Transparency rules

for EU port services and SOLAS weighing regulations
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REGULARS

Comment: Susumu Naruse argues that amid social and economic change ports have to show they are competent to remain in the market

News: Qatar’s Hamad Port set for first phase opening; the black swan threat; Indian food parks boost efficiency; DP World Taiwan venture; Italy seeks port presidents

Open Forum: British Ports Association director David Whitehead wants British ports to use Brexit to get the best deal possible

Maritime Update: Tallink begins sea trials of its LNG fast ferry; Australia to offer LNG bunkering; USCG won’t budge on ballast water tests; Shipowners back European emissions cuts; Rotterdam bunkering first

IAPH Info: IAPH becomes strategic partner for the Global Maritime Energy Efficiency Partnership; Mili’s Japan keynote speech; Port CEO honoured

Last Word: The IAPH technical committees are ‘hidden gems’, says new VP for the Asia/Oceania region Martin Byrne, chief executive of Port Nelson, New Zealand

FEATURES

Cover story: regulation
After 15 years of struggle, the EU is close to winning approval for legislation to deregulate port services

The long awaited Polar Code will come into force at the beginning of next year

Shippers speak out against unfair price tags attached to VGM administration

Owners and operators look for clarity on the sulphur cap implementation date

Software:
Data protection fears blight single windows connectivity
Yangon customs automation reduces congestion
Auckland treads gently as it introduces automation

Infrastructure:
Israel builds on electronic mapping
India’s Sagarmala programme leads on logistics

Porto cruise terminal: Bold architecture makes statement on behalf of the port, city and region
REAL-TIME
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The K-Observer berth monitoring is an application of proven technology with over 10 years of field history, delivering real-time information about dynamically changing berth conditions. Operators can use this accurate data to make efficient and safer management decisions about loading vessels, optimising revenues without compromising safety. This is the power of continuous, real-time berth monitoring.
Prevailing headwinds

Social and economic circumstances are forcing countries to protect their international trade

Susumu Naruse
Secretary General – The International Association of Ports and Harbors

The global economy seems to be entering another era of uncertainty and is becoming more protectionist, which the port industry doesn’t like.

People in the United Kingdom have decided the country should leave the European Union and both of the main parties’ United States presidential candidates don’t like the free trade idea of the TPP (Trans-Pacific Partnership), where trade barriers would be lowered as much as possible among the 12 participating economies in the region.

The global economy expanded partly due to globalization and low-barrier international trade but now it is going the opposite way.

In addition to this, the Chinese economy is expanding much more slowly, so the demand for raw materials has been shrinking and their prices and trading volumes are considerably decreasing. This caused critical problems to countries that depend on exporting raw materials and most shipping companies as well.

In order to survive this difficult time, some carriers have formed stronger alliances and are continuing to launch bigger ships in the market.

This may result in rearranging ports of call, putting more emphasis on transport efficiency. Ports have to show they are competent in order to remain in the market.

Other challenges have surrounded the port industry. We have to increase our efforts to mitigate against global warming by upgrading operational efficiency and by taking more effective countermeasures.

It is well understood that ports could be among the list of potential targets for global terrorism, so even tighter security measures must be taken. We have to take more action to increase safety and security levels in ports and take these to a much higher level.

The IAPH’s governing bodies under the new constitution with respective vice-presidents of the six regions, the board and the council, will have been officially launched by the time this issue is published.

Through strong leadership that is based on regional knowledge and the interests of each vice-president, IAPH is committed to dealing with these critical challenges, not only on a global basis, but also a regional basis, as we work together to overcome tough circumstances. PH
DANISH GIANT DROPS
Maersk Group has reported a sharp fall in second-quarter and first-half 2016 net profits on weak container freight rates and the soft oil price. Only Damco, its logistics business, improved its performance on a year ago. Group net profit declined to USD118 million in the second quarter from USD1.09 billion a year ago, while revenues fell to USD8.86 billion from USD10.52 billion.

ALL GO FOR MELBOURNE
The Australian Competition and Consumer Commission (ACCC) has given the green light to consortiums IFM and QIC competing for Port of Melbourne’s 50-year lease. The decision came shortly after ACCC chairman Rod Sims attacked port privatisations in Australia and the resulting price hikes for users, a stance backed by Shipping Australia Limited.

ECUADOR INVESTOR
Yilport Holding has secured a 50-year concession to develop Puerto Bolivar in Ecuador and has committed to investing USD750 million. The subsidiary of Turkish conglomerate Yildirim Group aims to create Latin America’s largest Pacific coast container terminal, with 2.5 million teu annual handling capacity, according to a report by the Anadolu news agency. Yilport’s investment in the port will be in five phases.

ICTSI PROFITS FALL
Manila-based global container terminal operator International Container Terminal Services’ profits fell by 13% year-on-year net in the first six months of the year despite largely flat revenue growth and throughput expanding by a healthy 10%. Profit for the first half of 2016 fell to USD87.3 million from USD100.4 million. The company attributed the drop in profit to new projects.

Port updates

Hamad first phase nearly ready

The first phase of Qatar’s USD7.4 billion Hamad Port is on track to be fully operational by the end of the year as the new facility takes an increasing share of the country’s commercial shipping traffic, relieving congestion at older ports. A series of tenders and contracts for equipment including cranes, forklifts, tractors, and other equipment for the new facility were released by the government in the second quarter. Tender documents for the master plan and design of phase 2 are being released at the moment following a pre-qualification process that started in May.

The port was opened for partial operations at the end of 2015 and now handles general cargo and ro-ro vessels shipping vehicles, livestock, and heavy equipment. Data from the ministry of transportation and communications shows rapid growth in the number of vessels handled at the new facility: In May it was more than four times the number handled in April.

Phase 1 will offer 2 million teu of container handling capacity when fully operational, close to triple the current capacity of Doha Port. Phases 2 and 3, will add a further 4 million teu. The whole project was originally scheduled for completion in 2030 but was fast-tracked by the government and is now due to be fully operational in 2020.

Hamad is central to Qatar’s efforts to become a global trade and logistics hub and diversify its economy away from reliance on energy resources.

Existing port infrastructure in the country is under strain, with congestion and lengthy cargo dwell times commonplace. According to Abdul Aziz Al Yafei, director of Doha Port, Qatar’s economic boom has resulted in a 69% increase in container volumes and a 380% increase in general cargo over the past five years and port facilities are struggling to handle the growth.

Adding to the challenge of inadequate cargo handling and clearance processes. Despite the highest per capita income in world, Qatar ranks poorly in the Trading across Borders category of the World Bank’s 2016 Ease of Doing Business survey. Import compliance procedures take an average of 88 hours and cost USD754 per shipment, compared with an average of 9 hours and USD123 among OECD countries. Compliance procedures for exports take an average of 30 hours and cost USD382 per shipment compared with 15 hours and USD160 in OECD countries.

A recent initiative to electronically integrate the country’s single-window customs clearance system with the Qatar Ports Management network aims to reduce time for customs clearance for individual shipments by up to 70% and help speed up the movement of goods through port areas.

In addition to container facilities, Hamad Port will have capacity to handle 1.7 million tonnes of general cargo, 1 million tonnes of grain, and about 500,000 vehicles per year. A coastguard station, marine support unit, facilities for fabrication and maintenance of offshore and land-based petrochemical structures, and a major ship repair hub are included in the development plans. The port will also serve as a centre for Qatar’s maritime security, with a new offshore base for the Qatar Emiri Naval Forces.

A special economic zone adjacent to the port is being developed with the objective of becoming the shipping and trade gateway to Qatar.
Ports warned of ‘black swans’

Ports and terminals operators have been warned that the rising threat of so-called ‘black swan’ events requires them to take a long and hard look at their risk-management and emergency procedures. Black swans are events that deviate beyond what is normally expected of a situation and which are extremely difficult to predict.

The warning comes as a leading broker said the scale of the aggregated exposures in the wake of the explosions last year that rocked the Port of Tianjin, China, have left the industry struggling to find the capacity to meet the exposure needs if a major event was to happen in the future.

In a report on ports and terminals, insurance broker Marsh has warned that while most natural catastrophes and some man-made threats are recognised, the chances of a port or terminal suffering an event that simply cannot be predicted are increasing.

The broker added the significant role ports play in a country’s infrastructure and economic prosperity makes them prime targets.

“The threat from those events may be well understood, but risks are changing,” said the report. “Consider for example, the threat of a nuclear device/dirty bomb/conventional bomb being hidden inside a container. Even if there was no weapon, the threat alone could result in a port being shut down during a laborious search through thousands of containers.”

It said black swan threats, which include major natural peril, cyber attacks, and the failure of critical infrastructure, require a multi-stakeholder approach to understand the joint risk landscape, causes of the risks, and the areas of accountability for controls.

“Withstanding a major catastrophe necessitates tailored, multi-stakeholder crisis management, business-continuity management, and risk management,” according to the broker. “The glue that holds all of this together is leadership, management, and staff effectiveness.”

Nick May, vice-president of Marsh’s global marine practice and a specialist on port and terminal risks, told P&H, “The report was designed to raise awareness of the risks ports and terminals face.

“Traditionally it is natural perils such as windstorms and tsunamis that ports will see as major threats. While they are still a significant danger, other risks such as cyber, political risk, terrorism, and catastrophic failure of infrastructure are increasing.”

May added, “The events in Tianjin have seen a recognition that there are limits to what the insurance market can cover. The liability limits, for instance, are slightly in excess of USD1 billion, so when you look at an event that is estimated at in excess of USD5 billion it means operators have to work with their brokers to build an insurance programme that spreads across various insurance policies to ensure the particular risks they face are addressed.

“We have seen more insurance capacity enter the market post-Tianjin, but it is clear that any insurance coverage need to go alongside risk management to limit the impact of any event.”

“Black swans by definition are unforeseen events and, as such, crisis-management procedures are vital.”
India’s ‘mega food parks’ to boost exports and cut waste

India is developing two large food processing parks close to port areas with the aim of helping to grow its food processing sector and supporting efficient supply chain operations for food imports and distribution to the domestic market.

The ‘mega food parks’ are being developed near Vizakhapatnam and Kakinada port in Andhra Pradesh and in the coastal economic zone of south Konkan in Maharashtra, near to Dighi, Jaigarh, and Marmugao Port.

Part of the country’s Sagarmala port-led development programme (see page 26), the projects are expected to cost about USD50 million.

“The food processing sector needs to be efficient in terms of logistics costs, transit costs, and infrastructure facilities in order to be competitive,” said a shipping ministry statement announcing the setting-up of the parks.

The parks will connect key actors in the food industry value chain such as farmers, importers, exporters, and logistics service providers. They will provide facilities for cleaning, grading, sorting, specialised storage, pre-cooling, testing, packing, and other services.

The goal of the project is to support the development of the food processing sector through the provision of centralised modern facilities and equipment, including the necessary logistics and cold chain infrastructure.

The construction of more food processing parks close to ports is expected to be announced over time as the Ministry of Food Processing Industries moves ahead with plans to build 42 such parks across the country. At the beginning of August the ministry invited proposals from investors for the development of six new parks.

The parks are expected to create direct employment opportunities for about 30,000 people and generate average annual turnover of about USD65–75 million.

“The Indian food processing industry holds tremendous potential to grow, considering the still nascent levels of processing at present. Considering the wide-ranging and large raw material base that the country offers, along with a consumer base of more than 1.25 billion people, the food industry holds tremendous opportunities for large investments,” according to a paper from Pune-headquartered MITCON India, a consultancy that advised the government on the establishment of the Mega Food Park scheme.

According to global consulting firm McKinsey, waste caused by poor logistics is estimated to cost India about USD45 billion/year, or 4.3% of gross domestic product. Spoilage due to lack of efficient supply chain and logistics support for post-harvest fruit and vegetables alone is thought to cost India hundreds of millions of dollars every year.
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Port updates

PTP SEES DOUBLE
Malaysia’s Tanjung Pelepas port (PTP) will invest more than USD2 billion to double the port’s handling capacity to 22 million teu by 2030. The upgrade will include refurbishing quay cranes and rubber tyred gantries and replacement of existing equipment to increase handling capacity from 10.5 million teu at present to 13.2 million teu annually. It will be followed by phase three in 2018.

MSC LIVERPOOL TRIALS
Mediterranean Shipping Company (MSC) has carried out berthing and marine trials at Peel Ports’ USD397 million Liverpool2 container terminal in northwest England in advance of its opening later this year. Five vessels were involved in the trials and will operate on the two MSC services currently calling at Liverpool: the North West Continent feeder service, shipping containers between Liverpool and worldwide destinations via Antwerp and Le Havre, and the Montreal Express service linking Liverpool and other European hubs with the Canadian port.

BARCELONA HIGH
In the first six months of this year Port of Barcelona handled more than 1 million teu, a 13% growth on the same period last year. Imports rose by 11% to 264,624 teu and exports were up 4% to 323,580 teu. Liquid bulk goods remained largely unchanged at 6 million tonnes, but diesel fuel was up 50%. Total solid bulk totalled 2.2 million tonnes, a 5% increase. The products with the biggest increase were cereals and meal, up 48%, and feed and fodder, up 32%.

DP World partners with Taiwan ports

Taiwan International Ports Corporation (TIPC) has outlined its plans for the development of Kaohsiung Terminal 7 into a mega container ship hub through a partnership with global port operator DP World.

DP World recently signed a memorandum of understanding (MOU) with TIPC for the development of Terminal 7. This allows the Dubai-based company to explore growth opportunities in Taiwan’s port infrastructure to enhance its trade potential and economic prospects.

“Kaohsiung has the potential to benefit from our operational efficiencies in the region,” said DP World Asia Pacific region senior vice-president and managing director Rashid Abdulla in a statement. He did not mention any investment figure.

“It has enough container capacity to serve immediate growth in Taiwan, but does not yet have the capability to attract new growth resulting from the ultra large container vessels added to line-haul services. This MOU marks the intention to tackle this challenge.”

Kaohsiung Port Terminal 7 is a development project of five berths (S1–S5) with a total length of 2,415 m and a container yard that is 660–700 m wide, covering an area of 147.5 ha. It has a designed capacity of 4.5 million teu/year, according to TIPC.

TIPC plans to invest TWD3.98 billion (USD1.13 billion) to construct a new 18 m deep, 1,185 m long wharf together on 75.5 ha of reclaimed land to be used in the construction of the new container terminal.

Once completed, the terminal will be capable of handling two 22,000 teu super container ships simultaneously. This will increase Kaohsiung’s annual handling capacity by about 2 million teu and spur upgrades in logistics capabilities at the port.

TIPC is committed to using Terminal 7 to increase the port’s competitiveness as a container hub and promote the modernisation and transformation of its older wharf districts. All related public infrastructure projects are expected to be fully completed by the end of 2019.

The project will include a 6,810 m breakwater, a navigation channel that is 2,000 m long, 400 m wide and 22 m deep, a turning basin with a diameter of 800 m and a depth of 22 m, all of which are scheduled for completion by March 2018.

Work on the seawall and wave break project, with an investment of TWD8.76 billion, began in March 2012, and is scheduled to be completed in December 2017. The shoreline reinforcement work, with the budget of TWD8.85 billion, was started in April 2013 and is scheduled to be completed in May 2017, said Huang Kuo-ying, deputy general manager of TIPC.

Kaohsiung is the 13th largest container port in the world and handled a total of 10.26 million teu in 2015, a drop of 3.1% year-on-year.

DP World figures for the first half of 2016 show company profit grew by only 4.3% and its revenue by 2.5%. In a call with journalists, group chairman and CEO Sultan Ahmed Bin Sulayem said the modest like-for-like growth reflected the challenging global trade environment and its impact on volume at the group’s global terminals. The company has pushed back a planned capacity expansion at Jebel Ali amid a slide in UAE volumes.
Italian port structure aims for co-operation

The Italian government has called for applications for the presidencies of the 15 newly designated port system authorities it hopes will take the performance of the country’s ports to top international level.

The call for expressions of interest from the transport ministry gave interested parties until 4 September to register their candidatures. They must be EU citizens with “proven experience and professional qualification in the fields of transport economics and ports”.

The call for applications was issued just a week after the Italian government has called for applications for the presidencies of the 15 newly designated port system authorities (PSAs). These will altogether have charge of a total of 57 ‘national’ ports.

The PSAs vary greatly in size and composition. Genoa, for example, has been grouped with Savona and Vado Ligure, La Spezia with Marina di Carrara, Livorno with four smaller ports in the northern Tyrrhenian, and Naples with Salerno and Castellammare di Stabia in the central Tyrrhenian.

In the Adriatic, Trieste and Ravenna remain alone, Venice teams up with Chioggia, but Bari and Ancona are part of five- and six-port groupings, while in the Ionian Sea, Taranto also constitutes a single-port PSA. Each PSA will be run by a president and a ‘streamlined’ board of three to five people.

A national co-ordinating conference will be set up under the chairmanship of the transport minister to ensure that the new PSAs act in accordance with national economic strategy and infrastructure policy.

Delrio said this would avoid sterile competition between neighbouring ports and encourage co-operation to ensure that Italian ports played their role at European level. The aim, he said, was to ensure that the Italian port sector was efficient at national level and was thus able to play its role as a ‘pier’ for southern Europe in the central Mediterranean.

The government hopes the new governance system will be in place for the end of the year.

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**Port updates**

- **ANTWERP UP**
  Port of Antwerp handled a freight volume of 108,317,922 tonnes in the first half of 2016, 3.6% more than in the same period last year. Container volume expanded by 4.4% while liquid bulk grew by 8.4%. The period saw significantly more ultra-large container carrier calls. The port handled 5,047,468 teu, up 4.4%. Ro-ro volume declined by 3.7% to 2,347,444 tonnes, but the number of cars handled rose by 1.3% to 620,332.

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Making the break

It’s difficult to predict the impact of Brexit on UK ports but BPA director David Whitehead believes it should be used as an opportunity to get them the best deal possible.

It is the UK government that was probably most surprised by the result of the referendum on European Union membership on 23 June. Big political decisions will now be required as the UK sets a new course. The government’s view before the referendum was that it could not seriously plan for something it did not wish for, so now it has to make up some lost ground.

The big decisions are, first, the timing of the triggering of formal proceedings – Article 50 – to withdraw from the EU and, second, whether or not to join the EU single market. On Article 50, indications suggest no action this year, while on the single market little hard information is emerging, so the period of uncertainty about the precise direction of policy and our future trade arrangements is likely to last for a while yet.

There is no precedent for a country pulling out of the EU, so the process will be new to all concerned, both here and in Brussels. What we do know is that once the process begins, it is impossible to stop it, so caution at this stage by the UK government is understandable before it proceeds with such a momentous decision. Part of that decision will probably include an early assessment of the views of other countries, both in Europe and elsewhere, on what their desired trading and political relationship with the UK is likely to be.

What is unusual about Brexit as opposed to, say, the financial crisis of 2008, is that in the latter case countries could make collective efforts to achieve solutions in the face of a common external threat. The referendum result was, rightly or wrongly, against the weight of opinion outside the UK and so relationships will have to be carefully managed.

Another layer of politics to be dealt with is the position of the devolved administrations, often throwing up unique issues. For Northern Ireland, where a majority voted to remain, a major issue is the border with the Republic of Ireland and maintaining free flows of goods and people. For Scotland, where complete independence remains firmly on the agenda, attempts have already been made to see whether Scotland could, in some way, remain in the EU to reflect the positive remain vote. All these issues will require careful handling; Scotland will also be aware that its biggest trading partner is England.

The future of the UK economy is beyond the scope of this article but the effects of Brexit, although maybe not helpful in the short term, could be very different in the longer term as markets adjust and new opportunities are explored. Ports are efficient barometers of what’s happening in the wider economy and we will keep our government contacts fully informed of what it means for us at the sharp end.

The consequences for ports could take various forms. Ports are about moving goods and people in ways that involve the minimum of disruption and red tape – in other words, enjoying all those benefits that the single market was designed to create both within the EU and for trading outside the EU through international agreements.

For example, as part of the Customs Union, UK companies can trade goods without having to implement rules of origin declarations and other non-tariff barriers that cause delays. This also requires accepting the EU’s tariffs on imports from the rest of the world. Control of this external tariff is necessary for signing new trade deals, and so if the UK wants its own international trade deals it might have to forgo these single market benefits. Then there is the possibility of tariff barriers such as customs duties and VAT complications.

All of which comes down to the issue of whether the UK will apply for membership of the single market along the lines of Norway, Iceland, and their EFTA colleagues, whether it tries to broker a bespoke deal, or whether it simply goes it alone. Anything that involves EU member states will have to be agreed by...
them. And a likely condition of single market membership which has emerged strongly from other member states so far is the principle of freedom of movement. This principle has been accepted by the other EFTA countries.

One of the potential advantages of Brexit is the opportunity to remove substantial areas of legislation. A prime example is the Port Services Regulation (see page 12). Assuming it is agreed in Brussels by the end of the year, however, it would become law as the UK would still be an EU member. There are of course opportunities post-Brexit to reverse this. There will be other examples, but again these are ultimately political decisions and untangling regulation will require new consultation and legislation. The scope for changing legislation will be severely limited if the UK wants single market membership.

Then there are issues around the future for funding already allocated to the UK, some of it port specific. Programmes include the EU Trans European Transport Network, the EU Structural and Investment Fund, which particularly benefits Cornwall, west Wales, and Scotland, and fishing grants.

UK ports have already had a Brexit meeting with government officials to look at these issues, building on the good relationship we have with the Department for Transport.

The situation involves many unknowns and is a challenge which will put this government on its mettle. The ports industry, along with other sectors, will need to be in the forefront to protect its position as a trade facilitator. But more than just protecting what we already have we must also actively explore the opportunities that Brexit can provide.

More than just protecting what we already have we must also actively explore the opportunities Brexit can provide.

David Whitehead
Director, BPA
The European port sector’s reaction to the announcement that the European Union (EU) institutions have reached agreement on a compromise draft text for the much fought over Ports Regulation has been largely favourable.

The announcement came on 27 June that the European Parliament and the European Council (EU member state governments) had reached agreement on a new draft of the proposed regulation originally put forward by the European Commission in May 2013.

The Commission greeted the news with particular enthusiasm, hailing what it described as a “landmark agreement”. It noted that the new draft still had to be formally approved by the full European Council.

“The agreement we reached today will deliver better port services and create a smarter regulatory environment.”

Violeta Bulc, transport commissioner
After 15 years of struggle, the European Union is closer than it has ever been to winning approval for legislation to deregulate port services and give ports greater financial autonomy. But the debate may not yet be over, as Andrew Spurrier reports

and the European Parliament in plenary session but indicated confidently that this could be expected to happen before the end of 2016.

Twice, in 2003 and 2006, draft legislation was voted down by the European Parliament and a third attempt foundered temporarily in 2014 when it proved impossible to get agreement on the Commission’s new draft regulation before the European parliamentary elections.

The draft regulation was not abandoned this time, however, but taken up as work in progress by the new Commission and Parliament, thus opening the way to the “trilogue” negotiating procedure that has now been completed.

The contents of the new draft are very different to those of the failed draft that preceded it, particularly with regard to the deregulation of ports services. The highly controversial provisions for mandatory measures opening up access to cargo-handling and passenger services markets have been dropped in favour of more consensual negotiated solutions.

The draft regulation does open up access to towing, mooring pilotage, and bunkering services, but in the case of pilotage – another much fought over area – actual enforcement is left to the discretion of member states.

Port services generally will be subject to new financial transparency rules, however, and the regulation sets out minimum requirements for their operation, notably with regard to the professional qualifications of personnel and safety and environmental provisions.

The main question marks that still continue to hang over the draft legislation concern port governance.

The proposed text seeks to give ports greater freedom to set infrastructure charges on the basis of their own commercial and investment strategies, and provides for users and other stakeholders to be consulted on important decisions concerning infrastructure planning and pricing.

The Commission sees only positives, claiming that the newly agreed draft brings the EU “one step closer
We must hope that member states will use this opportunity to review the way they consider ports.

Isabelle Ryckbost, ESPO secretary general

The European Sea Ports Organisation (ESPO), which represents port authorities, responded more circumspectly, describing the new text as a “significant improvement” on the Commission’s original proposal, but complaining that an important opportunity had been missed to make EU ports much more financially independent than many of them currently are.

The ESPO welcomed a number of features of the new draft regulation, including, notably, the fact that it provided for greater financial transparency with regard to the use of public funding.

It regretted, however, that the draft regulation did not provide for ports to have greater financial autonomy, notably in the setting of their financial charges and the drafting of their own financial strategies. “European ports believe that the plea for less public funding for ports can only be realised if port authorities can manage their own financial situation, and decide how to structure and optimise their income,” it said.

The proposal to give ports greater financial autonomy had been included in the Commission’s original proposal and received full backing from the European Parliament and, as such, had been one of its key assets. The new draft gives ports additional financial negotiating powers, but leaves the way open for these powers to be curbed by national governments through their own national port policies.

It consolidated the two-tier system already in existence in which some ports were able to develop their own pricing systems autonomously, while others did not have the tools to do so.

“We must hope, however, that member states will use this opportunity to review the way they consider ports and to realise that giving port authorities the power to negotiate and to develop their own charging policy is the best way to enhance the competitiveness of European ports and the level playing field,” said ESPO secretary general Isabelle Ryckbost.

She told P&H that the organisation could not at this point press for amendments to the text approved by the EU institutions. “We could only ask to reject the text as such, which we won’t do,” she said. Ryckbost indicated, however, that she hoped that the situation might yet turn out to be less unfavourable than the ESPO fears.

“We are waiting for a clarification of the article 14 by the Commission,” she said, “to help us in understanding what has really been achieved as concerns autonomy.”

Not all European ports bodies support the ESPO line, however. The United Kingdom, in particular, has opposed the Ports Regulation from the start and has not changed its position now that the British population has voted to leave the European Union. The Spanish government and Spain’s national ports body, Puertos del Estado, also had strong reservations about it earlier this year, and the Polish and French governments have not always been happy with its contents.

One source of concern is the belief that there may be some sort of trade-off in progress between the Ports Regulation and the General Block Exemption Regulation (GBER), which is currently being revised. The GBER defines what level of state aid can be allowed within the terms of EU competition legislation and the European Commission has proposed including ports and airports within the scope of the regulation for the first time.

There are suspicions that some subsidised port bodies and their governments may be taking a soft line on the relatively innocuous Ports Regulation in return for assurances regarding their position in the GBER.

The position of British ports is more basic. They argue simply that, given the fact that they are largely privately owned and not supported by subsidies, the Ports Regulation risks being a hindrance to them rather than a development opportunity. James Cooper, chief executive of Associated British Ports and chairman of the UK Major Ports Group, told British members of parliament on 5 July that one of the first opportunities thrown up by the Brexit vote in June would be to ensure that the United Kingdom was excluded from the scope of what he said was a “damaging” regulation.

“The industry, unions, and employers have been united in its opposition since the Commission published its ill-conceived, one-size-fits-all proposals back in May 2013, the third time this unwanted draft legislation has been round the houses,” he said. “In the UK, with its large number of relatively small, highly competitive ports, it will mean more aversion to risk and less investment.” PH
Polar protection

With more vessels transiting the Arctic and increasing interest in the region as a cruise destination, the long awaited Polar Code will come into force at the beginning of next year.

Despite shortfalls noted by industry experts, the International Maritime Organization’s Polar Code, which comes into force in January 2017, is expected to improve the operational safety, training, and environmental protection required for vessels sailing in Arctic and Antarctic waters.

The safety aspects of the code and SOLAS amendments were adopted in 2014, with environmental provisions and MARPOL amendments adopted during the Marine Environment Protection Committee (MEPC) in 2015.

An increase in the number of commercial vessels transiting these waters comes with a potential increase in environmental damage and risk to human life.

Industry commentators have noted that the code’s guideline approach is expressed in performance terms, which are subject to interpretation. Another criticism is that it only applies to international vessels. Other commentators, including Captain John Dickinson from the Nautical Institute, were disappointed that Canada and the Russian Federation’s proposal for an ice navigator were not included in the code.

Others note that the code serves well vessels that are built for polar conditions but does not stipulate high enough standards for vessels that only visit these regions occasionally and are not built for such waters, such as passenger vessels.

Over the past six months some smaller shipyards have seen a wave of expedition cruise ship contracts come their way. Shipbuilding company Vard says it has signed a letter of intent to build two 14,500 gt expedition cruise vessels that are due for delivery in the first quarters of 2019 and 2020, respectively. The cruise vessels will feature a high standard of facilities, be of ice class, and have environment-friendly credentials. Each vessel will be able to accommodate 240 passengers in 120 cabins.

Kleven Maritime in Norway has received an order for four ships and Lloyd Werft in Germany has an order for two. The Uljanik shipyard in Croatia will build an expedition cruise vessel for an Australian customer and the Fosen shipyard in Norway converted a Portuguese ferry to an expedition cruise ship for Hurtigruten.

Crystal Cruises has spent two years preparing for its vessel Crystal Serenity to take a 32-day voyage from Alaska to New York via the Northwest Passage. The vessel was scheduled to leave just before this issue went to press.

Testifying before the US Congress on the status of the agency’s Arctic capacity on 12 July, US Coast Guard (USCG) vice-commandant Charles Michel said he did not want to underestimate the dangers Crystal Cruises could face when its cruise ship sets sail from Anchorage, Alaska, on 16 August. “Things change up there dramatically – even during summer, the weather is an incredible challenge,” Michel told members of the Coast Guard and Maritime subcommittee. In the case of a rescue operation, if the coastguard needed to get a helicopter to the ship, it would take an estimated 15–20 hours “if the weather’s good”, Michel asserted.

The environmental aspects of the code are much more prescriptive and include new discharge standards. However, it only recommends that heavy fuel oil is not used or carried in the Arctic. This is one of the most pressing issues for environmentalists – and for a number of industry backers of higher standards in the Arctic. Many in the industry would like to see heavy fuel oil banned, as it is in the Antarctic.

Andrew Kendrick, vice-president of operations for Vard Marine, an expert in ice and Arctic shipping and a member of the Canadian delegation to the IMO, highlighted to delegates at an event last year the difference between the Antarctic’s environmental control area status and the Arctic’s lack of this status, which can only be achieved through a request to IMO, in this case from the Arctic states.

Under IMO guidelines, a certain traffic density is required before an emissions control area is imposed in a region. However, Kendrick said, “The IMO can override that guideline, but it needs to be requested to do so, and no request was ever made.”
Verifying the cost of obtaining weight

Shippers speak out against unfair price tags attached to VGM administration, IHS JOC’s executive editor Mark Szakonyi, and senior Asia editor, Greg Knowler, report

The 1 July deadline for the Safety of Life at Sea Convention (SOLAS) verified gross mass rule came and went with very little commotion. Almost all the uncertainty surrounding the impact of the new rule seems to have withered as most port operators and shippers have risen to the challenge.

According to APM Terminals in a press release three days after the VGM rule came into force on 1 July, “export cargo loading has proceeded without incident at the facilities within the APM Terminals–Global Terminal Network.”

China has been identified as one country where its shippers have been struggling to meet the requirement. Half of all the verified gross mass declarations of containerised exports being received in China by forwarder Kuehne + Nagel are missing the required data (see box page 18).

The other issue that has surfaced over the past month is the additional costs announced by freight forwarders, terminals, and some lines for the weighing options they are providing. This has irked some shippers who believe that certain container lines and forwarders are exploiting the IMO rule to charge unjustified charges for questionable and unspecified “administration fees” and other “services”, according to a Global Shippers’ Forum (GSF) statement. Its secretary-general, Chris Welsh, said, “Shippers worldwide support the safety goals of the container weighing requirements and are committed to fulfilling their regulatory requirements, but this should not be used by supply chain partners as an excuse to impose unjustified fees”.

Examples of fees that drew GSF’s ire include Kuehne + Nagel’s VGM transmission fees; OOCL Logistics’ USD15 fee per container for Chinese exports; logistics and shipping firm Grimaldi Agency Nigeria’s charge of nearly USD71 to weigh 20-foot containers and USD141 for 40-foot containers; and DP World’s USD1.30 charge to process each VGM provided by shippers that can rise to USD4. The shipper group has also heard that some container lines calling at Colombo, Sri Lanka, are considering charging shippers USD25 per VGM submission for each container, with a USD50 fine if the weight submitted differs from the final weight.

In calling for the repeal of such fees, the group questioned why shippers that undertake the weighing process on their own and send the VGM to a container line or terminal operator should be charged.

It said the majority of what it deems questionable fees were being levied in Africa and Asia, where some US importers reported some cargo being turned away at the Port of Shanghai because their vendors and suppliers did not comply with the VGM requirement.
There was no or little SOLAS-fuelled disruption at ports in the United States, Europe, and India.

The Hong Kong Shippers’ Council has also criticised forwarders’ VGM fees, saying the keying in of a VGM was not enough work to justify charges.

Forwarders such as DB Schenker have defended the new fees, arguing that the keying in of VGM data requires extra effort and time. The forwarder added that there was also a considerable, and as yet unexplored, financial risk and legal angle to the SOLAS rule.

“It starts with the cost of simple exception management in cases of VGM discrepancies or the inevitable late submission of VGMs, such as making sure containers don’t roll, amending manifests, customs declarations,” said Joerg Hoppe, DB Schenker director and head of ocean freight for North and central China. “And it ends with the VGM further firming up the chain of legal responsibility and custody in case of accidents involving containers. After all, NVOCs [non-vessel-operating common carriers] such as DB Schenker are legally acting as the shipper of record and as such have to provide a correct VGM to the carriers.”

Otto Schacht, executive vice-president of global sea freight for Kuehne + Nagel, said that he fully supported the SOLAS regulation because it was all about safety. “But safety is not for free. If you buy a bicycle helmet it will cost you money. The whole industry now has to have far more accurate weight data, and as a forwarder we want to provide efficient solutions and not handle all this data manually,” he said.

“For the sake of efficiency we reprogrammed our global operating software for the VGM and Inttra provided a connection solution. We had to create the portal and programmed an app so people can key in the weight and name and the electronic signature via a mobile phone from a container station. All this resulted in extra cost.”

Hoppe highlighted the need to chase shippers for the correct data. He said that providing the VGM certification added an additional cost and time element to the shipping process for all parties. He also added that 100% trade compliance did not necessarily come free. “A VGM processing fee has almost no impact on overall merchandise costing if broken down to line item level,” he said.

Before the rule came into force, a number of carriers revealed steep VGM charges if a box was not loaded on a ship because of non-compliance. United Arab Shipping Company is charging the shipper responsible for that box 75% of the combined freight rate, the bunker, and currency adjustment factors.

Called the dead freight charge, it will be levied “if, as a
result of compliance issues related to VGM certification, containers on the final load list submitted to the terminal are not loaded,” said the UASC advisory. At the current Shanghai Containerised Freight Index reading, which gives the all-in rate, a 75% dead freight charge on Asia-north Europe would be USD570/container.

Other charges are a USD100/container VGM non-compliance fee, and a USD25/container VGM processing fee if a shipper submits the data by means other than via electronic data interchange (EDI) or online.

Like Kuehne + Nagel, shipping lines Hapag-Lloyd, NYK Line, UASC, and Hamburg Süd have all announced that they will be offering the Intra’s eVGM as an option for their clients. The system is accessed via a website or an EDI connection, Intra told P&H.

A customer advisory by Orient Overseas Container Line (OOCL) offered to weigh containers for shippers at a cost of almost USD300/container. OOCL included in the note that “if a certified scaling requires the driver to alter his route in order to provide the service, an additional per mile cost for the diversion will be applied based on the trucker’s tariff.”

Weighing in at Liverpool. There are concerns that elsewhere some freight forwarders and terminals are charging hefty fees to process VGM

Chinese shippers are grappling with the new SOLAS VGM regulation that came into effect on 1 July, with half of the VGM declarations received by freight forwarder Kuehne + Nagel missing.

The VGMs being submitted either via the forwarder’s online portal or in VGM forms contain incomplete information 50% of the time, with such things as not having the weight properly declared or missing a shipper signature, said Otto Schacht, executive vice-president of global sea freight for Kuehne + Nagel International.

“That means for each single container, a Kuehne + Nagel operator must call up the shipper or vendor in China to ask them for the missing information otherwise we cannot process the data,” he said.

In May the IMO urged maritime agencies around the world to exercise leniency in enforcing the rule. In the build-up to the implementation date, container lines were pounding home the “no VGM, no load” message as concern mounted that compliance in many jurisdictions would be a problem. As the source of much of the world’s exports, China was high on the concern list.

On the first sailing weekend after the rule went live, 30% of all export containers entering Port of Shanghai were missing VGMs, said Markus Johannsen, senior vice-president of sea freight for the north Asia-Pacific region for Kuehne + Nagel. “And that was not incomplete data; the VGMs were completely missing,” he said.

In China, although some ports provide weighing services, much of the container weighing is being done by independent companies that are charging CNY50 (USD7.50)/teu and CNY100 (USD15)/teu for the service. However, P&H has learned that cargo agents are being relied on to get the boxes weighed and they are not happy with the arrangement.

No delays were reported as the various parties in the container supply chain worked out the problems in Shanghai, but following up the missing data – and the software that Kuehne + Nagel created to process VGM data – was given as an explanation for the forwarder’s VGM fee of USD12.75/container for submission via its online portal and USD25 for manual data entry.

China gets to grips with VGM
Cleaner shipping may have to wait

Owners and operators look to IMO's environment committee meeting for clarity on the sulphur cap implementation date

In October the industry will get a clearer impression of whether vessels will be required to burn fuel with a sulphur content of no more than 0.5%, a drop from the current 3.5%, by 2020. A decision is to be agreed in 2018.

Already hard-pressed owners and operators are keeping their fingers crossed for either the later deadline or at least some clarity about the likely outcome, as ICS chairman, Esben Poulsson, told P&H. "For many owners it is a case of survival and a question of hunkering down because 2020 sulphur plant (and hydrogen plant) capacity will not be adequate based on current capacity plus projects," the BIMCO and IPIES A study said.

The IMO-commissioned study, prepared by Dutch consultant CE Delft, reached a sharply different conclusion, saying, "The refinery industry can produce sufficient amounts of marine fuels of the required quality in the base case, the high case, and the low case, while at the same time supplying other sectors with the petroleum products they require."

This study noted that while global supply and demand are balanced, regional surpluses and shortages will occur. "In most cases, the Middle East has an oversupply that can be transported to other regions to offset regional shortages. In some cases, other regions have a higher production than consumption as well."

The assumption that compliant fuel will be available in sufficient quantities in 2020 relies on the ability of the refining industry to deliver. But John Mahon, director at Kinder Morgan Terminals, told a Connecticut Maritime Association (CMA) luncheon in late June, "To date there has been little to no movement by refiners to produce a bunker fuel for market. To fix that you are going to [need] massive investment at the refinery level to de-sulphurise."

An option for shipowners to comply is to install so-called scrubbers, which remove sulphur from the exhaust. But scrubbers are currently viable for only a small percentage of the global fleet, mostly ships trading exclusively within ECAs. Vessels trading in ECAs since 1 January 2015 have had to use fuel oil with sulphur content of no more than 0.10%, compared with a limit of 1% previously.

Although different parts of the world are moving at different paces as regions set their own emissions thresholds, "ICS feels that IMO is still best forum for setting rules and ensuring they are fairly implemented and that there is a level playing field. That is the one thing that the industry is united on," Poulsson said.

This article was originally published in Ports & Harbors September/October 2016 issue.
World shipping will be legally obliged to submit information about cargo, crew, and passengers to the relevant maritime authorities in electronic format from 2018.

The adoption of this mandatory requirement, which is an amendment to the Convention on Facilitation of International Maritime Traffic, occurred at the meeting of IMO’s Facilitation Committee (FAL) during its April meeting. This convention aims to harmonise procedures for ships’ arrival, stay, and departure from port and will come into force on 1 January 2018.

Public authorities have up to three years to establish their systems for the electronic exchange of information. During a transitional period of 12 months from the date of the introduction of systems to make electronic transmission mandatory, paper and electronic documents are allowed, according to an IMO statement.

The electronic submission of documentation has long been identified as a way to streamline and improve the efficiency of customs declaration and clearance. High-level moves have been under way to address this over the past few years and the transfer of electronic import-export documentation via a ‘single window’ – where a single entry point fulfils all import, export, and transit-related regulatory requirements – has been detailed under Recommendation 33 of the United Nations Centre for Trade Facilitation and Electronic Business (UNCEFACT).

Securing the data that must flow through various third parties and government agencies, however, is
The idea is that each country will first implement their national single window and then interact with other countries’ single windows; but how to connect is a big question.

Jonathan Koh, senior director, CrimsonLogic

countries, but a lot of that is for the countries’ domestic trade,” he said. “A lot of countries are getting digitised and ready for single window and e-port systems and there are many countries with years of single-window experience, but much of that is domestic experience and there is not much in regional or intra-Asia trade.”

“Single Window will be a representative example of Incheon Port to realise ‘Government3.0’ by applying IT technology to port operation and improving service through communication and co-operation with business partners,” said Incheon Port Authority (IPA) president Yoo Chang Kuen.

IPA launched a single-window communication service in mid-February to reduce congestion and emissions in the vicinity of the port and to increase productivity and supply chain efficiency.

The Incheon Port Container Terminal Single Window is accessible via mobile phones and provides real-time stevedoring status, optimal in and out times for truck drivers, real-time traffic, and yard congestion information. Vessel berthing schedules, container yard location, and notices from terminals are included and there is a test function that allows drivers to change estimated time of arrival on the fly.

The service covers operations at Sun kwang New Container Terminal (SNCT) at Incheon New Port and E1 Container Terminal and Incheon Container Terminal at South Port.

Koh said the ASEAN single window discussions began in 2005 and 11 years later was finally going live. “The idea is that each country will first implement their national single window and then interact with other countries’ single windows; but how to connect is a big question.”

One suggestion he said led to a spirited discussion was that the trade data within the single windows should be centralised.

“Trade is confidential and sensitive and companies did not want their data to be shared around. After a lot of debate it was decided that a combination of centralised and decentralised data would be introduced, and the ASEAN single window gateway could connect to the national single windows.”

Jonathan Koh, senior director of the trade facilitation centre at Singapore-based CrimsonLogic, said governments wanted a 360° view of a shipping consignment and the single window gave them that, but that alone did not address regional connectivity needs. “The World Bank estimates that 73 economies have single-window systems, including 18 Asia-Pacific
Yangon's customs clearance processes are to be automated to reduce congestion at the port and speed up the flow of goods, reports

Turloch Mooney

A Japanese-funded automated customs clearance system for Yangon will support requirements relating to the Association of Southeast Asian Nations (ASEAN) Single Window programme, which intends to integrate the national single-windows of member states to facilitate trade (see page 20). It will be fully operational in November after completion of a three-month rollout of the system which started in August, customs officials in Myanmar explained.

The USD40 million Myanmar Automated Cargo Clearance System (MACCS) aims to speed up the flow of goods through the country’s main ports by automating processes and will ultimately drive more growth in foreign trade volumes, MACCS director, U Win Thant, told journalists at a press conference in Yangon.

“We start testing this month [August]. [MACCS] will be implemented initially for port, airport and SEZ operations in Yangon, after which it will be extended to border trade zones,” said U Win Thant.

The system will automate key customs processes, including duty payments, which have been carried out manually up to now. Traders, customs officials and officials from other government agencies will access the system via the internet.

Funded by the Japan International Cooperation Agency (JICA), MACCS is based on the technology of Japan’s Nippon Automated Cargo and Port Consolidated System and its Customs Intelligence Database System.

“We have provided technical assistance for application of this online system and are providing training related to use of the system. The aim is to reform and modernise customs administration,” JICA said in a statement on the project.

More than 90% of Myanmar’s trade comes through Yangon. Economic growth and the opening up of the country have resulted in a doubling of the number of vessels calling at Port of Yangon over the past 10 years and a fourfold increase in container throughput.

Round-the-clock customs clearance was introduced at Yangon at the end of May in an effort to relieve congestion, which at one point saw vessels forced to remain in port for up to 16 days instead of the usual three to five.

The congestion is caused by a combination of the growth in trade volume, poor port infrastructure and equipment, inefficient cargo handling processes, and the limited draught of the port, which means larger vessels cannot call.

A major spike in imports that started at the end of April, including the import of large quantities of construction materials to feed numerous infrastructure projects in the rapidly growing economy, led to the imbalance in imports and exports that continues to create problems with handling and clearance processes at the port.

MACCS will allow traders to submit trading documents electronically and open deposit accounts from which customs can withdraw duties that have been calculated automatically. This will allow duty payments to be made and cargo to be cleared even when customs officials are not on duty, U Win Thant said.

“It is expected that time and costs for customs clearance procedures will be reduced and trade efficiency and competitiveness will be enhanced,” JICA said.

Following implementation at Yangon’s primary foreign trade facilities, MACCS will be extended to major trade points on the border with Thailand and China and eventually to all border trade points across the country. PH

MORE INFO: www.maccs.gov.mm/import
Automation finds place at Auckland

Ports of Auckland is ready to introduce automation but is limiting where it will be used within the port, reports Zoe Reynolds

New Zealand’s Ports of Auckland is taking slow but sure steps towards automating elements of its operation. The port authority’s CEO, Tony Gibson, said his terminal would introduce automated straddle carriers in 2019, but only between the container stack and the trucks. He said manual straddles still proved to be more productive at the quayside.

Auckland will be New Zealand’s first port and third in the world to automate this part of a terminal’s operations. “Automation is more complex in this area [ship to shore],” said Gibson. “While it has been done at two other ports (Brisbane and Sydney), it delivers lower productivity than Ports of Auckland currently achieves. Manual operation in this area is the best option for our customers.”

The port authority cites space and environmental reasons for its move towards automation. Ports of Auckland’s current manual straddle carrier fleet is 13 m tall and can stack containers up to three high. “The automated straddle carriers will be 15.8 m tall and will be able to stack containers up to four high,” said the port authority. The port is also undergoing a land reclamation project, and this, combined with the higher stacking as well as changes to the terminal layout, will mean a capacity increase of 80%, said the port.

The port also claims the automated straddle carriers will use up to 10% less fuel, need less light, and operate more quietly, “reducing our impact on neighbouring communities. And they will lower our costs, making our operation more competitive and sustainable long-term,” Gibson said.

However, Auckland is keen to avoid the turmoil between unions, labour, and management that came with the introduction of automation in Australia. Management is sitting down with the unions and has agreed to a three-year term before the switch to avoid compulsory redundancies or industrial disputes.

“We shouldn’t fear automation,” Joe Fleetwood, secretary of Maritime Union New Zealand, told P&H. “This will be a first for New Zealand ports, but it is based on what’s happening all around the world. We’ve had containerisation; this is just another step in the evolution of the port industry. We are working with the company to negotiate the best outcome. Auckland is the first port and it’s important we are on top of it.”

Fleetwood said the agreed three-year timeline before automation is rolled out should mitigate any job losses because of workers retiring from the industry.

Manual operation at the quayside is the best option for our customers

Tony Gibson, CEO, Ports of Auckland

Matt Ball, head of communications for Ports of Auckland, said the company had set the introduction of the auto straddles for 2019 so they would replace people leaving the industry rather than creating redundancies. Retraining workers for other positions has also been announced.

Ball said the company decided on the straddles because other automation was much more expensive for smaller ports. “We’ve building on what we’ve got rather than putting in a whole new system,” he said.

In a statement, Gibson described the automated straddles as “a game changer”, noting, “We need more container terminal capacity, but we can’t expand through reclamation, so we have to go up. This stage of automation will increase our terminal capacity from just over 900,000 teu/year to 1.6–1.7 million teu annually,” he said. “That is enough to support an Auckland population of around 2.7 million. In other words, this technology gives us an additional 30 to 40 years of capacity.”

Straddle carriers and containers on Ports of Auckland’s Fergusson Wharf. The port’s automation plans will only involve straddle carriers operating between container stacks and trucks.
A layered approach to planning

For the past 10 years Israel Ports has built up an extensive electronic mapping system that allows easy access to port plans, supporting developments and maintenance, reports Joe Charlaff.

Israel Ports Development and Asset Company is enjoying increased efficiency and enormous time saving since it installed its geographical information system (GIS) 10 years ago. It has developed an advanced and constantly evolving system, which serves as a platform for organising decades worth of the data and documentation in a geographical interface.

It allows managers, planners, engineers, commercial officers, technicians, and external advisers easy and comprehensive access to a wide variety of information and data on the properties and infrastructure in the ports of Israel: Haifa, Ashdod, Eilat, and Israel Shipyards.

The ArcGIS basic platform of the GIS was supplied by software company ESRI, but Israel Ports has developed its own applications and systems to meet its requirements.

Users access the system by choosing and clicking on the port they are interested in, and the relevant time period. The system also provides users with an integrated view of all seaport infrastructure, with the ability to drill down to a specific element.

The system, which currently has 200 layers, has been built in phases with new layers and applications added as users identify and define new needs. More layers can be added as modules integrate into the existing system and other external applications.

The layers can be combined and filtered as required by users, who have access to the system based on their personal access profile. Recently the system has evolved from an internal system into a web-based application, allowing authorised external users access to certain information.

Gadi Ben-Moshe, manager of maritime community applications at Israel Ports, described how the GIS had improved efficiency across the four locations.

Ben-Moshe said that in the past all the ports’ plans were on paper, so finding the correct plan for a certain part of a port was very consuming. “Now our engineers can access all of this information, see it on the screen and with the click of a mouse they can go in any direction they need and see what infrastructure is there, resulting in a substantial saving of time” he said.

For example, by looking at the GIS and seeing where cables come from, and which distribution boxes they run...
Ashdod Port, for which the GIS contains decades worth of data

One layer on the GIS – the orange dots show the location of the terminal’s bollards

We are constantly upgrading the system and it is now like a web application, which is more intuitive, and the users are very pleased with it. Its quicker than the previous systems, the information is received rapidly, and a vast amount of data is stored and can be accessed immediately.

Port maintenance personnel have access to detailed information on every element of port infrastructure: electrical, communications, water, and connections to the external grid. In the event of a failure of infrastructure, drawings can be accessed and every piece of equipment and wiring associated with a conduit will show up with detailed information so the source of any malfunction can be traced.

"With regard to the new container ports in the process of construction, although they are not yet completed, GIS is already helping because it is being used for the planning with all the various options," said Amiram Heidecker, director of information technology at Israel Ports.

"Before completion of the port it is necessary to determine what it should look like at the end," he said. All the planning options are in the GIS system already and if somebody wants to refer back to the original plan, he just needs to access the GIS system.

"If we want to check the current stage of construction [against] the original plan, a recent photograph of the port area is laid over the original plan, as well as the drawing of what was planned and [we can] see what progress is being made. Any deviations will show up immediately," he added.

In 2021 the new operators of the container ports will have all the information at their fingertips when they start working. "As-made drawings" – the actual plans and drawings of what was built – will be added to the system. When maintenance of the infrastructure is carried out, the engineers will be able to use all the data accumulated in the GIS system and can add their own applications for specific purposes.

"In 2015 the four ports handled 48,166,000 tonnes of cargo. The GIS system has improved the planning, development, and maintenance of the ports, resulting in the saving of thousands of man hours," said Heidecker. PH
Inside out

The Sagarmala programme will reach deep into an industrialised hinterland linked by well-connected ports to spur exports.

Turloch Mooney reports

Sagarmala – in Hindi ‘sagar’ means ocean and ‘mala’ necklace – is an Indian government initiative focused on the modernisation of its ports, improving hinterland links and supply chain networks for efficient exports, and economic development of its coastlines, which already account for 60% of the country’s GDP, through the creation of special economic zones.

The mammoth programme is central to Prime Minister Narendra Modi’s plans to build manufacturing and deliver export-led economic growth fuelled in large part by private domestic and foreign investment. According to the Indian Economic Service a number of government committees will be involved in the project, as well as local agencies, and the recently created Sagarmala Development Company (SDC) will support these agencies in port development and to bid out projects to the private sector.

One link in the chain is a new greenfield transhipment port at Enayam near Colachel in the southern state of Tamil Nadu. This has been approved in principle by the country’s cabinet, although the plan is being questioned by senior politicians in neighbouring Kerala state. A container transhipment port is being built near Kerala’s capital, Thiruvananthapuram, just 45 km away and the state’s politicians question...
whether there will be enough business to support two new transhipment ports so close to each another.

A major objective of the programme is to boost export competitiveness by cutting logistics costs. Calculating logistics costs as a percentage of GDP is never a straightforward task in emerging markets, particularly those as large and unevenly developed as India. Global consulting firm McKinsey & Company estimates average logistics costs at about 14% of GDP. Others, including minister for shipping Nitin Gadkari, put the figure as high as 18%. This compares with about 7–9% in developed economies.

Waste caused by poor infrastructure is thought to cost India about USD45 billion per year, or 4.3% of GDP, according to McKinsey.

“India’s logistics infrastructure is insufficient, ill-equipped, and ill-designed to support the expected growth rates of 7% to 8% over the next decade. The expected 2.5-fold growth in freight traffic will further increase pressure on infrastructure.”

Excessive logistics costs are identified as one of the main reasons Indian industry struggles to compete effectively with that of countries such as China. By modernising ports, improving hinterland connectivity, and rebalancing transport away from overreliance on roads, Sagarmala aims to cut logistics costs as a percentage of GDP to about 10%.

There is much to do to achieve this. India’s 12 major ports and more than 200 minor ones generally lack scale, draught, modern equipment, mechanisation, and efficient cargo-handling processes. ‘Last mile’ links, defined in this case at about 100 km in length, which should efficiently connect ports with industry clusters and other production locations such as mines as well as consumption centres, are generally poor quality and often altogether absent. This is identified as a major source of bottlenecks, poor service levels, and high logistics costs overall.

Given the number of projects involved, estimates for expenditure on Sagarmala projects vary greatly.
The programme envisages spending USD10–11 billion on port upgrades over the coming five years, adding up to 1,500 million tonnes/year in capacity and including the development of several new greenfield ports. A further USD3 billion or more is to be spent on dozens of last-mile port-rail links to increase the efficiency and cost effectiveness of delivering cargo to and from the ports.

Seen as an underused and potentially much more cost-effective means of transporting goods, the development of the coastal shipping and inland waterways sector is an important component of the programme. A scheme has already been introduced to provide financial assistance in the form of grant-in-aid for constructing and upgrading coastal berths as well as deepening coastal berths and navigation channels through capital dredging. Beyond ports and hinterland links, Sagarmala includes the building of port-based industrial zones and logistics parks, port-based urbanisation efforts, offshore energy projects, and various methods to evolve the industrial and economic skillsets of populations in coastal communities.

India generally lacks the kind of governance structures required for the integrated development demanded by Sagarmala. Because of this a new policy and institutional framework that allows for a collaborative inter-agency approach to port and hinterland development is a core part of the programme. The new framework provides for the central government to play a co-ordinating role in the programme, particularly in areas such as identification of coastal economic zones for development and prioritisation of infrastructure projects. A National APEX Committee has been established to provide overall co-ordination and guidance on the programme, in addition to a steering committee to facilitate co-ordination between various government ministries, state governments, and local agencies. A Sagarmala Development Company has been set up to assist state, zone-level, and port special purpose vehicles (SPVs) with equity support for the implementation of projects.

Funding for Sagarmala projects is to come largely from the private sector, both foreign and domestic, on a public-private partnership (PPP) basis. A major investment conference in Mumbai in April saw the release of 140 PPP contracts worth around USD13 billion for port and connecting infrastructure development.

Government currently has the motivation and clout to introduce the reforms and policies to successfully deliver Sagarmala and its objectives, but this may change. Ensuring local populations and local governments are onside for the delivery of major economic and social change will also be a considerable challenge to the ultimate success of the programme. PHI

**Chokepoints eased with extended rail links**

The Sagarmala project includes speeding up cargo evacuation to help address chronic landside congestion problems at ports. To do this the India government is prioritising dozens of last-mile port-rail connectivity projects.

The ministry of shipping said the equivalent of more than USD3 billion would be spent on 22 port-rail connectivity projects to be implemented by the Indian Port Rail Corporation (IPRCL). IPRCL was set up last year with the specific remit to construct, operate, and maintain rail and road infrastructure for transporting goods to and from the country’s ports.

Three port-rail projects are already under way at the ports of Visakhapatnam and Chennai, with 19 in the pipeline and a further six under consideration by IPRCL.

“These projects will enhance port connectivity to the hinterland and help in reducing logistics cost and time for cargo movement, making Indian trade more competitive,” the ministry said in a statement.

One of the highest-profile projects is a heavy-haul rail line for transporting thermal coal from mines in Odisha state to Paradip port. This will facilitate the distribution of coal by coastal shipping services to power plants in the south of the subcontinent.

An IPRCL special-purpose vehicle has been established to develop the rail link, which will also serve the industrial clusters of Jharsuguda-Sambalpur, Angul-Talcher-Dhenkanal, and Kalinganagar Steel Hub, as well as the Paradip port industrial zone.
The Porto Cruise Terminal at the Port of Leixões in Matosinhos, Portugal, which opened last year, is such a distinctive design statement that one port official calls it “much more than a simple cruise terminal”.

Jorge Cabral, head of the cruise department of the Port Authority of Douro, Leixões, and Viana do Castelo (APDL), made this convincing point. The terminal fits, reflects, and fosters the port authority’s strategic goals for its growing operation, as well as being a provocative gateway to the port, city, and region. Finally, the terminal is a conspicuous investment in the port’s cruise industry.

The building invokes many metaphors to describe its shape, including an enormous, unwinding spool of ribbon, a hinge, an abstracted seashell, or a sea creature with its tentacles extended.

It sits beside its pier – it is able to accommodate vessels as long as 320 m – at the end of a long breakwater. The entire array sits on top of a system of tubular steel piles 12 m in length, filled with concrete and embedded into granite bedrock.

The 17,500 m² of space is used in a variety of ways: the lowest level, has staff parking, mechanicals, and a University of Porto research space; the main floor has an expansive atrium under a skylight, with customs and support functions; the first floor includes a connection to a gangway leading to cruise vessels on one side and a walkway to the streetscape and beach; and the top floor hosts events and office space.

As the terminal’s architect, Luís Pedro Silva, recently told P&H, combining these and other uses was a challenging, yet fascinating process.

The key was to combine the aesthetics and the function – the timeless goal of architecture – and fit the port’s strategic plan. Silva believes the design does...
that, a point that “is very, very important and one of the main reasons why the port authority was so interested in working with our ideas”.

The terminal also reflects and fosters APDL’s focus on passenger operations. Indeed, the entire project was spurred by a projected significant increase in cruise traffic and its related economic benefits locally and regionally, which could mean about USD12.1 million annually by 2018, said Cabral, when some 115 cruise calls and about 130,000 passengers are expected. In comparison, there were 85 cruise ships and 78,499 passengers in 2015, and figures for 2016 are projected to top out at 92 calls and 90,000 passengers, according to the port authority.

Cabral highlighted the port’s proximity to Porto International Airport as “a critical factor that opens up a range of possibilities to cruise companies, allowing them to make Leixões a new opportunity for its turnaround operations. Above all, we intend to settle our growth in the segment of large vessels. We seek new calls, new ships, and new companies,” although major cruise companies already call at Leixões.

The terminal building is integrated into the life and functions of the community. APDL points out that it is well integrated with the local streetscape, with a new access road, and ground-level customs, baggage area, and buses. There are recreational boat piers, open-air public areas, including a stepped expanse along a section of the structure, and event and exhibition spaces with attractive views.

These features come together in a cruise terminal intended to be the most public statement at Leixões to show the logistical steps up and forward for the port. Cabral said the terminal also “aims to involve the entire local community in a multifunctional space” that enhances the interaction between the port and the city. He explained that “apart from the normal cruise activity, [the terminal] will open daily to the public a building of great architectural value. Furthermore, it will host cultural events, among others, with great views over the Atlantic Ocean.”

The process of making the terminal a reality seems to have been thoroughly co-operative, with the port authority and the city providing key input, and officials having worked closely with the architect.

The end product is not only a strategic, functional building but also one that expresses ideas, Silva claimed. “We must be very careful about a building’s programme and functionality … but there is not a function that cannot have a celebration, too.” By celebration, he means that a design can joyfully express why a building is there.

Silva added that it was well worth it, in his view, for stakeholders to at least explore the possibility of creating passenger terminals that are as aesthetically distinctive as they are functional. “Ports are very important to people’s lives, locally and globally. They are a mark of the land and territory” and should be places that embrace that status.

Cabral pointed out that the role the terminal will play in the regional events industry and “the value of this architectural building, its location at the sea…are sufficient reasons to believe it will succeed.”

In a very different initiative, the port authority is developing its Multimodal Logistic Platform, a facility next to the port that links it to the Douro Inland Waterway. The development effort includes a continuing USD23.8 million project – of that total, about 12% is European Union financial support, according to the European Commission – that will add infrastructure and study additional steps.

According to the port authority, once completed the platform will consist of two sites. Site one, which is now about half complete, will cover 31 ha and have 98,000 m² of logistics warehouses. The second site will accommodate a 35 ha warehouse area.
Officials seem pleased with an unusual floating pier in use for its first cruise season at Sweden’s Nynäshamn, part of Ports of Stockholm. The SeaWalk extendable pier is located about 60 km to the south of the Swedish capital and is reportedly one of just four of this precise type in operation in the world. The other three are in use at locations in Norway.

The Nynäshamn pier weighs 450 tonnes and has pipes for fresh and wastewater underneath its deck. It is 9 m at its widest and the entire configuration sits on 10 pontoons. The port compares it to an “extendable measuring ruler” that can be folded out to a vessel in 10 minutes and features mooring equipment with “wind speeds of up to around 14 m/second”.

The pier enables efficient movement of service vehicles and passengers, according to Ports of Stockholm, and as many as 100 people a minute, or 3,000 in 30 minutes, can use the pier to get access between ship and shore.

Anders Nordlund, Stockholm’s harbor master, told P&H, “The SeaWalk has been working very well this first season. It’s a smart complement to cruise service and capacity.”

According to its manufacturer, Cruise Ventures, based in Bergen, Norway, the motorised, 260 m-long pier, increases options by avoiding weather restrictions on cruise ships docking at city centres and cutting the time for calls.

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APDL is in the early stages of a project to study ways to boost navigation efficiency, volumes, and safety along the Douro waterway. This is an important river navigation system, with five locks, and the port authority points out that it is Portugal’s only TEN-T Core waterway. It has its outlet at Porto, the major city near Leixões, where the cruise terminal is situated.

The Douro Inland Waterway 2020 project has several goals: to upgrade navigation conditions; to provide more alternatives to road and rail; to speed freight transport; and to increase tourism along the river.

Officials are exploring precisely what it will take to make that happen, but there are some indications of the possibilities, including modernising the locks, a safety study to manage traffic in the busy Douro estuary, a state-of-the-art communication system serving the entire 208km length of the navigation channel, and ‘channel correction in two river sections’, as well as environmental impact assessments.

APDL indicated that the initiative addressed the “real needs of the inland waterway highlighted by its operators and stakeholders”, arguing that “there is a clear need for further investment in the Douro and public funding is essential”. It should take six years to complete the project at a cost of USD82 million, according to the port authority. P&H
Tallink Group has begun sea trials of its LNG fast ferry Megastar after christening the dual-fuel vessel on 1 July at Meyer Turku shipyard in Finland. Delivery is planned for the beginning of 2017 when Megastar will exclusively serve the Tallinn-Helsinki shuttle route.

On completion, the ferry will be 212 m long and will accommodate up to 2,800 passengers. To comply with current and future emission regulations for the Baltic emission control area, Megastar will use LNG as fuel but will also be able to run on diesel.

In other LNG news, the government of Japan has launched a feasibility study for LNG bunkering in the port of Yokohama, which will be the country’s first LNG bunkering development project.

The Ministry of Land, Infrastructure, Transport, and Tourism (MLIT), which handles the transport portfolio, is aiming to establish an LNG bunkering hub in Yokohama that will be harmonised with other environmentally advanced ports in the region.

The Port of Yokohama is designated as an international container hub by MLIT along with the Japanese ports of Kobe, Osaka, Tokyo, and Kawasaki. Last year, NYK Line introduced an LNG-fuelled tug in the port of Yokohama and Tokyo Gas supplied LNG to the vessel from a quayside LNG truck.

At a G7 energy ministers meeting in Japan in May the government announced its ‘Strategy for LNG Market Development’, launching the promotion of LNG bunkering as part of this strategy.

In response to this, MLIT established a steering committee for LNG bunkering in the port of Yokohama in co-operation with Tokyo Gas, NYK Line, and the relevant authorities. The committee aims to formulate a facility development plan by the end of 2016.

Developing LNG as an alternative to conventional marine fuels has been hampered by a lack of infrastructure and a price premium attached to new LNG-fuelled vessels.

To accelerate the adoption of LNG as an alternative to more widely available marine fuels, a coalition of top shipping and port companies have announced the establishment of a cross-industry initiative.

The SEALNG grouping, which contains leading companies from different shipping sectors including Carnival, DNV, Lloyd’s Register, NYK Line, Port of Rotterdam, Qatargas, and Wärtsilä, ’aims to address market barriers and help transform the use of LNG as a marine fuel into a global reality,” according to SEALNG chairman Peter Keller.

The promoters of the SEALNG initiative believe that a cross-industry approach is needed to realise the full potential of LNG, which has the potential to take a 10% market share of global bunker demand by 2030.

Panama Canal launches green award

The Panama Canal has announced the launch of its Green Connection Award to reward customers who demonstrate good environmental stewardship, as well as encouraging others to implement technologies and standards to help reduce greenhouse gas emissions.

The Panama Canal Authority said its new award was intended for customers that met and exceed environmental standards set by the International Maritime Organization (IMO), and other globally recognised standards will be considered. The authority will evaluate eligible candidates based on specific environmental factors, such as the Energy Efficiency Design Index, Environmental Ship Index, vessels powered by LNG, and the reduction in CO₂ emissions operators achieve by using the Panama Canal compared with alternate routes.

In addition to reducing its carbon footprint, the Panama Canal Authority has been dedicated to preserving the natural resources of the canal watershed, which is vital to the operation of the canal and the 1.9 million Panamanians who rely on the waterway for drinking water.

Furthermore, the expanded Panama Canal features 18 innovative, state-of-the-art water-saving basins that recycle 60% of the water used per lockage, saving 7% more water than the original locks.

Notable numbers

34.87% Of the 35% world shipping tonnage required, has ratified the ballast water convention as of 7 July

34 Maritime crime incidents across southeast Asia in the second quarter of 2016
LNG bunkering first for Australia

The first liquefied natural gas (LNG) bunkering facility for Australia has been approved by Fremantle Port on the west coast. EVOL LNG announced on 29 July that it had received approval to set up at the port.

The decision to set up business comes in the wake of a Woodside Petroleum announcement in April that it had signed a five-year charter contract with Norwegian company Siem Offshore Australia to bring in the nation’s first LNG-powered platform supply vessel. The vessel will be on charter and will service the oil and gas major’s Exmouth and Pilbara regions in 2017.

EVOL has been handling LNG in the Australian power-generation industrial and transport markets since 2001. It is managed by Wesfarmers’ Kreenheat. EVOL business manager, Nick Rea, told P&H that the company had yet to secure clients, but that there had been enquiries. “We’re putting it out there and hoping to attract some interest,” he said.

In a release entitled ‘Welcome to the Gas Age’, Rea said the Fremantle provision would pave the way for LNG-fuelled ships to visit the port and provide local ferries and workboats with the option of switching to the lower-cost, lower-emission fuel. “Our decision to provide LNG bunkering to the shipping industry is based on a long-term strategy,” Rea said. “Over the past decade, we’ve seen the number of LNG-fuelled ships in operation worldwide increase steadily from a handful to more than 70, with an additional 80 to be built in coming years.”

Igor Malushko said the growth was largely driven by emissions regulations and the expectation of better returns. LNG emits 25% less carbon dioxide, less nitrogen oxides, and almost no sulphur oxides.

“We expect the adoption of LNG as a low-emission marine fuel to increase,” said Rea. “The business case for shipowners to invest in LNG-fuelled ships is becoming more and more compelling.”

EVOL will bring in LNG from the Kwinana plant 25 km south of Fremantle. It will be able to refuel ships at up to 45 tonnes per hour of LNG, comparable with traditional bunker refuelling.

EVOL is also looking to expand its business to other Australian ports, he said.

MORE INFO:
wpci.iaphworldports.org

Piracy levels in Gulf of Guinea remain high

Despite figures showing a fall in the level of maritime piracy, seafarers have been told that there is no room for complacency.

Ian Millen, chief operating officer at maritime intelligence and security specialist Dryad Maritime warned that while there was a downwards trend, significant dangers to seafarers remain.

The International Maritime Bureau’s figures for the first half of 2016 show a drop in piracy compared with the same period last year, with 98 this year and 134 last year.

Nonetheless, the Gulf of Guinea and Sulu Sea have seen a continuation of the high levels of piracy throughout the second quarter of 2016. April 2016 was the busiest month on record, with 14 attacks occurring off the Niger Delta, resulting in the kidnaping of 10 crew from three vessels as far as 200 km from shore.

Millen told P&H, “Our latest statistics illustrate the dynamic nature of maritime crime and the effectiveness of the measures used to combat it.

“Where capable naval forces work in collaboration with law enforcement to tackle the problems at sea and criminal gangs ashore, we see good results. The containment of Somali piracy and remarkable turnaround we have seen in southeast Asia in the last nine months are good examples of this.

“Conversely, where naval forces are stretched and criminal gangs operate with near impunity ashore, such as the sea areas and riverine system of the Niger Delta, then the outcome is a very different one.

“Kidnap of crew for ransom by criminal gangs in the Gulf of Guinea and similar activity in the Sulu Sea associated with Abu Sayyaf are two particular areas of concern, with the latter smaller in scale but more worrying when it comes to successful outcomes,” said Millen.
USCG refuses to budge on ballast water test approval

Appeals from four ballast water cleaning manufacturers to use an alternative method for testing their ultraviolet (UV) light-based equipment have been denied by the US Coast Guard (USCG).

The USCG's Marine Safety Center (MSC) in December 2015 rejected requests from Sweden's Alfa Laval, Denmark's DESMI Ocean Guard, Canada's Trojan Marinex, and US-based Hyde Marine, which wanted their equipment tested to a standard that allowed invasive species in ballast water to remain alive, but incapable of reproducing. This is a standard approved by the IMO whereas the US standard requires that they are killed outright.

On 12 July, Linda Fagan, the USCG's deputy commandant for operations, policy, and capabilities, turned down the manufacturers' appeal against the MSC's decision, in which the manufacturers had asked the agency to rule that the "most probable number" (MPN) testing method, which evaluates the likelihood of organism reproduction, be regarded as equivalent to US testing standards.

In addition to concluding that the MSC lacked authority to approve a testing alternative, Fagan found that the four ballast water companies were not able to show that their systems met the USCG's requirements for approving alternative testing.

"MPN-based methods continue to be a highly-debated practice with regard to ballast water systems," Fagan's office said. "With regards to evaluating ballast water that has thousands of different kinds of species, MPN-based methods have not been validated to date for this purpose."

The ballast water systems manufactured by the four companies use UV radiation to screen for potential invasive species. Denying their appeal is not a denial of UV systems or of the MPN testing method, the agency explained, "but a denial of the proposed alternative testing method by four UV system manufacturers."

In a 13 July statement, DESMI Ocean Guard CEO Rasmus Folso said that although his company disagreed with Fagan's decision, "we of course respect the authority of the USCG."

"We will continue to work on having the MPN method accepted in the United States as it is everywhere else in the world, but in the meantime we must, for the sake of our customers, ensure USCG-type approval of DESMI's ballast water equipment with additional testing," he said.

Alfa Laval's response was that it "remains on track" to submit in the coming weeks a USCG-type approval application for its ballast water system that conforms with US standards.

The IMO’s Ballast Water Management (BWM) Convention, to which the United States is not yet a signatory, was adopted in 2004 to prevent harmful aquatic organisms that get trapped in a ship’s ballast water from spreading from one region to another.

As of 7 July, 51 countries representing 34.87% of the 35% of world merchant shipping tonnage needed to ratify the convention had signed on. Roughly 40,000 ships will be required to install a ballast water treatment system (BWTS) under the convention.

However, with the convention's ratification looming, shipowners worry that the longer the United States takes to approve a system certified for cleaning ballast in its territorial waters, the more chances increase that owners could end up investing millions of dollars in equipment that will not meet US certification.

Paul Thomas, who, as the USCG’s assistant commandant for prevention policy, oversees US ballast water certification, has acknowledged that concern, but insists that when his agency does begin type-approving systems they will be able to be used anywhere in the world.

Coastguard commandant Paul Zukunft hinted in February that USCG approval of ballast water systems could come in 2016.
Owners back Europe’s emissions strategy

European and American shipowner groups are endorsing the European Commission’s recent strategy toward cutting carbon emissions generated by the transport sector.

Commenting on a 20 July report by the Commission called A European Strategy for Low-Emission Mobility, the European Community Shipowners’ Associations (ECSA) praised the Commission’s acknowledgment that the European Union (EU) is “fully committed” to securing a global agreement on a greenhouse gas (GHG) emissions data collection and reporting scheme by vessel owners through the IMO.

“We also look forward to seeing a proposal to align the EU MRV [monitoring, reporting, and verification] Regulation with the global system,” said ECSA secretary general Patrick Verhoeven. “We support the Commission in ensuring that IMO timely delivers on the next steps,” he added.

The Chamber of Shipping of America (CSA), which represents US-based shipowners at the IMO, agreed with ECSA’s support of the Commission carbon-cutting strategy. “I can safely say that CSA, along with ECSA as well as [the International Chamber of Shipping], supports a global MRV data collection system, and our hope is that the Commission will align so there’s one programme going forward,” CSA president, Kathy Metcalf told P&H.

ECSA and other shipowner groups contend that the maritime shipping sector transports approximately 90% of world trade but is responsible for just 2.2% of global carbon emissions. A recent IMO study has predicted, however, that as traffic increases those emissions may increase between 50% and 250% by 2050.

Shipowners assert that before a fee collection structure can be set up, they first have to know their ship emissions output. At the IMO’s 69th Marine Environment Protection Committee (MEPC) meeting in April, mandatory requirements were approved for ships to record and report their fuel consumption. The system is intended to be the first in a three-step process in which analysis of the data collected would provide the basis for an objective, transparent, and inclusive policy debate at MEPC.

“The unanimous agreement to take forwards a mandatory data collection system for ships’ fuel consumption is a significant step,” commented IMO secretary general Kitack Lim. “It will provide a solid basis on which to consider, armed with information, whether further measures may be required in future to mitigate GHG emissions from shipping.”

Under the system, ships of 5,000 gt and over will be required to collect fuel consumption data for each type of fuel they use, with aggregated data reported to the flag state after the end of each calendar year. Flag states will be required to subsequently transfer this data to an IMO Ship Fuel Consumption Database.

The draft mandatory data collection requirements will be put forward for adoption at the 70th MEPC session, which will be held in October, and could then come into force in 2018.

Shippers sign up to Guangzhou green port initiative

Maersk, CMA CGM, COSCOCS, and 80 other shipping-related enterprises and a total of 486 ships joined the green Guangzhou port convention on 20 July. The initiative aims to apply clean energy on port machinery, provide shore power, and use low-sulphur fuel so as to cut emissions at the port.

All members of the convention have made a commitment to follow the requirements by the Pearl River Delta Emission Control Area (ECA). These are that: river ships will use normal diesel; oceangoing and coastal ships will switch to low-sulphur fuel and use shore power when berthing at Guangzhou port; and ships will slow down when operating within 45 km of the shore.

The port is to work with state energy company Sinopec to provide bonded bunker and low-sulphur fuel as well as LNG fuel, and will try shore power project at Nanshan port area, Chang Min, director of Guangzhou Port Authority (GPA), told local media.

A notice on enhancing control of ships emissions was released by local government on 19 July. All civil service ships, ferries, tourism ships, and working vessels are to use bunkers with a sulphur content no more than 0.035% from 1 January 2017, and ships shall use shore power as much as possible. Ships’ incinerators cannot be used at the port.

Last year, energy consumption per unit at Guangzhou port was 3.283 tonnes of coal for 10,000 tonnes throughput. This figure is 16% less than a decade earlier, in 2005, and is expected to see a further 5% drop by 2020 as a consequence of the green convention and other energy-saving measures.
Rotterdam first for LNG bunkering

Port of Rotterdam has carried out its first liquefied natural gas (LNG) bunkering operation on an oceangoing ship. The Dutch port says it wants to become a top European LNG hub.

In neighbouring Antwerp, the port authority recently appointed French energy supplier Engie to build and operate an LNG bunkering station under a 30-year concession due to begin on 1 October, while the port of Zeebrugge is to become home to Europe’s first multi-user LNG bunkering vessel by the end of this year.

The Rotterdam bunkering operation, which lasted about 62 hours, began on 15 August and involved dual-fuel product tanker Ternsund, which made its maiden port call in Rotterdam for Swedish shipping company TernTank.

Delivered by China’s Avic Dingheng Shipbuilding Company in late June, it loaded in Singapore and arrived in Rotterdam on 7 August to unload its cargo of naphtha and gas oil at the Vopak terminal in Botlek.

Next day it was moved to the former ECT container terminal in Willem Alexanderhaven for the start of bunkering. The vessel’s fuel tanks first had to be cooled from 20°C to -162°C – a process that took 18 hours.

The operation was carried out using LNG brought by road tanker from Vopak and Gasunie’s Gate terminal on the Maasvlakte.

The port told P&H this was a temporary arrangement, pending the introduction of a purpose-built barge by Shell in mid-2017. The barge will be able to refuel LNG-powered vessels at their berths.

In addition, Gate is building a breakbulk terminal in the Yukonhaven, adjacent to its LNG terminal. The terminal, which will accommodate LNG-carrying barges and small tankers, is due into service before the end of the year.

Rotterdam is offering a 10% reduction in port dues to vessels using its LNG bunkering facilities and says this can be combined with a further 10% reduction to vessels that score high on the Environmental Ship Index.

In addition, Rotterdam claims to be able to offer LNG 20% cheaper than Scandinavian ports already providing it, but which have to import their gas from the Gate terminal.

Ternsund, which is under the Danish flag, is one of four identical vessels being built for TernTank with backing from the part European Union-funded ‘Into the Future – Baltic So2lution’ project, in which TernTank is participating with engine-maker Wärtsilä, oil and bio-products supplier North European Oil Trade, and energy and environmental consultancy Wega.

Port of Rotterdam offers a 10% reduction to vessels that score high on the Environmental Ship Index

42 ‘Food parks’ being set up in India to increase logistics efficiency and cut costs and waste

3 Ports of Auckland’s planned automated straddle carriers will handle three-container-high stacks
IAPH becomes a strategic partner of GloMEEP

IAPH became a strategic partner for the Global Maritime Energy Efficiency Partnership (GloMEEP) project in August.

The project was initiated by the Global Environment Facility (GEF), the United Nations Development Programme (UNDP), and the International Maritime Organization (IMO).

GloMEEP was set up to support developing countries’ implementation of chapter 4 of MARPOL Annex VI, to reduce greenhouse gas (GHG) emissions from international shipping.

IAPH will be collaborating with the GloMEEP project on the development of tools and materials that will support GloMEEP lead pilot countries (LPCs) in quantifying air pollutants and GHG emissions in ports as well as assisting in the identification of measures to cost-effectively reduce port-related emissions, according to the GloMEEP website.

IAPH will be responsible for developing two guidance packages by December this year. Guidance package one will be an easy-to-understand document and template for a port emissions status assessment, covering the main points that should be considered when evaluating the ship-port interface with regard to emissions and energy efficiency. It is to be comprehensive, globally applicable, suitable for developing countries, and nationally acceptable, according to the letter of agreement between IAPH and IMO.

The document will include information on creating a port emissions inventory, including data requirements and estimations of emissions. It will also offer information on forecasting and emissions scenarios for the future, including the effects of expansion projects, increasing ship sizes, and policy changes.

How to evaluate the results, draw conclusions and identify ways to implement emission reduction strategies will be a prominent feature of the package.

The second guidance package will build on information gathered from working through guidance document one and will support ports as they ‘identify appropriate emission reduction measures for ports,’ the letter of agreement explains, and will give a rationale for and the advantages of developing an emissions reduction strategy. A template should offer an easily accessible tool for countries to use in their assessments and will include a checklist covering the setting of SMART goals, developing an implementation plan, monitoring, and review steps.

IAPH joins the GloMEEP project as third strategic partner, following the Maritime and Port Authority of Singapore (MPA) and the Institute of Marine Engineering, Science & Technology (IMarEST).

In a letter to the IAPH secretary-general, Astrid Dispert, technical adviser to the GloMEEP project wrote, “With its unparalleled ability to pool expertise of marine professionals worldwide, we are confident that IAPH’s secretary and membership can provide invaluable input into our work. We therefore fully support the suggestion to recognise IAPH as strategic partner to the GloMEEP project.”
Milà delivers keynote speech at IAPH Japan Seminar

IAPH President Santiago Milà, deputy managing director of Autoritat Portuària de Barcelona, Spain, visited Tokyo to make a keynote speech at the 29th IAPH Japan Seminar in Tokyo on 20 July. President Milà was invited to speak by the event’s organiser, the Japanese Foundation.

About 80 delegates attended the event, representing Japanese member organisations, government, and maritime agencies. Milà began his speech with an outline of IAPH’s new constitution, which went into effect on 1 June. The topic was also discussed at the board meeting in Panama last May.

Milà highlighted some of the key advantages of the new constitution, including that it allows officers to be re-elected so the organisation can achieve continuity of knowledge and leadership, and that it allows for additional policy and leadership resources at a senior level “through the appointment of a senior staff with specific responsibilities on promotion and growth of the organisation that will report to the council and president”, he said in his speech.

He acknowledged that the constitution would initiate a challenging period for IAPH, but said that any progressive changes would be implemented gradually. The president highlighted the fact that IAPH should have a relevant role in global maritime and transport affairs, and that it should create opportunities to be of more value to its members.

The IAPH president also considered some of the challenges faced by today’s maritime industry and considered how the organisation should co-ordinate its response to them. The challenges noted by Milà included the growing traffic volumes in ports, the increase in vessels’ capacity, environmental responsibility, alliances between shipping lines and global terminal operators, high energy prices and alternative fuels, and the Smart Port concept.

As the president of the European Seaports Organisation (ESPO), Milà also highlighted Barcelona and European ports’ recent situation and new strategies, such as TEN-T and new EU regulations affecting the port sector.

The Japan Seminar is held annually under the auspices of the Japanese Foundation for IAPH with the aim of promoting IAPH activities among Japanese ports and the maritime community.

The IAPH Secretariat is pleased to announce that the following have joined the association

### Associate member

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CEO becomes a baron

Former IAPH executive committee member and long supporter of IAPH activities, Port of Antwerp’s CEO Eddy Bruyninckx has been raised to the nobility by the king of Belgium with the rank of baron. This was “for his unrelenting efforts on behalf of the port of Antwerp over many years”, helping to defend and develop its position of number two in Europe and in the top 15 in the world.

In Belgium the title of baron or baroness is reserved for those who have made a notable contribution in a particular sector.

Port authority chairman Marc van Peel congratulated Bruyninckx, saying he “has performed countless valuable services for the port over the 25 years he has been in charge. Under his direction the port has developed a very strong performance. This resulted last year in a record freight volume of more than 208 million tonnes, and this year too the port is on the way to a record.”

Bruyninckx, who is 65 years old, is due to retire at the end of 2016. “As CEO he has demonstrated that he is able to build bridges. As such this title of nobility is justified recognition for his work,” Van Peel concluded in a press statement from the port authority.

MORE INFO: www.portofantwerp.com

Judge of port innovation

SG Susumu Naruse was one of eight judges on a panel for the IHS DPC Innovation Awards 2016 in August. The awards programme consists of 14 categories looking at the most innovative and forward-thinking projects, and people, that the industry has to offer and will bring together the best of the dredging and port construction sectors. The winners will be announced on 10 November in London at the awards dinner.

MORE INFO: www.ihsdpcawards.com

Dates for your diary

A selection of forthcoming maritime courses and conferences

September


24–26: 4th International Maritime Exhibition, Tehran, Iran iranseaexpo.com

26–29: Breakbulk Americas 2016, Houston, USA. www.breakbulk.com

from 28: Certificate in Maritime Law and Shipping Contracts (15% discount for IAPH members), Distance learning www.lloydsmaritimeacademy.com/FLR2655AA111

October


3–14: APEC Seminar on Port Environmental Policy and Technology, Antwerp, Belgium www.portofantwerp.com/apec

3–14: ‘Sister Port’ Relationship Concept, Planning and Management, London, UK ttpminternational.co.uk

4–6: TRANSTEC 2016, St Petersburg, Russia dolphin-uk.cergis.com/home/transtec/

4–7: 19th SIBCON 2016, Singapore www.sibconsingapore.com

5–7: 15th World Conference Cities and Ports, Rotterdam, Netherlands www.citiesandports2016.com

10–14: Effective Training of Port Workers, Singapore www.psa-institute.com

11–13: TOC Americas, Cancun, Mexico www.tocevents-americas.com


12–14: Green Port Congress 2016, Venice, Italy www.greenport.com/congress


23–26: AAPA 2016 Annual Convention and Expo, New Orleans, USA www.aapa-ports.org

23–26: Breakbulk Middle East 2016, Abu Dhabi, UAE www.breakbulk.com
Value for money

The IAPH technical committees are ‘hidden gems’, says new VP for the Asia and Oceania region Martin Byrne, chief executive of Port Nelson, New Zealand, and he encourages members to seek them out.

Compared with a number of International Association of Ports and Harbors members my experience within the organisation has been relatively short. I attended my first conference in Genoa in 2009 and then joined one of the technical committees later in 2009.

Since then I have had the pleasure of attending events in Busan, Jerusalem, Los Angeles, Sydney, Hamburg, and most recently Panama City. I have also had the honour of being part of the strategy group that worked on the re-drafting of the IAPH constitution, with the new document having recently been ratified by members.

With the new constitution that took effect from 1 June, IAPH now has the opportunity to evolve further from a well-established organisation with a proud history into a modern organisation relevant to the needs of all of its members for 2016 and beyond. Challenges business conditions, longer working hours, and the overall pace of today’s business environment means that all expenditure involved in memberships of organisations such as ours are closely scrutinised. ‘Value for money’ is a critical factor in both retaining current members and growing our membership base further.

The IAPH technical committees are something of a hidden gem to many members within the organisation and I would encourage all members to get involved with these. As a first step, you may wish to consider arriving at the Bali conference a day early to attend these meetings and understand the great work being undertaken by so many members.

I have recently been elected as a VP for IAPH in the Asia and Oceania region, an appointment that I am very proud of. With that appointment comes a responsibility to be a strong and active advocate for IAPH in our sector and beyond.

I look forward to working with the rest of the soon-to-be-elected board of council and the secretariat and playing my part in the next stage of the development and growth of IAPH. It is a truly exciting time for our organisation.

M J Byrne
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Chairman

Maersk Line
Mario Veraldo
MD, Mexico & Middle America

CMA CGM
Vino Kumar
Director (Americas) - Operations & Logistics

Kuehne + Nagel
Bill Rooney
VP, Trade Management - North America

Tuxpan Port Terminal
John Bressi
General Manager

TC Mariel S.A
Charles Baker
Director General

JBS
Chris Brown
International Logistics Analyst

MSC
Maximiliano Alcorta
Regional Operations Manager

Hamburg Süd
Matthias Dietrich
SVP Region Caribbean & Latin America West Coast

Sociedad Portuaria Regional Cartagena
Giovanni Benedetti
Commercial Director

Altamira Terminal Portuaria – Mexico
Arturo López
President Grupo Mexgal

APL
Efraín Osorio
Head, Latin America Trade

APM Terminals
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