early to say if that played any fundamental part in the collapse. And in other respects, the Morandi bridge is far from atypical. All around the world bridges built long ago, particularly those using reinforced concrete, are deteriorating. Even back in 1999, a study found that around 30% of road bridges in Europe had some sort of defect, particularly corrosion of their steel reinforcing or pre-stressed tendons.

A report from the American Road & Transportation Builders Association in January is even more sobering. It reckoned that 54,259 of that country’s 612,677 bridges are “structurally deficient”. These problem bridges have an average age of 67 years and are crossed by vehicles 174m times every day. At the present rate of repair and replacement, it will take 37 years to remedy all the problems, says Alison Premo Black, the organisation’s chief economist.

What is going wrong with these bridges? The difficulty is that concrete, or rather the steel used to reinforce it, can fail in a number of ways. Salt, ice and the pounding of weather can cause tiny fractures in the concrete’s surface. As these cracks creep inward, they let in water. Once the water reaches the steel reinforcing or tendons, it corrodes them. This enlarges the cracks, which can cause the concrete to fall apart. That this is happening is evident from rusty streaks on crumbling concrete.

**Heavy traffic**

Other factors compound the deterioration of bridges, such as a constant cyclic vibration from traffic, says Mehdi Kashani, an expert in structural mechanics at the University of Southampton, in Britain. This is troublesome for bridges designed in the 1960s, when traffic flows were lower, cars were smaller and lorries much lighter. On top of that, extreme weather can take a toll, with heat and cold expanding and contracting the structure, floods eroding away foundations and high winds buffeting the bridge. This is why regular inspections and maintenance are essential.

New methods of monitoring structures are available to help engineers spot problems before they become critical. Instead of the arduous task of climbing up bridges or erecting scaffolding, camera drones can easily take a close-up picture of just about any part of a bridge. Electronic sensors can provide regular readings of any movement in the structure. And laser scanners are capable of picking up fine details and displaying them as a three-dimensional image. All this should help, but only if regimes exist to ensure that careful monitoring and preventive maintenance take place. If such tasks are skipped, for whatever reason, the result could be disaster. “The Genoa bridge is not the first to fall down,” says Dr Kashani. “And unfortunately, it will not be the last.”

**Repair or replace?**

Monitoring and repair are not the only options. When bridges were being built in the 1950s, 60s and 70s, many were expected to last for more than 100 years. But the decay of reinforced concrete leads some civil engineers to think that such bridges may have a life of only 50-60 years. That means thousands of bridges are coming to the end of their days. Refurbishment is possible, but it is slow and very costly. It might end up being more expensive than building a new bridge.
New structures can also take advantage of advances in engineering. There has been huge progress in materials science, so much so that it is now possible to tinker with the internal structure of substances to make concrete more robust and steel better at resisting rust. Ultra-high-performance concrete is already being made in some countries to toughen buildings against such things as earthquakes and bombs. Apart from just sand and cement, other ingredients are added to these super concretes, such as quartz and various reinforcing materials. In some tests, the addition of plant fibres has been shown to produce markedly stronger concrete.

Self-healing concrete is also being explored. Different methods can be used, but the basic idea is that, should cracks appear in the surface, they will trigger a chemical reaction that seals them up again.

Wholesale replacement of elderly bridges would be an expensive exercise, however. The Governor Mario M Cuomo Bridge, which opened as a replacement for the old Tappan Zee Bridge which crosses the Hudson River in New York, is expected to become fully operational later this year. It is also a cable-stayed bridge, but one of a more traditional design. It is expected to cost some $4bn. The old bridge, built largely from steel and concrete in the 1950s, was knocked up for some $60m, which in today’s terms would be a bargain $564m. The Tappan Zee Bridge was predicted to have a lifetime of only 50 years; it managed nearly 62. Its replacement is supposed to last for a century. Time will tell.

[The Economist]

17/08/2018

By Shailaja A. Lakshmi

South Korean state-owned Korea Gas Corporation (KOGAS) will invest 10 trillion won (US$8.84 billion) by 2025 to expand its natural gas capacity and infrastructure for hydrogen vehicles and other clean energy sources, reports Yonhap.

KOGAS, which has a monopoly on domestic natural gas sales, unveiled a long-term business plan on the 35th anniversary of its foundation as it expects to play a greater role under the government’s energy transformation policy.

The world’s second-largest importer of LNG said it will buy LNG at cheaper prices in future contracts and make joint efforts with other Asian buyers to have greater bargaining power, setting a goal of saving 6 trillion won from gas purchases by 2025.

The report said that the state utility firm will invest 6 trillion won to expand LNG capacity and combine advanced technologies to improve the energy management system and invest 3 trillion won in overseas projects to diversify supplies.

KOGAS operates in total 72 LNG storage tanks in South Korea. It imports about 96 percent of Korea’s LNG demand via its four terminals, namely Incheon, Pyeongtaek, Tongyeong and Samcheok. KOGAS’ imports of LNG rose 14.8% year on year to 20.14 million mt for the first six months of this year.

[MarineLink]
Se desarrollarán terminales de Uso Privado en los estados de Paraná y Amazonas.

Esta semana fueron firmados en Brasil los contratos de adhesión para la puesta en marcha de los Terminales de Uso Privado (TUP) denominados Nuevo Puerto Terminales Multicargas y Logística Ltda. (TPML), en Paranaguá (estado de Paraná) y la Terminal Portuaria Nuevo Remanso, en Itacoatiara, en el estado de Amazonas.

El TUP de Paranaguá será un complejo portuario privado de 183 hectáreas destinado a la movilización de contenedores y graneles. El proyecto engloba un muelle de atraque con siete sitios, patio de contenedores, tres sitios para atraque de grandes buques, silos verticales para almacenamiento de cereales y almacenes horizontales destinados a los graneles vegetales y minerales.

Para Rossana Cattalini, socia de TPML, el nuevo terminal servirá como alternativa para los puertos de Paraná en eficiencia logística, además contribuirá a retirar un intenso flujo de camiones dentro de la ciudad. La inversión privada será de US$934,5 millones, a lo largo de tres años. Las obras deben iniciarse a fines de año y se prevén 2,000 empleos durante la construcción del proyecto y 1,700 en la operación.

**Itacoatiara**

La Terminal de Uso Privado de Nuevo Remanso, en Itacoatiara, será un complejo portuario privado destinado al movimiento de graneles (sólido y líquido) y carga general. Su ubicación permitirá la integración con las cuencas hidrográficas de Madeira y Tapajós. El plazo de duración de las obras del emprendimiento es de 27 meses.

Con un área superior de un millón de metros cuadrados, el proyecto prevé cuatro terminales en tres muelles: uno de ellos de granos, con capacidad de movimiento de cargas de tres millones por año. La previsión es que el terminal moverá 5,8 millones de toneladas al año, a partir del quinto año de su puesta en marcha y 10,4 millones del trigésimo año.

Además, un terminal, dividido en dos almacenes de 4,500 metros cuadrados cada uno, destinados a la manipulación de minerales y de carga general. La terminal de combustibles tendrá inicialmente 12 tanques con una capacidad total de 86,000 metros cúbicos. La inversión privada será de US$154,3 millones. Se estima que generará 426 empleos en la construcción y 880 en la operación.

Para el director presidente del TPNR, Aristarco de Paula Martins Neto, la nueva terminal va a llevar desarrollo económico y social hacia el interior del Amazonas con el objetivo de consolidar el estado como el intermediario portuario para la exportación en la región Norte.

[MundoMarítimo]
17/08/2018

The capacity of global container handling could rise by 270 million TEU by the year 2023, according to the fifth edition of ‘Container Terminal Project Pipeline’ by DS Research.

World Bank statistics place the current global container capacity at 700 million TEU as of 2016, but investment in new projects and automation is set to raise that figure. DS Research, a German market analysis company, has found that around 350 expansion projects are planned until 2023, but the likelihood of the projects being completed vary from 40% to 70%.

As trade tensions grow and terminal utilization rates are overall low, terminal operators tend to be more hesitant regarding new terminal investments, which has led DS Research to find that container handling capacity will develop more in line with demand.

It found that container port demand is forecasted to increase by 210 million TEU (4.3% CARG) until 2023, whereas container handling capacity is projected to increase by 260 million TEU (3.4% CAGR) in the same period of time. However, DS Research found that construction activities for specific regions and for terminal automation projects remain to be “strong”.

Larger container terminal projects cluster at the US East Coast, the Mediterranean Sea, the Suez Canal, the Persian Gulf and the Strait of Malacca – moving away from Northern Europe and the Panama Canal.

With the majority of the listed projects being small or medium sized, about 75% of all projects scheduled for completion until 2023 include a capacity expansion of below 1 million TEU. Daniel Schaefer, Market
Analyst at DS Research, said: “The purpose of project announcements is to attract interest from investors and potential customers. Therefore, what is announced usually exceeds what is actually built.

“At the same time, we expect that about two thirds of the expansion projects included in our project pipeline will in fact get completed, with execution rates ranging from 40% for North Africa to about 70% for South East Asia and Oceania.

“We have seen a definite trend where many global concessions are being let on the basis as a multi-purpose terminal, which means containers plus dry bulk or breakbulk facilities and an increasing interest of international operators in these kind of facilities as well as in inland services.”

[Port Technology International]

Terminal operators Australia: International Transport Workers' Federation questions awarding of ICTSI contract

16/08/2018
The International Transport Workers' Federation (ITF) is calling for an inquiry into the contract won by International Container Terminal Services Inc. (ICTSI) to operate the Webb Dock terminal at the Port of Melbourne, Australia.

ITF President and Chair of the ITF Dockers’ Section Paddy Crumlin cites human and labor rights issues raised in a new report ICTSI Exposed. The ITF report asserts that ICTSI profits from partnerships with dictators implicated in crimes against humanity in Sudan, Syria and the Democratic Republic of Congo, and that at the time the contract was awarded, ICTSI was in business with the Government of Sudan - while both the United Nations and United States had placed sanctions on doing business with the regime.

“This raises serious questions about the due diligence process and what consideration was given to ICTSI’s relationships with despotic regimes and subsequent threats to security standards on the Australian waterfront,” says Crumlin.

Union leaders have called on the government to investigate how a company with this reputation, and this history, was awarded a contract to operate such a critical infrastructure asset in Australia. The ITF says the investigation should determine:

• What consideration was given to ICTSI’s dealings with anti-democratic and international sanctioned regimes, like the Al-Bashir regime in Sudan in the due diligence process?
• Was the Sudan deal disclosed to the Victorian Government as part of the tender process?
• Did the Victorian Government consult with relevant Commonwealth security agencies considering the relationship between ICTSI and the Government of Sudan?

Philippines-based ICTSI won the contract to operate the third container terminal at the Port of Melbourne in 2014. In 2017, an ITF affiliate organized a walkout at Victoria International Container Terminal (VICT) at Port of Melbourne when a union member was sacked, with Crumlin saying: “ICTSI’s insistence on bringing its anti-worker business model to Australia is being met with the resistance you would expect from unions, politicians and the local community.”

Earlier this year, the ITF expanded its campaign against ICTSI by asking the company's shareholders to vote out two board members that ITF accused of being responsible for on-going labor disputes. “In the last
18 months, ICTSI has seen protracted disputes at five terminals, disputes that have directly affected multiple port stakeholders, including governments, global brands and shipping lines,” said Crumlin at the time. These disputes include a protracted disagreement with an ITF union at the port of Melbourne, which may be hampering the operator's ability to attract vessel operators, ITF suggested.

[Maritime Executive]

**Kenya seeks to bring shipping line back from the dead**

16/08/2018
By James Baker
The government of Kenya has approved plans to revive the dormant state-owned Kenya National Shipping Line, according to reports from the country’s press.

The plan was first announced last year, but the cabinet has now ratified the idea, in an effort to have a state-owned carrier shipping government cargoes and also vying for private sector volumes. The government plans to buy out the three international shareholders in KNSL, which include Mediterranean Shipping Co. KNSL’s last known service was a weekly service from Felixstowe to Kenya taking slots on MSC vessels.

According to KNSL’s website, the company was formed in 1989. At the time, shareholders included Kenya’s government, through the Kenya Ports Authority, together with two foreign investors, DEG and Unimar. In 1997 the company’s shareholding was reorganised to bring MSC in as a strategic partner.

KNSL has only ever operated as a non-vessel owning common carrier and plans to revive it will likely follow the same model. The government plans to allocate a percentage of cargo to be shipped through the line and encourage partnerships with major international maritime companies.

There is likely to be plenty of interest from carriers wishing to supply slots to the line should it relaunch. East Africa has been growing rapidly over the past decade and is a major part of China’s One Belt, One Road initiative.

[Lloyd’s Loading List]

**Railways Africa: A solution at last for TAZARA?**

16/08/2018
Talks appear to be underway in Tanzania and Zambia over allowing a Chinese company to operate the Tanzania-Zambia Railway (TAZARA).

The two governments are considering changes to their respective national regulations surrounding the copper line to allow a foreign operator to take over, while official Chinese state news outlets report that China Railway is keen to take over operation of the line under a long-term concession.

Understandably, TAZARA management oppose the plan. The managing director of the TAZARA Authority, Bruno Ching’andu, who took up the post in April, insists that his operating company, which is jointly owned by the Tanzanian and Zambian governments, will remain in control.
It is possible that China Railway or another Chinese company will jointly operate the line with the TAZARA Authority, while Tanzania’s Deputy Minister for Works, Transport and Communication, Atashasta Nditiye, has said that a foreign company could buy equity in the TAZARA Authority.

The line was built in the 1970s by the Chinese government as a means of enabling Zambia to export its copper without recourse to Apartheid-era South Africa. However, a lack of investment over many years has left the line in need of a thorough upgrade. It seems very unlikely that the railway can become efficient without foreign investment.

The TAZARA Authority itself estimated in 2016 that it needed US$250M investment in the short term and US$1.2B in the long term to revamp the line. China Civil Engineering Construction Corporation is also believed to be interested in building a new line between Zambia and Tanzania. Demand for rail capacity between Zambia and the Port of Dar es Salaam is rising, including as production on the Sentinel copper mine is ramped up. First Quantum Minerals produced 190,683t last year and expects this to rise to 250,000t in 2020, on the back of investment of US$2.1B in 2020.

[Bulk Materials International]

16/08/2018
The World Container Index assessed by Drewry, a composite of container freight rates on 8 major routes to/from the US, Europe and Asia, is up by 4% to $1759.86/40ft container.
Two-year spot freight rate trend for the World Container Index:

Our detailed assessment for Thursday, 16 August 2018
The composite index is up by 4% this week, 12.6% up as compared with same period of 2017.
• The average composite index of the WCI, assessed by Drewry for year-to-date, is US $1,415/40ft container, which is $106 lower than the five-year average of $1,521/40ft container.

• With increase in head haul freight rates, Drewry’s composite World Container Index increased 4% to $1,759.86 per 40ft container. Freight rates on all the trade lanes increased except New York to Rotterdam where the rates slipped $1 to $583 per 40ft container. Rates on Shanghai-New York surged $227 to $3,429 for a 40ft box – a change of 7%. Similarly, rates on Shanghai-Genoa rose 13% to $1,900 per feu. Rates from Shanghai-Los Angeles are up $45 to $2,196 per feu. Drewry expects the rates to remain stable for next week.

Our latest freight rate assessments on eight major East-West trades:

Spot freight rates by route - assessed by Drewry

[Drewry]

**Shipbreaking: Beaching of vessels – legal, illegal or somewhere in between?**

16/08/2018

Commercial vessels have a ‘lifespan’ and when they reach the end of it, they are recycled. The European Commission estimates that up to 1,000 ships are recycled each year worldwide.

In addition to valuable and re-useable products like steel, ships also contain hazardous waste and pollutants that are harmful to people and the environment. There has been increasing public and political concern over the practice of some shipbreaking facilities to ram vessels onto tidal flats where workers break down the vessels in ways that are dangerous for the workers and damaging to the environment. To address the hazards, the International Maritime Organization (IMO) adopted the Hong Kong International Convention for the Safe and Environmentally sound Recycling of Ships.

The Hong Kong Convention provides a ‘cradle-to-grave approach’ – a system of control and enforcement over a ship’s lifetime from design, through construction, operation and up to the recycling stage. The Convention establishes mandatory requirements on shipowners to ensure the safe and environmentally sound recycling of ships. The Convention also applies to Ship Recycling Facilities. In general, the Convention requires Facilities “to establish management systems, procedures and techniques which do not pose health risks to workers or the population in the vicinity of the Facility and which will prevent, reduce, minimize and to the extent practicable eliminate adverse effects on the environment caused by Ship Recycling.”

 Adopted in 2009, the Hong Kong Convention is not yet in force. Entry into force will only occur 24 months after ratification by 15 States, representing 40 per cent of world merchant shipping by gross tonnage. Today the Hong Kong Convention has been ratified by only six nations – Belgium, the Congo, Denmark, France, Norway and Panama.

Shipping is global and the ideal way to ensure a uniform approach to ship recycling is by an international convention. Uniformity provides certainty and an even playing field, reducing the financial incentives for practices that endanger people and the environment. Yet the ratification process can be painfully slow. The European Union partially filled the gap by regulating ship recycling based on terms modeled on the Hong Kong Convention. The EU regulations apply to vessels that are flagged in the EU irrespective of where the recycling takes place.
The EU Ship Recycling Regulation entered into force in 2013. One of the principal components of the Regulation is the certification of facilities, the so-called “European List” of approved facilities which meet the requirements of the Regulation (and consequently would also meet the requirements of the Hong Kong Convention). The first “European List” of approved facilities was adopted by the Commission in December 2016. It then included 18 shipyards, all located in the EU. The list was updated in May 2018 and now includes 21 shipyards.

The European Commission has received applications from shipyards outside of the EU and the applications are pending.

As of 1 January 2019, all large sea-going vessels sailing under an EU Member State flag are required to use one of the approved ship recycling facilities. The majority of ships, however, are recycled at sites outside of the EU and mostly in South Asian sites where the vessels are ‘beached’ and broken up largely by hand.

Commonly, ships are sold to buyers who reflag and may then have the financial incentive to recycle at a site outside of the EU where the vessel is beached and dismantled in conditions that do not meet the EU standards. On the face of it, this seems to be legal because the vessel is not flagged in an EU country after sale – but beware. The Rotterdam District Court held a Dutch company responsible for breach of the EU Waste Shipment Regulation when the shipowner sold to a buyer who then sent the vessels for scrapping on beaches in South Asia.

The court found that when the ships left the ports of Rotterdam and Hamburg in 2012, the intention was already to demolish the ships which qualified the ships as “waste”, even though they were still seaworthy, certified, insured and operational.

A shipowner who sells a vessel at the end of its lifespan to a buyer who then contracts for shipbreaking at a facility that beaches may not be breaking the law. Nonetheless, there can be reputational and even financial consequences. Ships can be easily tracked to their final destination and a non-governmental organisation (NGO) may ‘name and shame’ the vessel owner despite the fact that the recycling contract is made by the buyer. Media is quick to pick up such stories. Increasingly, investors are also shifting away from companies whose ships end up beached and dismantled in conditions that are harmful to workers and the environment.

So, to conclude, the practice of beaching vessels for recycling is illegal in parts of the world and for all European flagged ships. While the practice may not at this time be illegal in other circumstances, Owners who sell end of life ships to buyers knowing that such buyers are likely to dismantle the ship in an unsafe and environmentally unsound manner, may, at the least, face reputational risk. At the worst, such sellers may find themselves charged with violation of waste shipment regulations.

[gard]

The town already has oil and gas loading terminals, built since 2013, that feed pipelines transporting the fuel directly to Yunnan province in Western China. A rail link is planned to connect the container port.

16/08/2018
By Vilhelm Carlström
Norwegian fertilizer producer Yara sends about a hundred truckloads of product each day from its plant in Porsgrunn, Norway, to a port 60 km away to be shipped. That transportation function will be assumed by an autonomous electric container ship by 2020, The Local reports.
The zero-emission container ship, to be constructed by Norwegian shipbuilder Vard and engineering company Kongsberg, is partially funded by the government and will be the first of its kind in the world. The project is expected to cost NOK 250 million.

Yara’s application is especially suitable for the project since battery-propulsion sets a limit to range, and the repetitive voyage means that the challenges posed by automating the navigation of the vessel are minimized. When the vessel is fully up and running it is to require minimal human input through a remote-control interface.

Model of the zero emissions vessel Yara Birkeland. Credit: Yara International ASA 2004

Nevertheless, the project represents a possible future for Norway, and the whole maritime industry. In July, Kongsberg increased its stake in autonomous shipping by buying Rolls Royce’s competing technology, The Local writes.

[Business Insider Nordic]

**Port development U.S.: Everett breaks ground on $36 million South Terminal Wharf modernization project**

16/08/2018
On August 15, the Port of Everett hosted a groundbreaking to commemorate the start of construction on the Port’s South Terminal Modernization project – the largest capital project in the port’s history by dollar value, and the largest maritime construction project on the West Coast today.

The $36 million South Terminal Modernization project will ensure the port’s facilities are ready to support the next generation of over-dimensional cargo, including aerospace parts for the new 777X.

The South Terminal facility is a key piece of the port’s overall Seaport Modernization efforts. It’s the largest of the Port’s docks by land footprint; however, the dock was originally built in the 1970s to support log operations, and in its current state, can only accommodate 500 pounds per square foot (psf). Modern cargo operations require a minimum of 1,000 psf.
The South Terminal Modernization Project (Phase II) strengthens the remaining 560-feet of the 700-foot South Terminal dock structure (140-feet was strengthened as part of Phase I in 2015) and makes electrical upgrades at the wharf. Upon completion, the dock will be strong enough to accommodate two, 100-foot gauge rail-mounted container cranes and provide vaults for ships to plug into shorepower while at the dock.

In 2017, the Port completed two rail upgrade projects totaling more than $8 million. With the help of the Port’s 2-percent for public access policy, the project is also generating $586,000 to the city of Everett to improve public access along the waterfront that doesn’t conflict with a vibrant working waterfront.

16/08/2018

TasPorts today released its "port master plans" to ensure the Australian state of Tasmania’s port facilities meet future demand and support the state’s economic growth.

TasPorts Chair Stephen Bradford said the plans and associated major projects would help the company meet customer demand, attract new business and provide the best value for customers. “The plans guide port infrastructure investment over the next 15 years and are expected to help inject hundreds of millions of dollars into Tasmania’s economy over the longer term,” Mr Bradford said.

TasPorts CEO Paul Weedon said the plan was a major long-term investment to ensure that Tasmania’s maritime trade system has the capacity to grow for the benefit of the entire state. “With more than 99 percent of the state’s freight coming and going by sea, ports are one of our most important infrastructure assets and it is vital we plan for the future to meet growing demand,” Mr Weedon said.

The major projects arising from the planning process include the expansion of container berths in Burnie in response to Toll’s commitment to deploy larger Bass Strait vessels; the reconfiguration and expansion of Devonport East to provide a new home for the larger Spirit of Tasmania ferries and a new berth for SeaRoad; and the development of a new Antarctic logistics facility in Hobart to support the Australian Antarctic Division’s new icebreaker that is set to replace the Aurora Australis.

These projects alone represent over AU$120 million (US$87 million) of port infrastructure investment while ongoing maintenance, remediation and expansion works across the state’s port network bring the total planned investment to more than AU$200 million over the next 15 years.

Mr Weedon said TasPorts would continue to support its operations at King and Flinders Islands, Port Latta, Inspection Head, Strahan, Stanley and Sullivans Cove in Hobart. Development is expected to commence at the major ports in late 2018.

16/08/2018

DP World, one of the world’s biggest port operators, posted a 2.1 percent drop in first-half net profit on
Thursday.

DP World said it posted a net profit attributable to owners of the company of $593 million in the first half of the year, compared to $606 million during the same period a year earlier. Cash from operating activities was recorded at $979 million in the first half, slightly lower than $1.0 billion a year earlier.

The port operator said capital expenditure guidance for 2018 remains unchanged at up to $1.4 billion with investments planned in the United Arab Emirates, Posorja (Ecuador), Berbera (Somaliland), Sokhna (Egypt) and London Gateway.

DP World recently won a 30-year concession for the management and development of a port project at Banana in the Democratic Republic of the Congo, which currently has no direct deep-sea port despite being Africa’s third-most populous country.

[Reuters]

Propulsion: All-electric ships on the horizon as Rolls-Royce launches new battery system

16/08/2018

By Áine Quinn

Rolls-Royce Holdings Plc has begun offering its own battery-powered ship engines in a move that signals the gathering momentum behind a push toward hybrid and ultimately all-electric vessels.

While maritime demand for lithium-ion batteries is focused on providing top-up power for traditional diesel and gas-turbine ships, the technology could propel fully electric craft over a limited range, according to Rolls, which previously sourced such equipment from third-party providers. Branded SAVe Energy, the new system will be delivered from the group’s marine arm in Bergen, Norway.

Illustration of a ship system setup with batteries. This example shows a hybrid system for a tugboat. Credit: Rolls-Royce Plc
In hybrid mode the batteries will kick in to provide additional propulsion on vessels spanning ferries to trawlers when a conventional engine is operating at peak thrust, London-based Rolls said. They can also power “hotel” functions of energy-hungry cruise ships, such as lighting and kitchens, and in all-electric mode will slash emissions in sensitive seas such as the Arctic Ocean.

Fully electric ships, like autos, have struggled to penetrate major markets because of their limited battery capacity and a lack of charging infrastructure. Norway has led the way, with the Ampere ferry transporting up to 120 cars across the country’s deepest fjord and Kongsberg Gruppen ASA — which is buying Rolls’s marine arm — developing an electric container ship to carry fertilizer 37 miles from a production facility to the port of Larvik.

[Bloomberg]
"We need more innovation in low-emission technology, as well as continued collaboration, to meet the ambitious goal of halving CO2 emissions from shipping by 2050," BSR manager Nate Springer said.

"The progress on climate and air quality we are seeing in container shipping — one of the highest emitting industries — is absolutely critical for achieving global environmental goals."

According to a report by the European Parliament, the international shipping industry is currently responsible for about 2.5% of global CO2 emissions — but this proportion could rise to 17% by 2050 if the sector is left unregulated.
Cargo and container ships are an important transportation method, carrying billions of tonnes of goods across select trade groups each year. However, the heavy boats are often heavy emitters, with research suggesting that vessels of 5,000 gross tonnage and above account for 85% of carbon emissions from the shipping sector.

The sector is striving to meet climate commitments. Currently, 81% of BSR's Clean Cargo Working Group - including DHL and Costco Shipping - have emissions reduction targets in place.

Pushing the boat out

After becoming the first international body to adopt mandatory energy and carbon efficiency measures for an entire sector in 2011, the IMO – and the shipping industry as a whole – was missing from the global climate deal established in Paris in 2015, along with international aviation.

Nonetheless, the shipping industry has since introduced its own global initiative to combat climate change. In 2016, the IMO approved a roadmap through to 2023 on the global adoption of an emissions reduction strategy. Since then, more than 170 countries have reached an agreement to reduce CO2 emissions from their respective maritime sectors by at least 50%, against a 2008 baseline.

According to the text produced by the IMO working group submitted to member states, this target is not legally binding.

In a further drive to improve the sustainability of the sector, six corporations recently announced they would lead a new UN initiative to help stakeholders tackle ocean issues including overfishing, marine litter and acidification.

The coalition pledged through membership to the UN’s Global Action Platform for Sustainable Ocean Business to re-evaluate their products, services and business models to negate harmful impacts on ocean ecosystems.

[edie.net]

Shipping emissions: New fuel rules push shipowners to go green with LNG

16/08/2018
By Jonathan Saul and Nina Chestney

Tough new rules on marine fuel are forcing shipowners to explore liquefied natural gas as a cleaner alternative and ports such as Gibraltar are preparing to offer upgraded refuelling facilities in the shipping industry’s biggest shake-up in decades.

From 2020, International Maritime Organization rules will ban ships from using fuels with a sulphur content above 0.5 percent, compared with 3.5 percent now, unless they are equipped to clean up sulphur emissions. This will be enforced by fines levied by the IMO's member states.

Using LNG to power ships instead of heavy fuel oil or the lighter marine gasoil can reduce polluting emissions of nitrogen oxides and sulphur oxides by 90 to 95 percent, according to industry estimates.

The stakes are high. Analysts at Swiss bank UBS estimate that the green shipping market could be worth at least $250 billion over the next five years. To scoop up some that market, the British territory of Gibraltar is in the process of launching an LNG-fuelled power station whose accompanying storage tanks will also be able to be used to refuel cargo ships via barges.
Gibraltar already supplies the most marine fuel of any port in the Mediterranean and aims to do the same with LNG, said Manuel Tirado, chief executive of the Gibraltar Port Authority. "The GPA's aim is to be the number one LNG bunker port in the Med, however, this is something that will not happen overnight," he told Reuters.

The shipping industry is under pressure to cut its emissions of the main greenhouse gas which causes global warming - carbon dioxide (CO2) - by at least 50 percent by mid-century from 2008 levels, after the IMO agreed on a target in April after years of debate.

Although still a fossil fuel, LNG emits 10 to 20 percent less CO2 than even low-sulphur fuel oil. A period of low oil prices slowed the take-up of LNG as a marine fuel. But over the past year, as the oil price has risen, appetite has grown in the cruise ship industry as well as in the container, cargo and tanker sectors.

There are currently 125 ships around the world using LNG, according to ship certification experts DNV GL, with between 400 to 600 expected to be delivered by 2020. That is a still small fraction of a world fleet of more than 60,000 commercial ships.

Valuation company VesselsValue said 78 ships with dual-fuel engines capable of using LNG would be delivered in 2018, the largest annual number to date.

"Over the last year or so there is a growing consensus among shipowners that LNG is a reasonable next step. It is gaining traction," said Martin Wold, a senior consultant at DNV GL.

But the transition to LNG will take time, with low-sulphur oil-based fuels also used to replace heavy oil.
By 2050, DNV GL forecasts that only 47 percent of energy for shipping will come from oil-based fuels. Gas fuels will account for 32 percent, and the rest will be provided by carbon-neutral energy sources, such as biofuels and electricity.

The global shipping fleet now consumes about 4 million barrels per day of high-sulphur fuel oil. Thomson Reuters Research estimates show fuel accounts for about half of a ship’s daily operating cost.
One of the challenges in using LNG to power ships has been the investment needed to build the required refuelling facilities. In addition, commercial vessels powered by LNG cost around $5 million more than regular ships.

Retrofitting is also costly as existing ships require space to install much bigger fuel tanks to keep the super-cooled gas from evaporating.

For Gibraltar, the construction of the new LNG power plant by Royal Dutch Shell will help to create some of the required ship refuelling infrastructure.

"The LNG for the power plant will be used solely for the power plant. However, the same marine infrastructure that provides the LNG for the power plant will also be able to be utilised to supply LNG to vessels. The current focus is to deliver LNG by barge," said Tirado, the Gibraltar Port Authority chief. Tirado said authorities in Gibraltar were working on a legal framework that would allow ships to be refuelled with LNG in the near future.

A Shell spokeswoman said the supply of LNG to Gibraltar "opens up the possibility for other future LNG applications in Gibraltar, such as the use of LNG as a cleaner burning maritime fuel". Malta is studying the provision of LNG refuelling facilities at its ports and other places such as Barcelona are working on providing LNG bunkering. Zeebrugge and Rotterdam are already supplying LNG via barges.

Elsewhere, several LNG bunkering vessels, from which merchant ships can refuel, have been delivered to operate in locations such as the Amsterdam, Rotterdam, Antwerp region, the North Sea, the Baltic Sea and the coast of Florida.

"We are reaching a tipping point where shipowners are starting to commit to LNG-fired ships at scale," said Maarten Wetselaar, head of integrated gas and new energies at Shell.

**Planning for the long-term**

To meet the sulphur rules in 2020, shipping companies can use low-sulphur fuel, install a scrubber and continue to use heavy fuel oil, or switch to LNG. Sulphur scrubbers can cost up to $10 million per ship and will not help lower CO2 emissions in the longer term, according to analysts at UBS.

In the future, ships could be fuelled by methanol, biofuels, fuel-cell systems or hydrogen, but these are not technologically advanced enough and very costly. Since demand will inevitably shift to compliant fuels - low sulphur in the short-term, as well as LNG - the main losers will be refiners unless they adjust their production mix. Refuellers slow to switch away from offering heavy oil may also get caught out.

French container shipping line CMA CGM, the fourth biggest in the world, has said it has ordered nine mega vessels for delivery from 2020 which will be powered by LNG, one of several options it is pursuing. "Replacing the entire fleet with long-term solutions will take years so the group is committed to implement several solutions during this period," CMA CGM said.

[Reuters]
As the planet warmed at the end of the last ice age, the abyssal Pacific circulation kicked into high gear. Beginning roughly 18,000 years ago, deep-ocean currents in the Pacific Ocean sped up drastically. This disturbance of the deep ocean caused carbon to flow from the sea into the atmosphere leading to even more warming. Credit: LOOK / Alamy

Oceans are sluggish. It can take hundreds of years for water to move from one part of the world to another. The North Equatorial Current in the North Atlantic, for instance, pokes east to west at a measly 200 meters per hour. But what if the oceans’ currents were to speed up? According to new research, that’s what happened beginning roughly 18,000 years ago, and it had a dramatic effect on the planetary climate. Now, scientists are worried that ongoing human-caused warming could drive the ocean to speed up once more.

At the end of the last ice age, from around 19,000 to 9,000 years ago, the climate was warming rapidly. Prompted by a subtle shift in the tilt of the Earth’s rotational axis, more sunlight hit the northern hemisphere in summer, kicking off a global thaw. According to new research, this warming caused the rate of the deep-water current flowing between Antarctica and the Gulf of Alaska, known as the abyssal Pacific circulation, to speed up by two to three times.

Before the warming, during the chill of the last ice age, it took roughly 2,000 years for water to sink near Antarctica, travel on the bottom of the sea all the way up to the North Pacific, rise, and return. New data gleaned from isotopic analysis of seafloor sediment cores collected from the Gulf of Alaska suggests that during the speed-up, this same journey took only 500 to 600 years. This sudden surge in the pace of the currents created a rapid stirring motion in the deep waters around Antarctica.

Like removing the lid from a shaken soda bottle, the mixing caused vast quantities of carbon dioxide to fizz into the atmosphere. Over the next 8,000 years, the atmospheric concentration of carbon dioxide increased by about 80 parts per million, which spurred even more warming and ultimately melted the huge ice caps blanketing North America. The carbon dioxide concentration in the atmosphere today is roughly 400 parts per million total, making this a sizable leap.

Until recently, scientists’ efforts to understand the role of ocean circulation in relation to climate change focused largely on the North Atlantic, primarily because it is well studied and substantial data exists for the region. But as researchers spend more time investigating the Southern Ocean around Antarctica, they’re realizing its key role in driving the climate, says Jianghui Du, an oceanography doctoral candidate at Oregon State University and lead author of the study. Half to two-thirds of the oceans’ global volume is
Cold, salty water in Antarctica sinks to the bottom of the sea forming Antarctic Bottom Water, which moves northward to the Gulf of Alaska. Here it warms slightly and rises, recirculating back south as Pacific Deep Water. Illustration: Mark Garrison

The oceans hold the world’s largest reservoir of carbon. When creatures such as plankton die, they sink and settle on the seafloor, often in the deep abyss, releasing carbon as they decompose. Scientists estimate there is 50 times more carbon stored in the deep oceans than there is in the atmosphere. If even a tiny fraction of these stores were to leak out, it would exacerbate ongoing warming.

Right now, the Southern Ocean is a carbon sink, absorbing carbon from the atmosphere rather than spitting it out. But if the circulation were to accelerate as it did sometime between 18,000 and 11,000 years ago, it could begin to emit carbon, which turns into carbon dioxide at the surface.

According to Alan Mix, a paleoclimatologist at Oregon State University and coauthor of the study, climate models are unclear on how this abyssal Pacific circulation will be affected by anthropogenic warming. Some models show the circulation speeding up, while others show it slowing down. This study provides critical confirmation that in the past, the ocean has responded by speeding up.

“Climate models are never 100 percent right,” says Katrin Meissner, a climatologist and climate modeler at the University of New South Wales in Australia who was not involved in the research. But scientists use such models to test hypotheses of what could happen with future climate by looking, in part, to the past. “We need to see how well our simulations fit with existing data, and there’s not much existing data,” she says. Any new insight, like that provided by this study, is “of big value for us modelers.”

The study’s authors can’t say for certain if ongoing warming will trigger the abyssal Pacific circulation to speed up, or how much of an increase in atmospheric carbon dioxide it would take to do so. Even if there is such a threshold or trigger, it’s unlikely we’d see the effects in our lifetimes, Mix says. Although even that
is uncertain. “What we’re doing now to the climate, we’re doing much faster than the world did in those paleo conditions,” Mix says.

Yet the prospect of an exodus of carbon from the Southern Ocean, however remote, is critical to consider, says Mix. “The Paris climate accord worked out a budget of how much carbon we might be allowed to emit and still avoid really dangerous warming.” If carbon from the deep sea were to enter the atmosphere, it could tip the scale, counteracting any gains made through smart policy or technology.

[Hakai Magazine]

Oceans: Sea level rises could increase risk for more devastating tsunamis worldwide

15/08/2018

As sea levels rise due to climate change, so do the global hazards and potential devastating damages from tsunamis, according to a new study by a partnership that included Virginia Tech.

Even minor sea-level rise, by as much as a foot, poses greater risks of tsunamis for coastal communities worldwide. The threat of rising sea levels to coastal cities and communities throughout the world is well known, but new findings show the likely increase of flooding farther inland from tsunamis following earthquakes. Think of the tsunami that devasted a portion of northern Japan after the 2011 Tohoku-Oki earthquake, causing a nuclear plant to melt down and spread radioactive contamination.

These findings are at the center of a new Science Advances study: A modest 0.5-m rise in sea level will double the tsunami hazard in Macau. 1 The study was headed by a multi-university team of scientists from the Earth Observatory of Singapore, the Asian School of the Environment at Nanyang Technological University, and National Taiwan University, with critical support from Virginia Tech’s Robert Weiss, an associate professor in the Department of Geosciences, part of the College of Science.

"Our research shows that sea-level rise can significantly increase the tsunami hazard, which means that smaller tsunamis in the future can have the same adverse impacts as big tsunamis would today," Weiss said, adding that smaller tsunamis generated by earthquakes with smaller magnitudes occur frequently and regularly around the world. For the study, Weiss was critical in helping create computational models and data analytics frameworks.

For the study, Weiss and his partners created computer-simulated tsunamis at current sea level and with sea-level increases of 1.5 feet and 3 feet in the Chinese territory of Macau. Macau is a densely populated coastal region located in South China that is generally safe from current tsunami risks.

At current sea level, an earthquake would need to tip past a magnitude of 8.8 to cause widespread tsunami inundation in Macau. But with the simulated sea-level rises, the results surprised the team.

The sea-level rise dramatically increased the frequency of tsunami-induced flooding by 1.2 to 2.4 times for the 1.5-foot increase and from 1.5 to 4.7 times for the 3-foot increase. "We found that the increased inundation frequency was contributed by earthquakes of smaller magnitudes, which posed no threat at current sea level, but could cause significant inundation at higher sea-level conditions," Li said.

In the simulated study of Macau -- population 613,000 -- Switzer said, "We produced a series of tsunami
Inundation maps for Macau using more than 5,000 tsunami simulations generated from synthetic earthquakes prepared for the Manila Trench.” It is estimated that sea levels in the Macau region will increase by 1.5 feet by 2060 and 3 feet by 2100, according to the team of U.S.-Chinese scientists.

The hazard of large tsunamis in the South China Sea region primarily comes from the Manila Trench, a megathrust system that stretches from offshore Luzon in the Philippines to southern Taiwan. The Manila Trench megathrust has not experienced an earthquake larger than a magnitude 7.8 since the 1560s. Yet, study co-author Wang Yu, from the National Taiwan University, cautioned that the region shares many of the characteristics of the source areas that resulted in the 2004 Sumatra-Andaman earthquake, as well as the 2011 earthquake in northern Japan, both causing massive loss of life.

These increased dangers from tsunamis build on already known difficulties facing coastal communities worldwide: The gradual loss of land directly near coasts and increased chances of flooding even during high tides, as sea levels increase as the Earth warms.

"The South China Sea is an excellent starting point for such a study because it is an ocean with rapid sea-level rise and also the location of many mega cities with significant worldwide consequences if impacted. The study is the first if its kind on the level of detail, and many will follow our example," Weiss said.

Policymakers, town planners, emergency services, and insurance firms must work together to create or insure safer coastlines, Weiss added. "Sea-level rise needs to be taken into account for planning purposes, for example for reclamation efforts but also for designing protective measures, such as seawalls or green infrastructure."

He added, "What we assumed to be the absolute worst case a few years ago now appears to be modest for what is predicted in some locations. We need to study local sea-level change more comprehensively in order to create better predictive models that help to make investments in infrastructure that are or near sustainable."

[Virginia Tech / ScienceDaily]
Evergreen said it would add 45 ships with 482,330 TEUs by the end of 2021. They include 20 owned ships with capacity of 2,800 TEUs each that are being delivered between 2017 and 2019. Evergreen said it was able to order the ships when prices for new vessels were low. It said they feature wide-beam hull designed for shallower ports in intra-Asia trade and better cargo-handling capacity.

The company also is chartering 10 ships, each with capacity of 20,000 TEUs to be delivered by the end of 2019. Evergreen said it would take delivery of 20 chartered ships in 2020-21, each with capacity for 11,000 TEUs.

Evergreen said it had a loss of 1.78 billion new Taiwan dollars (NTD) or U.S. $57.6 million in the second quarter of 2018 compared with a profit of 2.9 billion NTD in the second quarter of 2017. Operating revenue in the second quarter of 2018 was 38.3 billion NTD compared with 37.7 billion NTD in the second quarter of 2017.

In the first half of 2018, Evergreen Marine has lost 1.76 billion NTD compared with a profit of 3.07 NTD in the first half of 2017. Revenue for the first half of the year was 75.1 billion NTD compared with 71.5 billion in the first half of 2017.

Meanwhile, fellow Taiwan carrier Wan Hai reported sharply lower profit in the second quarter when compared to the same period last year. Wan Hai said its second-quarter 2018 profit was 259.9 million NTD compared with 900.6 million NTD in the second quarter of 2017.

Operating revenue in the second quarter of 2018 for Wan Hai was 15.9 billion NTD compared with 15.3 billion NTD in the second quarter of 2017. First-half 2018 profit was 392.2 million NTD, while first-half 2017 profit was 700.3 million NTD. Operating revenue in the first half of 2018 was 30.9 billion NTD compared with 29.2 billion NTD in the first half of 2017.

[American Shipper]

Terminal operators Croatia: Rijeka port operator Luka Rijekat starts €35.5 million railway infrastructure overhaul project

15/08/2018

Rijeka port operator Luka Rijeka has started a project for the overhaul of the railway line leading to the harbour.

“This is a project to reconstruct the railway station of the Brajdica container terminal, worth €35.5 million ($40.1 million),” said Denis Vukorepa, director of the Rijeka port. The project is expected to be completed in 2020. By that time, the port of Rijeka, and especially the container terminal, could finally become a good competitor of the ports in Koper and Trieste.

[PortsEurope]

South Korean shipbuilder and container carrier hit hard by shipping slump

15/08/2018

By Costas Paris
Shipbuilder DSME’s faltering second-quarter results and HMM’s steep loss raise new concerns about shipping businesses that play an important role in South Korea’s economy.

South Korean shipyard Daewoo Shipbuilding & Marine Engineering Co. and national flag carrier Hyundai Merchant Marine posted weak results in the second quarter, raising concerns about their future business despite repeated state bailouts.

Second-quarter net profit at DSME, the world’s third-largest shipbuilder, slumped 80% from a year ago to $183 million, despite a raft of orders, mostly tankers, since the start of the year. The yard made a profit of $587 million in 2017 after six straight years of operating losses and executives are hoping to end 2018 with a strong showing to set up the business for sale, people with knowledge of the matter said.

For the year so far, the yard’s net profit is down 71% on a drought of orders for offshore drillships and intense undercutting by Chinese competitors for other types of vessels. DSME got a $2.6 billion state bailout last year and Chief Executive Jung Sung-leep said in June his goal was to make it “an attractive company for other companies to be interested in acquiring.”

“They are looking to sell it to Hyundai Heavy Industries or Samsung Heavy Industries as early as next year,” one person involved in the matter said. “They’ve got an order book of 85 vessels, which is good, but after a brief recovery late in 2017, shipping is again on reverse and orders will weaken.”

Lars Jensen, chief executive of Copenhagen-based SeaIntelligence Consulting, said the order trend is for smaller vessels like container feeder ships in the medium term, which command tighter profit margins than bigger vessels.

The situation is more precarious for container ship operator Hyundai Merchant Marine Co. Ltd. The carrier, which commands just 1.8% of global container capacity, is struggling to increase its volumes and stay relevant in a market controlled by much bigger rivals.

“They are pursuing volume growth, which is costing them dearly,” Mr. Jensen said. “HMM’s volumes grew 17% in the second quarter, seven times more than much bigger (German) rival Hapag-Lloyd which lost $25 per container. HMM lost $169 per container.”

Higher volumes means less price control and with freight rates already well below sustainable levels, HMM’s future hangs in the balance. The operator is too small for any scale advantages and the company’s ships are too big for niche markets, like intra-Asia sailings, that have been a bright spot in an otherwise depressed container shipping market.

The deteriorating results are a blow to government officials who have hoped HMM will pick up the country’s shipping banner following the demise of Hanjin Shipping, which was the world’s eighth-largest container carrier when it went bankrupt in 2016 before folding last year.

The carrier, which got a $660 million rescue package last year, lost 243 billion won ($215 million) in the second quarter, a 40% deterioration from a 174 billion won loss a year earlier. HMM in June revealed a massive $2.5 billion ship order consisting of 20 vessels that can move from 14,000 to 23,000 containers.

“Right now HMM is unsustainable and nobody wants to buy it,” Mr. Jensen said. “Korea lost Hanjin Shipping, which went belly up two years ago, so it will keep HMM going for as much as it can, despite all its problems. If nothing else, it’s one of the best clients for the Korean yards.”

[The Wall Street Journal]
Canals interrupted

15/08/2018

By Erin Van Rheenen

Canals are vital conduits for the global shipping industry. They’re also so contentious that they’re often stalled or cancelled.

Several cargo ships sit on the Panama Canal’s Gatun Lake, taking advantage of the maritime shortcut. Credit: Hemis/Alamy Stock Photo

Never underestimate the importance of a big ditch, especially if it links two oceans. Canals allow for the rapid and free flow of goods, keeping the global economy ticking. Any threat to a major shipping canal means economic and political turmoil. Look at the Suez Crisis of 1956: when Egypt nationalized the Suez Canal, Israel, France, and Britain invaded, and the former Soviet Union threatened to bombard Europe with nuclear missiles if the invading forces did not withdraw.

Politics also determine whether a canal ever gets built. Hugely expensive and often controversial, canal projects tend to sputter and die. In fact, the natural state of such projects—even those that eventually succeed—seems to be either abandoned or suspended.

After conquering Egypt in 1798, for example, Napoleon wanted a canal cut across the Isthmus of Suez. Advisers erroneously reported that the waterway would cause catastrophic flooding, since they believed the Red Sea was 10 meters higher than the Mediterranean. It wasn’t until 1847 that engineers found there was little difference in altitude between the bodies of water; the Suez Canal opened in 1869.

And when French diplomat Ferdinand de Lesseps, who helped push through the Suez project, cast his eye on Panama, more than 25,000 workers died and billions of francs were squandered before the project imploded in 1889, leaving the canal unfinished and Lesseps convicted on charges of fraud and corruption. In 1904, an American-led team revived the dig; the Panama Canal opened in 1914.

So failures exist only when everyone gives up on the idea, and moribund canals can be brought back to life.
Who knows which of these projects will one day be realized?

Nicaragua Canal

Five years ago, a Chinese billionaire was set to bankroll a 276-kilometer canal across Nicaragua that was supposed to rival the Panama Canal to the south. But when Wang Jing lost more than half of his fortune in a stock market crash, the project was put on hold, where it remains today.

The Nicaragua canal idea has been around for more than 160 years. In the 1840s, another rich and ambitious foreigner—US businessman Cornelius Vanderbilt—had a plan much like Jing’s. Pre-Panama Canal, travelers had to take the long way around Cape Horn or go overland across Panama. Vanderbilt didn’t get his canal, but he did create a route across Nicaragua—via steamship up a river and across a lake and overland by mule and stagecoach—that helped transport over 80,000 people, including Mark Twain, from the east coast of the United States to the west coast, where many headed to the California gold fields.

Kra Canal (aka Thai Canal)

Cutting across the Malay Peninsula in Southern Thailand, this 102-kilometer canal would link the Gulf of Thailand in the South China Sea with the Andaman Sea on the Indian Ocean, creating a 1,200-kilometer shortcut for ships sailing from Europe to Asia. It would also let ships skip the heavily trafficked, piracy-prone Strait of Malacca, through which almost half of the world’s total annual seaborne trade tonnage has passed in recent years, including three-quarters of China’s oil imports from Africa.

First proposed in 1677 by the king of Siam (the former name of Thailand), the canal is now championed by China, which offered to underwrite it in the past decade. The Thai Canal Association proposed a national committee to explore the feasibility of the canal, but the plan remains on hold. Chinese companies continue to loom large in discussions of how to move forward, with the canal now folded into that country’s hugely ambitious plan to revive and expand the historical Silk Road trade route that connected China to Europe.

Canal via Cuba

In 1954, US-backed Cuban leader Fulgencio Batista revived a 1912 plan to cut the island nation in half with an 80-kilometer waterway linking the Atlantic and the Caribbean. The concession probably would have been awarded to a US company; at the time, American corporations owned 50 percent of the country’s railways and 80 percent of its public utilities.

The project was unpopular among Cubans from the start. Lampooned as the canal rompe Cuba (the Cuba-breaking canal), the Canal Via Cuba was seen as an attack on the country’s sovereignty. Opponents worried that the canal would be one long port for bulk sugar loading, where Cuban law and wage requirements didn’t apply. After all, in the case of the Panama Canal, the United States had negotiated complete control of the Canal Zone, becoming in effect the sovereign nation in that 16-kilometer-wide strip cutting across the isthmus. Popular protests sunk the Canal Via Cuba plan.

Cross Florida Barge Canal

A shortcut across Florida, from the Atlantic Ocean to the Gulf of Mexico, was first proposed by King Philip of Spain in 1567. It wasn’t until the 1930s, however, that the canal idea really took off when the US government funded the project to create jobs during the Great Depression. Small sections of the 320-kilometer canal were built before the project was halted due to environmental concerns.

Revived in the 1960s, construction steamed along for seven years, at which point then-US president Richard Nixon pulled the plug in response to a highly effective protest that continues to inspire activists today. Concerned about damage to the Ocklawaha River, a ragtag bunch of protestors stared down a powerful alliance of business interests and state and federal officials—including the US Army Corps of Engineers—and the big guys blinked. An environmental impact statement commissioned by the activists
was crucial to the fight and became a template for factoring environmental damages into the budget for large-scale public works.

**Trans-Iranian Canal**

First proposed by Russian engineers in the late 19th century, this canal would link the Persian Gulf and the Caspian Sea, the world’s largest inland body of water, bordered by Iran, Russia, Kazakhstan, Turkmenistan, and Azerbaijan.

That initial proposal never moved beyond the idea phase, mostly due to Czarist Russia and the Soviet Union’s complicated relations with Iran. In the 1990s, after the Soviet Union dissolved, the plan was revived, with the Islamic Republic of Iran approving a revised feasibility study in 1999. US sanctions soon threw a wrench in the works, however, and the idea was sidelined until 2012, when the Iranian government revived talk of the canal.

Billed as Iran’s answer to the Suez Canal, this 700-kilometer waterway would be the shortest route from Russia to the Indian Ocean, bypassing the Suez Canal and the Turkish Straits, the latter appealing to any country experiencing frosty relations with Turkey. Impediments to the canal include costs—estimated to be at least US $7-billion—and opposition from Turkey and the United States. With US economic sanctions recently re-imposed on Iran, the canal faces an even more uphill battle at the moment.

[Hakai Magazine]

**Casualties: Indian VLCC suffers explosion off Oman**

14/08/2018

By Mike Schuler

A VLCC belonging to the Shipping Corporation of India suffered an explosion in a cargo tank on Tuesday off the coast of Oman, the company has confirmed.
This unconfirmed photo shows supposed damaged to the M/T Desh Vaibhav.

The vessel, named Desh Vaibhav, was underway to Fujairah, UAE when the explosion took place at around 0935 hours, the company said. A stock exchange disclosure said that the fire had been extinguished and the ship is fully manned and operational. An earlier update posted to SCI’s said three personnel were reported missing while one other person with injuries was being evacuated by helicopter.

“Assistance has been sought from the Oman Royal Navy and other ships in the vicinity. As per latest status, the fire has subsided and a firefighting vessel is expected to reach the vessel shortly to cool down the tanks,” the statement said.

We understand that the three missing crew members have been rescued. AIS ship tracking data showed the Desh Vaibhav as “Not Under Command” as of 1537 UTC. Based on reports, the ship is not laden with oil. A photo that has been circulated on social media (posted below) shows a damage to a forward cargo tank consistent with reports, however we are unable to confirm its authenticity.

The India-flagged M/T Desh Vaibhav was built in 2005 and has a deadweight of 316,409 tonnes. It is one of four VLCCs operated by the SCI, according to the company’s website.

[gCaptain]

Shipping emissions: More ships installing scrubbers ahead of 2020

14/08/2018
An increase in the number of ships adding cleaning systems to their smokestacks will mean vessels will continue to burn a sizable amount of fuel oil once new sulphur regulations for the fuel go into effect, Vienna-based consultancy JBC Energy said on Tuesday.

Ships installed with exhaust gas cleaning systems, known as scrubbers, are expected to burn 600,000 barrels per day (bpd) of high-sulphur fuel oil (HSFO) in 2020 when the new rules from the International Maritime Organization (IMO) start, JBC said.

To combat air pollution from the shipping industry, the IMO enacted rules reducing the sulphur content of the bunker fuel that ships can burn to 0.5 percent by January 2020, from 3.5 percent currently.

Ships without scrubbers would have to burn costlier low-sulphur fuels such as marine gasoil or ultralow-sulphur fuel oil to comply with the clean air rules.

“Exhaust Gas Cleaning Systems … have come a long way since March,” said the consultants said, referencing their own report then that said scrubbers could still have some impact on bunker demand in 2020. “Since then, data from scrubber industry group EGCSA has underpinned this position with the number of vessels with scrubbers installed or on order put at 983 as of the start of June,” said JBC.

Additionally, companies that once dismissed scrubbers, like German shipping company Hapag-Lloyd, are reconsidering their position in light of studies praising scrubber economics. In March, Hapag-Lloyd’s chief executive had said installing scrubbers to remove sulphur did not appear to be the company’s preferred option.

“The uptick in scrubber interest and hence HSFO appears to have been noticed in the HSFO forward markets with the backward dated spread between the August 2018 contract month and January 2020 having narrowed by $4 per barrel since the start of July,’ said JBC citing data from oil brokers PVM.

Terminal operators Germany: Sluggish growth hits bottom line at HHLA

14/08/2018
By James Baker

The moribund growth in European container trades in the first half of this year has been reflected in the results of German terminal operator Hamburger Hafen und Logistik (HHLA), which has reported a mere 1.2% increase in container throughput for the period.

HHLA handled 3.6m teu in the first six months of the year, driven by a 4.1% increase in Asia traffic. This was offset by a decline in the group’s logistics division, where transport volumes declined by 4.2 % to 713,000 teu due to the realignment of rail transport in Poland and the fall in freight volumes for road transport in Hamburg.

Group revenue was up slightly to €633m ($722m) but increased labour and maintenance costs saw the company’s operating result before depreciation and amortisation fall slightly to €157.7m. After tax profits fell 2.2 % to €68.8m.

Nevertheless, HHLA is maintaining its full-year outlook in a “volatile market” but admits the outlook does not factor in the potential effects of the punitive tariffs imposed and announced as a consequence of the USA’s trade conflict with Europe and China.
“So far, the growing tensions in global trading relations have not impacted our operations, chairwoman Angela Titzrath said in note to shareholders. “However, it is much harder for us to deal with the repercussions of political decisions that are already jeopardising economic stability. We continue to monitor developments in our market environment very closely and will factor any possible changes into our planning for 2019.”

Nevertheless, HHLA is continuing to expand its operations. In June it acquired Estonian terminal operator Transiidikeskuse and is now integrating it into the HHLA Group.

Meanwhile, HHLA is continuing to encourage development at Hamburg.

“HHLA is committed to defending the Port of Hamburg’s leading position in the competition between European seaports,” Ms Titzrath said. “Regardless of the unresolved question of when the river Elbe is to be dredged, our Burchardkai and Tollerort terminal facilities are already handling ships with capacities of over 20,000 teu on a daily basis. We continue to trust in the assurance given by those responsible that dredging work will begin before the end of the year.”

[Lloyd’s Loading List]

**Bunkering: INTERTANKO demands action on contaminated marine fuels**

14/08/2018

INTERTANKO has released a Critical Review that shines a spotlight both on the extent of the problems being caused by contaminated marine fuels over the last five months and on the lack of any response by authorities.

Since late May 2018, says the tanker owners’ association, there have been an increased number of reports on serious technical problems and mechanical damages encountered by more than one hundred ships due to contaminated fuel oils. The contaminated fuels were initially supplied in the Houston area. Following this, the same contaminated fuels were supplied in some Caribbean ports such as Panama and then (so far) "exported" and supplied to Singapore and Malaysia.

The Critical Review questions whether authorities are concerned that ships have been exposed to serious safety risks and, as such, what shipping should expect from authorities if new blends released on the market prior to and after January 2020, when the IMO sulfur cap kicks in, might be incompatible with the systems on board a ship.

According to the Critical Review, ships received contaminated fuels in ports in the Houston area as early as January 2018. Since then such deliveries continued at ports around that area. Reports indicated that the first deliveries of contaminated fuels at some Caribbean ports were in April 2018 followed by first deliveries in Malaysia and Singapore in the same month.

All ships which had experienced mechanical failures due to these contaminated fuels had fuel samples taken during delivery and then tested at reputable laboratories. Routine laboratory analysis of fuel samples showed compliance with ISO-F-RMG 380 grade.

"From the reports we received" says the Critical Review, "only a few fuel samples indicated a higher Total Acid Number (TAN) value but not at a level to indicate the use of fuels that may cause mechanical failures. To our knowledge the test result in one fuel sample had a TAN value which indicated imminent risks. The ship did not use that fuel and de-bunkered it. Concluding, standard fuel oil test methods have failed to detect
Following good results on the fuel sample test, ships started to use these fuels on sea passages. The first warning sign for those ships was blockage of fuel filters. Initially, the crew not being aware that the fuel was contaminated, tried to find the cause of the problems but, despite their efforts, they experienced more and more problems. A summary of further damage encountered includes:

- blocking and excessive wear of fuel separators;
- blocking and damages to fuel filters;
- sticking and excessive wear of fuel injection pumps and fuel injectors;
- damage to engine piston rings and excessive wear of the pistons and cylinder liners

It was only after further damages occurred that crew and ship operators began to suspect that the cause of the problem might be that the fuel could contain contaminants of a non-petroleum refining origin.

The Critical Review cites one INTERTANKO member as commenting that, when the crew checked the installation they found "small plastic stones/rocks that of course very easily block filters and pumps and result in engine failure/stoppage."

Consequently, ship operators with ships that have experienced such issues requested advanced analytical test techniques like Gas Chromatography combined with Mass Spectrometry (GCMS) to determine reliable source of the problem. The Critical Review goes into detail on what those tests revealed and says that they "may indicate that in these cases multiple waste products from multiple sources seem to have been combined into bunker fuel as cutter stock."

It is important and relevant to recall that similar damage to propulsion machinery were identified in 2007 and 2013 where cutter stock was determined as the possible source of contamination on fuels delivered in the same U.S/ ports.

**Industry demands government/authority action**

INTERTANKO says that, while ship operators should continue to practice due diligence to sample and test fuels before ships use them, fuel producers and fuel suppliers have the responsibility to make sure fuels delivered to ships are safe.

To date, says INTERTANKO, only the USCG has issued a Safety Alert (see earlier story). Issued in June, the alert "raises awareness of a significant emerging problem in the US Gulf Coast region regarding contaminated vessel fuel oil bunkers" and states that "standard fuel oil test methods . . . will not detect these underlying problems". The Safety Alert includes a recommendation to vessel owners and operators by one fuel testing organization. The USCG then "recommends that vessel owners and managers ensure vessel operators are made aware of this potential hazardous condition, closely monitor fuel oil systems and consult their bunker suppliers and other technical service providers regarding this issue."

INTERTANKO is "very concerned that since June there has been no official information regarding an intent to initiate an investigation" and that "this lack of investigation into such a serious breach of safety norms, is totally inadequate and hugely disappointing. It seems that authorities are failing to appreciate or understand the high risks that these events are exposing ships (and their crew) to and the potentially environmental consequences that could arise as a result of ships left without power."

[Marine Log]
The tanker business carefully dips its toes into the digital chartering, analytics and big (data) pond. It is a work in progress. Like every other business, raw materials, refined products and petrochemicals, are undergoing unprecedented waves of digitalization. However, shipping is one linkage, albeit an important one, within the much bigger supply chains for crude oil and products. But cargo is king, raising an important question: Will future efforts to link ship chartering, and ship brokerage, into oil company supply chains come from the charterer side – that is, oil companies developing bespoke systems – rather than from the brokers or their service providers infusing an online component into ship brokerage?

**Digitalization: Tankships search for their niche**

As the thinking goes, processing of data, by machines, using algorithms (repeatable ways of handling inputs) and applying artificial intelligence (where the machine may “learn” from its previous efforts), is more efficient than employing humans to process paper. With these efficiencies, through automating processes, comes savings of costs. In the oil businesses, a major driver has been the (relatively) low prices of oil and products, following the late 2014-2015 price collapse. Looking at the oil business, consultants McKinsey (in marketing efforts aimed at large entities on the cargo side of the business) note that fat has been squeezed out of purchasing during the recent cycle. They say, “Many services and equipment purchases currently are outsourced to a variety of providers, which results in complexity and a fragmented supplier base. Multiple oilfield services and equipment (OFSE) companies are now bringing these services in-house, with integrated offerings reducing coordination costs. This can lead to savings of as much as 30 percent.” But, where, exactly, does tanker shipping fit into this missive?

Irrespective of the levels of oil prices, it’s tough to argue with the logic of cost savings, as supply chains across cargo generating businesses have been digitized. In liner shipping, with high valued cargoes and market concentration on the carrier side, there has been a recent push to advance further on steps towards automating commercial processes. INTTRA, a successful online booking venue developed by the carriers more than ten years ago, has now, nearly two decades after its formation, been making a push towards real supply chain integration. In drybulk chartering, Australian iron ore charterer BHP Billiton has been deploying online inquiries for routine standardized Capesize chartering inquiries, with a stated objective of reducing ship-brokerage commissions, but also driving a move towards counterparties meeting more rigorous standards. But, if INTTRA and BHP Billiton are pointing to the way forward for tanker logistics, then certainly, we are not yet there.

**Solutions emerge and evolve**

Inside of companies, on the operational side, established vessel management companies and arms of large owners have streamlined their processes. Consider, for example, Bernhard Schulte Ship Management (BSSM) which has created an entire company, called MariApps, to market a maritime Enterprise Resource Planning (ERP) package to other shipowners, for the purpose of optimizing vessel management. The marketplace recently learned of a new initiative by the Italian owner d’Amico (in conjunction with Class Society RINA and communications provider Telemar), to collect data for optimizing vessel performance.
Class NK has launched its “Internet of Ships” platform, and attracted the large Japanese carrier NYK. These firms, whose fleets include more than one type of vessel, all manage tankers, as well.

Shipping deal makers have certainly been quick to adopt new tools; email and messenger applications have replaced telex machines. Ship positions are readily available with multiple platforms displaying vessels’ locations, pinged from AIS, on a map. Applications described further below pull in feeds from services such as AIS specialists Marinetraffic.com and Vesseltracker.com. Traditional brokerages have inched towards the online world; “traditional” service offerings are enhanced with enhanced delivery using new tools, through the Software as a Service (SaaS) model- where users log into a central server, hosting the broker’s application, via the internet.

But, here is the rub: if a computer scientist were to study how a ship brokerage is organized, and sketched out a diagram, it would be labeled as a “Distributed Agent” model. In plain English, this describes a fragmented ship chartering marketplace, where activity occurs in multiple private pockets, albeit with robust overlaps. This means that no one central force is in charge (and therefore able to force precise standards on all the participants), bedeviling efforts to bring vessel chartering into a central automated fold. And when there is a need to interface with multiple oil company logistics interfaces, each one a little bit different (and, most likely, each with a slightly different brand of blockchain), the complexities become exponential.

AXSMarine, Paris, an offshoot of the long established Paris-based broker Barry Rogliano Salles (BRS), with the large German owner Oldendorff Carriers also an investor, was formed during the dotcom era, and has thrived as a provider of data and insights into the drybulk, tanker and liner sectors. Its deep connections into the tanker broker community have enabled it to gain support from many of the brokers. Its aim is to provide tools to assist them – not supplant them. Its product suite goes beyond fixture histories, vessel descriptions and distances, and takes advantage of Big Data capabilities analyzing reams of AIS data. Ships (with positions pulled from real time AIS) are displayed, along with locations of cargoes, with capabilities for the user to filter the data.

Big data analytics come into play with patterns of port congestion and traffic flows (including likely movements of vessels) developed from crunching historical voyage and port call data. Importantly, the tools on offer here support vessel fixtures and enable brokers to manage their workflow (for example organizing numerous e-mails regarding specific ships and cargoes, and private messaging venues), but do not delve into the supply chains for the movement of crude oil, or products.

Most recently, a new entrant still in beta (testing) phase, Athens-based Signal Maritime made a big splash in Greece at the Posidonia event in June, 2018. The company (online at www.signalmaritime.com), with ties to the Greek shipowner Thenamaris (Martinos family) describes itself as “a commercial ship management company with a technology twist. The company’s focus is placed on producing sustainable, responsive, high-performance commercial management for a growing, modern fleet. At the same time, we are leveraging the group's technologies, as design clients, to enable and pursue new business (sic) models in shipping.”

Signal Maritime, one of multiple Martinos companies, is indeed a tanker specialist. Its Signal Ocean Platform emphasizes an ability to get out from under a mountain of brokerage paperwork, by linking cargo opportunities on a specific ship with the products of Artificial Intelligence. Here, predictive models and geospatial processing are used to develop “private market views” or forecasts of possible build-ups (or not) of vessels in particular ports and loading areas. Vessel specific data and calculation algorithms (time charter equivalent) are then fused into the picture, offering brokers (and, importantly, traders, as well) a tool for quickly evaluating and comparing multiple pieces of business.

Another player is Vesselbot, on the scene since 2016, which founder Constantine Komodromos (an oil industry veteran who also spent time at BSSM) describes as an online chartering marketplace that digitizes the whole chartering process. In an interview, Komodromos indicated that drybulk (with many more
parameters than tanker chartering due less standardization of vessels) was the primary target, but that inquiries had also come in from the LNG sector.

Vesselbot’s promotional information offers a bold and improbable mission: “To transport chartering brokerage into the 21st century by providing an online ecosystem supported by cutting edge technologies.” This includes electronic charter parties, a technology now being embraced among brokers. Similarly, the Baltic and International Maritime Council (BIMCO) has created a vast repository of electronic documents, including charter party forms.

In a Vesselbot whitepaper, there is a great emphasis on computerized matching of cargoes with “optimal” ships, improving on the tedious human chartering process. In between the lines, there are inferences to “…finding the best positioned vessels…” and “…minimizing ballast legs…” suggesting an operations research linear programming approach to optimization beyond the intra-company level. In a page perhaps borrowed from Uber and Lyft, charterers can rate the performance of owners.

**Big data for big oil**

Owner’s choices for routing tramp ships (in anticipation of cargo buildups), rather than automating brokerage, provide a hint at the potency of Big Data and Machine Learning, in the hands of serious people. At the June, 2018 Marine Money conference, ex Coastie and now self-described “Quant”, Dr. Scott Borgerson, founder of information guru CargoMetrics Technologies, shared the podium with his client, Mr. Soren Meyer, Chief Strategy Officer (an implementer of new technologies) at Maersk Tankers, which is also a shareholder in Mr. Borgerson’s company. Mr. Borgerson did reveal that CargoMetrics collects real time information on stocks and flows of oil and refined products (besides voluminous vessel position data), and emphasized the relatively short term emphasis, with models being run on a daily basis. “We are not making five year forecasts on buying or selling [vessels],” he said.

For his part, Meyer talked about the need for augmenting Maersk’s already superior operations “platform” with additional layers of intelligence (with machines processing vast caches of data) to solve problems with a timeframe extending out over weeks and perhaps three months. One example mentioned was generating returns, and managing risk/reward metrics, through better chartering decisions on routing LR2 vessels (tankers of 100,000 to 120,000 DWT tons usually deployed in crude oil trades) “… to the East or West of Suez.”

**A look ahead**

In spite of the flood of “digitalization” solutions for shipping (some real, some purely aspirational), old timers may not have it entirely wrong. Looking through the electronic fog, there are clear hints that a hybrid entity, with an integral role for humans, has a place in creating more efficient solutions for vessel brokerage. Quite possibly, these efficiencies will enable new channels, beyond the usual clusters on the big matrix, to be carved out, allowing occasional fixtures between two pockets that would otherwise not communicate.

However, when it comes sealing the deal (with the result being a vessel fixture agreement), the human input, with a knowledgeable hand on the tiller (or mouse pad) is still widely in evidence, especially when it comes to chartering ships.

Vesselbot, a self-proclaimed disrupter and innovator, notes, on its website, that “Our dedicated team of Maritime specialists is on call 24 hours a day, 365 days a year, to personally deal with any problems that may arise between parties from the initiation to the completion of all shipments arranged via the VesselBot platform. Furthermore, our leading team of Maritime experts are available, on request, to provide an advisory service which offers market insights, route freight rate indications, negotiation facilitation, charter party terms and post fixing operations etc., for both Charterers and Vessel Owners.”

If this sounds very similar to the functions of a traditional old-style broker, emphasizing the important “value
Container shipping: Hapag-Lloyd introduces new online quotation tool

14/08/2018

As of today, all Hapag-Lloyd customers can benefit from the new digital quotation tool Quick Quotes, which enables shippers around the world to simplify and significantly speed up their quotation process for container shipments.

Quick Quotes generates online quotations for container shipments in seconds and provides clients transparency on the detailed pricing. This enables a faster, easier and more convenient quotation process for container shipments worldwide and around the clock. To get an online quotation for a shipment, all one has to do is log in via the Hapag-Lloyd website, choose the start location and end location as well as a commodity and container type. Customers will receive a binding quotation within seconds, and can then make their bookings right away via the Hapag-Lloyd online business platform.

“Becoming easier to do business with and digitizing our services are very important for us. Quick Quotes enables our customers globally to get a fast quotation at any time, which will contribute to a better and more efficient customer experience,” said Rolf Habben Jansen, CEO of Hapag-Lloyd.

Quick Quotes is seamlessly integrated into Hapag-Lloyd’s growing online business platform. That way customers can quickly and conveniently complete large parts of container shipping processes by themselves. Besides getting a quote and placing an immediate booking for a shipment, additional services are available such as checking for shipping schedules, managing documents or tracking of shipments.

Quick Quotes is available on the Hapag-Lloyd website. As of September, Quick Quotes and Mobile Booking will also be accessible via the Hapag-Lloyd app for iOS and Android.

[Canadian Shipper]

Container shipping: Hyundai Merchant Marine reports $215 million net loss for second quarter 2018

14/08/2018

By Chris Dupin

Despite handling more cargo, Hyundai Merchant Marine (HMM) reported a net loss of 242.7 billion South Korean won ($215 million) in the second quarter of 2018 compared with a net loss of 174 billion South Korean Won in the same 2017 period. The company attributed the loss to lower average freight rates and higher bunker costs.

The company had an operating loss of 199.8 billion won in the second quarter of 2018 compared with an operating loss of 128 billion won in the second quarter of 2017. The portion of the operating loss attributed to HMM’s container business amounted to 175.7 billion won or 88 percent in the second quarter of this year compared with 96 billion won or 75 percent of the operating loss in the second quarter of 2017.
HMM said the bellwether Shanghai Containerized Freight Index was 12 percent lower in the second quarter of 2018 than it was in the second quarter of 2017. The average of 380 CST bunker fuel price was 26.7 percent higher in the second quarter of this year than it was in the same period the prior year, said HMM. Revenue in the second quarter of 2018 was 1.239 trillion won compared with 1.242 trillion won in the same 2017 period.

HMM handled 1,154,225 TEUs in the second quarter of 2018 compared to 986,495 TEUs in the second quarter of 2017. The company said it handled 17.6 percent more containerized cargo in the second quarter than in the first quarter of this year and revenue was 11 percent higher than the first quarter of 2018. The company attributed the increases to “sales expansion efforts including launch of new Europe service (AEX) and deployment of newly built 11,000-TEU in South America trade.”

The company took delivery of two 11,000-TEU ships in July, one of which will be deployed in the trade to the West Coast of South America and the other to the East Coast of South America. The ships are deployed with scrubber systems to reduce sulfur in engine exhaust to levels required under the International Maritime Organization beginning in 2020.

HMM also said it had increased the load factor on its ships to 79.1 percent in the second quarter compared with 75.6 percent in the first quarter of this year and 75.1 percent in the second quarter of 2017.

Looking forward, HMM said it “expected higher freight rates and load factor through the traditional peak season, third quarter,” but also said “cargo volume is likely to fluctuate due to changes in international situation.”

The company said it will “maximize its enterprise-wide efforts to improve its efficiency and bottom line through rationalizing service routes and pursuing economical speed to reduce bunker costs in order to overcome depressed shipping market.”

On June 15, HMM signed a letter of intent to acquire 20 new ships. Daewoo Shipbuilding and Marine Engineering (DSME) and Samsung Heavy Industries will build seven and five 23,000-TEU containerships, respectively, which are expected to be delivered in the second quarter of 2020. Hyundai Heavy Industries will construct eight 14,000 TEU containerships to be delivered in the second quarter of 2021. HMM said it “will continue its efforts to secure additional cargo volume” before taking over the 20 ships.

[American Shipper]

Container shipping: Maersk and others struggle with fuel costs

14/08/2018
By Thomas Cullen

Container shipping is living up to its reputation for combining strong demand growth with poor profitability.

The leading container shipping line Maersk issued a profits warning at the end of last week, stating that its new “expectation for earnings before interests, tax, depreciations and amortisations (EBITDA) is in the range of US$ 3.5-4.2bn and a positive underlying profit. The previous expectation for EBITDA was in the range of US$ 4.0-5.0bn and an underlying profit above 2017 (US$ 356m)”. The cause of this was higher bunker fuel costs which jumped by 28%. The problem was that even though freight rates were supposed to be firming, customers refused to pay the full ‘bunker-fuel surcharge’.

On Monday, Hapag Lloyd reported a not dissimilar problem, with profit growth also depressed. Stripping out the acquisition of United Arab Shipping Company (UASC), volumes increased 3.9% and freight rates were
up 3% over the first half of the year. However, the company saw the price of bunker fuel rise from US$312 a tonne in H1 2017 to US$385 a tonne in H1 2018. Rolf Habben Jansen, Chief Executive Officer of Hapag-Lloyd described the first half of the year as being “shaped by clearly increasing fuel costs, higher charter rates and a slower than expected recovery of freight rates”. Although its acquisition pushed up EBITDA by 16% year-on-year, profits margins fell.

Earlier in the month, COSCO had a parallel experience, slumping to a loss caused by higher fuel costs. Yang Ming has also reported being hit.

Admittedly, oil prices have risen significantly and quickly over the past few months, driven by production problems in Libya, Venezuela and even Canada. However, this does not explain the inability to pass the prices on to customers. All these shipping companies report higher volumes, up at least the in low to mid-single digit percentages, reflecting robust global trade growth.

What appears to have happened is that freight rates had hit some form of equilibrium earlier in the year, an equilibrium that was unset by the sharp rise in fuel prices. The market simply was not strong enough to absorb this and so ‘margin compression’ was forced in the shipping lines. It suggests that consolidation amongst container shipping lines has so far not worked.

[Transport Intelligence]
Container shipping: Rising rates give carriers needed relief

13/08/2018
By Ben Meyer

Container freight rates showed continuing strength last week as increased seasonal demand collided with diminished capacity and emergency bunker fuel surcharges in the major east-west trade lanes, according to two of the primary indices for measuring spot market pricing.

The Shanghai Shipping Exchange’s composite Shanghai Containerized Freight Index, which aggregates spot rates on 13 different outbound trades from Shanghai, grew another 0.3 percent on a sequential basis last week following increases of 3.1 percent and 8.8 percent the previous two weeks.

Despite the week-to-week growth, however, it wasn’t until last Friday that the SCFI turned positive on a year-over-year basis, rising 1.8 percent to a reading of 893.88, compared with the index’s reading of 878.27 as of Aug. 11, 2017.

On an individual trade lane basis, spot rates as measured by the SCFI from Shanghai to Europe grew 1.4 percent last week, from $935 per TEU to $948 per TEU, while rates from Shanghai to the Mediterranean climbed 1.6 percent, from $881 per TEU to $895 per TEU.

Growth in transpacific pricing plateaued after two weeks of strong growth, with rates from Shanghai to the U.S. West Coast slipping 0.3 percent, from $2,074 per FEU to $2,068 per FEU, while rates to the U.S. East Coast ticked up less than 0.1 percent, from $3,099 per FEU to $3,102 per FEU.

The World Container Index, produced by London-based maritime shipping consultant Drewry, also was relatively steady, slipping just 0.3 percent the previous week but rising another 7.9 percent year-over-year to $1,691.88 per FEU.

Year-over-year growth in the composite WCI had been weighed down in previous weeks by large drops in rates for backhaul Asia-Europe and transpacific routes. As noted here previously, one of the primary
differences between the SCFI and WCI indices is that the WCI includes backhaul trades — i.e. from Europe to Asia and North America to Asia — while the SCFI measures outbound rates only.

According to Drewry, westbound rates from Shanghai to Rotterdam slipped 0.4 percent on a sequential basis to $1,776 per FEU last week but were still up 8 percent compared with the same 2017 period. By comparison, eastbound pricing from Rotterdam back to Shanghai was down another 3 percent sequentially and 38 percent year-over-year to $795 per FEU as of the end of last week.

Spot rates from Shanghai to Genoa were unchanged from the previous week as well as compared with the same period a year ago at $1,677 per FEU.

In the transpacific, eastbound WCI rates from Shanghai to Los Angeles also were unchanged from the previous week after skyrocketing 30 percent two weeks ago to $2,151 per FEU. As a result, Shanghai-L.A. pricing is now 30 percent higher than at this point last year. Even backhaul rates outbound from L.A. fared better than in previous weeks, climbing 2 percent both sequentially and year-over-year to $489 per FEU.

Rates to New York showed a similar pattern, slipping 0.3 percent week-over-week after an 18 percent sequential jump the previous week, leaving them 20 percent higher than during the same 2017 period at $3,202 per FEU.

Likewise, transatlantic pricing fell 0.8 percent sequentially, but rose 13 percent year-over-year to $1,950 per FEU.

In its weekly analysis, Drewry noted that the average composite WCI so far this year now stands at $1,404 per FEU, down 7.8 percent from the index’s five-year average of $1,523 per FEU. Drewry said it expects rates to “remain stable” next week, adding that it expects pricing to continue to trend upward in the second half thanks to a much more stable market than in recent years.

“An absence of huge swings in weekly east-west container freight rates suggest the market is stabilizing,” the firm said in the latest edition of its Container Insight Weekly newsletter. “Container spot rates on the main east-west trading corridor have been on a steep incline over the past 16 weeks, with Drewry’s World Container Index (WCI), a composite of weekly container freight rates on eight major routes to and from the US, Europe and Asia, rising by around $500 per 40-foot container since mid-April.”

The surge in spot market pricing in some ways represents the industry’s last real chance to salvage a profitable 2018 after most of the top carriers posted losses in the first half of the year.

“The price inflation of the past four months or so has finally taken the WCI above where it stood last year, bringing relief to embattled carriers,” said Drewry. “Perhaps key to the future direction of travel is the fact that in the most recent weeks the index has finally broken free from following last year’s trend.

“The introduction of emergency fuel surcharges and a more proactive attitude by carriers towards capacity management should mean that the trend for following the trend is over. From a carrier perspective it is vital that the pattern is broken as east-west spot rates fell precipitously in the second half of last year and a repeat performance would deepen the losses.”

[American Shipper]
Maritime traffic is one of the worst offenders for air and water pollution, as well as CO2 emissions. The industry faces the challenge of meeting strict new regulations in less than two years' time.

The world’s largest 15 ships emit as much sulfur dioxide as 760 million cars, according to figures from the German environmental NGO Nabu. Ships account for 13 percent of all global sulfur emissions. The gas causes major ecological problems, including acid rain, soil degradation and water pollution, and lung and bronchial disorders in human beings.

In theory, maritime emissions of sulfur dioxide – as well as nitrous oxide and carbon dioxide – should soon see radical cuts. The International Maritime Organization (IMO) has imposed new upper limits on sulfur dioxide, due to take effect in two years’ time. From January 1, 2020, shipping fuel must contain no more than 0.5 percent sulfur, down from 3.5 percent at present. But most companies seem a long way from compliance.

Efforts to combat maritime pollution go back to the Marpol Convention of 1973 when countries including the United States, Brazil, China and Germany agreed to take steps toward cleaner oceans.

In the wake of a series of terrible oil spills, the main target at the time was transport safety. But today, the focus is on emissions. The vast container ships and tankers that crisscross the world’s oceans use a mixture of diesel and heavy fuel oil, which pumps out sulfur at rates far above the IMO’s new upper limit.

**The tricky route to cleaner fuel**

Changing this situation presents a huge challenge to the shipping industry. The key to cleaner shipping appears to lie with liquefied natural gas (LNG), which produces fewer emissions and can be cleaned more easily. But the conversion of the world’s shipping fleet to the cleaner fuel is proceeding slowly. Of the 221 in Hapag-Lloyd’s container fleet, just 17 are regarded as currently “LNG ready”: easily convertible to clean fuel use.

In addition, there are major gaps in clean-fuel infrastructure. Germany has not a single LNG terminal, the special port facility needed to import and distribute liquefied natural gas, although there are plans to develop one on the country’s North Sea coast.

If LNG is not available, shipping companies have two alternatives: They can burn marine diesel, which contains less sulfur, but is significantly more expensive. Or they can install “scrubbers” in the smokestacks of their ships, to safely remove the sulfur discharged.

Installing scrubbers takes a ship out of service for just one month, but progress has been slow so far. Last January, there were 205 ships worldwide with scrubbers installed. Now there are 510. By 2020, the figure may reach 1300. That may sound impressive, but represents just 4 percent of the 53,000-strong worldwide fleet of merchant ships.

The bottleneck in scrubber installation is already impacting market prices. According to Greek ship brokers Intermodal, rents on scrubber-equipped tankers have reached around $15,000 (€13,200) per day, while non-scrubber vessels costs are nearly $2,000 cheaper, thanks to the prospective cost of using marine diesel.

A report by Deutsche Bank suggests that scrubber installation costs – which average around $2 million per ship – will pay for themselves within two years, thanks to cheaper fuel costs. Those who fail to invest early could become uncompetitive, it suggests. All this means booming business for companies that install scrubbers. Currently, there are just 25 in the world, with a cumulative capacity of around 1,300 ships in the two years before 2020.

**Scrubbers wanted**
German industrial services giant Bilfinger recently took an order to refit 42 Greek ships with scrubbers. The company has long experience in installing anti-pollution devices on power plant chimneys and says the price of installation largely depends on the size of a ship’s engines.

Work on large ships could cost up to $10 million. Some unprofitable shipping lines may struggle to find that kind of money to invest. Companies from the IMO’s current “Sulphur Emission Control Areas” – pilot projects in California and in northern European sea areas with stricter limits – may have an advantage under the new conditions.

But many observers emphasize that scrubbers are only a temporary solution. They do little to reduce carbon dioxide emissions, which the IMO has committed to cut in half by 2050. Scrubbers may even slightly increase fuel consumption and with it CO2 emissions. In the long term, only LNG seems to offer real solutions.

And in the even longer term, the IMO is proposing a truly radical solution: zero shipping emissions of any kind by the end of the century.

[Handelsblatt]

**Terminal operators Canada: Busiest Pacific terminal in North America thrives amid Trump tirades**

13/08/2018
By Natalie Obiko Pearson
- Prince Rupert is continent’s fastest-growing trans-Pacific hub
- Container volumes surge 19%, most among West Coast gateways

Prince Rupert is hardly the place one would expect to find an international gateway that’s weathering the Trump trade storm better than any other Pacific port in North America. There’s just one bakery in the town of 12,000 people tucked away in a misty corner of western Canada. The local Walmart Inc. outlet is affectionately known as “Smallmart.” Shuttered storefronts on its main street are obstinate reminders of the collapse of its pulp and fishing industries more than a decade ago.

Yet this rainy outpost in British Columbia is the continent’s fastest-growing port for trans-Pacific trade -- U.S. President Donald Trump and his tariffs be damned. In the first half of 2018, Prince Rupert’s container volumes surged by 19 percent from the same period last year, more than any other major gateway for Asian trade in the U.S., Canada or Mexico.

“I would rather call these hiccups,” Maksim Mihic, head of Canada for Dubai-based marine operator DP World Ltd., says of the Trump trade war. His company paid C$580 million ($442 million) three years ago to buy Fairview, Prince Rupert’s upstart container terminal that’s been snatching market share from rival ports like Seattle-Tacoma and Los Angeles. “Whenever you have a trade barrier, there’s opportunity -- the market will find a way.”
Shippers have discovered Prince Rupert is often the quickest, most reliable, and cheapest route to get everything from Nike sneakers, Microsoft computers and John Deere tractor parts from Asian factories into the U.S. heartland. Empty containers on the return trip, in turn, create an opportunity for Canadian lumber and grain producers to expand exports to the world’s fastest-growing markets. The town’s proximity to Asia is a built-in advantage -- up to 58 hours closer by sea than any other North American gateway -- which for ships traversing the route can mean roughly one additional round-trip voyage a year.

**Port surges**
In 2017, Prince Rupert’s port-wide volumes surged 28 percent to a record 24 million tons. DP World’s C$200 million expansion readied Fairview to accept the largest vessels at sea, which are increasingly favored by shippers seeking to load more containers to reduce costs. Within months, the facility welcomed the largest ship to ever dock at a Canadian port -- the Himalayas which, if vertical, would tower over Canada’s tallest building. “We expect it’ll be another record year,” says Shaun Stevenson, the port’s chief executive officer. “We represent that opportunity for industries to pivot and look at the Asia-Pacific region.”

At the 24-hour container terminal, massive cranes soaring as high as a 20-story building pluck steel boxes off a ship onto a line of trucks below. Nearby, rail cars wait on track laid directly on the dock by Canadian National Railway Co., whose 20,000-mile network connects the Pacific coast, the Atlantic, and the Gulf of Mexico. The ship-truck-rail transfer is so seamless -- unhampered by the urban congestion plaguing larger rivals like Vancouver -- that two trains of goods can already be on their way before a vessel is fully unloaded.

**Chicago route**

From Prince Rupert, it’s a 90-hour shot to Chicago mostly on a natural downgrade through Canada’s sparsely populated interior, meaning rail cars rattle their way to the distribution heartlands of America faster than over any other competing route. So precise and consistent is the path -- Microsoft Corp. says it can track arrivals almost to the minute -- that the technology giant at times has shipped Chinese imports bound for California via Chicago rather than through a California port. In the other direction, exports of containers stuffed with grains -- a deviation from the traditional bulk method of pouring grains directly into ships at specialized terminals -- are booming.

“The advantage is that you can deliver the container to every corner of the market in Asia,” says Mihic. Instead of committing to a shipload of pulses, an Indian buyer can order 20 tons of lentils for distribution to local mom-and-pop shops, he says. “That is the advantage for Canadian exporters -- that’s the untouched territory for us. It’s much more flexible.”

**Not convinced**

Still, some aren’t convinced that Trump’s trade battles with China, Europe and Canada won’t hamper port shipments at some point. Port officials across the region “don’t want to think that tariffs will expand beyond those already in place and that even those tariffs will be unwound fairly soon,” says Jock O’Connell, a international trade consultant and adviser to Los Angeles-based Beacon Economics. “I’m not that optimistic.”

“Any port that serves as a major conduit for the supply chains that link the U.S. and China ought to be concerned about declines in the volume of trade -- and the Port of Prince Rupert fits that description,” he said. Canada may start consultations on possible measures to prevent a potential flood of imports from global steelmakers seeking to avoid U.S. tariffs.

In Prince Rupert, signs of apprehension are hard to find.

In June -- just days after Trump first threatened tariffs on $200 billion worth of Chinese imports after earlier extending steel tariffs to Canada and Mexico -- DP World committed to boosting the terminal’s capacity by another third by 2022. CN Rail is investing C$340 million in 2018 to support that growth with more capacity.

Meanwhile, the port is further diversifying: AltaGas Ltd. is building Canada’s first Pacific propane export terminal that will ship cargoes in 10 days to Japan, currently the top destination for U.S. propane exports, compared to 25 days from the U.S. Gulf Coast.
Prince Rupert’s prominence has been a long time coming. Its extraordinary positioning was spotted in the early 1900s but its ambitions were cut short when its principal backer -- Charles Melville Hays, the railroad tycoon who laid the groundwork for the critical link underpinning it today -- died aboard the Titanic in 1912.

“The beginning of our town was a failed dream,” says Mayor Lee Brain, who’s getting calls daily from companies seeking to set up logistics, container-stuffing and warehouse businesses near the port. “It took a hundred years but now we are the Asia-Pacific gateway for intercontinental trade.”

The town’s future may now be tied to a metal container. While tariffs and commodity cycles can strike grain, coal and oil terminals, global container traffic is surging as shippers seek to cram more products into the giant, Lego-like cubes that make freight easier and cheaper to handle. In fact, Trump risk aside, containerization has likely been a bigger driver of globalization than free trade in the post-World War II era, boosting trade by as much as 1,240 percent, according to one study in the Journal of International Economics.

**Peak container**

“‘Peak container’ isn’t on the horizon,” a McKinsey & Co. report declared last October, saying container traffic was likely to grow as long as the global economy keeps growing. “Indeed, the flexibility of the container trade makes it resilient: one product may go out of fashion but another will come along to fill the box.”

Meanwhile, signs of prosperity are cropping up in Prince Rupert. The town recently saw its first near-C$1 million home -- a 4,960-square-foot residence perched on a bluff overlooking one of the world’s deepest natural harbors, according to Nikki Morse, a local realtor. The mayor says so many residents are renovating their homes that the municipal landfill is running out of space. “There are more Audis, BMWs and Mercedes driving around than in probably 30 years,” says Stevenson, the port CEO.

[Bloomberg]
Within 2018, we can see that the seasonality pattern is not repeated and Iranian total ton-miles exports reach a peak by May 2018 in line with Trump announcing his decision to cease the participation of the USA in the Iran deal and to begin re-imposing sanctions following a wind-down period. This may indicate the market is anticipating significant deterioration ahead, which falls in line with the ending of the 90 days grace period that expired on 6th August 2018 and the upcoming November deadline by which time US sanctions would apply to Iranian ports, shipping and energy sectors, as well as the provision of financial services, including insurance.

The largest export volumes from Iran have consistently been going to China, yet a significant drop off can be observed in December 2017, despite these Chinese imports rebounded thereafter and have been largely stable which falls in line with China’s declaration that it will ignore US sanctions and continue doing business with Iran.

**Vessel owners loading tankers in Iran**
Greek owners still dominate exports, with 81 Greek tankers moving Iranian exports since 1st January 2018. Nonetheless the Iranian owner NITC supplies the most tonnage for Iranian exports for now, this is likely to drop off after the last grace period ends in early November this year. The draw of higher freight premiums for Iranian business appears to be quite attractive thus far, particularly in relation to more conventional voyages out of the Middle East. However, it remains to be seen how much risk appetite remains as the sanction regime picks up speed midway through the fourth quarter of this year.

[AJOT – American Journal of Transportation]
EXHIBIT 1 | Container Throughput in the Middle East Has Seen Strong Growth

Container throughput has grown by 4% since 2011.

Growth has exceeded that of all regions except North America.

Total container throughput, major Middle Eastern container ports (million TEU)

Annual growth in container throughput by region, 2011–2016 (%)

Source: BCG: Will Middle Eastern Ports Continue to Succeed? [Jul 2018]

EXHIBIT 2 | Capacity Additions Have Reduced Port Utilization

Utilization of Middle Eastern container ports dropped by 9 percentage points in a five-year period.

Million TEU

<table>
<thead>
<tr>
<th>Year</th>
<th>Unused capacity</th>
<th>Throughput</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>41</td>
<td>31</td>
</tr>
<tr>
<td>2012</td>
<td>43</td>
<td>33</td>
</tr>
<tr>
<td>2013</td>
<td>49</td>
<td>33</td>
</tr>
<tr>
<td>2014</td>
<td>52</td>
<td>35</td>
</tr>
<tr>
<td>2015</td>
<td>54</td>
<td>37</td>
</tr>
<tr>
<td>2016</td>
<td>57</td>
<td>37</td>
</tr>
</tbody>
</table>

Utilization (%)

- 75.0
- 75.2
- 67.2
- 67.5
- 68.6
- 65.8

Capacity growth (year over year, %)

- 6.6
- 12.4
- 7.2
- 3.8
- 4.6

Throughput growth (year over year, %)

- 6.8
- 0.4
- 7.8
- 5.5
- 0.4

Source: BCG: Will Middle Eastern Ports Continue to Succeed? [Jul 2018]
The region has accomplished this because its ports are transshipment hubs connecting various trade routes, notably for ships moving cargo between Asia and Europe and regional destinations because it has large ports with well-developed infrastructure and operators “with the ability to compete against the world’s best.”

BCG, however points to “three looming threats” — overcapacity, exposure to transshipment and lagging port productivity — that it says “threaten to slow or even reverse the upward trajectory of the region’s ports.”

Container capacity grew at an annual rate of 7 percent while container throughput has grown just 4 percent from 2011 through 2016. That has led to utilization of container capacity to fall from 75 percent to 66 percent, putting downward pressure on handling rates.

“Unless growth accelerates significantly, it does not appear additional capacity will be required for the foreseeable future,” BCG says. Despite this, BCG says ports have announced plans to double container capacity by adding the ability to handle an additional 57 million TEUs by 2030.

Transshipment accounts for 53 percent of Middle Eastern port throughput. While key to the region’s success in the port industry in the past, BCG says smaller destination ports are “improving infrastructure, hiring experienced port operators and encouraging shipping lines to make direct calls.”

If these smaller ports are successful, BCG says it could present a threat to hub ports in the future, reducing
their utilization.

“Empirical evidence suggests that, except for the most successful and established players, productivity is lagging at a number of Middle Eastern ports,” says BCG. “Because these ports have been busy bringing new capacity online, commissioning larger cranes and installing new operating systems, they have not focused on improving productivity.”

BCG adds low labor costs “have made cost optimization less of a priority.” BCG suggests Middle Eastern ports should be cautious about growing capacity and instead “seek to extend their port’s reach by investing in inland connections and facilities tailored to the customers they currently serve.” It also says companies may want to diversify outside the region through mergers and acquisitions or investment.

[American Shipper]

Casualties Belgium: Port of Antwerp fire creates toxic cloud

13/08/2018
By Shailaja A. Lakshmi
Toxic smoke from a massive smoldering fire has triggered an evacuation in the Port of Antwerp, local media reported.

All vessels and business within 6,000 feet from the fire have been evacuated, RTL broadcaster reported. The authorities have reportedly urged the people who live nearby to keep their windows closed due to danger from the toxic smoke.

According to RTL, firefighters are still battling the blaze, which produces “poisonous substances.” Some 5,000 tons of nickel sulfide caught fire in a warehouse of one of Europe’s largest seaports, the Port of Antwerp, on Saturday afternoon.

Several firefighters’ teams are working to contain the fire. Companies and vessels in a 1.8-kilometer perimeter were evacuated. Inland navigation and car traffic in the vicinity of the site have also been stopped.

[MarineLink]

Deep-sea mining: Norway to map mineral deposits

13/08/2018
The Norwegian Petroleum Directorate is readying to map potential deep-sea mineral deposits in the Norwegian Sea, with an expedition due to get underway this month.

The Directorate has engaged Swire Seabed, which partners with Ocean Floor Geophysics, to carry out mapping of potential sulfide minerals on the seabed over the Mohns Ridge in the western Norwegian Sea.

This is a spreading ridge in the Atlantic Ocean that separates two oceanic plates, where potential valuable minerals have been formed through hot volcanic sources. The focus of the expedition is not the active hydraulic systems such as “black smokers,” but rather non-active extinct systems that are now left as mineral-rich piles of gravel on the seabed.
The mapping will be carried out using an autonomous underwater vehicle, a Kongsberg Hugin AUV, which will map the seabed using a bottom-penetrating echo sounder, multibeam bathymetry, synthetic aperture sonar data, magnetometry and spontaneous potential field data.

After the data is processed on board, mineral samples will be taken from the seabed where the data indicates the presence of deposits. Sampling will be carried out using an underwater remotely operated vehicle with a depth capability of 3,000 meters (9,800 feet).

Earlier studies by the Norwegian Research Council have indicated that the region could contain resources worth as much as $110 billion. Around 6.4 million tons of copper metal in addition to zinc (6.5 million tons), gold (170 tons) and silver (9,901 tons) have been estimated to be present in the region.

Rising demand for minerals and metals, including for use in new technology, has sparked renewed interest in seabed mining. Since 2001, the International Seabed Authority has issued licenses to approximately 30 government and private organizations to explore 500,000 square miles of the deep sea outside national jurisdiction for minerals.

This increasing interest in seafloor mining globally has drawn some criticism. Despite the term “mining,” much of the activity would involve extraction of minerals over very wide areas of the sea floor rather than digging down to any great depth, potentially leaving a vast footprint on the deep-sea habitats in which these mineral deposits occur. Earlier this year, a study by the University of Exeter and Greenpeace warned that mining on the ocean floor could do irreversible damage to deep-sea ecosystems. The deep sea (depths below 200m) covers about half of the Earth’s surface and is home to a vast range of species. Little is known about these environments, and the researchers say mining could have “long-lasting and unforeseen consequences” not just at mining sites but also across much larger areas.

[The Maritime Executive]

**Shipbuilding: New technique to reduce steel warping**

13/08/2018

A new process has been developed to enable shipbuilders to save production costs and improve build time while reducing distortion of lightweight materials.

The Joining-3 Project, led by Huntington Ingalls Industries’ Ingalls Shipbuilding division, developed computer models to better predict where distortion and warping will occur when steel plates are welded together, ultimately reconfiguring the welding sequence. Tests involving a U.S. Coast Guard Cutter demonstrated a 30 percent reduction in distortion and a 13 percent reduction in production costs compared to similar, previous cutter production units.

The project was run via LIFT – Lightweight Innovations For Tomorrow, a Manufacturing USA institute. Project partners included government: NSWC-Carderock Division, NAVSEA, industry: American Bureau of Shipping (ABS), Comau, and ESI and research: the University of Michigan, EWI, Massachusetts Institute of Technology and The Ohio State University.
“As naval ship designs have trended toward using thinner and higher strength materials to reduce structural weight and add new combat capability, controlling the quality and cost of distortion has increasingly and adversely affected the shipbuilding industry,” said T.D. Huang, Principal Engineer, Huntington Ingalls Industries. “The LIFT project has provided an avenue to collaborate with world-class experts and systematically address thin steel distortion.”

Over two years, the Joining-3 Project team fabricating 19 test panels featuring different variables and assembly sequences and employed Integrated Computational Materials Engineering (ICME) modeling to establish recommended fitting, welding and assembly sequences for optimized distortion control.

Recommended procedures were then employed on a full-scale mock-up unit.

The modeling and streamlined process is currently being implemented by Ingalls to predict changes in design and the associated costs across all production platforms. A follow-on project to evaluate advanced steel alloys for ICME implementation has been approved by LIFT for kick-off this summer.

[The Maritime Executive]
Tax havens – and the financial secrecy they provide – may bolster industries tied to Amazon deforestation and the unsustainable management of natural resources, a new study has found.

“We need to start seeing the environmental costs of tax havens” and “how financial actors and financial flows are shaping the planet in very profound ways,” said Victor Galaz, a researcher at Stockholm University’s Resilience Centre and the leading author of the report that looked at the use of tax havens by agribusiness and fishing companies.

The study, Tax havens and global environmental degradation, which started after the unveiling of the Panama Papers investigation in April 2016 and was published Monday in the journal Nature Ecology & Evolution, examined jurisdictions where agribusiness conglomerates operating in the Amazon and fishing vessels involved in illegal activities are registered.

An analysis of Brazilian central bank data from 2000 to 2011 revealed that at least nine of the world’s largest producers of soy and beef, two industries considered to be main drivers of deforestation, use offshore subsidiaries to finance their operations in the Amazon forest, which Galaz called “a sleeping giant” in the climate change system. Scientists agree that deforestation is one of the main causes of global warming as the carbon dioxide that is typically absorbed by trees gets released in the atmosphere when they are cut or burnt.

The Stockholm University researchers found that, over the decade, about 70 percent of foreign capital – or about $18.4 billion – reached the operating companies in Brazil after being routed through subsidiaries in low or zero tax rate jurisdictions, such as the Cayman Islands. (Central bank data is not available for the years after 2011.)

Such routing is legal and often used to decrease companies’ tax burden, the report says. The lack of transparency associated with operations in tax havens, however, makes it difficult for watchdogs and researchers to monitor how offshore financing may affect operations “on the ground.”

Although the years examined partly overlap with the highest rate of deforestation in the Amazon, the authors say it’s currently “impossible” to establish a direct link between capital flowing from tax havens, land use and environmental damage.

“Direct proof of causality remains elusive,” according to the report.

In response to the researchers, international grain companies including Louis Dreyfus Company, Cargill, Bunge and Amaggi Group have said their organizational structures and trading policies comply with the law and that they are committed to the highest environmental standards.

Stockholm University researchers traced the foreign cash making its way into the beef and soy industries
In the past, investigations by the International Consortium of Investigative Journalists and its partners have shown how natural resource and agribusiness companies often take advantage of the secrecy provided by the offshore industry for various purposes, including tax avoidance.

Last year, International Consortium of Investigative Journalists (ICIJ) partners Premiere Lignes in France and Poder360 in Brazil reported that the Brazilian Amaggi and the Swiss-French Louis Dreyfus in 2009 set up a joint venture to operate in Bahia and other areas of Brazil. According to the investigation, the beneficial owner of the joint venture’s Cayman Islands subsidiary was Brazil’s current agriculture minister, Blairo Maggi, who denied any wrongdoing.

The findings were part of the Paradise Papers, a global investigation based on 13.4 million leaked files which detailed how wealthy individuals and corporations use shell companies in tax havens to avoid or evade taxes.

In Namibia, the ICIJ found that Pacific Andes, a major fishing company, set up a Mauritius subsidiary to manage its operations in the country and take advantage of a treaty between the two jurisdictions that shielded it from taxes. Pacific Andes told ICIJ the majority of the fees stayed in Namibia as capital.

Another report by ICIJ published in November 2017 found that a Singapore-based pulp and paper producer used a web of shell companies to avoid paying withholding tax on loans and to expand its Indonesian operations, while allegedly contributing to the destruction of the country’s fragile rainforest. A company spokeswoman said it “meets all tax obligations in the jurisdictions where it operates.”
At the time, experts interviewed by ICIJ questioned forestry and agribusiness companies’ practice of funding their business through offshore subsidiaries to exploit natural resources in developing countries. “While profits are really earned from tangible land-based operations, a large portion of profits are routinely declared in jurisdictions with low corporate tax rates,” said Tom Picken, the forests and finance campaign director for Rainforest Action Network, a nongovernmental organization.

As a result, Picken said, supplying countries may end up with a lower tax revenue and fewer funds to implement critical national development programs for health, education and infrastructure. The Organization for Economic Cooperation and Development (OECD) estimates that about $200 billion is lost every year by developing countries due to tax avoidance.

The Stockholm University report also explores the role of tax havens in enabling and disguising illegal fishing. Through analyzing multiple datasets, researchers found 70 percent of vessels identified by Interpol as responsible for carrying out illegal or unregulated fishing are currently, or have been, flagged in a financial secrecy jurisdiction, mainly in Panama and Belize.

The study is part of an on-going research project that explores the relationship between financial markets and sustainability and will eventually include other environment-impacting sectors.

To promote sustainability, you need accountability, which comes with transparency, Galaz said. Only then “you have the power to change things,” he said. “Any progress we can do would have environmental benefits.”

[ICIJ - The International Consortium of Investigative Journalists]

**Russia, Iran, Azerbaijan, Kazakhstan and Turkmenistan agree on Caspian Sea access**

13/08/2018

The five countries bordering the inland sea have been at odds over the waterway since the fall of the Soviet Union. The deal could pave the way for the development of valuable oil and gas projects.

The leaders of five countries bordering the Caspian Sea signed a landmark convention Sunday regarding the legal status of the body of water. Russia, Iran, Azerbaijan, Kazakhstan and Turkmenistan signed the deal in the small seaside city of Aktau, in Kazakhstan.

The inland sea has been a bone of contention among the five bordering countries since the demise of the Soviet Union in 1991. The agreement is expected to ease regional tensions, and could accelerate the development of lucrative oil and gas projects.

Kazakh President Nursultan Nazerbyev, who hosted the meeting, said before the signing ceremony that the leaders were "participants in a historic event."

"We can admit that consensus on the status of the sea was hard to reach and not immediate, the talks lasted more than 20 years and called for a lot of joint efforts from the parties," he said.

Russian President Vladimir Putin, who pushed for an agreement, said the deal had "epoch-making significance" and called for more military cooperation among the countries bordering the Caspian.
Sunday's meeting was the fifth of its kind since 2002 but there were more than 50 lower-level meetings since the collapse of the Soviet Union gave birth to four new countries surrounding the inland sea.

**More talks ahead**

One bone of contention among the participants was whether the body of water is a sea or a lake — each of which is subject to different international laws. The convention refers to the Caspian as a sea but Russia's deputy foreign minister Grifory Karasin told Kommersant daily this week that provisions in the treaty give it "a special legal status."

The convention keeps most of the sea in shared use but nonetheless divides up the seabed and underground resources, according to the Kremlin. Iran ended up with the smallest share of the sea in accordance with the terms of the deal, and may end up a potential loser in the agreement.

That would explain why Iranian President Hassan Rouhani called the deal "a major document" on Sunday but stressed that it doesn't solve all of the disagreements surrounding the sea. "Today we have a framework for actions in the Caspian Sea which was not the case before," Rouhani said in comments translated into English. "But there are other issues to deal with in other meetings."

[Reuters / AFP]

**Railways Africa: China advances plan to build $2.5 billion Zimbabwe – Mozambique line**

13/08/2018

China Railways has proposed the construction of a $2.5bn rail link between the neighbouring states of Mozambique, Zambia, Malawi and Zimbabwe.

As with the high-speed, east-to-west links in Kenya and Tanzania, the aim will be to give landlocked countries – and the Chinese companies operating there – access to Indian Ocean ports. According to the website Macauhub, the “Trans-Zambezi” line was discussed by a delegation from China Railways, headed by Vice President Shao Gang, which flew into Harare at the end of last month.

The first phase of the project would consist of a 400km link between Shamva, a town about 100km northeast of Harare, and would head northeast to Moatize in Mozambique. From there, a 900km line is being built to the port of Nacala. This would take advantage of work already begun on the $5bn Nacala Logistics Corridor, which is being built to transport coal from the Vale company mines to the coast, a project inaugurated in May 2017 by the President of Mozambique.

The scope of the project would a 1,700km line directly connecting Binga, on Zimbabwean border with Zambia, to Nacala. China Railways first declared its interest in this project in March this year, in a letter to the Zimbabwean government signed by Gang. This said: “We have been working closely with Global Power Bridge International to establish the foundations of the rail project and we are ready to start it,” said Shao.

Global Power Bridge International is a Zimbabwean infrastructure consultant. China Railways’ Number 4 Group subsidiary is already collaborating with Global Power Bridge on the Harare–Chitungwiza light rail scheme. China Railways is cooperating with China’s New Century Energy International, which has a $500m soybean operation in Zimbabwe.

[Global Construction Review]
Advance your career by gaining Professional Recognition. Professional recognition is a visible mark of quality, competence and commitment, and can give you a significant advantage in today’s competitive environment.

All who have the relevant qualifications and the required level of experience can apply for Professional Membership of IAMSP.

The organization offers independent validation and integrity. Each grade of membership reflects an individual’s professional training, experience and qualifications. You can apply for Student Membership as per following:

**Fellow (FIAMSP)**
To be elected as a fellow, the candidate must satisfy the council that he/she:

- Has held for at least eight (8) years consecutively a high position of responsibility in shipping or related business.
- Has distinguished himself/herself in shipping practice.
- Is a principal in a firm or a director of a company in the business or profession.
- Members in this grade are entitled to use the initials FIAMSP after their names.

**Full Member (MIAMSP)**

- Individuals holding an internationally recognised marine qualification, or who can prove that they have practiced on a full-time basis for a minimum of five (5) years as a consultant or marine surveyor.
- Individuals who, by producing written reports can demonstrate that they have practiced marine surveying or consultancy for at least five (5) years.
- Individuals whose qualifications or experience shall be considered appropriate by the Professional Assessment Committee.
- Members may use the initials FMIAMSP after their names.

**Associate Member (AMIAMSP)**
Associate Membership shall be open to any person, partnership, company, firm or other corporate that does not own a ship but is engaged in ship operating or ship management. Associate Members can nominate one (1) person to represent them in the Association. Associate Members are entitled to attend General Meetings and to participate in discussion at such meetings but shall not vote or stand for election to the Board of Directors.

**Technician (TechIAMSP)**
Individuals holding a recognised qualification, for example Inspector level 2 or higher (NACE, FROSIO, ICorr), RMCI and IRMII, NDT Technicians (CSWIP), for example gauging personnel, divers or other surveyors with at least three years full-time practical experience in a marine related field. Technician Members may use the designation TIAMSP after their names.

**Affiliate (AFFIAMSP)**
Graduates who do not meet the criteria for Full or Associate Membership and are continuing to train and gain experience prior to applying for Associate Membership

**Student (SIAMSP)**
Individuals who are enrolled in training programs related to the maritime or shipping will be appointed as student members of the Association for the duration of their course.
### Fellow (FIAMSP)

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Adolfo Omar Cortes</td>
<td>Spain</td>
<td><img src="image" alt="Mr. Adolfo Omar Cortes" /></td>
</tr>
<tr>
<td>Mr. MELARAYIL GANGADHARAN SIBIN</td>
<td>India</td>
<td><img src="image" alt="Mr. MELARAYIL GANGADHARAN SIBIN" /></td>
</tr>
<tr>
<td>Mr. ESNAL Pedro</td>
<td>Spain</td>
<td><img src="image" alt="Mr. ESNAL Pedro" /></td>
</tr>
</tbody>
</table>

### Full Member (MIAMSP)

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. MARTINS Jorge</td>
<td>Brazil</td>
<td><img src="image" alt="Mr. MARTINS Jorge" /></td>
</tr>
<tr>
<td>Capt. Jasim Aqeel</td>
<td>Iraq</td>
<td><img src="image" alt="Capt. Jasim Aqeel" /></td>
</tr>
<tr>
<td>M. Subbiah Thiagarajah</td>
<td>Malaysia</td>
<td><img src="image" alt="M. Subbiah Thiagarajah" /></td>
</tr>
</tbody>
</table>

### Affiliate (AFFIAMSP)

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>M. Kirton Christopher</td>
<td>Singapore</td>
<td><img src="image" alt="M. Kirton Christopher" /></td>
</tr>
<tr>
<td>M. Hubert Louis-philippe</td>
<td>France</td>
<td><img src="image" alt="M. Hubert Louis-philippe" /></td>
</tr>
<tr>
<td>Mrs. HELENA ISABEL CAMPOS LANÇA PALMA</td>
<td>Portugal</td>
<td><img src="image" alt="Mrs. HELENA ISABEL CAMPOS LANÇA PALMA" /></td>
</tr>
<tr>
<td>Event Description</td>
<td>Date</td>
<td>Location</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td><strong>September</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OSV CHARTERING CONTRACT MANAGEMENT SEMINAR</td>
<td>13</td>
<td>America Square (Cavendish Venues), London</td>
</tr>
<tr>
<td>DECODING TRADE CONTROLS, SANCTIONS AND REGULATIONS ON DUAL-USE GOODS</td>
<td>18</td>
<td>The Hatton, London</td>
</tr>
<tr>
<td>MEETING THE COMMERCIAL, INSURANCE AND LEGAL CHALLENGES OF TODAY’S SALVAGE AND WRECK REMOVAL OPERATIONS</td>
<td>24</td>
<td>Novotel Clarke Quay, Singapore</td>
</tr>
<tr>
<td>MEETING THE COMMERCIAL, INSURANCE AND LEGAL CHALLENGES OF TODAY’S SALVAGE AND WRECK REMOVAL OPERATIONS</td>
<td>26</td>
<td>Novotel Clarke Quay, Singapore</td>
</tr>
<tr>
<td>GLOBAL LINER SHIPPING ASIA</td>
<td>26</td>
<td>Novotel Clarke Quay, Singapore</td>
</tr>
<tr>
<td>ARE YOU READY FOR 2019</td>
<td>27</td>
<td>Bahia Mar Fort Lauderdale Beach, Florida</td>
</tr>
<tr>
<td><strong>October</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIQUEFACTION OF BULK CARGOES SEMINAR</td>
<td>18</td>
<td>America Square (Cavendish Venues), London</td>
</tr>
<tr>
<td><strong>February 2019</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12th Arctic Shipping Summit – Montreal</td>
<td>21</td>
<td>Montreal - venue TBC</td>
</tr>
</tbody>
</table>