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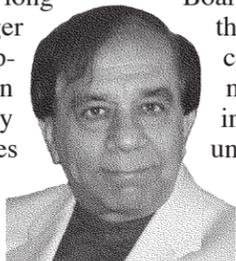
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Indonesia pushes infrastructure development

Indonesia is focusing on port development and is seeking American investment and technology to make it happen.

By Manik Mehta, AJOT

With its strategic geographic location close to the Strait of Malacca, one of the world's busiest lanes for international trade, Indonesia has long yearned to carve out a larger slice of the international shipping pie; the Southeast Asian nation is now pro-actively making efforts, with a series of measures, to upgrade its anachronistic infrastructure with a view to bolstering its trade and business ties with both its regional and international trading partners.



a high-profiled delegation led by Franky Sibarani, the chairman of the Indonesian Investment Coordination Board, (IICB), recently visited the United States in an effort to court U.S. investors and technology providers, highlighting to them the opportunities unfolding in Indonesia.

"The United States is the largest investor and most important trading partner of Indonesia. President Barack Obama has visited Indonesia twice between 2010 and 2015. U.S. companies, not including financial and petroleum sectors, have invested \$8.3 billion, with commitments of \$16.5 billion in pharmaceutical, chemical and other sectors. Indonesia, Southeast Asia's largest market with a population of 255 million, accounts for 41 percent of the population of the Association of Southeast Asian Nations (ASEAN)," Sibarani said in an interview with the *AJOT* in New York.

The recent formation of the ASEAN Economic Community (AEC), emulating the European Union's model, is also driving Indonesia's leadership to create a viable and modern infrastructure that will, particularly, strengthen air, sea and road transportation, and give Indonesia the sharp-edged competition advantage in its bid to become a regional shipping power. Indonesia has also expressed an interest in joining the U.S. led Trans-Pacific Partnership (TPP); although this agreement has yet to be ratified by the United States – it was signed by 12 member nations early this year in Auckland, New Zealand – the possibility of becoming a future member of this large free trade zone that accounts for roughly 40 percent of global trade has spurred Indonesia's interest to expeditiously develop modern infrastructure and facilitate transportation and distribution of goods.

INDONESIAN INVESTMENT COORDINATION BOARD

With this objective in mind,



Franky Sibarani –Chairman of the IICB
(*PUSHES* – continued on page 6)



The *HMM Saturn* on its maiden call to GCT Bayonne at the Port of NY/NJ

Maiden call of the *Hyundai Saturn* to New York

As the leader of customer-focused terminal operations in North America, GCT USA recently welcomed the *Hyundai Saturn* to GCT Bayonne. The *Saturn* is the first of five Hyundai ships in the G6's New York Express (NYX) service calling the port of New York and New Jersey through the expanded Panama Canal.

The *Saturn* and its sisters are the first Hyundai neo-Panamax class vessels deployed on the Transpacific-US East Coast trade lane, all boasting a cellular capacity of 10,077 TEUs. Serving New York as the first North American port-of-call, the enhanced NYX service connects the largest East

(*CALL* – continued on page 22)

India's infrastructure projects need to pick up pace to match economy

Indian Minister spells out India's infrastructure plans. Nation nurses ambitions of becoming automobile distribution hub for South and Southeast Asia.

By Manik Mehta, AJOT

Indian Prime Minister Narendra Modi is aggressively pushing through the country's ambitious infrastructure development projects, which need to be expeditiously implemented to support and flank the high-growth trajectory of the Indian economy.

Nitin Gadkari, the minister for roads, transport, highways and ship-

ping, who was recently in the U.S., said in an interview with the *AJOT* at the Indian Consulate General in New York that the Modi Government wanted to uplift the infrastructure and, in effect, bolster the economy. While there was a huge outlay earmarked for maritime projects, he added, India was

(*PACE* – continued on page 20)

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High-level Taiwan delegation makes a pitch in the US for TPP Membership

Taiwan very much wants to be a part of the Trans-Pacific Partnership and needs the U.S. onboard with the idea – a partnership that Beijing feels much different about.

By Manik Mehta, AJOT

A visiting high-level delegation from Taiwan, comprising top government officials and corporate representatives, expressed a “strong interest” in joining the Trans-Pacific Partnership (TPP), pointing out that the island republic had intense economic and business ties with many of the TPP member states, including the United States.

The delegation, led by Francis Kuo-Hsin Liang, who is the chairman of the Taiwan External Trade Development Council (TAITRA) and a former Taiwan deputy minister for economic affairs, recently visited New York and Washington DC where it attended the SelectUSA Investment Summit.

In an interview with the *AJOT* in New York, Liang pointed out that Taiwan had “strong credentials” to become a TPP member. “We have very close ties with the U.S. with which we have several accords, including the Taiwan-U.S. Innovation Partnership. Taiwan has also facilitated U.S. companies set up base in Taiwan and thus enter the Asia-Pacific region,” Liang maintained.



Francis Kuo-Hsin Liang –
Chairman of the TAITRA

WIN-WIN FOR ALL

Describing Taiwan’s membership in the TPP as a “win-win for all”, the TAITRA chairman called on the U.S. to assist Taiwan in joining the TPP. “The TPP is important for Taiwan’s economy because of its huge volume of foreign trade and strong economic and business ties with the majority of the TPP countries,” he said. The TPP region accounts for roughly 35% of Taiwan’s external trade.

Juggling with figures, Liang pointed out that Taiwan had advanced to become the world’s 18th largest trading economy and the 10th largest among the 21 member countries of the Asia Pacific Economic Cooperation (APEC). Citing the Swiss-based International Institute for Management Development’s 2013 report, he said that Taiwan was the world’s 11th most competitive economy worldwide and the 3rd in the Asia-Pacific region. “It is the third best place to invest, according to the August 2013 Business Environment Risk Intelligence (BERI) report,” he added.

Trying to substantiate his “win-win-for-all” contention, Liang went on to say that Taiwan’s inclusion in the

TPP, according to a 2013 study prepared by the Chung-Hua Institution for Economic Research, would lead to an overall gain of US\$ 77.98 billion in social welfare for all the members.

Dangling a carrot in the form of “five big advantages” for all the TPP members from Taiwan’s TPP membership, Liang said that Taiwan offered a rich, hi-tech savvy human resource base with well-qualified experts, a large number of whom have doctorate degrees and could augment innovation through research and development.

Secondly, Taiwan was building industry clusters particularly in sectors such as machinery, petroleum, etc., providing complete vertical integration, *(PITCH – continued on page 8)*



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Port competition in Southern China heats up

Port competition in Southern China for a share of the liner shipping business is fierce. Hong Kong and other south China ports compete not only among themselves, but also with northern rivals like Shanghai and Ningbo. Now with terminal overcapacity and a softening Chinese economy, that competition is destined to heat up even more.

By Matt Miller, AJOT

Ports in Southern China compete fiercely for business - among themselves, with neighboring Hong Kong and with ports north, including giants Shanghai and Ningbo. This Southern China port system remains one of the most important in the world today. But competition is mounting and should only get worse as overcapacity collides with a softening Chinese economy, stagnant trade flow and migration of manufacturing inland. Tough times loom ahead.

Too many ports vying for less business is only part of the story, however. Port strength depends not only on the business itself, but as well on an ability to move goods to and from the terminals quickly, efficiently and, increasingly, over longer distances. While Shanghai, for one, is making some strides especially in terms of inland river transport and inland terminals, China as a whole lags way behind the US, Europe and many parts of Asia in terms of efficient and integrated intermodal transport. An unhealthy dependence on truck transport continues. Investment in better rail transport has been especially paltry. With the exception of ocean-to-highway linkages, modern intermodal facilities are surprisingly few and far between. Those that do exist are often poorly linked to the overall logistics system.

In Southern China, it's especially complicated and troubling. Inland river transport has languished and rail never got off the ground. But because industry developed very close to the ports, trucks could handle container hauling. Now that a combination of government policy and economics is forcing more industry to migrate further inland, the problems of that unbalanced intermodal system are emerging.

When it comes to moving containers in South China, "the trucking industry has a stranglehold," said Brian Slack, distinguished professor emeritus geography, planning and environment at Concordia University in Montreal. And as the infrastructure developed, "the configuration does not facilitate anything but truck." But as manufacturing moves away from the Pearl River Delta, hauling containers by truck becomes increasingly difficult, more costly and less economic,

Slack pointed out. "It's a significant constraint on South China," he said.

PORT OVERCAPACITY - FUTURE WINNERS... AND LOSERS

China now boasts seven of the world's top ten container ports, including three in the south: third-ranked Shenzhen, fifth-ranked Hong Kong and seventh-ranked Guangzhou. (Shanghai is the world's largest.) But this apparent dominance masks serious worry about the

future of the country's ports. In June, Wang Shouyang, director of the Center for Forecasting Science at Chinese Academy of Sciences, warned that over the next five years, "overcapacity in the port industry is a headache we must deal with."

Numerous studies underscore this concern. Last year, Moody's Investors Services released a report detailing the problems. "Chinese ports will (COMPETITION - continued on page 8)



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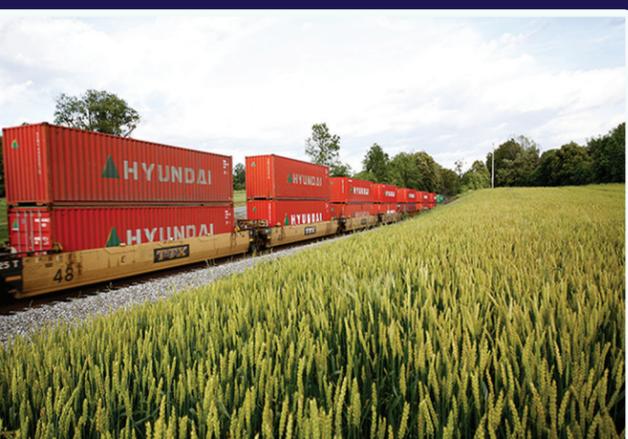
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(*PUSHES* – continued from page 1)

Indonesia, whose traditional exports have been, largely, commodities such as palm oil, cocoa, tin, rubber, etc., has diversified its exports which now include other processed and finished goods, has recognized the importance of modernizing and expanding its infrastructure; Sibarani claimed that the country has already built the major part of the 150 new seaports across the nation's long stretch of islands, with marine tolls in operation, besides building 19 new airports. The country also added 621 new railroad miles last year.

The Indonesian Government is keen to attract foreign direct investment, and is allowing 100% FDI in logistics/cold storage facilities. Pharmaceutical production is also 100 percent open to foreign investors. Other sectors where 100 percent FDI is allowed, include e-commerce, retail, tourism industry, etc.

"One important attraction is the creation of special economic zones ... we have introduced the one-stop service which will provide a single window to address all the issues concerning foreign investments. Infrastructure along with agriculture, maritime industry, tourism, special economic zones, etc. are some of the priority sectors for foreign direct investments," Sibarani said, adding that Indonesia was "very serious" about protecting intellectual property rights (IPR).

Indonesia has set up eight SEZs concentrating, largely, for industries such as palm-oil processing, rubber, metal, tourism, etc. "We plan to have 11 SEZs which should be ready for operation by 2019," Sibarani said.

A member of the Indonesian delegation in New York pointed out that the Japanese had offered to give a loan for a deep-sea port development in Indonesia.

Japan, he maintained, had agreed in principle to provide a \$2.49 billion private loan to finance the development of Indonesia's planned new deep-sea port project in Patimban, Subang and West Java.

The port's development will entail a total investment of \$3.09 billion, with the remainder of the investment coming from the state budget.

The Indonesian Transportation Ministry's acting director general for sea transportation Umar Aris had recently said the Japanese government had outlined its interest in a reply to the Indonesian government's offer to take on the largest share in the project. However, the Japanese government has agreed to the investment plan "in principle", subject to several requirements.

The new port is supposed to begin its first phase of oper-

ations by 2019 with an initial capacity of 250,000 TEUs, rising to 7.5m TEUs by 2037, about half that of Jakarta's Tanjung Priok Port, and helping to alleviate pressure at the country's largest port.

INDONESIA'S BOTTLENECKS

According to the World Bank's Logistics Performance Index (LPI) 2016, Indonesia's ranking has dropped ten places from the 53rd position in 2014 down to 63rd this year.

The LPI rankings are based on a worldwide survey conducted among operators on the ground (global freight forwarders and express carriers) that provides logistics feedback in nations where they operate and those with which they trade.

But to overcome existing bottlenecks at ports and in its logistics sector, the Indonesian government is pro-actively pushing for infrastructure development which would

have a positive influence on improving connectivity between the country's islands, and is also looking at various possibilities of raising funds for the purpose. For example, it has scrapped a large portion of gasoline, fuel and electricity subsidies - basically starting from the inauguration of Joko Widodo as the nation's President in late 2014 - and redirected the available funds to the government's record high infrastructure development budget.

No doubt, the country faces challenges, the biggest challenge being the availability of funds. It is estimated that Indonesia will need some US \$450 billion to finance the government's infrastructure development plans for the 2015-2019 period. According to experts, Indonesia will have to raise funds from the (*PUSHES* – continued on page 10)

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Fornazor International's founder sees quality as key ingredient in worldwide export of feed

John Fornazor Sr., chief executive officer of Fornazor International Inc., has found that benefits of the export business most surely transcend the idiomatic definition of chicken feed.

With 2015 sales of \$170 million and shipping more than 18,000 twenty-foot-equivalent units of product throughout the world, Fornazor has propelled the family-oriented company he founded nearly four decades ago to a position among the 70 biggest U.S. exporters.

Based in a former church building in Hillsdale, New Jersey, the Fornazor firm puts an emphasis on quality and face-to-face relationships in sustaining a leadership role in exports of animal feed ingredients and related goods.

In an interview last month with the *American Journal of Transportation*, the company's founder discusses Fornazor International's award-winning success and shares how his mother's Russian Orthodox background not only led him to playing the bass balalaika but also helped inspire him to get into the global business arena.

Congratulations on your company's recent receipt of a President's "E" Award for Exports. What significance does this honor have for you?

To be honest with you, I was a little surprised about how big the award is and its notoriety. I had people domestically and internationally coming to me to congratulate me, and I was surprised they'd even heard about it. It was kind of neat that it was more widespread than I thought.

Speaking of winners, what makes the feeds provided by Fornazor International a formula for success for such horses as 2015 Triple Crown champion American Pharoah?

It's kind of like in real estate, where it's location, location, location. In our business, it's quality, quality, quality.

The producer of that feed is in Kentucky. Its name is Hallway [Feeds], and Lee Hall is the owner. He goes out and visits every single supplier and gets in their plants and approves everybody, right on down to their quality control.

From his plant in Kentucky, we take over the feed and bring it all the way to Hong Kong, we bring it to Dubai, and then it's up to us to keep that quality intact during shipment, storage overseas and delivery to the stables. So it's all about quality and keeping that quality intact.

Would it be correct to say you've got horse sense, and is this why your company's

business has so dramatically increased the amount of product it exports throughout the world?

needs and their concerns, what's going good, what's going bad, what's in their future, what expansion and what changes are in their plans.

The whole thing is overseas travel [having been to such far-flung places as South Africa, Sri Lanka and Abu Dhabi already this year], and getting to see these

people and getting to know them is a real key.

What is the greatest logistics challenge Fornazor International has faced over the 37 years you've been with the company, and how have you responded?

The greatest challenge (PROFILE – continued on page 10)

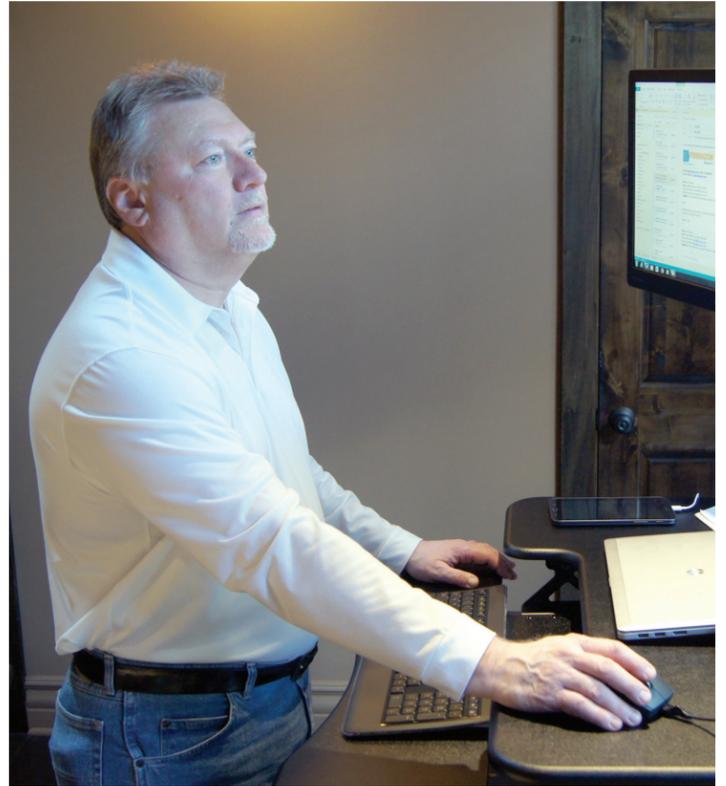
Industry Profile

By Paul Scott Abbott, AJOT



I don't know about that. The American Pharoah feed is a smaller part of our business. But poultry, pigs and dairy and aquaculture are the major part of our business.

I would say, even more than horse sense, it's a matter of getting overseas and seeing the whites of the buyer's eyes and just fully knowing their



John Fornazor Sr., CEO of Fornazor International Inc., keeps track of feed exports at his company's headquarters in a former church building in New Jersey.

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(PITCH – continued from page 2) which was vital for success.

The third advantage was Taiwan's ability and prowess, as one of the top ten countries in the Global Business Index, to provide customized IT solutions.

Fourthly, Taiwan's laws, geared to economic liberalization, could be quickly adjusted to attract foreign investors.

Fifth, Taiwan provides comprehensive protection to intellectual property rights; it has been removed from the U.S. Special 301 list.

All the TPP potential members are among Taiwan's important trading partners. In 2014, Taiwan's exports to the collective TPP market reached US\$103 billion, accounting for roughly one-third of Taiwan's total exports. Taiwan's exports to the TPP countries grew by 3.37% in 2014, higher than the 2.7% growth in its total global exports. Research by Taiwan based Chung-Hua Institute for Economic Research showed that if Taiwan is included in the TPP, its GDP would grow by 1.95% as against a decline of 0.27 if it is excluded from the group. Taiwan's exports would grow by 5.65% and its imports by 7.61% if it joined the TPP as against declines of 0.13 and 0.26 in exports and imports respectively, if it was excluded from the TPP.

TAIWAN'S ROLE IN ASIA-PACIFIC

Liang also pointed out that Taiwan played an important role in the Asia-Pacific regional supply chain, reminding that it had established long-term strategic alliances with major international brand names and forged "inextricably cooperative relations" with all the TPP members.

"Taiwan is the gateway to one of the world's busiest transportation arteries. Its location has profound commercial and strategic significance," one delegation member said, citing the island's vertical supply chain ties in the textile/apparel sector with some TPP members, including Vietnam, the U.S., Japan, etc.

"If, for example, the TPP adopts a 'yarn-forward' rule of origin and Taiwan is not in the TPP, it would adversely affect not only Taiwan but all TPP members' current textile and apparel supply chains," he argued.

But Taiwan is also keen to forge closer economic ties with the United States and the remaining TPP for

political reasons. After achieving close economic and trade ties with the mainland, which has become the island's number one trading partner, Taiwan finds itself in a precariously asymmetric dependence on the mainland which, many strategists caution, could have political ramifications for the island republic's status quo – Taiwan's *de facto* independence – even though Beijing rejects the concept of independence for Taiwan and insists it should return to the "motherland".

Another factor that makes Taiwan resist China's bear hug is the economic slowdown facing the latter, along with soaring labor and production costs.

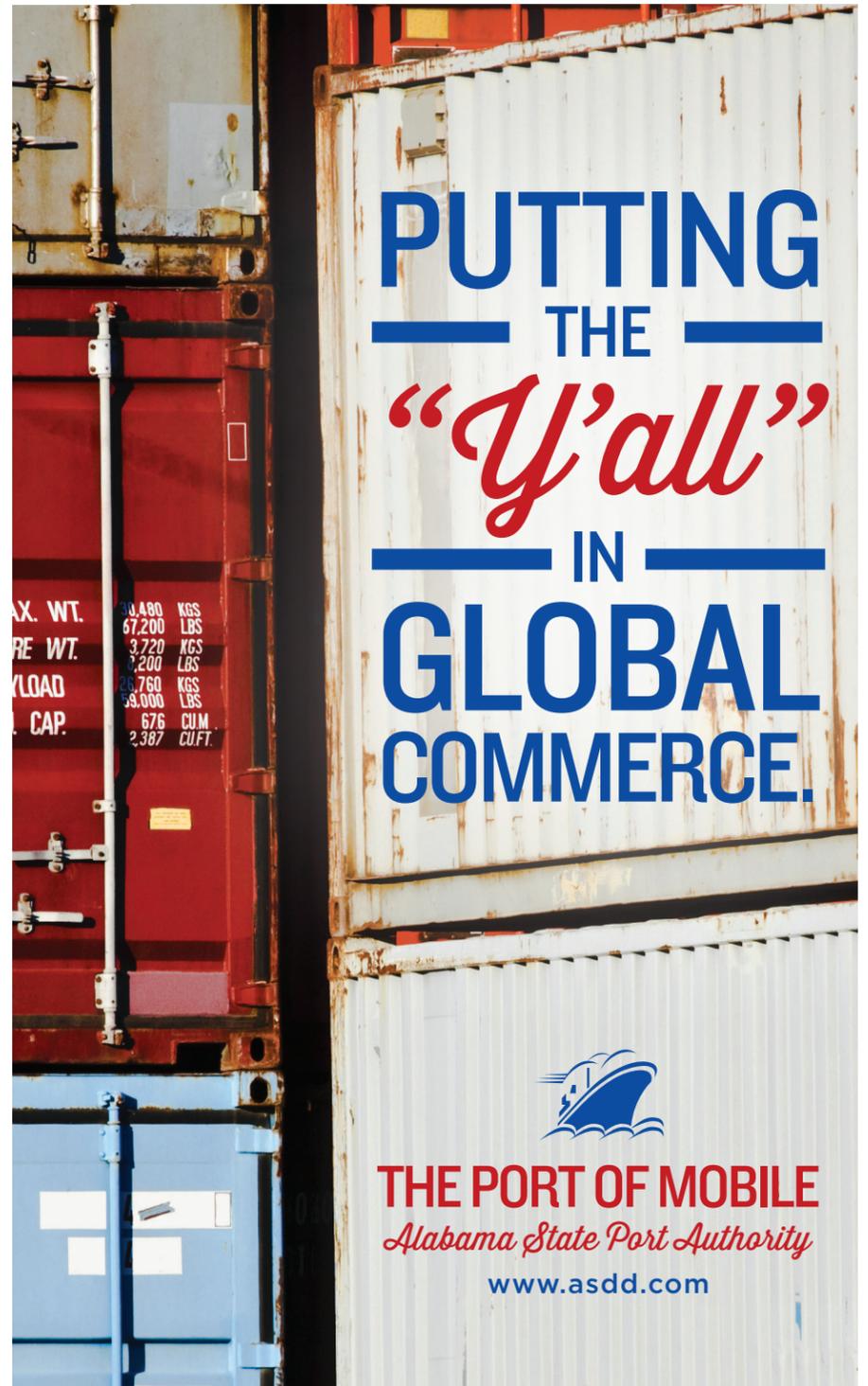
China's declining competitiveness as a manufacturing center is reflected both in market analysis and the rising migration of domestic and foreign investors to other low-cost sites. Taiwan, which has invested heavily in setting up manufacturing units on the mainland, is now trying to diversify by increasing its trade and business interaction with the USA and others.

CHINA'S POSITION

However, some U.S. experts fear China could try to block Taiwan's TPP membership, even though China has, so far, not indicated its intention to join the TPP and is pushing its own Regional Cooperation Economic Partnership (RCEP). Other experts counter that China has "absolutely no *locus standi*" on Taiwan's TPP membership.

Be as it may, the TPP itself has become a casualty in the U.S. – at least for now – amid the ongoing Presidential election campaigning, with both the candidates Donald Trump (Republican) and Hillary Clinton (Democrat) saying they would block the agreement. Indeed, the U.S. has not ratified the TPP agreement although many of the other member countries have already done that and are waiting to take the next step to the formal enforcement of the agreement.

The 12 TPP members, comprise, initially, of Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, USA and Vietnam, will create a "mega-regional" bloc with a combined US\$28 trillion GDP. Besides Taiwan, countries such as Indonesia, the Philippines, South Korea and Thailand have also expressed interest in joining the TPP.



(COMPETITION – continued from page 4)

continue to face pressure in throughput growth in the next two years, on the back of economic rebalancing and ongoing capacity additions," the rating agency wrote.

In the south, Shenzhen and Guangdong ports dominate and it's hard to see how smaller ports in South China such as Xiahai or Shunde can survive and compete, except by cutting the price.

Hong Kong, for its part, is feeling

that heat more than ever. For the first half of this year, its container traffic dropped 10.5%. That follows an almost 10% decline in 2015.

There are fears this decline could accelerate, with Deutsche Bank predicting Hong Kong cargo volume could drop by as much as half over the next decade. Nearby ports, especially Shenzhen, continue to undercut Hong Kong in terms of pricing, while investing heavily in expansion and terminal equipment capable of servicing the new generation of container ships. Hong Kong terminals are crowded and lack land for spreading out. They are becoming more costly and less efficient.

Add to that some possible changes in current laws that prohibit container transshipment in China by foreign-flagged carriers, but exempt Hong Kong. This is a major advantage Hong Kong enjoys and accounts for a majority of its container business – and accounts for a dependence on barges transporting containers through the Pearl River Delta system. Now, Shanghai and local other governments, as well as foreign carriers, are pressuring Beijing to relax those restrictions.

Yet despite all its pricing advantages and capital expenditure, Shenzhen port traffic itself has been essentially flat for the past 1½ years. In February, for example, the volume dropped by 13%, sounding alarm bells and demonstrating just how difficult business has become.

(COMPETITION – continued on page 21)

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(**PROFILE** – continued from page 7) over those years and still today is matching up empty containers around the country with our supply base. And I see that going into the future.

What we've done is build our own stationary plants in the ports for bagging and transloading. There's also one in Kansas. But we also have portable loaders that we move around to take advantage of pockets of business, where we can load for maybe a couple of months and then pull the equipment back.

So we try and stay a little mobile while we still have our stationary plants. We have our stationary plants in the ports of Norfolk and Savannah, but we do ship from just about everywhere in the country, including through independent plants.

What role does offering of multiple packaging options play in For-nazor's global shipping operations?

The secretary of commerce [Penny Pritzker, in announcing the "E" Award selection] mentioned that we're in 40 countries. Because we can offer 25kg bags up to jumbo bags up to bulk containers, we utilize all those options in these 40 countries, so we can really tailor-make to what's needed by some little feed mill in the outskirts of Bangladesh or a first-class dairy in Saudi Arabia.

We can pack exactly how they need it, which helps them in their warehouse, how they handle it. A huge dairy in Saudi can handle a 1-ton jumbo bag very easily, and you might have a small farm in Bangladesh that needs a 25kg bag because someone's got to carry it.

It all depends on their needs over there. And it's all about being out there and seeing them face to face and seeing what they need.

Do the joys outweigh the pressures in terms of working beside a number of family members?

They really do. I feel like we're blessed, because one of the reasons I've had all this energy all these years was for my kids to come in and have something. And I'm really lucky that both of them are in the business.

At any given time, whether we're home or out at a barbecue or a restaurant, we can really break out into a discussion about business – and it's fun. The kids are really into it, and I'm just really lucky that that's developed the way we kind of planned all these years.

I have a son, John Jr., who is in the business as vice president, and I have a daughter, Lauren, who is in charge of human resources. My wife, Peggy, is the treasurer.

If you want to go further than that, I have a nephew, two nieces and a brother-in-law who work here also.

How does it add to the atmosphere that you work in what used to be a church – the former site of St. John the Baptist Roman Catholic Church?

It's great. Ironically, my wife had her first Holy Communion in this church as a child. It just feels like it's all family here, and we try and promote that.

What outside interests occupy your nonwork hours?

I love to golf. I love to cook. I love Italian food, peasant foods. I like to cook a chicken country style. I love to barbecue. I just don't like to clean up. My wife is also a great cook, so I learned a lot from her.

Up in Northwest Jersey here, there's a resort area called Crystal

Springs with a bunch of golf courses and the big Grand Cascades Hotel. We built our dream kind-of-weekend home up there – a little miniresort – and we love to go up there with friends and family.

This weekend, we have people from the Port of Virginia and NYK [Line] and a couple of our employees going up, and then we're all going to Coldplay on Saturday night [at MetLife Stadium]. I love going up into the mountains there and relaxing by the pools or in the theater. It's really a relaxing place, and that really is my favorite thing to do.

Are you a musician yourself?

Not today. I grew up in the Russian Orthodox Church, and my mother made an orchestra of all us kids. We ended up with about 36 people in the orchestra, and we actually had an album out back then. I played the bass balalaika.

I was a little kid, maybe 7 or 8, and I wanted to play the drums. So my mother, who was musically inclined, brought down some hat boxes and took the perch out of the birdcage to

use as drumsticks, and I played Jimi Hendrix on reel-to-reel. I'm banging on the hat boxes, saying I'd like to play the drums. So she says, "Oh, that's very good."

A week later, she comes home with an accordion and says, "You're going to play the accordion." So I'm there like, "Oh man, I wanted to play the drums all these years and I'm playing the accordion."

But today I have nothing. I don't play anything.

Did that international exposure with the music and all inspire you in any way to get into global business?

I'll tell you, through the years, my mother studied in Russia, and there were always people coming in from Europe and spending time with us and musical exchanges and things like that.

So I always had this European-Russian flair in the household. It always intrigued me, the thoughts of being overseas, and hearing my mother's stories when she came home. It was pretty cool stuff.

(**PUSHES** – continued from page 6) private sector, which needs to play a bigger role in the nation's infrastructure development. Sibarani's efforts to court U.S. private investors, thus, fit into the scheme of things.

The IICB chairman spoke of the introduction of marine tolls, which have been in operation since October 2014 when they were started by the new government. Sibarani also pointed out that ro-ro operations were moving in "full swing". "The Surabaya to Sarong transportation service which took 11 days, will now take three and a half days with the launching of high-speed vessels introduced by a Japanese company," he said.

There is some optimism discerned among Indonesia's logistics players who say that there are "good indications" to show that the country is moving, albeit slowly, in the direction of progress in infrastructure development evident in setting up new toll (and non-toll) roads, new railways, and development of ports and airports, and power plants.

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MARYLAND PORTS 2016

At the Port of Baltimore's Seagirt Marine Terminal, neo-Panamax cranes work Evergreen Marine Group's *Ever Lambent* at the 50-foot-deep container berth following the 8,452-TEU-capacity ship's July transit through the expanded Panama Canal.

Port of Baltimore ahead of curve in readiness for big containerships

By Paul Scott Abbott, AJOT

The Port of Baltimore would certainly qualify to earn the Boy Scout merit badge for being prepared.

A full two years before the new locks of the Panama Canal finally opened early this summer, Baltimore's

Seagirt Marine Terminal was ready to handle the behemoth box ships those locks can accommodate.

Indeed, as James J. White, executive director of the Maryland Port Administration, an agency of the Maryland

Department of Transportation, told the *American Journal of Transportation*, the Port of Baltimore might even have been ready *too* early.

"We have been Panama (*CURVE* – continued on page 13)

Baltimore extends dominance in ro-ro, automotive business

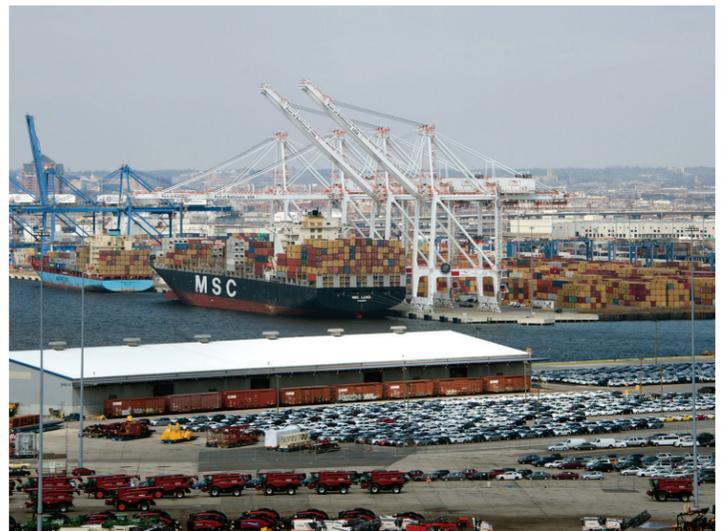
By Paul Scott Abbott, AJOT

While its containerized cargo presence continues to grow, the Port of Baltimore has by no means abandoned its industry-leading commitment to handling automobiles, heavy equipment and other roll-on/roll-off goods.

Automobiles and other rolling stock cross Baltimore docks at a pace greater than at any other U.S. port. That's been the case for a long time, and all indications are it will continue to be.

For five straight years, the Port of Baltimore has been No. 1 in the U.S. in combined imports and exports of automobiles. James J. White, executive director of the Maryland Port Administration, said his port is on target to reach its goal of 800,000 cars handled this year, which would be up nearly 50,000 units from 2015.

And Baltimore is No. 1 in (*DOMINANCE* – continued on page 14)

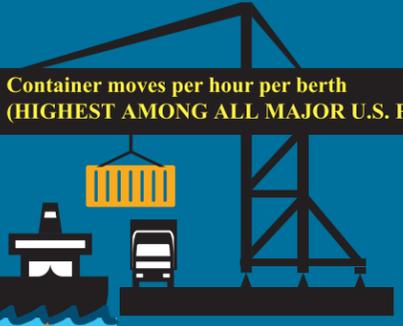


The Port of Baltimore's US-leading roll-on/roll-off operations, in foreground, are a perfect complement to the port's growing containerized cargo business.



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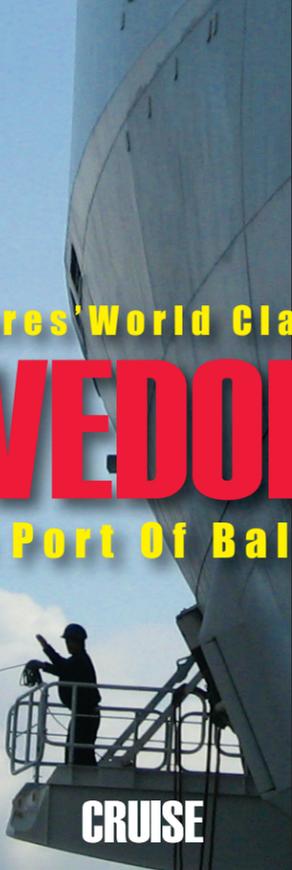
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(*CURVE* – continued from page 12)

Canal-ready for the past two years,” White said, noting that, when Panamanian officials initially announced their intention to complete the multibillion-dollar widening project by mid-2014, Maryland officials and partners geared all improvements to meet that schedule.



James J. White, executive director of the Maryland Port Administration, is pleased with the Port of Baltimore’s recent record results.

The Port of Baltimore was already in a favorable position, as it already had a 50-foot-deep channel, so the objective was to get a 50-foot-deep berthing area sufficient to handle the larger vessels, as well as container cranes big enough to work them.

By turning to a vanguard public-private partnership with Ports America Chesapeake LLC, the requisite enhancements were made in plenty of time without a tax drain on Marylanders.

“We realized during the recession in 2009 that the [Maryland] transportation trust fund, which is where we get our capital money to do terminal improvements, was not going to make the timeline for us to be big-ship-ready by 2014,” White said. “So we turned to the private sector. We met with several companies and we selected to move forward with Ports America, and it’s been a great marriage.

“We took the position that this is a partnership,” White continued. “It isn’t a situation where we just flip the keys over to a stevedore and get out of their way.

“We market with them,” he went on to say. “We review our key performance indicators, such as vessel productivity and gate turn times, and keep each other up to speed on the latest technology in the marine terminal. So we’re fully engaged with our third-party operator.”

Terminal infrastructure improvements at Seagirt are entirely Ports America’s responsibility, under the \$1.3 billion, 50-year concession agreement inked in late 2009. Ports America has invested more than \$500 million, about which White commented, “That’s money that didn’t

have to come from the citizens here through taxation.”

The Seagirt facility, which originally opened in 1990, covers 284 acres and now boasts a 50-foot-deep containership berth plus 11 container cranes for working megavessels.

The Port of Baltimore and Ports America Chesapeake showed their mettle with the July call of Evergreen Marine Group’s Ever Lambent, with a capacity of 8,452 twenty-foot-equivalent container units. Five cranes efficiently worked the vessel, which was the first big ship transiting the expanded Panama Canal to call at Seagirt.

FIVE CRANES!

White – who began his maritime transportation career in the mid-’70s – recalled when a busy day

meant two cranes working a ship, exuding, “Times have certainly changed!”

Interestingly enough, White said he does not believe the Port of Baltimore benefited from beating other East Coast ports in being ready to handle the larger containerships able to transit the expanded Panama Canal...

“I’d actually say it was a disadvantage,” White said. “We found situations where we had more cargo to put on ships that were sailing here to South Atlantic ports, and we couldn’t load all of our outbound freight because they couldn’t get into the South Atlantic harbors with additional cargo.

“As more and more ports get deeper, I think that is going to be critical to the big ship deployment to the U.S. East Coast,” he added. “If there’s

a North Atlantic service with a really big ship that’s going to call New York or Norfolk and Baltimore and leave, it can take advantage of the 50 feet. But if you have a big ship and you load it to capacity and you’re going to another port which you can’t get into to discharge the inbound freight, what did you achieve?”

Times have changed, as White pointed out, and the industry now pivots around mega-alliances that operate fleets of 14,000-TEU vessels stacked with boxes from multiple ocean carrier companies.

In 2015, containerships of the 2M Alliance of super-carriers Maersk Line and Mediterranean Shipping Co. began services at the Port of Baltimore, helping lead the port to what officials point to as the largest percentage increase from 2014 to

2105 in containers handled among Mid-Atlantic ports, registering an 8 percent gain to a record 523,848 from 484,410. And now that alliance is expanding to include South Korea’s Hyundai Merchant Marine Co. Ltd.

“We’re real pleased with our results,” White smiled, noting that figures for the first part of 2016 are showing a continuation of the upward trend and offering expectations of further gains from expanding vessel-sharing agreements:

“As far as containers go, that’s probably where we’re going to have our largest increase in cargo,” White said. “I say that because, in the past, when we were trying to convince individual container lines, before vessel

(*CURVE* – continued on page 14)

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Pasha Automotive Services executive driven to succeed, including in Baltimore endeavor

John Pasha is clearly driven to succeed and help others, whether in his role as senior vice president of Pasha Automotive Services – the vehicle processing and distribution solutions unit of The Pasha Group – or leading San Diego civic efforts or playing guitar in a rock 'n' roll band.

A third-generation member of the family enterprise, he carries on a tradition established by his father and grandfather, with current ventures including in a new auto terminal and related facilities at the Port of Baltimore's Sparrows Point.

He offers his thoughts on the Baltimore undertaking, the importance of sustainability, his worldly upbringing and his extracurricular pursuits in an interview with the *American Journal of Transportation*.

How is Pasha expanding in Baltimore, and what is most significant about this endeavor?

We have been in Baltimore for some time, with different-sized parcels in Dundalk and off-

port terminal sites, but we've been looking at the mid-Atlantic for many years for a long-term presence to build scale. We actually looked at Sparrows Point seven or eight years ago.

Industry Profile

By Paul Scott Abbott, AJOT



About a year ago, they had a player really able to do something interesting with the site and bring it to a state where we were able to operate on it. It's the old Bethlehem Steel site – 3,100 acres – which is really unusual, for such a large piece of industrial land to become available on the Atlantic Coast.

So we engaged with Tradepoint Atlantic [TPA] to operate on that space and are already building out. We've got 21 acres paved in partnership with TPA and should have our first vessel here by the end of August.

There's been a lot of interest frankly from a lot of OEMs [original equipment manufacturers aka automakers] to bring new business into the region and expand business that's in Baltimore already but been limited due to capacity in the neighboring area.

(PROFILE – continued on page 15)



John Pasha is leading an expansion of the presence of Pasha Automotive Services at the Port of Baltimore.

(DOMINANCE – continued from page 12)

the nation for roll-on/roll-off cargos, including farm and construction equipment made by such firms as Caterpillar Inc., Deere & Co. and Case Construction Equipment.

“Our future for ro-ro will remain strong,” White said. “We intend on keeping that No. 1 title long-term.”

Helping ensure the Port of Baltimore's long-term ro-ro dominance is the new 30-year contract signed in December 2015 with global leader Wallenius Wilhelmsen Logistics, the port's top ro-ro customer, moving everything from cars to heavy farm and construction machinery, such as harvesters, combines, excavators and dump trucks.

Even more recently, a June agreement was inked between Pasha Automotive Services and Tradepoint Atlantic for development of a new purpose-built auto terminal and related infrastructure at Sparrows Point. [See profile interview with John Pasha, senior vice president of Pasha Automotive Services, on the left side of this page.]

“We've always prided ourselves on what we've created here for the automobile manufacturers in the way of having multiple processors, so they have choices,” White said. “We have a lot of ro-ro ships calling here, so they know they're going to get good ocean freight rates here, because of competition.”

(CURVE – continued from page 13)

sharing, the ship was small in the trade lane and to come up the [Chesapeake] bay and out the bay, which is about eight hours in and eight hours out, for 500 containers on a small ship, they elected not to come here. Instead, they'd call in New York and truck it down, or go to Virginia and barge it up or truck it in.

“Now, with these alliances, it makes sense to bring the containers directly to where the consumers are,” White said, noting that Baltimore is in the heart of the third-largest U.S. consumer market and also is the closest East Coast port to Midwest markets, via efficient Interstate highway and rail links.

White offered as an example the CKYHE Alliance of COSCO Container Lines, “K” Line, Yang Ming Line, Hanjin Shipping and Evergreen Marine. In the pre-alliance days, one of those carriers might not want to bring its own ship to Baltimore to discharge 500 or 600 containers. But, if each of five alliance partners has several hundred boxes, it makes good sense to bring all those containers to Baltimore on one big ship.

White said he sees the Port of Baltimore benefiting as that joint approach of carriers continues to advance, commenting, “When that evolves, it's going to be terrific for our container business.”



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(PROFILE – continued from page 14)

One thing that's pretty unique about that site is you have both Norfolk Southern and CSX [rail] lines coming into the facility through a short line, giving OEMs both options in the same location, competitively offering more service to more locations.

We see that as a great opportunity for both import and export for autos and over-high-and-wide and other rolling stock, with virtually unlimited capacity.

Why is it important for the industry to make sustainability advances, such as those that Pasha is currently undertaking from Maryland to California?

Aside from obvious environmental benefits, it's self-serving in terms of what you're able to do on a footprint.

On the West Coast, where we're severely constrained in terms of terminal capacity, we're finding that sustainable practices allow you to basically run more product through a smaller footprint, so it has a double-win of higher throughput while reducing emissions.

In Baltimore, we have the opportunity, because it is a new greenfield site, to build the entire operating facility with LEED [U.S. Green Building Council Leadership in Energy and Environmental Design] principles and take advantage of some of the technology out there that will not only be efficient but reduce our energy consumption and costs.

How have your work experiences in Europe and South America provided perspectives that advance Pasha and its service to customers?

My European experience was probably the biggest eye-opener. We had a partnership with Galliker Logistics in Switzerland. It is a family-run company, but it is by far one of the most sophisticated, innovative companies on the planet and run like a Swiss watch. Their purpose-built facilities and investment in automation allow Galliker to competitively provide best-in-class service.

We in the United States have frankly been a bit challenged in the processing industry, where we've not had the luxury of capital expenditures. A lot of the [U.S.] facilities have been former military port locations or different industrial-use sites converted into auto processing.

Where we have a greenfield operation, like Baltimore, we can introduce technology that is cutting edge.

In Europe, in places like Rotterdam [Netherlands] and Zeebrugge [Belgium] and Bremerhaven [Germany] and some of the more mature ports, automation and even auto-stacking is common,

with car decks. We don't need that in Baltimore, because we've got a lot of space.

There's a lot of innovative technology in the physical operations, like use of RFID [radio frequency identification], so we are liaising with a number of European companies, including IT [information technology] companies, to introduce both physical and software solutions that will be leading in the industry.

As the company was founded by your grandfather, George W. Pasha Jr., in 1947, what pressures and pleasures are involved in carrying on a family tradition of excellence?

We love the business. I think that's a unique thing about our company, that the family is very close. We still travel together and enjoy a lot of time with our mother and siblings and 15 grandkids.

I'd say that's one of the pleasures is being able to

expand the company and provide an ongoing business that can allow for opportunities for our next generation.

My two older kids are already working summers in the business in San Diego, learning how to paint cars and drive forklifts and do various things. I think that's exciting, to have a family business which creates the opportunity for all of us to enjoy the business my grandfather started many, many years ago.

What car do you drive yourself and why?

I drive a 6 Series BMW. It's a 2004, but, since we have body and paint shops, it looks pretty new. I have not changed that car out because it's a six-speed manual and just a lot of fun to drive.

I restore cars as a bit of a hobby, so we have some other cars we enjoy driving on the weekend, including a '71 Fiat 500 and an old '66

Alfa Romeo Duetto that was my sister's car that we just finished restoring.

Who has most influenced your life, both professionally and personally?

For sure, my father [George W. Pasha III, long-time chief executive officer and chairman of The Pasha Group, who died in 2014 at 79]. He went to St. Ignatius [College Preparatory school] in San Francisco; I followed his footsteps there. In high school, he was already buying and selling cars amongst his circle of friends. He was an entrepreneur from the get-go.

His father, our grandfather, owned and operated a couple of gas stations in San Francisco many, many, many years ago, before incorporating our business.

But he [my father] started in high school and drove a truck when he was about 18 and later graduated college

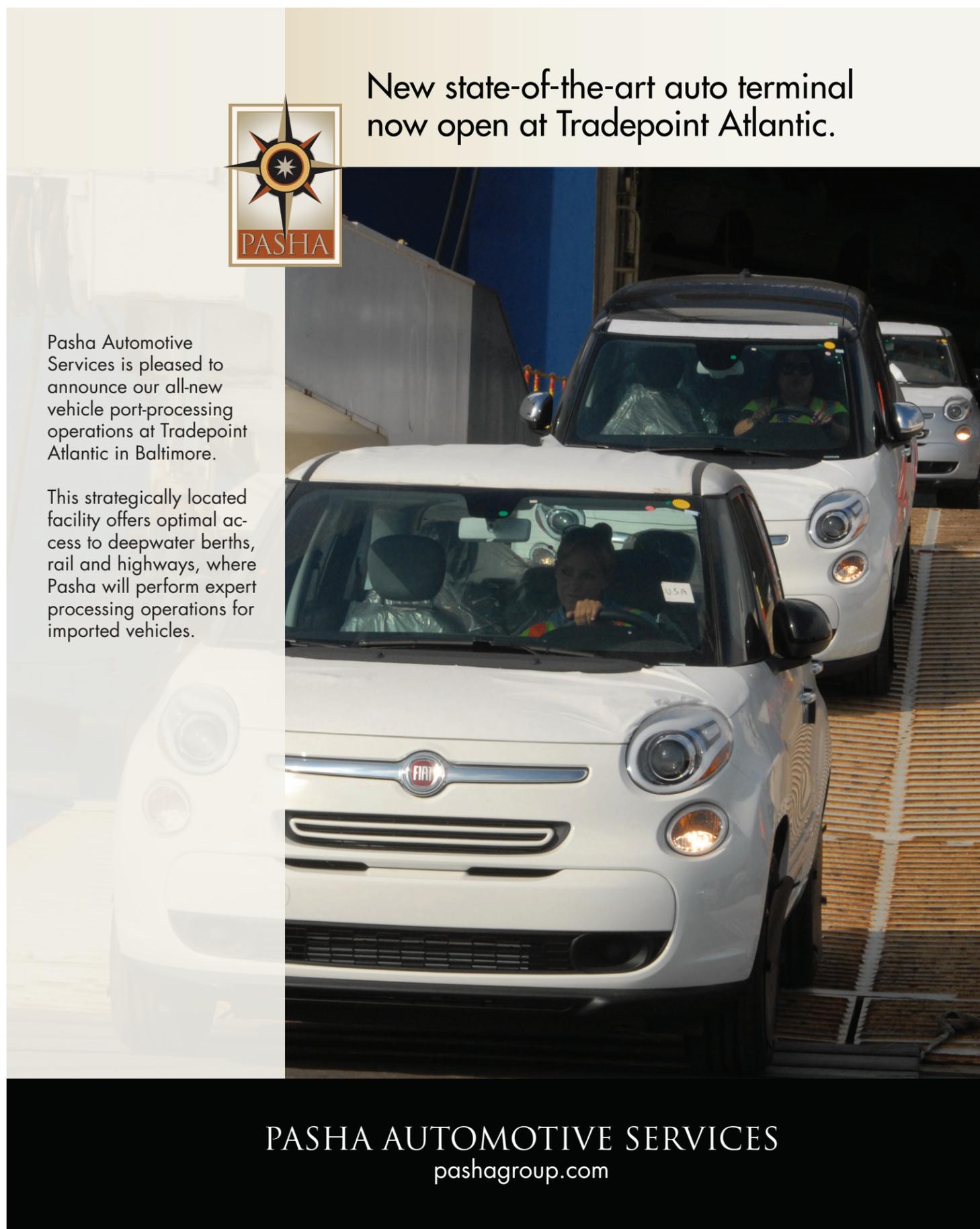
[with a transportation degree from the University of San Francisco] and really took the reins and brought the company to a totally new level because he just had that entrepreneurial spirit and drive.

He was amazing to watch. He was a great father figure. He was a good role model and shared the business with our family.

He brought guys from Japan into our house who made homemade sushi in our kitchen before sushi was even popular in the United States.

We had kids of company colleagues of my father who would stay with us who were from Germany and Asia who we got to interact with when we were children, so he made the world a very small place for us in terms of seeing all the different cultures and all the different opportunities to

(PROFILE – continued on page 20)



New state-of-the-art auto terminal now open at Tradepoint Atlantic.



Pasha Automotive Services is pleased to announce our all-new vehicle port-processing operations at Tradepoint Atlantic in Baltimore.

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INTERMODAL & LOGISTICS NEWS



Railroads must switch cargo to rivals under proposed US rule

The U.S. Surface Transportation Board proposed a rule allowing shippers to switch cargo among large railroads if there's reasonable access to competing tracks.

The regulation would potentially upend decades-old restrictions that limit shippers' control of their own rail freight. Currently, rail carriers pick up cargo and carry it to its final destination without customers being able to request that it be dropped off for a competitor to handle.

The rule "would allow a party to seek a reciprocal switching prescription that is either practicable and in the public interest or necessary to provide competitive rail service," the regulator said in a decision posted on its website. The STB, as the agency is known, will take comments on the proposed rule until Sept. 26.

Shippers have pushed for so-called reciprocal switching to give them more options and help mitigate rising rail rates

by increasing competition among carriers.

"STB's decision follows years of deliberation and strong calls from shippers to adopt reforms in response to soaring freight rail rates and poor service," the Rail Customer Coalition said in a statement. The group includes trade groups representing farmers, manufacturers and chemical makers.

Railroads have opposed the practice, which they call "forced access," saying it would gum up rail traffic by increasing switching operations. The Association of American Railroads, a trade group, said the existing system allows for voluntary switching and compels railroads to cooperate if cargo is moved by two or more carriers.

"Forced access would be a step backwards for the supply chain in our country as railroads would ultimately require more resources to move the same amount of freight," the association said.

Union Pacific declines as CEO reports weak consumer demand

Union Pacific Corp. fell as Chief Executive Officer Lance Fritz said sluggish consumer demand and a strong dollar have become a persistent drag on railroad freight.

"The soft global economy, the negative impact of a strong U.S. dollar on exports and relatively weak demand for consumer goods will continue to pressure volumes through the second half of the year," Fritz said on a conference call after the carrier reported earnings.

The carrier's freight volume will drop as much as 8 percent this year and coal carloads will tumble about 20 percent, executives said during the call. That follows a quarter in which carloads tumbled 8.3 percent for U.S. carriers during the second quarter, according to data from the American Association of Railroads.

U.S. railroads have shed workers and parked locomotives to make up for a drop in cargo, led by coal. Union Pacific said it has 3,300 workers on furlough and has stored 1,700 locomotives to shrink its operations as it contends with lower

volume.

RAISING PRICES

The railroad managed to raise core pricing 2 percent in the second quarter amid weaker volume, but the gain was less than the 4 percent increase a year earlier. Operating ratio, a closely watched efficiency measure of expenses as a percentage of revenue, deteriorated to 65.2 percent from 64.1 percent.

Profit fell to \$1.17 a share from \$1.38 a year earlier, the largest publicly traded U.S. railroad reported. Analysts had expected \$1.16, according to the average of estimates compiled by Bloomberg. Revenue fell 12 percent to \$4.77 billion, compared with analysts' estimate of \$4.79 billion.

Carloads for coal plummeted 21 percent and for industrial products dropped 11 percent. Intermodal cargo—consumer goods shipped in containers that can be hauled by ship, truck or train—fell 14 percent. Intermodal had been a perennial growth area for railroads as they invested in modern terminals to wrestle the cargo from trucks.

Oldest Asia railway plans more debt than GDP of some nations

Indian Railways plans to rack up debt to help fund an unprecedented modernization plan.

Some 2.5 trillion rupees (\$37 billion) of debt is required in the five years through 2020, according to Railway Minister Suresh Prabhu. That's more than triple the 692 billion rupees of outstanding Indian Railway Finance Corp. bonds. The network is also exploring non-fare revenue streams from advertising and land holdings, Prabhu said.

"Very soon we'd go out to the market to open up advertising and branding on most of our trains and stations," Prabhu said in e-mailed replies to questions. "Indian Railways has various land banks which we are looking to monetize through long-term leases and other commercial development."

The world's fourth-largest railroad aims to pour 8.6 trillion rupees into new tracks,

faster trains and station redevelopment to drag a network with roots in British colonial rule into the 21st century. Indian Railways carries about as many passengers daily as Australia's population, even as congestion and aging rolling stock slow speeds.

Prime Minister Narendra Modi's administration is relying on government spending and debt for the bulk of the five-year upgrade. Roughly 1 trillion rupees is expected to come from the private sector, according to Prabhu.

Some projects, such as a \$15 billion bullet train due to start operations in 2023, have funding options in place. But questions remain over India's ability to find all the money needed for other railway improvements and to deliver projects on time.

The network spends most of its revenues on operating costs. Raising passenger *(DEBT – continued on page 23)*



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CN beats profit estimates after cost cuts

Canadian National Railway Co. reported second-quarter profit that topped analysts' estimates as the carrier cut jobs and parked locomotives to blunt the effects of weakening freight demand.

Adjusted earnings fell to C\$1.11 a share, the railroad said in a statement. That beat the C\$1.06 average of estimates compiled by Bloomberg. Revenue declined 9.1 percent to C\$2.84 billion (\$2.15 billion), compared with the C\$2.9 billion average estimate.

Canada's largest railroad and its peers are grappling with a yearlong decline of carloads, which rival Canadian Pacific Railway Ltd. said last week had hit a bottom during the second quarter. Canadian National low-

ered its annual profit target in April—the first such reduction in eight years—amid weaker-than-expected demand for coal, crude oil and other commodities.

The results are the last under Claude Mongeau, who quit as chief executive officer at the end of June for health reasons and was replaced by former Chief Financial Officer Luc Jobin. Canadian National also promoted two other senior executives last month, naming Ghislain Houle CFO and Mike Cory chief operating officer.

The second quarter probably will be this year's most difficult for volume, Jobin said in the earnings statement. The railroad reiterated that this year's profit will be in line with last year's C\$4.44 a share.

C. H. Robinson tumbles most in 18 months as trucking rates sag

C.H. Robinson Worldwide Inc. fell the most in 18 months after the arranger of freight shipments said a decline in revenue that weighed on second-quarter results continued into July.

Sales dropped 6.9 percent to \$3.3 billion in the quarter, compared with analysts' average estimate of \$3.44 billion. Intermodal revenue plunged 22 percent as

volumes decreased 13 percent, the company said on a conference call.

Net revenue was down 2 percent this month even as truckload volumes increased, Chief Financial Officer Andrew C. Clarke said on the call. Contractual wins haven't been enough to offset a sluggish transportation sector.

(TUMBLES – continued on page 18)

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AIR CARGO NEWS



American Airlines Cargo transports athletic gear and broadcasting equipment to Rio

American Airlines Cargo has safely delivered over 65 tons of high-tech broadcast equipment and athletic gear to Rio de Janeiro in Brazil for the upcoming competitions.

Broadcasting equipment was shipped out of Japan and London to Rio for high-resolution filming at the sporting festival. One of the largest shipments of this kind moved over a three-week period to Rio's Galeão International (GIG) via two American Airlines gateway hubs, Los Angeles (LAX) and Miami (MIA). Fourteen different movements made up this particular consignment, which travelled in the bellies of American's widebody aircraft.

A variety of other unique shipments also traveled across the American Airlines network to Brazil, including sporting goods out of Australia,

jerseys and promotional items and athletic training equipment from different locations worldwide.

"We were delighted to be entrusted with the safe transportation of a national broadcaster's equipment and other important items for such a significant event," says American's managing director of Cargo Sales – Asia, Keijiro Ishii, who is based in Tokyo. "Our teams in locations all over the world worked closely together to ensure the safe and timely arrival of all elements involved. It's great to hear that everything is ready to go and we look forward to watching the crystal clear results being beamed from Brazil."

All shipments were successfully transported and provided expert Customs clearance by the official logistics provider as needed, then safely delivered to different venues and stadiums around Rio.

Senator offers new air cargo services from Germany to the Carolinas

Senator International and the Greenville-Spartanburg Airport District have announced the start of scheduled international cargo service into and out of Greenville-Spartanburg International Airport (GSP). Senator International, a global German-based freight forwarder, will provide convenient delivery of cargo services into the region that include South Carolina, North Carolina, Kentucky, Tennessee and Georgia.

Beginning November 5th, Senator International will operate two round-trip flights per week on Saturdays and Wednesdays between Munich and GSP. Wednesday flights are scheduled to arrive at GSP at 4:00PM and depart at 6:00PM. Saturday flights are scheduled to arrive at GSP at 5:00PM and depart at 7:00PM.

The relationship between the District and Senator International began in late 2011 when District personnel provided service for an emergency air charter operated by Senator International on behalf of an Upstate customer. "The cargo

being shipped on that first flight was time-sensitive, and the service provided by the GSP team to meet our needs went way beyond our expectations," said Tim Kirschbaum, CEO for Senator International. This comes as no surprise to GSP Airport District's President/CEO Dave Edwards who said, "GSP is well-equipped and strategically located to assist Senator and its valued customers with successful, reliable and timely delivery of cargo. The continued growth of cargo services is essential to our business model. Our goal is to deliver efficient, cost-effective service with an emphasis on customer service that exceeds industry standards."

As a result of this successful first flight, both Senator International and the District became committed to finding a long-term strategy for securing

scheduled international cargo service which has culminated in this historic announcement. This new service will be convenient for any type of cargo including pieces that are outside (unusually large), hazardous, standard or time-sensitive.

"Products like this, which allow the overall supply chain process to run smoothly, are the keys to success for our customers. We are looking forward to many customers benefiting from this special new product, which will also service any air cargo to and from Germany, Austria, Switzerland, Czech Republic, Hungary and Poland," said Tim Kirschbaum.

The District looks forward to working with others around the region to connect their cargo to Europe and beyond. In addition to providing the necessary airport infrastructure and services.

DHL expands in Chicago

DHL expanded its operations in Chicago with the opening of a new service center facility. The \$1.3 million investment was primarily driven by heavy demand and international shipment growth from local businesses trading internationally, e-commerce shipping and major customers based in Illinois.

The new 38,000-sq.-ft facility can process more than 2,500 shipments per hour, and sits just north of Chicago's Midway International Airport – serving South Side Chicago, the south and west suburbs of Chicago and northwest Indiana for pick-up, delivery and sorting operations of international shipments. The center complements an 80,000-sq.-ft DHL service center facility two blocks south of O'Hare that serves businesses in Northern Illinois as well as "The Loop", the second largest downtown business district in the United States. Now with two strategically positioned facilities

that expand the company's local footprint and capacity, DHL can provide earlier delivery times and later cut-off times for its international customers.

"DHL has been serving Chicago's thriving business community for many decades and is pleased to make sound investments in our own business to provide great service quality for customers who operate globally," said Karsten Aufgebauer, Sr. Vice President and General Manager for DHL Express.

The state-of-the-art facility will handle a variety of shipments, including international small parcels as well as palletized and container freight. The new DHL Express Service Center is located at 8401 W. 47th Street in McCook, Illinois.

In 2015, DHL launched a helicopter service in Chicago to provide early morning delivery services for the area's financial and legal firms requiring urgent document delivery.

Emirates Airliner flying from India lands in flames in Dubai

Emirates suffered the worst incident in its 30-year history when a Boeing Co. 777-300 arriving from India crash landed in Dubai before bursting into flames, with all passengers and crew managing to escape unharmed.

Everyone on the aircraft was evacuated safely, Dubai International Airport said in an e-mailed statement. Television footage and newswire photos showed a large plume of smoke over the plane, with the landing gear torn off and evacuation slides extended. Emirates said that 282 passengers and

18 crew members were on board.

The wrecked aircraft marks the worst accident for Dubai-based Emirates, the world's biggest carrier by international traffic. Boeing's 777 model is the largest twin-engine airliner in production and the most used wide-body. Emirates is the biggest operator of the plane as well as of Airbus Group SE's A380 double-decker. The aircraft is also one of the safest, with only a handful of them having suffered irreparable damage since the model's introduction two decades ago.

(TUMBLES – continued from page 16)

"Low truckload pricing and available truckload capacity environment will be a headwind for the business into the third quarter," Clarke said.

The company's feeble outlook is another sign of weakness in trucking. J.B. Hunt Transport Services Inc., the largest trucker by market value, fell the most in four years last week after lowering its growth forecast for sales and profit amid a decline in freight rates.

"We sense the strong run in better brokerage results may be coming to an end," said Barclays Plc analyst Brandon R. Oglenski in a research note. "We see relative value in CHRW shares but note upside will likely be more difficult in the near-term."

C.H. Robinson's earnings of \$1 a share matched analysts' estimates.

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DP World buttressing Canadian presence by coming to Port Saint John

By Leo Ryan, A/DOT

Port Saint John officials have announced a lease agreement with DP World for the operation of its container terminal within the context of the largest private and public sector investment in the New Brunswick port in decades. This means that starting on January 1, 2017, DP World will replace Logistec Corporation, which has been managing the Rodney Container Terminal for 20 years.

The long-term lease with DP World will continue for about 30 years following completion of the Port's expansion program. DP World will introduce new assets including the revamping of terminal cargo handling equipment to deliver exceptional customer service, stated a Port Saint John press release.

Dubai-based DP World, one of the largest marine terminal operators in the world handling more than 170,000 TEUs per day, is already present in Canada with terminal operations in Prince Rupert, Vancouver and Nanaimo. Saint John will represent its first presence on the east coast of North America.

The announcement follows the recent funding commitments for the \$205 million West Side Modernization Project from the Federal and Provincial Governments together with Port Saint John, which will see the container terminal revitalized, and the container berths and main channel deepened over the next seven years.

A prime goal is to attract larger containerships to the Bay of Fundy port at either high or low tides, thereby enabling Saint John to emerge as a bigger container player on the East Coast.

Port Saint John is Eastern Canada's largest port by tonnage and has a diverse cargo base, including dry and liquid bulk, break bulk, and cruise. Total traffic in 2015 was 26.4 million tonnes. Container traffic has nearly doubled since 2012 to 97,100 TEU thanks in part to the arrival of Mediterranean Shipping Company.

Sultan Ahmed Bin Sulayem, Group Chairman and CEO, DP World, said: "We are delighted to further extend our presence in Canada to the Port of Saint John, New Brunswick. We believe that the future growth prospects for the port are strong and we are excited to be participating with Saint John Port Authority in their expansion plans. Our investments and commitment to Canada are for the long term, contributing to trade and the development of its national and local economies as well as providing employment for people

with a leader of world trade.

"We are delighted to have a presence on the east coast of North America for the first time and see great growth potential. We are excited to work with the shipping community and our worldwide network and have been working with port management on our *(PRESENCE – continued on page 20)*



The MSC Don Giovanni docked at Rodney Container Terminal at Port of Saint John, NB

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Ocean carriers - underwater or not?

By Matt Guarco, AJOT

The second quarter of 2016 saw the emergence of the new "Ocean Alliance" in the wake of CMA's purchase of APL and an operating agreement with OOCL, COSCO and Evergreen. With a combined total of 1,123 container ships and 5,485,483 TEU of capacity the alliance will dominate trade in the Transpacific. Maersk and MSC combined will have over 5.5 million TEUs as the M2 will control around 28% virtually overshadowing every other carrier on the Transatlantic and Asia European trade routes. The Alliance (Hanjin, Yang Ming, K Line, and UASC) when launched in 2017 would command according to today's Alpha Liner figures 2,102,862 TEU. Does it seem as if we have too many eggs in too few baskets?

OOCL's half-year report paints a bleak picture of the ocean carrier industry for the coming 6 months. Freight rates it said were on average 21.2% lower than one year ago and carrier revenue has declined 16.9% since June of 2015. The article went on to liken the recent Asia European rate wars as a "race to the bottom".

Hanjin Shipping while maintaining its position as number 7 on the July Alpha Liner scale has also been plagued by debt, attempting to restructure its notes with Korea Development Bank. The softening of world economies and China's inward looking philosophy of building its middle class has left the ocean shipping industry with too much capacity and too little cargo.

FlexPort noted recently, "As of March 2016, it costs around \$400 to move a 40-foot container from Shenzhen to Rotterdam, which is barely enough to cover the cost of fuel, handling, and Suez Canal fees. Here's some more context. Let's say that you want to travel for a year; it's cheaper to put your personal belongings in a shipping container as it sails around the world than to keep it at a local mini-storage facility."

What does this mean

to (BCO) Beneficial Cargo Owners? Destabilization of the ocean carrier industry will only continue to erode compensatory pricing. While alliances are not permitted to fix rates under FMC antitrust regulations, an awakening will take place among carriers. Fair market value for carriage and value added service is seen today only in certain trade lanes and from certain carriers. In an ever-shrinking pool of service providers, it will become the mantra which carriers and alliances live by.

The questions, which remain are: In the future will ocean alliances stick to trade lanes, which they currently dominate forsaking cross competition? Or will carriers demand compensatory rates for services provided instead of seeking ways to reduce and consolidate cost through economies of scale and joint vessel operations? Food for thought.

Something has to give in the ocean carrier industry. In the words of Christopher Columbus "...the sea will grant each man new hope" at the end of the day, will it?

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(**PRESENCE** – continued from page 19)

plans to build on the experience and success of our operations in Western Canada."

Peter Gaulton, Chair of the Board of Directors, Port Saint John, said: "We are pleased to join together with a global trade partner who shares our vision for the growth potential of this Port based on its geographic location and rail optionality. When reviewing the proposal for terminal operations, we were impressed by the presence that DP World already has at three major port authorities in British Columbia and the depth and breadth of their business in ports and terminals worldwide."

Earlier this year DP World said that they wouldn't rule out U.S. port acquisitions despite the rebuff the terminal company received in 2006.

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(**PACE** – continued from page 1) also keen to expand and upgrade the country's existing road, rail-way and waterways network.

Gadkari met with U.S. politicians, business people and others to identify areas of mutual cooperation in the field of what he described as "intelligent transport management", city traffic management and control center and other technology-based transport solutions.

POTENTIAL ROLE OF US COMPANIES

The Minister said that U.S. companies could provide their expertise and knowhow in joining India's efforts to build up a modern and efficiently-operating distribution hub that would facilitate shipping and transportation, both international and domestic, to sustain the growth momentum.

"We had a series of meetings with investors organized by the Indo-American Chamber of Commerce, Business Council on International Understanding and Goldman Sachs. These interactions were a follow-up to the deliberations at the Maritime India Summit held recently in Mumbai, where a large number of US companies had evinced keen interest in promoting bilateral cooperation with India in the maritime sector," Gadkari said.

An official in the Minister's delegation told *AJOT* in that several foreign engineering companies were already involved in a number of important infrastructure projects. He cited the example of Malaysian company Scomi Engineering, which had built the monorail system in Mumbai, and was making its first local manufacturing bid in the Bengal Aerotropolis Projects (BAPL) in Durgapure in West Bengal. Scomi and some of its key vendor associates announced plans to invest huge sums in the BAPL to make rakes and logistics infrastructure for various transport systems, according to Indian sources.

Meanwhile, over 21 Indian cities are planning to introduce the monorail as an option for their multi-modal urban transport system.

Gadkari emphasized that infrastructural development was key to achieving India's ambitious development goals. India, which already has some 96,000 km of well-developed roads and highways, has set a target of creating 200,000 km. One of the tragic developments in India, with the building of highways, is also the rise in the number of road accidents to 500,000. In New York, the Minister also met New York's road safety authorities. "India is taking a number of measures such as installing video systems, etc. We are using the latest technology to ensure road and rail safety," he added.

Business opportunities for U.S. companies also arise with India showing interest in developing its waterway transportation of people and goods. India's waterway transportation system, notorious for its underdeveloped structures and slow movement, needs to be overhauled and expanded to facilitate transportation of goods. "It is easier and cheaper to transport materials from Mumbai to Dubai than from Mumbai to other ports within India ... and we need to change that," the minister said.

INDUSTRIAL CLUSTERS

India's ambitious plan to develop itself into an important shipping point for automobiles could get a fillip with the creation of industrial clusters. Twenty-seven industrial clusters are to be created at ports, entailing a huge volume of funds. "We do not anticipate any problem raising funds in US dollars," he said, adding that if there is a "will and a vision, there is always a way. Without vision, there can be no way ... only surveys".

U.S. ports are showing keen interest in India's port development, particularly the ambitious Sagarmala program, according to Indian officials; on the last leg of his U.S. visit, Gadkari also met with representatives of the Port of Long Beach in California. Gadkari touched on the question of joint venture opportunities with India's container port Jawaharlal Nehru Port (**PACE** – continued on page 22)

(**PROFILE** – continued from page 15)

interact on a global scale.

All of our family has continued in that tradition, to travel and make business partners in a unique way, because of my father and my grandfather.

How are you involved in the San Diego community?

Currently, I'm on the board of directors for the YMCA of San Diego County. We're fundraising a big capital campaign for a new facility in the South Bay, in Chula Vista, which is really a neat project. It's a high-impact zone in an area that's really poor, about 45 percent under the poverty level.

I'm also currently co-chair of the Working Waterfront Group in San Diego. It's a very interesting coalition of waterfront industries, environmental folks, the Navy, organized port labor and so on.

Our mission is to preserve and grow maritime industrial opportunities on the tidelands of California, which, unfortunately, is continuing to shrink, with gentrification and baseball and football stadiums and all kinds of different development pressure from the commercial side of the world taking over what are really important – deepwater port properties.

There just isn't a lot left, and there won't ever be more created. We're out there trying to preserve that and look out for high-paying jobs and places to continue running commerce through the United States.

Aside from work and everything else you've mentioned, how do you most enjoy spending your time?

I've got four kids and a beautiful wife, so family time is always pretty busy. It's always a party in our house.

I'm also a guitarist in a band with some neighbors and other friends. It's a rock-alternative band called Sundays at Midnight, and we like to play gigs in San Diego. You'll find us at the Blackthorn Irish Pub, and, earlier this year, we did a fundraiser for a local kid named Malik who is fighting osteosarcoma.

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Northwest Seaport Alliance – berth of a mega port

By Matt Guarco, ANOT

With the creation of the NWSA in August of 2015 the ports of Seattle and Tacoma integrated their operations forming a mega complex spanning 25 miles of Puget Sound. So what's happened in the year that followed?

NEW LEADERSHIP FOR THE ALLIANCE

Last week the alliance announced the addition of Zachary Thomas and Bob Meyers to their operating team. Mr. Thomas has been named to head the Operations Service Center. He brings to the table over 20 years of service in the marine industry most recently serving as General Manager of the Port of Tacoma since 2014. The Operations Service Center will spearhead a program bringing together regional stakeholders to make the SEATAC gateways more competitive. Bob Meyers also an alumnus of the Port of Tacoma ran their non-containerized operations until the merger last year. Under the Alliance he will now oversee operation at all NWSA terminals and rail yards as well as directing their safety program.

BUILDING MEGA BERTHS

The Seaport Alliance plans to spend 1 billion dollars on facility and infrastructure projects over the next 10 years.

Husky Terminal Tacoma: Reconstruction is in full swing, where dredging completed last year brought the uniform depth down to 51 feet in anticipation of larger ships to come. The Alliance will commit \$170 million on improvements to Husky Terminal and the Blair Waterway with \$118 million to be spent on infrastructure projects, which will reface the wharf to accommodate 18,000 TEU vessels up from the 6,500 TEU ships being discharged at the quay. \$22 million will be spent for cranes needed to handle larger vessels in the most efficient manner. Berths 3 and 4 will be straightened and reinforced to accommodate four Super Panamax Cranes and a new gate complex will be added. With an efficient cross dock rail yard and upgraded shore side cranes the terminal plans to increase cargo capacity from 767,000 TEU to over 1 million TEU. Scheduled completion of the upgrades to Husky Terminal is set for September of 2018.

Terminal 5 Seattle: July 8th was the deadline for public comment on the Environmental Impact Statement to accompany planned reconstruction of Terminal 5 in Seattle. With naturally deep water (50') alongside most of the facility, it would be a prime location for the coming influx of mega ships. But in 2014 when Eagle Marine suspended operations, about 900 of the 2,900 feet of wharf face was only at 45' MLW (mean-low-water). At that time the facility could only handle vessels up to 6,000 TEU and not, as was envisioned, two 18,000 TEU ships end to end. In addition to uniform dredging, the wharf will also need to be strengthened to accommodate newer and larger shore

side cranes. Structural repairs will include replacement of the fender system for ships docking along the quay and an upgrade to the power supply terminal wide. Terminal 5 has direct access to intermodal rail with a 30 acre "On Dock" facility and the Seattle Intermodal Gateway less than 4 miles from its main gate. The NWSA is currently reviewing possible tenants to operate the facility after reconstruction.

Turning the Tide on Pollution: Initially launched in May of 2014 the original "Seaport Truck Scrapage and Replacements for Air in Puget Sound" (ScRAPs) was upgraded last month and redubbed "ScRAPs2". The program, a joint venture between the Northwest Seaport Alliance and the Puget Sound Clean Air Agency encourages truckers to replace vehicles older than 2006 with newer more eco-friendly engines. Owners who purchase truck with a model year of 2010 or newer can receive as much as \$27,000 in reimbursements. The program is funded by the D.O.T, Washington State Department of Transportation, the E.P.A, the State Department of Ecology, and the NWSA.

For the first six months of this year export volumes through the Northwest Seaport Alliance rose 12% to 468,634 TEUs while imports added 1 percent to last year's totals standing at 649,183 TEUs

The Alliance is fulfilling its vision as a mega port and preparing for the birth of a new age in container shipping.

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(COMPETITION – continued from page 8)

Pressure on the ports in China has been years in the making. Local governments saw ports as a great way to boost local economies and lavished money on their development. In boom times, enough cargo was being

loaded and unloaded to keep many ports busy. But as soon as the economy showed signs of weakness, it became obvious too many berths were competing for the same ships. One estimate last year put that surplus at more than 20%. That figure, if anything, understates the problem as ports have cut fees in desperate moves to maintain business.

PROBLEMS OF A LENGTHENING SUPPLY CHAIN

Add to this a shift of manufacturing from the coasts into the interior. This lengthens the supply chain and puts more stress on logistics networks.

"Road transport is only efficient and reliable over short distances," said Slack. "Sooner or later it will reach the point when it's not economic," he said. "There will be a time issue. There will be a cost issue."

Moody's was especially pessimistic when it came to bulk commodity ports in Northeast China, which have been hard hit by a severe downturn in iron ore and coal and are fiercely fighting each other for shrinking loads. It painted a more optimistic picture for the Yangtze and Pearl rivers deltas, with a much more prosperous and diversified economic base.

But the agency emphasized that the softening economy and a shift to higher value-added goods will impact all ports. How they respond will determine their ability to turn a profit.

While governments have been pouring huge amounts of money into ports, intermodal infrastructure is quite another matter. With the exception of road links, it's been both scant and helter-skelter. A US Department of Transportation study a few years back faulted port development for almost never incorporating rail access into port planning. Urban congestion makes any subsequent rail links extremely difficult, if not impossible.

Shenzhen's Yantian International Container Terminal is one example. It has constructed an ambitious network of tunnels, highways and interchanges over the past 20 years.

Rail is a different story. Pingyan Railway opened a daily, dedicated freight service in 2009 from Yantian to nearby Dongguan, where containers are loaded onto trains that move westward to Kunming and northwestward to Chengdu and Chongqing. There were promises of more frequent and expedited service. That hasn't happened. A few single-stacked containers make the trip each day, but can languish for days waiting for transshipment.

As Yantian demonstrates, intermodal transport in Chinese commerce is decidedly unbalanced. Trucks dominate. They account for more than 80% of all container traffic in the country.

INLAND TRANSPORT

Truck transport in China is laden with problems, however. Trucking is completely fragmented and highly unprofessional. Poor service, undependable scheduling and slipshod safety all mark the industry. Road congestion is a perennial concern. Local authorities hold truck drivers ransom through highway tolls. All this adds up to high cost and inefficient movement, which grows as distances increase.

Rail links are the weakest and government promises to improve traffic flow remain unfulfilled. Barely more than 1% of all containers were transshipped by rail, according to a 2012 Asian Development Bank study, despite Chinese official targets to boost rail intermodal to 10% of total traffic by 2011. That 1.3% has barely moved since.

China developed a rail system that, in terms of freight, was completely oriented toward bulk commodities, notably coal. That system, both slow and unreliable, was completely ill-suited to moving containers, which depend on short lead times and reliability.

China poured hundreds of billions of dollars into rail over the past decade. However, development was completely skewed toward high-speed rail passenger lines and ambitious rail links with western China and the rest of Asia. Ostensibly, official thinking went, passenger-only lines would free up

freight traffic, but there's little evidence that has been the case.

What's worse, the government's rail authority continues to give priority to coal and food commodities over containers when it comes to freight train traffic scheduling, dampening what little incentive there might be.

Intermodal rail terminals are a problem as well. CRIntermodal, for example, is a high profile, \$2 billion joint venture between China Railways Corp. and four other shareholders from Hong Kong and Europe. It's built a network of nine terminals in the north and central parts of the country, but plans for Shenzhen and Guangzhou remain just that.

INLAND WATERWAYS

Traditionally, Southern China commerce relied heavily on inland water transport to ship cargo to and from the coastal ports, with the Pearl River Basin a busy network of thousands of small ships and barges moving goods over thousands of miles. Hong Kong continues to rely on barge traffic for transshipments.

But in terms of inland ships, while size of the vessels has been growing, the number of ships dropped by more than 75% since 1990 until 2008, according to data quoted by the Hong Kong University department of geography James Wang and colleague Jin Yu Li. That traffic accounts for only about 10% of all freight moved in Guangdong province. Inland water transport "is the weakest link when seeing it as part of a multi-modal transport/supply chain," wrote the two in a 2012 paper.

That contrasts with the Yangtze River Delta system and Shanghai, where inland water transport effectively moves goods hundreds of miles inland.

In the south, investments in inland water transport systems have been minimal. According to Wang's research, during one two-year period, it amounted to 1/80th that invested in highways in Guangdong province. Add to this a fragmented and unprofessional ownership and management, which resisted efforts to make shipping more reliable.

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North Carolina Ports, CSX to begin Wilmington-Charlotte railway link

By Paul Scott Abbott, AJOT

A new intermodal rail link to begin in September between the North Carolina State Ports Authority's Port of Wilmington and the CSX intermodal terminal in Charlotte is being touted as a game-changer.

"It's a game-changer," North Carolina Gov. Pat McCrory said July 19 in announcing the new service – the Queen City Express – in Wilmington.

"Now, even some of the South Carolina companies will have a choice between Charleston and the North Carolina port," McCrory said. "We're going to see a difference for the next 50 years."

North State Ports Authority Executive Director Paul J. Cozza noted that this will be

Wilmington's first intermodal service in 30 years, terming the offering "fantastic."

Michael J. Ward, chairman and chief executive officer of CSX Corp., said the service, along with a planned intermodal hub at Rocky Mount, N.C., announced earlier in the day, are "really going to enhance North Carolina's connections with the rest of the world."

The new shuttle service is to transport double-stacked containers on existing CSX tracks between the two points, creating a reduced cost for cargo destined for the greater Charlotte region and beyond. [The original version of the above first appeared July 19 as a blog at www.ajot.com.]



Those gathered for announcement of the Queen City Express include, from left, North State Ports Authority Executive Director Paul J. Cozza; Michael J. Ward, chairman and chief executive officer of CSX Corp.; North Carolina Gov. Pat McCrory; North Carolina Secretary of Transportation Nick Tennyson; and Tom Adams, chairman of the board of the North Carolina State Ports Authority. (Photo by Paul Scott Abbott, AJOT)



North Carolina State Ports Authority Executive Director Paul J. Cozza announces plans for the Wilmington-Charlotte intermodal rail service at a July 19 event at the Port of Wilmington. (Photo by Paul Scott Abbott, AJOT)



Rail and ocean carrier executives expressing excitement over the new Queen City Express service include, from left, Wilby Whitt, president of CSX Intermodal Terminals Inc.; Clarence W. Gooden, president of CSX Corp.; and Nikolaj Jessen-Klixbull, VP of procurement for North America operations of Maersk Line. (Photo by Paul Scott Abbott, AJOT)



Also showing enthusiasm at the Queen City Express announcement are, from left, Dale R. Ross, COO of Independent Container Line Ltd.; Gregory L. Washington, president of Local 1426 of the International Longshoremen's Association; Peter Klaus, VP of liner sales at the North Carolina State Ports Authority. (Photo by Paul Scott Abbott, AJOT)

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(CALL – continued from page 1)

Coast market to the carrier's wider network in Latin America and Central/Northeast Asia. Calling state-of-the-art GCT Bayonne, the Saturn is handled at the port's marquee big ship ready facility, which already services the largest vessels transiting the new Panama locks and the Suez Canal.

"The G6 and Hyundai were market leaders choosing expanded GCT Bayonne," said John Atkins, President of GCT USA. "Complementing Hyundai's reputation of reliability, our demonstrated ability to consistently deliver high productivity and fast turn times gives carriers the confidence to call GCT terminals on both the East and West Coasts."

"Hyundai Merchant Marine has made a significant investment in building and deploying the latest generation of neo-Panamax vessels to serve the vital import/export market in the northeast", said David Arsenault, President & CEO of Hyundai Merchant Marine America. "We are honored to have New Jersey Lt. Governor Kim Guadagno along with many of our valued customers here today to attend this auspicious maiden call at the Port of New York and New Jersey."

(PACE – continued from page 20)

(JNPT) aimed at acquiring technology and intensifying bilateral trade. The Indian minister raised the prospect of investment opportunities for U.S. companies in development of new ports, construction of new berths/terminals in existing ports, coastal economic zones, dredging, ship building, ship repairing, ship recycling, development of inland waterways and coastal and cruise shipping. An ambitious infrastructure development program called the Sagarmala embraces some 150 projects with the potential of mobilizing \$50-60 billion investment in infrastructure, and another \$100 billion in promoting industrial growth. The government is creating maritime clusters for ancillary industrial support and design centers, as well as financial

assistance to meet the challenge of lack of competitive advantage due to heavy subsidies provided by major shipbuilding countries to their shipbuilding industry.

Gadkari told the U.S. maritime sector that thematic studies and action plans have been developed across sector for implementation, prominent elements of which include coastal shipping upgrading, coastal industrial greenfield plants, reduced time to export container by five days and reducing costs to export by US\$ 50 per container.

Gadkari also urged the financially-strong Indian diaspora in the U.S. to invest in India's infrastructure development, including waterways, shipping and ports. Addressing the Silicon Valley chapter of The Indus Entrepreneurs (TIE), he invited Indian businesspeople to provide innovation and technology to connect with New Delhi's programs such as Startup India, Make in India and Digital India Initiatives, focusing on India's development in a number of sectors, particularly manufacturing, infrastructure, technology and innovation.

A visit to the Tesla electric automobile plant in Fremont was the high point of his West Coast tour. He invited the automobile manufacturer to set up a joint venture with the Indian automobile industry, one of the oldest in Asia, to manufacture pollution-free commercial and public motor vehicles in India.

Indeed, Gadkari urged Tesla executives to make India their manufacturing and distribution hub, and offered land near major Indian ports to facilitate exports of these India-made cars to South and Southeast Asia.

With growing emphasis on fossil-free fuel to check the growing pollution in the country – India's industrial pollution is among the highest in the world with the capital New Delhi registering record levels of pollution – the Indian Government is signaling a paradigm shift in its hitherto environmental policy.

It also makes economic sense to use electric cars in an effort to reduce the oil import bill, which has been rising steadily.

TOTE Maritime, INTERSHIP team to create Puerto Rico's leading terminal operator

TOTE Maritime Puerto Rico and INTERSHIP have teamed to form one of the largest, most experienced and most advanced terminal operating companies serving Puerto Rico.

The joint venture announced this month called Puerto Rico Terminals, or PRT, includes combining two of the largest maritime operations and \$38 million worth of existing assets at the Puerto Nuevo terminals near San Juan. PRT will move over 250,000 containers and autos annually in and out of Puerto Rico. Improvements in operations, safety and productivity sparked by the joint venture are expected to drive significant growth, said Anthony Chiarello, president and CEO of TOTE.

"We've taken two transportation and logistics companies with more than 80

years of combined experience serving Puerto Rico and blended their complimentary assets to form a partnership that will lead maritime operations in the commonwealth," Chiarello said. "This exciting move comes at a crucial time."

TOTE Maritime Puerto Rico and INTERSHIP operated on adjacent properties at the Puerto Nuevo terminals east of San Juan. Together, the new PRT property covers 122 acres and includes eight newly renovated cranes, as well as eight inbound/outbound lanes and ro-ro/lo-lo cargo handling. PRT customers now enjoy the benefits of the latest technology, safety features and service automation. With the deepest draft in San Juan Bay, PRT will be able to efficiently serve a wide variety of vessel types.

APL adds more Central America port calls to West Coast 5 Service

APL has announced that its West Coast 5 (WC5) service will be serving the additional ports of Corinto, Acajutla and Puerto Quetzal in Central America, enhancing direct connectivity between the Port of Los Angeles and the Latin American markets.

APL said that the WC5 service has been refined to better support trade activities between Central America and the United States (U.S). As the industries of Central America continue to be key exporters of agricultural produce and commodi-

ties; as well as manufactured products such as clothes and textiles to the U.S., APL's enhanced WC5 service will enable a more direct access between the two regions. Meanwhile, shippers can expect to benefit from shorter transit times, compared to trans-shipment options that involve land transportation via Mexico.

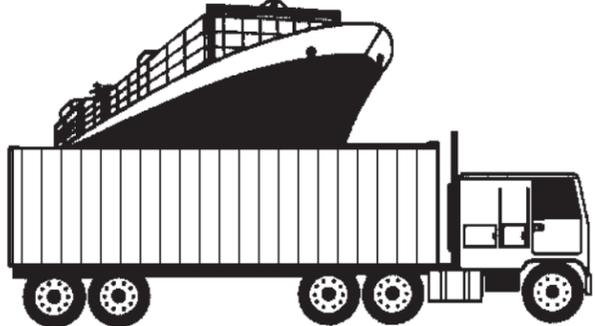
From September 14, 2016, the enhanced WC5 service will call the ports of Los Angeles, Lazaro Cardenas, Corinto, Acajutla and Puerto Quetzal every week.

CMA CGM announces direct service connecting Thailand, Singapore and Colombo to USEC and Canada

CMA CGM introduced their new BENGAL BAY EXPRESS service, operated with 11 vessels of 6,500 TEU on a weekly basis.

This new service has the following features:

- New direct Thailand, Singapore and Colombo calls to US East Coast and Canada
 - Fast connection from Chittagong and South East India via Colombo to US East Coast and Canada
 - Quick transit time from Singapore to New York: 27 days
 - Direct service and fast transit time ex Halifax to Mediterranean, Middle East and Southeast Asia
 - Direct service from US East Coast to Jebel Ali and Upper Persian Gulf destinations offering very competitive transit times
 - New and direct service from US East Coast to Singapore and Laem Chabang
- Rotation is as follows: Laem Chabang - Singapore - Colombo - Damietta - Cagliari - Halifax - New York - Savannah - Norfolk - Halifax - Cagliari - Damietta - Jebel Ali - Singapore - Laem Chabang

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fares is politically challenging as more than half of India's 1.3 billion people live on less than \$3.10 per day, based on World Bank data. Most cargo is shipped by road rather than rail, denting freight-based earnings.

"Cutting costs is also a major strategy going forward," Prabhu said. "We're also focusing on increasing freight revenues by increasing the basket of goods we carry."

The railroad saved 100 billion rupees last year by paring expenses, he said.

The prospective borrowing to fund

Modi's modernization project exceeds the gross domestic product of nations such as Serbia or Bolivia.

Indian Railways has 638 billion rupees of local-currency bonds and \$800 million of dollar-denominated debt outstanding.

Yields on the 8.88 percent rupee bonds due 2029 fell to 6.08 percent on July 15, the lowest since they were issued in 2014, according to Bombay Stock Exchange prices. Recent speculation that the Reserve Bank of India may become more dovish under its next governor boosted the allure of bonds in Asia's No. 3 economy.

The yield on Indian Railway Finance's 3.417 percent dollar-denominated notes fell one basis point to 1.89 percent as of 6:51 p.m. in Hong Kong, according to data compiled by Bloomberg.

Modi's government recognizes the potential impact of railway modernization on the country's economy, but the scale of the network means it's crucial to manage investment projects better, said Bharat Salhotra, managing director of transport operations at Alstom SA's Indian unit near New Delhi.

"When you're looking at an organization with the size and scale of the railways, they need to develop the competence and tools to be able to assess and prioritize investments," he said.

While the railways offer investment opportunities, the government must clarify which projects are open to private companies and offer incentives, according to R. K. Gupta, managing director of Taurus Asset Management in New Delhi.

Another challenge for Prabhu is implementing a pay increase of as much as 320 billion rupees for railway workers. The network employs around 1.3 million people.

Prabhu said the current fiscal year's budget provides 200 billion rupees for the wage increases, and that he's looking to exploit newer sources of revenues, such as advertising, to help plug the gap.



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