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AJOT.COM JUNE 12 - 25, 2017 ISSUE #650

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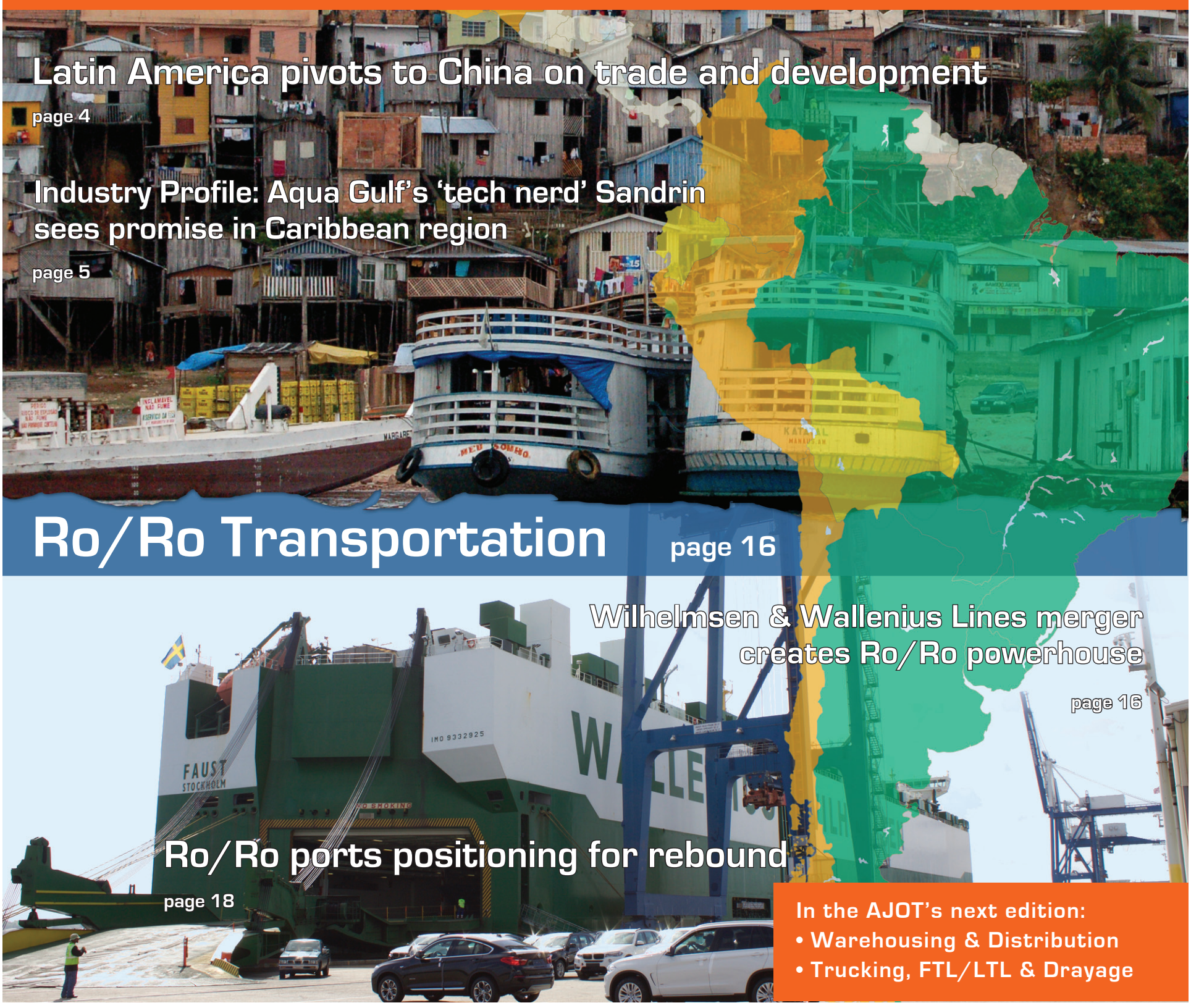

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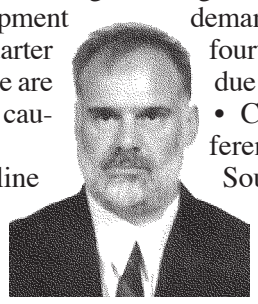
Latin American trade turnaround?

By George Lauriat, AJOT

It may be too early to call it a trend, but trade in Latin America and the Caribbean is rallying. According to the Inter-American Development Bank's (IDB) 2017 first quarter "Trade Trend Estimates," there are reasons for economic, albeit cautious, optimism.



Generally, an export decline – in this case a decline of 6% - isn't a good result but the IDB's estimated 2016 export decline of 6% reflects a "deceleration of the recessive trend" that saw exports for the regions decline by 15% in 2015. Exports from the region have declined for the past four years and economists have been looking for some signs of a recovery.

The reasons vary, but the fall in commodity prices and changes in demand among trade partners, notably the U.S. which accounted for three-fourths of the fall in export sales *(see Peter Buxbaum article on page 4)* from the regions. Other factors such as currency and national stability (Venezuela and Brazil) have also undermined growth both in imports and exports from the regions.

Work in Progress: South American Export Recovery

South American nations recorded a 4.6% decline in exports in 2016 but have registered a year-on-year 23% increase over the first quarter of 2017, according to IDB estimates. The IDB says the main reason for the improved year-on-year growth is the value of commodity flows to extra-regional markets but notes there are "early signs of recovery in some sub-regional economies."

Not surprisingly the South American nations whose exports are largely oil and mineral products recorded the highest year-on-year increases. Shipments from Venezuela, Peru, Ecuador, Colombia, and Brazil grew at high rates. This result was attributed primarily to the favorable pricing more than volumes.

• According to IDB estimates, in 2016 exports from Venezuela fell by around 24%. A 75% recovery in the first quarter of 2017 resulted from the improvement in oil markets, while, as in the previous year, export volume continued to decline.

• Except the South American region itself, all destinations contributed to the 7.7% increase in exports from Peru in 2016. The US and China accounted for almost all the growth. In the first quarter of 2017, Peru's export sales were up 39%. Indicative of the upward trend in Asian sales, exports to China and to the rest of Asia increased 90% and 122%, respectively - accounting for a 91% overall growth. Copper was the product that contributed the most to the expansion of foreign sales, due to both the rebound in prices and the increase in production capacity.

• The IDB reported that exports from Ecuador contracted 8.4% in 2016 as the collapse in shipments to the US was not compensated by the growth of sales to Asia (excluding China), Latin America, or the European Union. In the first quarter of 2017 exports bounced back, growing by 34%. The US tallied nearly half of the increase, with a growth rate of 49%. The regional market was also relevant, as sales increased 42% and explained nearly a third of the overall growth with strong increases in demand from Chile and Peru. Three fourths of the total increase were due to greater oil exports.

• Colombia represented a different trade scenario than most South American nations. In 2016 the total value of exports from Colombia fell 13%, but shipments to the US, the country's main trading partner, tallied a small increase. In the first quarter of 2017 y-o-y surge of 31%, with China being the only destination that continued to decline at 8%. Significant increases were noted in shipments to the rest of the region 32%, the EU at 31%, Asia (excluding China) 122%, and the US 9%. Slightly more than two thirds of the year-on-

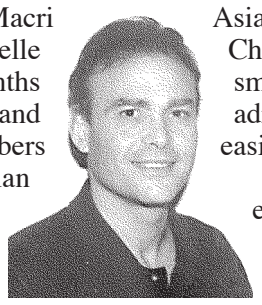
*(**TURNAROUND** – continued on page 6)*

Latin America pivots to China on trade and development

As the U.S. goes it alone, China steps into the void.

By Peter Buxbaum, AJOT

The Belt and Road Forum that took place in Beijing last month included among its attendees two leaders that roused international curiosity: President Mauricio Macri of Argentina and President Michelle Bachelet of Chile. A couple of months before that event took place, Chile and Peru were among seven new members approved by China to join the Asian Infrastructure Investment Bank.



The Belt and Road initiative is generally understood to be a massive program being undertaken by Beijing to improve intra-Asia infrastructure connections as well as those between Asia and Europe on the model of the ancient Silk Road. The Asian Infrastructure Investment Bank (AIIB) is a multilateral financial institution initiated by China to support the building of infrastructure in the Asia-Pacific region.

Given recent developments, it would appear that these programs may have dramatically expanded their reach, or are about to. But the converse is also true: Latin American economies are increasingly looking to China for leadership on trade and development.

Secondary Impact of TPP Withdrawal

The reasons are not mysterious and can be summed up in a single word: Trump. One of the new president's first acts was to withdraw the United States from the Trans-Pacific Partnership (TPP), providing a clear sign that the US was retreating from leadership in the Asia-Pacific and creating a vacuum that China was happy to fill. Meanwhile, the smaller economies of Latin America, adrift without their US anchor, were easily sucked into that vacuum.

The implications of these shifts extend way beyond trade to the geopolitical structures that have prevailed in recent decades. "In many ways, TPP was more than a trade deal," said Antonio Hsiang, Professor and Director of the Center for Latin American Economy and Trade Studies at the Chihlee University of Technology in Taipei. "It was a key strategic maneuver."

Indeed, TPP was a central aspect of former President Obama's foreign policy, as he pivoted away from the quagmires of the Middle East and turned his attention to Asia to counter China's expanding influence in that region. TPP, as Hsiang said, wasn't only about trade—it was also about preventing China from getting too big for its britches geopolitically. At the trade level, TPP was meant as a tool to prevent China from writing the rules of regional and global trade. With the US out, it should come as no surprise that our smaller neighbors to the south are looking to China for leadership

*(**PIVOTS** – continued on page 8)*

World Bank: Deeper integration needed for Latin American growth

By Peter Buxbaum, AJOT

A deeper economic integration among Latin American countries will make the region more competitive in international markets and boost long-term growth, according to a new World Bank report.

Better Neighbors: Toward a Renewal of Economic Integration in Latin America argues that a renewed integration strategy that takes advantage of the synergies between regional and global economic integration can contribute to growth with stability. This is particularly relevant for a region that is just coming out of two years of recession.

"Regional economic integration offers a way forward to reactivate the economic growth needed for reducing poverty and boosting shared prosperity," said Jorge Familiar, World Bank Vice President for Latin America and the Caribbean. "A more robust regional integration will make the region more competitive globally. Effective integration will require investment in infrastructure, connectivity and logistics, which will offer an additional boost in economic growth."

Latin America has been pursuing regional integration since the 1960s with efforts intensifying since the mid-1990s. But regional exports remain at 20% of total exports, much less than the 60% and 50% regional exports in the European Union and East Asia Pacific, respectively.

The World Bank report proposes an "open regionalism" that reaps unexploited synergies between regional and global economic integration, on the premise that pro-growth integration with the world cannot be achieved without first strengthening the region's own neighborhood. To do so, the report lays out a five-pronged strategy:

• Further reduce external tariffs. This can stimulate local

*(**INTEGRATION** – continued on page 8)*

Aqua Gulf's 'tech nerd' Sandrin sees promise in Caribbean region

Industry Profile

By Paul Scott Abbott, AJOT

Sergio Sandrin, president of third-party logistics provider Aqua Gulf Transport, is good-natured about his love of technology and brings an equally positive attitude to the Caribbean marketplace his company serves, even as Puerto Rico continues to present challenges.

In an interview with the *American Journal of Transportation*, Sandrin, from his office in Deerfield Beach, Florida, humbly and frankly shares his thoughts on prospective Puerto Rican recovery, growth in Dominican Republic trade and his own logistics technology background that dates back to the ripe age of 15.

In light of Aqua Gulf's leadership among third-party logistics providers in Puerto Rico commerce, what do you see as current and near-future status of the island commonwealth's economy and the state of its trade lane?

As you can imagine, I get this question a lot these days. I keep saying it's either my crystal ball is completely broken or, if I had the answer, I would go out and pick the winning Powerball numbers.

It's a difficult situation. It's going to be a rough few years for my friends in Puerto Rico, unfortunately. A lot of pain is going to come down, especially with the filing [in May] of the quasi-bankruptcy Title III there.

You've got to rein in some of the spending, abuse and waste – and that's going to mean a lot of pain for a lot of people. You'll see a lot of public jobs disappear, and somehow those have to be replaced with private-sector jobs.

You have to get reinvestment in the island. When they lost the 936 [tax incentive program], the wind-down of it over 10 years, a lot of good-paying jobs just left the island and didn't return.

I have a lot of friends, a lot of customers, investing in the future in Puerto Rico because they kind of see it as doubling down, but you need to attract more outside investment.

There are some things going on. For example, Lufthansa has its repair facility there. But it's going to be a long, tough road.

Somehow, you've got to make it attractive for businesses to do business there again. It's a tough environment. As an employer down there, there's a lot of red tape to get anything done.

Unfortunately, as they're looking for more sources of revenue right now, even more red tape seems to have developed.

I've heard you say that you see significant promise in serving the Dominican Republic, so could you please offer details, as well as comment on what other trades in the region you view as poised for growth?

About five years ago, we at Aqua Gulf re-entered the Dominican market. We'd been in and out of it over the course of our history, but we really went back into it with both feet.

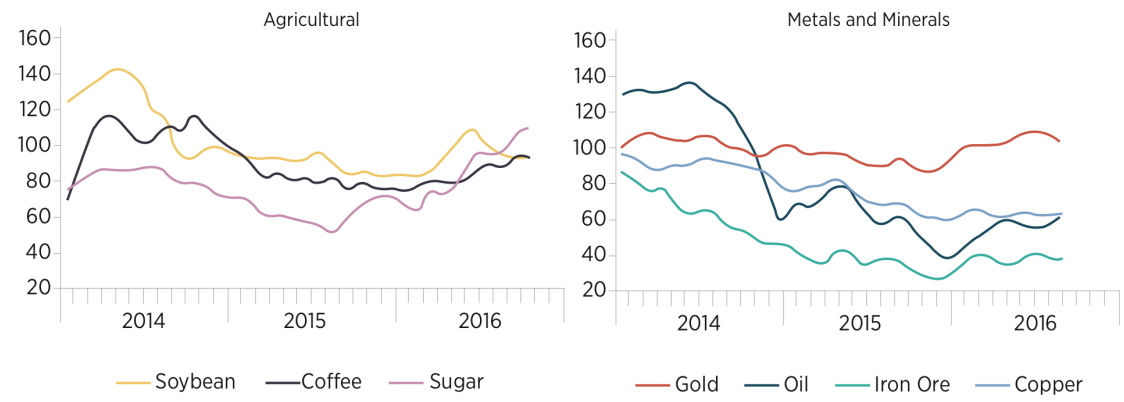
It's a phenomenal marketplace, and we've seen year-over-year growth. There's a lot of outside investment coming in, a lot of money flowing in. You drive around the capital, into the countryside and out to the resort areas, like Punta Cana, and there's investment and building going on left and right.

They've created a good climate there for doing business. The people there are

(**PROFILE** – *continued on page 14*)

Aqua Gulf Transport President Sergio Sandrin has his iPhone in hand at the company's new warehouse in Jacksonville, Florida.

PRICES OF THE MAIN EXPORT PRODUCTS OF LATIN AMERICA AND THE CARIBBEAN
(Index 2010=100, 2014 - 2016)



Source: IDB Integration and Trade Sector with data from the International Monetary Fund (IMF) and the Chilean Copper Corporation (Cochilco).

(TURNAROUND – *continued from page 2)*
year growth in this period corresponded to increases in exports of oil, coal, gold, and coffee.

• The slip in export sales from Brazil reached 3.1% in 2016. A fall in regional exports was the primary cause of the decline, especially Venezuela. However, in the first quarter of 2017 exports grew 24% year-on-year.

Nearly 50% of this improvement came from China, where exports of iron, oil, and soybean purchases translated into a year-on-year increase of 63%. The South American neighbors added 17% to the overall increase, mainly through exports of personal and commercial vehicles to Argentina. The growth of shipments to the US was due mainly to oil.

• Paraguay posted a 2.1% increase in exports in 2016. The fall in shipments to the EU and to the US was compensated by greater sales to the rest of South America and to Asian markets (excluding China). In the first quarter of 2017 exports grew 12% with exports to South America up 59%, (primarily to Argentina and Uruguay.) However, exports to the EU were down 40%, off 3% to the US, and Asian exports dropped 43%.

• Bolivia's recovery has a way to go. In 2016 exports from Bolivia fell 18.7% in 2016. While the reduction in sales to Brazil and Argentina explained most of the poor performance, exports to the US and Asia also fell. Exports recovered moderately in the first quarter of 2017, with a year-on-year growth of 4%. The biggest contributors to the increase were sales to China up 32% and the rest of Asia advancing 79%, mostly because of exports of zinc ore.

• Chile, with one of the more complex export mixes, recorded a drop of 2.6% in 2016. Exports to the South American region and the EU were down although exports to both China and the US were up in 2016. In the first quarter of 2017 the trend reversed and exports increased 4%. The increase was across the board except for China which was down 13%. The products that contributed the most to the increase were salmon, copper, and iron.

• Except those destined for the EU, exports from dropped 8.4% in 2016. However, the nation has posted a turnabout in the first quarter of 2017 with an export growth of 4% year-on-year. Most of this growth was to Brazil at 50% and China 14%, while the recovery was slowed by declines to the US at 11%, Asia down 13% and the EU 6%.

• Argentina's recovery had already started in 2016 with 1.7% in exports. Exports to the US, EU and Asia were up while exports to China and South America were down.

American Journal of Transportation
is published by Fleur de Lis Publishing, Inc.
No responsibility is assumed for unsolicited manuscripts.
Subscriptions:
Domestic..... $199.00
Canadian $287.00
International $448.00
phone: 508-927-4188; fax: 508-927-4189

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(*PIVOTS – continued from page 4*)
and help.

Latin American countries didn't take long to read the handwriting on the wall. The Pacific Alliance, a free-trade group comprising Chile, Colombia, Mexico, and Peru, hosted ministerial meetings in March with the TPP nations and China, Colombia, and South Korea, to send a message, according to Chilean Foreign Minister Heraldo Muñoz, that "multilateral trade and Pacific integration is alive and kicking" with US participation or not.

Meanwhile, in early May, trade officials from every signatory country of the Trans-Pacific Partnership—other than the United States—met in Toronto to discuss the future of the international trade accord. If the talks go forward it could mean that the TPP will come into force even without the US and possibly even provide room for China to join. China could also use its leverage to link the TPP nations with the Regional Comprehensive Economic Partnership (RCEP)—an initiative that lowers tariffs and non-tariff barriers among the ten ASEAN members plus China, Japan, South Korea, India, Australia, and New Zealand—to form a 20-nation trading bloc that excludes the United States.

That countries like Peru are drifting into China's orbit shouldn't be surprising: China has been Peru's number one trading partner for a few years now. After Peru's president Pedro Pablo Kuczynski took office last year, he chose to make his first foreign trip to Beijing, not Washington.

Strategic Leverage

But now countries tied intimately to the United States economically, specifically Mexico, are also pivoting eastward. Mexico recently sent a high-level trade delegation to Beijing, where the country's economy minister was quoted as saying that "we will use the China visit geopolitically as strategic leverage" against the US. "It sends the signal that we have many alternatives."

Although the new administration may have helped the process along, it's worth noting that China's presence in Latin America is not new. Beijing has been using its growing trade and financial might to challenge the global architecture the US has dominated since the end of World War II.

"Beijing sees developing its own alliances through trade and loans as an important way to counterbalance US influence," said José Cárdenas, a director with the international consultancy Vision Americas, "and to secure support in multilateral forums on such important issues to Beijing as human rights, climate change, and economic governance."

Latin America is not now officially part of Belt and Road but that may change given Peru and Chile's membership in the AIIB. China claims that Belt and Road is open and inclusive and that all are welcome to participate.

Chile's president Michelle Bachelet spoke openly about the potential benefits to Latin America from membership in the Chinese infrastructure program. "We think there are a lot of projects that can link Asia with or through Latin America," she was quoted as saying, while attending the Beijing forum in May. Chinese investments in the region could include tunnels and highways across the Andes Mountains and ports to link South America to Asia. Latin America's regional infrastructure is also in need of investments. (*See sidebar on page 4*)

Bachelet said she spoke to Chinese officials about investing in a transpacific optic fiber cable to improve digital connectivity between Asia and Latin America. The cable could be considered a part of Belt and Road, Bachelet said, "transforming the Pacific Ocean into a bridge between our regions."

In the past decade, China's two biggest development banks provided $125 billion to Latin America—more than the combined total lending of the World Bank and the Inter-American Development Bank. So it is not surprising that China is drawing Latin American countries into its economic orbit. What should be surprising is that the US has been so imprudent as to shove Latin American countries in that direction.

(*INTEGRATION – continued from page 4*)
economic activity, attract foreign investment, enable knowledge-sharing among regional neighbors, and ultimately facilitate collective entry into global export markets.

- Deepen economic integration between South America, Central America, the Caribbean, and Mexico. Through new preferential trade agreements (PTAs), these subregions can obtain additional gains from trade.
- Harmonize rules and procedures. Allowing firms to use materials from other countries without losing preferential access, as is often the case with existing PTAs, can help the region attain higher gains from these agreements.
- Focus efforts to reduce high trade costs. Lack of quality infrastructure and challenging topography make distance much costlier to Latin America's trade. The share of unpaved roads in the region is around 70%, causing land transport to drive up trade costs. Low port efficiency also makes the region's connectivity to global maritime and air transport networks comparatively weaker and costlier.
- Integrate labor and capital markets. There is room for improving regional efficiencies through freer migration and capital flows in Latin America, according to the report. Labor market integration across borders can help countries become more productive and boost growth through cross-border knowledge transfers.

The report concludes that, in order to be successful, the region will need to design and implement smart but complex policies to enhance regional economic integration while also lowering barriers to international trade with the rest of the world.

Peru and Colombia get ready to meet USDA export requirements

The Inter-American Institute for Cooperation on Agriculture (IICA) and the United States Department of Agriculture (USDA) came together to train 59 trainers from Peru and Colombia about the new requirements for processed food exports established by the United States government.

The training empowers them to train exporters, producers, academics and officials in preventive controls for food for humans. The commitment of the people trained is to replicate the knowledge and promote the understanding of the new demands among the sector.

"Training on this issue is fundamental for the export sector, we want to make sure that the information is flowing and we hope to contribute to eliminating the doubts that this process could generate," said Ana Marisa Cordero, a specialist in Food Safety and Health.

According to Cordero, this type of initiative meets the objective of providing technical assistance and strengthening capacities so that the countries can comply with US regulations. It also allows the training of trainers at a minimal cost.

The trainings are part of the Food Safety and Agricultural Sustainability (FAST) program, which is implemented by IICA and the USDA's Foreign Agricultural Service. The program aims to strengthen capacities in Central American, South American, and Caribbean countries to support the export of food to the United States and promote compliance with the Food and Drug Administration (FDA) standards.

More than lemons: US and Argentina look to deal on trade issues

There have been a number of trade disputes between the U.S. and Argentina that are near resolution. On May 26th USDA said lifted a ban on lemons from northwestern Argentina allowing imports for the first time in 16 years. The deal made headlines but in another development, the U.S. announced that it suspected antidumping of Argentinian biodiesel, and it would suspend those biodiesel imports until it ends an investigation.

In another deal Argentina's beef had a prior allowance for imports set by the Obama administration, but this is now under revision by the Trump Administration.

In the meantime, as the Argentinian authorities' pressure to get the biodiesel barrier lifted, U.S. officials have come up with a trade compromise.

The U.S. is willing to reopen its borders to Argentina's biodiesel if that South American country approved seed developed by U.S. companies on a quicker time frame.

The deals that could theoretically hurt domestic sales for U.S. meat producers and impact the U.S. biodiesel market are seen as two very different cases, according to Don Roose, president of US Commodities Inc. (West Des Moines, Iowa).

The trade practice is seen as unfair on biodiesel imports, as the U.S. program was to be a program to use oil products – not end products – to meet the standards. Thus, the imports of U.S. vegoil will probably need to increase to satisfy the biodiesel mandate. The beef imports from Argentina are a completely different situation. For now, the U.S. believes the trade practices are fair, explains Roose in an email to Agriculture.com.

The conditions, confirmed by U.S. Trade Secretary Wilbur Ross, are the faster approvals of seed and changing the criteria for the releases. The result of those negotiations would be known after a meeting between Ross and Argentina Production Minister Francisco Cabrera.

The government of Argentina already sent a bill to Congress last year with a new seed law that would get faster releases and would enforce payments of royalties.

Grimaldi launches ro/ro service between Mediterranean and Mexico

Italian ocean ro/ro provider, Grimaldi Group, has set up a service between Italy and Mexico dedicated to carrying vehicles, rolling freight and project cargo.

The service connects the Italian ports of Civitavecchia and Savona with the port of Veracruz in Mexico. It will run via Turkey's port of Gemlik and ports in North America, including the port of Halifax in Canada and the US ports of New York and New Jersey, Baltimore, Jacksonville and Houston.

Grimaldi said it was the first regular link between the Mediterranean and North America for rolling freight. It will take 20 days between Italy and Mexico (and 12 days to North America).

"The target of the service is mainly rolling units moving between the Mediterranean, the US, Canada and Mexico, including new cars from various brands," a spokesperson for Grimaldi told Automotive Logistics.

The service offers room for 3,000 vehicle units and 3,000 linear metres of rolling freight and will use five pure car and truck carriers (PCTCs).

"Mexico is a market which reveals a significant potential and has attracted important foreign investments in various sectors," said Emanuele Grimaldi (pictured), managing director of the Grimaldi Group. "The inclusion of a regular call in the port of Veracruz, one of the major ports in the country, is an absolute innovation in which we have chosen to invest to support import/export trades with Italy and the rest of Europe thanks to our wide network of services."

The ro/ro provider established a service between the port of Civitavecchia and other ports in Europe with the ports of Baltimore and Halifax back in 2015, employing four vessels.

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US and Mexico strike deal on sugar to protect US growers and refiners and supply to consumers

U.S. Secretary of Commerce Wilbur Ross and Mexican Secretary of Economy Ildefonso Guajardo announced new agreement in principal to suspend antidumping and countervailing duties against Mexican sugar imports into the United States.

"We have gotten the Mexican side to agree to nearly every request made by U.S. industry to address flaws in the current system and ensure fair treatment of American sugar growers and refiners," said Secretary Ross. "I am glad to say that Minister Guajardo and his colleagues have been honest and collaborative partners in seeking a fair and sustainable solution – this bodes well for our long-term relationship."

These new agreements between the Governments United States and Mexico, as well as the Mexican sugar industry, prevent dumping of Mexican sugar and corrects for subsidies the Mexican sugar industry receives. The agreement addresses the concerns of the U.S. sugar industry and prevents harm to other U.S. industries, including confectioners, beverage producers, and corn growers, that might have resulted if no agreement were reached.

"Unfortunately, despite all of these gains, the U.S. sugar industry has said it is unable to support the new agreement, but we remain hopeful that further progress can be made during the drafting process," continued Secretary Ross. "We look forward to continuing discussions with them as we finalize the agreement. We remain confident that this deal defends American workers across many industries and is the best way to ensure stability and growth."

The revised suspension agreement has five major elements:

• Price: The agreement increases the price at which raw sugar must be sold at the mill in Mexico from 22.25 cents per pound to 23 cents per pound. For refined sugar, the price at the mill must increase from 26 cents per pound to 28 cents per pound. These prices exclude packaging and transportation. This will protect the U.S. sugar industry from harm caused by Mexico "dumping" sugar in the United States.

• Raw vs. Refined Split: The new agreement also reduces the percentage of refined sugar that may be imported from 53% to 30%. This results in a significant increase in the amount of raw sugar available to U.S. sugar refiners while ensuring that subsidized refined Mexican sugar imports do not injure U.S. refiners.

• Purity/Polarity: The dividing line between refined and raw sugar was reduced from 99.5 to 99.2 purity, referred to in the industry as "polarity." This means that "estandar," a very common variety of sugar from Mexico, will count against the 30% limit on refined sugar. This will further protect against unfair competition from subsidized refined Mexican sugar imports.

• Enforcement – Mexico agreed to increased enforcement measures and to accept significant penalties for violations, including a reduction in the amount of sugar allowed to be imported equal to twice the amount of any sugar found to be in violation of the modified agreements. In addition, Commerce can increase this reduction to three times the amount if necessary to deter further wrongdoing.

• Additional U.S. Needs – Mexico accepted the above significant modifications on the condition that Mexico be granted a right of first refusal to supply 100% of any "additional need" for sugar identified by USDA after April 1 of each year. Additional need is defined as demand for sugar in excess of the demand USDA had predicted for that crop year. USDA will specify whether the additional need sugar is raw or refined without regard to the 70/30 split. The dividing line between raw and refined additional need sugar is 99.5 polarity, but raw sugar must be shipped in bulk in an ocean-going vessel, increasing the likelihood it will enter a U.S. refinery for further processing. Importantly, when the Export Limit is increased pursuant to a request by USDA prior to April 1, such sugar shall be subject to the pre-April 1 70/30 split and the 99.2 polarity divide, an added protection for U.S. domestic refiners.

US protectionism poses sizable risk to Mexico growth according to OECD

Mexico's economy faces "sizable" risks as the U.S. considers renegotiation of the Nafta free-trade agreement and other protectionist policies, the Organisation for Economic Cooperation and Development said in a report.

Latin America's second-largest economy has so far proved itself resilient to the rhetoric of Donald Trump, who assumed the presidency in January promising to rewrite the trade deal. The Mexican peso has recovered recent losses and now trades at levels seen before the U.S. election. While Mexican investments that have since been put on hold are expected to resume, more turbulence from a protectionist push can't be ruled out, according to the OECD economic outlook.

"Unfavorable policy announcements in this area could derail investment, manufacturing production and exports," said the OECD. "Lower revenue collection stemming from weaker growth could endanger fiscal consolidation plans and call for further cuts in government spending, weighing further on growth."

The OECD cut its estimates for the Mexican economy and now expects it to expand 1.9 percent this year and 2 percent in 2018—roughly in line with with forecasts from economists surveyed by Bloomberg.

Trump has notified Congress last month of his plans to renegotiate Nafta, saying the trade deal has been hurting U.S. competitiveness and jobs—some of the same arguments he used to announce the country's withdrawal from the Paris climate accord last week. That leaves a cloud of uncertainty hanging over Mexico, whose economy has been suffering from a surge in inflation that prompted the central bank to raise borrowing costs to an eight-year high.

Mexico is open to "rebalancing" its trade surplus with its northern neighbor as long as the U.S. does not impose tariffs or other restrictions, Economy Minister Ildefonso Guajardo told Bloomberg.

The developed-nation club improved its outlook for Brazil, and now sees Latin America's largest economy growing 0.7 percent this year and 1.6 percent in 2018. Risks to that forecast include political uncertainty and rising corporate defaults, it said. Brazil emerged from its worst recession on record in the first quarter but some economists warn the economy could shrink again due to fresh political scandal.

Shipwreck casts shadow over fleet of Vale iron-ore carriers

A second vessel contracted to haul iron ore for Brazilian miner Vale SA was delayed for repairs following the loss of a similar ship that mysteriously sank en route to China leaving 22 people presumed dead.

The Stellar Queen departed Vale's port terminal in northeastern Brazil on May 7 carrying almost 300,000 metric tons of ore, according to the Rio de Janeiro-based company's website. However, the ship then stayed anchored in a nearby bay for nearly three weeks after the commandant discovered cracking on the main deck and decided to delay the voyage until repairs could be made, the Maranhao state port authority said last week by email. The port authority finally authorized the ship's departure on May 26.

Korean Register, the agency responsible for regularly surveying the Stellar Queen, said last week the ship underwent a survey and was being repaired in Brazil at the request of the owner. Vale declined to comment on the delays.

A third vessel carrying Vale iron ore, the Stellar Unicorn, was also forced to have repairs after a crack was discovered on the outer hull of a tank in April, its owner said at the time. That vessel was surveyed before moving on to China for discharge, according to Korean Register.

All three vessels are more than 20-year-old dry-bulk carriers owned and operated by Polaris Shipping Co. and all were converted from crude-oil tankers. Seoul-based Polaris didn't respond to requests for comment.

Very Large

The Stellar Daisy went missing about 1,700 miles (2,700 kilometers) off the coast of Uruguay while carrying 260,000 tons of iron ore, Polaris said in a statement on April 7. All but two members of the crew are presumed dead. Polaris hasn't officially said what caused the accident.

"Two crew members whom are confirmed to be Philippine nationals have safely been recovered and are being repatriated to their families," Polaris said in the statement. The survivors told authorities the vessel had broken in two, according to reports in April.

The Stellar ships are so-called Very Large Ore Carriers, or VLOCs, that were converted from crude-oil carriers. Polaris, which calls itself the largest VLOC company, said in April it had initiated an internal inspection of all 18 VLOC vessels in its fleet, and would subject each to an independent inspection.

'Ripple Effect'

"Polaris Shipping is fully committed to ensuring the safety of its VLOC converted fleet and their crews following the loss of the Stellar Daisy," the company said on its website.

The press office from Vale, which also uses giant so-called Valemax ships to transport ore, said that investigations into the Stellar Daisy's sinking are being conducted by the competent authorities.

The conversion of single-hull crude carriers into VLOCs "was an attractive option as it extended the assets' life by at least 10 years, especially during the mid- to late-2000s, when dry bulk rates were elevated," according to BI senior analyst Lee Klaskow.

"A number of issues with Polaris Shipping's fleet could have a ripple effect on dry bulk rates if not swiftly rectified," Klaskow said in a May 14 note.

Polaris was reportedly planning an initial public offering this year, Klaskow said, but now "any offering will likely be pushed out until the issues facing its fleet are addressed." The company didn't respond to a request for comment on IPO plans.

The disappearance of the Stellar Daisy and news reports of inspections on other VLOCs has raised concern about similar ships.

"It's my opinion that all converted VLOCs, regardless of owner, should not be used until a very thorough examination of all of these vessels in circulation is first completed," Jeffrey Landsberg, a dry-bulk shipping researcher and consultant for Commodore Research, said by email.

Here's the beef: After a 13-year hiatus, US beef exports to Brazil

U.S. fresh beef exports are back in Brazil! Following a 13-year hiatus, the first shipment of U.S. fresh beef has arrived in Brazil, ushering in promising long-term market opportunities for the U.S. beef industry. In 2016, the United States exported $6.3 billion in beef and beef products globally. With Brazil's large market reopened to the United States, U.S. beef exports are poised for new growth.

Brazil closed its market to imports of U.S. fresh beef in 2003 over concerns about bovine spongiform encephalopathy (BSE). Since then, the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS) and Animal and Plant Health Inspection Service worked continuously with Brazilian officials to regain market access. Additionally, USDA's Food Safety and Inspection Service (FSIS) has provided documentation and information on the U.S. food safety requirements and standards for beef. Following numerous technical discussions and meetings, Brazil officially reopened the market in August 2016 based on the United States' classification by the World Organization for Animal Health (OIE) as a negligible risk country for BSE.

As the U.S. agriculture industry witnesses this first shipment of fresh beef arriving in Brazil, it's the ideal time for U.S. exporters to re-engage in marketing efforts in the country. Currently, Brazil's main suppliers of fresh/chilled beef are Paraguay, Uruguay and Argentina – both because of their proximity to Brazil and because they enjoy duty-free access as a result of the Mercosur customs union. From 2014-2016, Brazil imported an average of $296 million of fresh/frozen beef, or 50,000 metric tons, annually. Despite the competition from Mercosur countries and a 10-percent tariff differential for countries outside the customs union, the United States is in a great position to compete in the Brazilian market thanks to the ability to target high-end consumers.

(**PROFILE** – *continued from page 5*)

fantastic. I absolutely love the people of the Dominican Republic. We have five employees down there now, and they do a great job for us.

Everybody is friendly, warm, inviting, welcoming and appreciative. Our customers down there appreciate the role that we play as a third party.

The rest of the Caribbean is increasingly growing for us, including a lot of inter-island trade. We have a couple customers in Puerto Rico exporting to St. Martin and Trinidad and back to the Dominican Republic. And then there's Dominican Republic going to other islands.

Trinidad is probably our largest market after the Dominican Republic. Then we fall in with St. Martin and Jamaica and British Virgin Islands. They're all consumer markets, with the exception perhaps of Trinidad and the Dominican Republic, which have their own little industries.

How has Aqua Gulf advanced over the past half-century or so from its founding in 1966 as a Staten Island, New York-based trucking company with one truck to a far more comprehensive logistics provider?

All the credit goes to Bob Browne, the owner and founder [and current CEO], who started off with that one truck. He's a remarkable founder in a lot of ways, because he has great vision for what is coming down the road.

Our little company started off as that trucking company and was involved almost from Day One with the Puerto Rico trade. Bob was doing a lot of trucking with one of the carriers servicing the trade.

We went from trucking to servicing customers in terms of consolidations and top-loading and really maximizing cube for our customers, especially in the grocery industry. We had strong ties from Day One with the grocery stores and suppliers to them.

From the '90s into the 2000s, we've just expanded. One of the great things about working for Bob is that he enjoys technology and understands its value. That has helped our growth without question.

What benefits do you see shippers deriving from using a 3PL in Latin American and Caribbean trade, and indeed how important a role is played by information technology?

I have an IT background, so I'm a little biased in that regard.

First and foremost, we like to think that what we add is flexibility and options for our customers.

With Puerto Rico, we've had some difficulties over the past three-plus years – everything from Horizon [Lines] going out of business to the *El Faro* tragedy [with the Sea Star Line vessel lost at sea with a crew of 33 aboard in October 2015].

We've had to work with all the remaining carriers and keep the product flowing to Puerto Rico, and that's not an easy thing.

With a carrier, that carrier is going to try to do the best it can, but we had periods of time where we're moving stuff between carriers, between barge and ship, whatever it took to make sure we met customers' deadlines in Puerto Rico.

When you're an island, shipping is the lifeblood. Last year, we shipped 48 million pounds of chicken to Puerto Rico. That's a staggering amount from our little company. If you're not able to supply customers there, there's no food on the table.

We try to provide options, flexibility and knowhow. We have a team here that adds up to almost thousands of years of experience in Puerto Rico and international trades.

We love personal relationships, but technology complements that. It's a hand-in-glove kind of thing. We have our own homegrown systems. We work hard at constantly refining them, trying to be a little ahead of the curve.

What advantages have you gleaned from more or less growing up in the transportation industry?

My dad was an airfreight forwarder. My mom owned a customs brokerage company.

In a mom-and-pop operation, literally, you learn the value of hard work. I was given the broom and told to sweep the warehouse. When I got good at that, I could use the pallet jack. When I got good at that, then I could use the forklift. And that's the way I grew up, every school vacation and summer break working with my parents and little brother.

When I was about 15, my mother realized she needed to computerize. This was about 1985 in Jamaica, Queens, out at Kennedy Airport. I grew up in [New] Jersey, but they worked out at Kennedy.

She needed an ABI [Automated Broker Interface] system to file with Customs. She looked around and everybody told her it was going to be hundreds of thousands of dollars for a mainframe.

She found a little company out in San Francisco that was doing PC-based. She dragged me along because I knew computers, like any 14- or 15-year-old at the time. I helped put together her mini-network.

I would say that was my hobby, with the IT side, and the logistics side was the career. I've always merged the two together. When I came here to Aqua Gulf [in 1999], I started as IT manager.

What motivates you, both professionally and personally?

I'm very, very fortunate to do something I absolutely love. I love this industry, grew up in it and went to Northeastern University, where my concentration was in logistics [graduating with a bachelor's in transportation and logistics management].

For me, it's waking up every day and being able to lead this company and work with this tremendously talented group. We're like a family here, so they push me to do better for them so we're all in this together. That's my motivation.

As a break from work, what outside interests do you pursue?

I'm an avid sports fan. Love my Mets, Jets and Islanders, as much as they torment me. Even 14 years in Boston couldn't change that. I even made my poor kids Mets, Jets and Islanders fans, even though they were both born in Boston. They could've known happiness, but they're miserable like their old man.

And I love technology. If there's a gadget out there, I'll buy it and figure out how to use it, either at home or a lot of times it translates into work. Every little thing I touch, somehow I figure out a way to put it into practical application down the road for our business as well.

So you come off as a tech nerd workaholic…

I do have fun. I go out and golf as well, but even that has little Bluetooth technology in it so that I know how far I'm hitting the ball and what club I'm using correctly. Being able to quantify everything I do is kind of fun for me. I don't know why.

Central American trade

IDB reports in their annual update for the first quarter of 2017, exports from Central America posted a year-on-year increase of 11% in the first quarter of 2017. Only in Panama, did exports fail to increase in the first quarter of 2017.

• Exports from Mexico fell 1.8% in 2016, affected by weakness in regional markets and the US. However, in the first quarter of 2017 the trend reversed with a year-on-year export growth of 11%. A 9% increase in exports to the US, and a 44% increase in exports to China and 91% increase to Asian markets fueled the growth. Only one fifth of the increase was attributable to the growth in oil prices, while non-automotive manufactures accounted for half of the positive variation.

• In 2016 Honduras suffered from tepid regional and Asian demand resulting in a 1.6% decrease despite better results in the US and EU. However, exports have increased a healthy 23% y-o-y in the first quarter of 2017 with a good performance of coffee exports (price improvements), which explained two-thirds of the variation. The increase came primarily from the EU up 64% and the US up 20%, while sales to the region and to Asia (excluding China) continued their weak trend from 2016.

• Exports from Guatemala fell 2% in 2016 due to contractions in the US and Chinese markets and stagnation in intra-regional exports. Growth in demand from the US and Asian markets (excl. China) drove the recovery in the first quarter of 2017 up 12% y-o-y adding, respectively, 39% and 28% of the total change. Agro-industrial products, such as cardamom, sugar, coffee, bananas, edible oils and fats, and apparel dominated the growth. Exports from the general customs territory surpassed those under STR (special trade regimes).

• Guatemala also posted a lower export growth rate in 2016 (-4% compared to -1%)) than in 2015.This resulted from a fall of 7% in exports under STR, particularly precious metals, iron and steel, which accounts for two-thirds of the contraction, and 2% in general exports, due to lower sales of sugar and oil. In terms of destinations, sales contracted 7% to the U.S. and a massive 68% to China - the latter due to a reduction in sugar exports, and were not offset by the increases of 6% in exports to the EU and of 4% to the rest of Asia. Exports to the rest of the region remained stable.

• In Honduras exports fell 4% a rate similar to that of the previous year due to reductions in both general exports, down 5% and in those under STR which fell 2%. The former was driven by a contraction in coffee exports, while the latter resulted from lower sales of textiles to the U.S. Exports contracted to all destinations: 31% to China, 10% to the rest of Asia, 6% to the EU, and 1% to the U.S and to the rest of the region. IDB attributes the intra-LAC export decline, to lower exports to Venezuela.

• The estimated contraction of 1% in exports from Nicaragua was driven by an increase of 7% in STR exports, particularly textiles, overcome by a fall of 9% in general exports. Similar to Honduras, lower sales to Venezuela explained a large part of the contraction, although in this case it was partially offset by a 10% increase to the rest of the region and a 1% increase to US.

Hamburg Süd Port of New York change of terminal for USEC to SAEC service

Hamburg Süd's East Coast of South America service will move from Global Container Terminals, Bayonne, NJ to Global Container Terminals New York on Staten Island, NY in the port of New York.

• The last vessel calling at GCT Bayonne will be the "Bea Schulte" voyage 5 S eta May 24.

• The first vessel calling at GCT New York will be the: *Monte Azul* voyage 80 S eta New York May 30

The address is: Global Terminals New York, 300 Western Avenue, Staten Island, NY 10303; Telephone: 1 (718) 568-1700; GCTNY Customer Service: Telephone: 1 (718) 683-3210

The Caribbean

Exports from the Caribbean fell 5.7% in 2016 but an improvement seems underway for 2017.

The Caribbean's year-on-year growth rate for the first quarter reached 12%. Except for Barbados, whose exports fell by 16%, the rest of the countries in the region registered expansions in foreign sales. At the high growth end, exports from Jamaica and Belize increased 32% and 25%, after falling 9.2% and 24.9% in 2016, respectively. Belize is a cane sugar exporter, along with frozen orange juice and frozen shrimp. The country of Belize is also an oil exporter.

For Jamaica, trade accounts for 77% of the GDP. Like many Caribbean states there has been a major shift in the economy. Once a major sugar exporter, it is now a net importer. With the fall of sugar exports, bauxite has become the largest single export item. At the lower end, in Suriname the increase was 13% (compared to -12.4% in 2016) and in Haiti it was barely 3% (against -20.5% in 2016).

Wilhelmsen & Wallenius Lines merger creates Ro/Ro powerhouse

In a merger between equals, the joining of Wilhelmsen & Wallenius Lines has created a market setting ro-ro powerhouse.

By Matt Miller, AJOT

In April, Wilh. Wilhelmsen ASA and Wallenius Lines created the world's largest Ro/Ro-Pure Car Truck Carriers operator, with 78-vessels owned, another 39 on charter and six more now being built. The newly merged Wallenius Wilhemsen Logistics ASA, or WWL, also established a logistics powerhouse, with an impressive global presence in port, technical and inland services.

The structure of the transaction was noteworthy as well. This was a true combination of equals, unusual in the world of mergers and acquisitions. Wallenius was a private, family-owned company from Sweden. Wilhelmsen was from Norway and, while owned primarily by the Wilhelmsen family, was listed on the Oslo Exchange. Each of the two ended up with exactly the same ownership percentage of the merged entity: 37.8%. The remaining 24.4% is freely floated in the marketplace, shares having been sold down by Wallenius, to mostly institutional investors. The sale was substantially oversubscribed.

WWL is now listed on the Oslo Stock Exchange, where it is actively traded. Its market cap now tips $2.5 billion. Shares have increased 25% in value since its April debut, which technically took over the Wilhelmsen listing.

"It's been very well received by the investment community," said Andreas Wikborg, an Oslo-based shipping analyst with the brokerage firm Arctic Securities (Arctic Securities was one of the bookrunners on the sell-down of shares.)

That $2.5 billion market cap ranks WWL the eighth largest publicly traded liner logistics company in the world, although it's still tiny compared to Danish liner A.P. Moller-Maersk, which is one of the biggest transport companies in the world, with a market cap of almost $40 billion.

Merger of Equals, Equals Partnership

According to Wikborg, the merger of equals was possible because the assets of the two companies were similar in size and age. And, the two companies were anything but strangers to each other. They had, in fact, established a joint venture partnership in 1999 that held joint ownership in three entities: the old Wallenius Wilhemsen Logistics, owned jointly 100%; EUKOR Car Carriers, owned jointly 80%; and American Roll-on Roll-off Carrier, owned 100%.

The biggest of these companies is EUKOR, which carries more than 4 million cars each year. The two acquired an 80% interest in Hyundai Merchant Marine Co.'s car carrier operation in August

*(**MERGER** – continued on page 19)*

WWL's *Tonsberg* sails into Australia

Ro/Ro ports positioning for rebound

The ro/ro sector has been flat reflecting a listless global auto market. But there are signs that business could be improving very soon and the ro/ro ports are trying to get in front of the market.

By George Lauriat, AJOT

Planning for the Rebound

North America has an impressive array of large, ro/ro facilities, some based in well-known hub port areas like New York/New Jersey and the San Pedro ports of LA and Long Beach. Others are located in lesser recognized port regions such as the Port of Davisville in Rhode Island or the Port of Hueneme, California.

One thing the ro/ro ports, large and small, share is they are often treated as a bit of a sideshow to the box business. While it is certainly an unfair rendering of the most versatile of seaborne services, it's true nonetheless.

While some of the rationale of this oversight is the ubiquitous nature of the box, another is purely business. Simply, the OEM side of the ro/ro business has been flat for a long time. After a pre-recession crest in 2008 of 21.3 million seaborne vehicles shipments, according to London-based analysts Clarkson's, the annual growth between 2013-2015 has been a tepid 1.4% with the tally yet to crack the 20-million-unit threshold. And this year [2017] looks to be no better.

But a ro/ro sector rebound might be coming soon fed by more vehicle movements and project and breakbulk freight *(see Matt Miller's story on Whilhelmsen-Wallenius merger for comments on the potential for break bulk and project freight on page 16)*, and ports are trying to get in front of the trend.

No place is this more evident than the Port of Davisville Rhode Island, one of the largest, (if not well-known outside the sector) ro/ro ports in North America.

In November 2016, Rhode Island voters approved "Question 5", a $50 million bond measure for infrastructure projects at the Port of Davisville.

With question 5 in the rearview mirror, the port embarked on the $90 million modernization plan for Pier 2. Pier 2 is central to the modernization plan for the Port of Davisville. Pier 2 is an earth filled cofferdam cell structure built by the US Navy in 1956. It was designed to last 50 years, a period that has come and gone. The pier is the primary facility in the Port of Davisville and due to its style of construction [earth filled rather than timber supported], it is the pier best suited to handling heavy "deck" project cargo. In addition, the pier is the easiest to expand into another berth allowing multiple vessels to berth simultaneously. Also, the increased size will enable the port to handle the new generation of Pure Car Carriers (PCC).

Besides the Bond Question and Pier 2 mentioned above, there has been significant recent investment made in the facilities. Back in June 2016, the port announced an investment of $1.25 million in paving and stripping Terminal 5, which covers over 13-acres, to provide more capacity and operational flexibility, particularly on days when two ships are in port. Another port investment was to support a project that involved installing new marine hardware to allow the port to more fully utilize Terminals 4 and 5.

Port of Davisville is in the top ten in vehicle handling in the US. Unlike many North American ports, the ro/ro business is the main calling card and it has been an ace. In 2016, a record breaking 214,350 vehicles arrived by sea and another 40,870 by rail and truck. NORAD, the port's auto processor, handled 258,740 vehicles and another 305 metric tons of project cargo (principally wind) in 2016.

***(REBOUND** – continued on page 22)*

Flexibility: the ro/ro calling card

By Matt Miller, AJOT

For Eastern Car Liner (Americas), Ro/Ro's offer an opportunity to transport somewhat unusual rolling stock cargo from North America to Asia: Used trucks, used heavy machinery and even used RVs.

This business helps solve one of the vexing issues of the vehicle transport trade: What to do about Ro/Ro's and PCTCs that carry cars from Japan to the US, but must return to Asia.

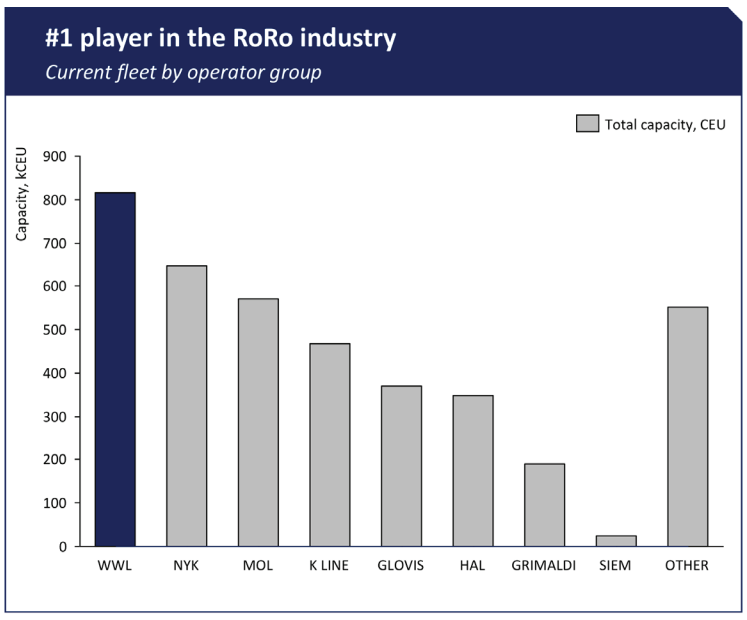
According to Bill Christ, Eastern Car Liner (Americas) executive vice president and COO, his company often ships its cargo via World Logistics Service (USA), a wholly owned subsidiary of Nissan Motor Car Carrier. These Ro/Ro's carry Nissan cars from Yokohama and dock at Los Angeles, Tacoma and Vancouver, B.C., before sailing back to Yokohama. In Yokohama, Christ said, the Westbound cargo is trans-loaded into an Eastern Car Liner ship, either Ro/Ro or breakbulk. These ECL ships are bound for such destinations as Vietnam, Myanmar and Indonesia. The ECL ships also dock in Vladivostok, Malaysia, the Philippines, Hong Kong and various ports in China.

"It's a very good transshipment arrangement," said Christ.

World Logistics and MOL now offer a sales and marketing arrangement on westbound Ro/Ro's. "It increases the frequency and availability," Christ said.

These ships supplement

***(FLEXIBILITY** – continued on page 21)*



Source: WWL Global Market Intelligence
Note: Average WWL vessel capacity has increased from 5,400 to 6,300 CEU from 2010 to 2017
1) CEU: car equivalent unit

*(**MERGER** – continued from page 16)*

2002 for $1.3 billion. Hyundai Motor Co. and Kia Motor Co. retained a 20% interest in EUKOR, which continues to ship mostly Korean cars.

WWL said the desire to merge, add assets each owned individually and keep ownership equal was "the next step" in their partnership.

"It was quite a unique situation," said Wikborg.

This deal underscores a consolidation in the ownership of ro-ro/PCTC operations, in the face of auto manufacturers pushing hard to pare transport costs. That consolidation is far more advanced than what has taken place in either container or bulk lines.

"It's not as fragmented as the rest of the industry," said Wikborg.

The above chart provided by WWL in its presentation to perspective investors tells the story: Within the world of ro-ro's, WWL now controls about 20% of the global car equivalent unit or CEU capacity. Three Japanese players – NYK, MOL and K Line – each operate between 12% and 18%. Three more companies – Korea's Hyundai Glovis, Norway's Hoegh Autoliners and Italy's Grimaldi – control between 5% and 10%. The remaining companies control less than 20%.

This doesn't mean, however, that there's less competition among carriers. Overcapacity dogs the ro-ro industry as well. (see sidebar on an analysis of the industry on page 21).

WWL entities chalked up almost $3 billion in ocean transportation-related revenue in 2016, with another $700 million in logistics services.

The WWL merger takes place amidst uncertainty in the global car business. In 2016, according to research conducted by Clarkson's, seaborne car imports into the Middle East, Africa and South America declined by more than 10%, while North America grew by 2% and Europe by 4%. According to projections by IHS, global auto sales until 2021 will grow only about 1.8% annually, although deep-sea transport should increase about 2.1% a year. The US is projecting a fairly flat demand in the years ahead, while parts

*(**MERGER** – continued on page 20)*

Northern California ro/ro expansion pits Amports against historic preservationists

By Peter Buxbaum, AJOT

It's not often that ro-ro cargo operations and historic preservation appear in the same sentence, but the expansion plans of Amports, one of the largest auto processors in North America, in Benicia, California, is pitting the company against the local city council over the proposed demolition of two buildings.

The buildings in question are two dilapidated edifices and nothing to look at, but they also happen to be the oldest industrial structures west of the Mississippi, hence the concern of preservationists.

Benicia, located on the upper San Francisco Bay, is one focus of Amports' expansion plans in northern California. The company announced earlier this year the lease of a 108-acre site in Antioch, California, east of Benicia, that has access to a deep-water wharf. Ports in the San Francisco area have been looking to grow their auto import and export businesses in recent years.

Amports inherited the buildings in question years ago as part of a larger acquisition at the port. Back in March, Amports applied to raze the buildings and was initially backed up by the city.

It seems, though, the buildings have been reduced to near rubble over the years by fire, squatters, and vandalizing youths. When the city sent professionals to inspect the site earlier this year, they found they were "not safe under any circumstance," and "in danger of "imminent collapse." Even first responders should not be permitted into the area, they advised, and the buildings could be demolished in the interests of safety.

Local preservationists appealed the decision to destroy the structures, first to the city's Building Board, which ended up deadlocked, and then to the city council. They accused Amports of purposely neglecting the buildings and argued the company should not now be able to benefit from destroying the historic structures.

The city council voted 3 to 2 in favor of preserving the site, at which point Amports' attorneys petitioned the body to reconsider.

In arguing for reconsideration, Amports' attorney Dana Dean stated that the council's decision to spare the buildings "failed to comply with the law by exceeding its jurisdiction, considered information outside the record, and misconstrued the law." The attorney also alleged council bias against Amports by two of the council members.

Dean asserted that the council failed to fully disclose the substance of communications outside the council chambers. Sunshine laws require the disclosure of any such conversations, according to the attorney's papers which were presented to the council. Dean also alleged that the council overstepped its legal bounds by exerting authority that it does not have.

"The city council's decision dictating how Amports secures its property and the structures lacks any legal support, and was beyond the scope of the hearing," she wrote.

Dean also threatened to take the city to court, but indicated Amports prefers pursuing negotiations. The council agreed to docket Amports' request for reconsideration in late April. The lack of developments since then indicates that talks are still ongoing.

(*MERGER – continued from page 19*)
of Asia should continue to boom. China will likely emerge as a vehicle exporter of note over the next several years.

In an email exchange, WWL president and CEO Craig Jasienski addressed this changing landscape: "In mature markets, auto sales are expected to be relatively flat while the outlook for the emerging markets are mixed," he wrote. "Overall, the expectations are slightly positive."

After years of expansion, the US market is definitely slowing. This can create even more aggressive competition among the car carriers as well.

"We see inventory levels for many manufacturers increasing and recognize that the US market growth will slow down," wrote Jasienski, who was president and CEO of EUKOR Car Carriers before the merger. "We remain agile with our capacity and services and will adjust as and when we see volumes changing."

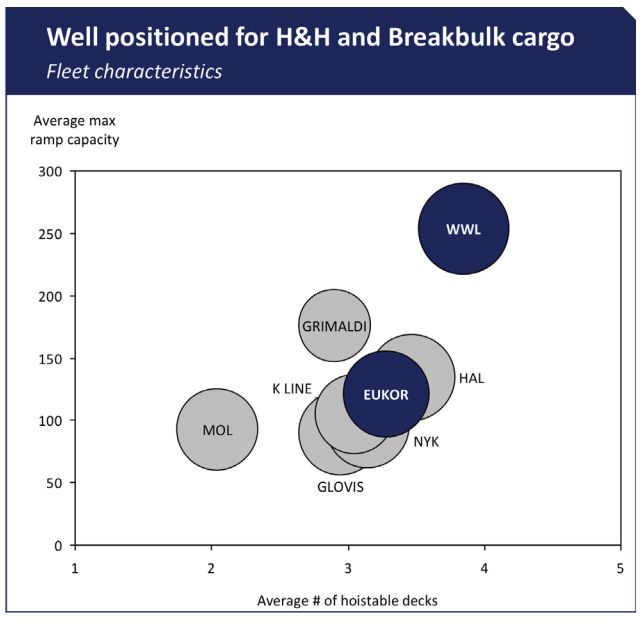
China, on the other hand, Jasienski wrote, is a burgeoning focus of WWL. "Through our operating entities, we retain a strong interest with broad operations for vehicles in China, for imports, exports, land operations and short-sea services," he said. "We work with Chinese and foreign makers to support their current and future finished logistics needs."

Bigger Vessels

Major players are moving to bigger and bigger vessels and WWL is among those carriers leading the way. WWL now has four PCTC vessels with 8,000 CEU capacity each and six more that can carry more than 7,900 CEUs. The post-Panamax newbuilds will add to this bulk.

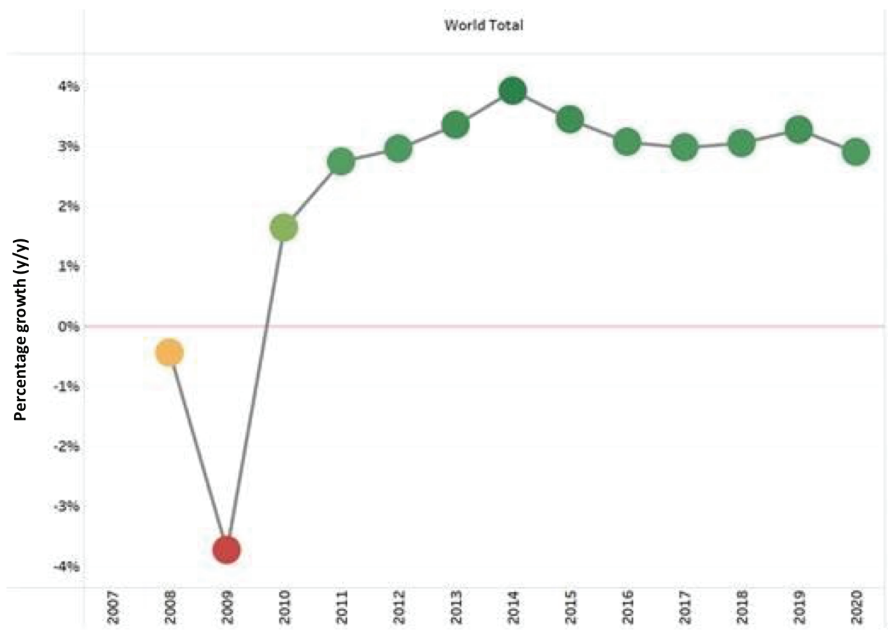
Jasienski said this type of build is the result of all sorts of factors, "With ever increasing cost of operating the business from Consumer Price Index related cost increases, to legislative changes and government determined tariffs, coupled with manufacturers demand for improved cost and quality,

(*MERGER – continued on page 21*)



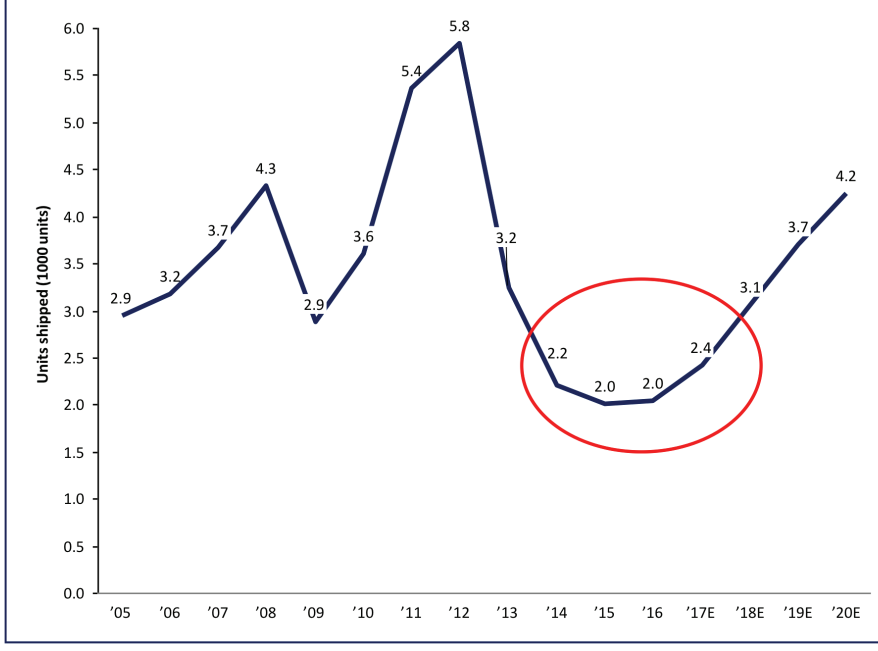
Continued solid growth for construction segment

2007-2020E[1)]



Improving outlook for mining shipments

2005-2020E[2)]



1) Source: IHS Construction
2) Source: Parker Bay (Mining)

*(**MERGER** – continued from page 20)*
it is natural for the industry to seek economies through scale," he wrote.

According to Wikborg, WWL "has a fleet size larger than its peers." Its vessels average 6,600 CEUs, while the industry average is 5,500 CEUs.

This larger size is critical not only because of the ability to carry more vehicles, but to carry larger and heavier project cargo. This is because of a higher deck space. According to WWL, the company's biggest ships can handle project cargo up to 400 tons with dimensions six meters high, 50 meters long and 11 meters wide.

This "high and heavy" marketplace is an important part of ro/ro business with margins that are higher than shipping vehicles. Heavy equipment for construction, agriculture and mining has been depressed for some time, but it's now forecast to grow, and in the case of mining equipment, substantially.

High and heavy shipments, plus some break bulk, constitute 22% of total cargo carried by volume on WWL ships. WWL believes its ability to carry this heavy cargo on scheduled routes are giving the carrier an edge over heavy lift vessels. It cites the recent transport of a mammoth industrial press used for the production of electric vehicles from Bremerhaven, Germany to Port Hueneme, California. The shipment, which other sources identified as bound for Tesla, was transported in three stages by three separate ships. One piece of equipment alone weighed 208 tons.

The company predicts that it can eventually save upwards of $100 million a year over the old entities through combining operations, back-office functions and better fleet optimization. Investors are banking on this as well.

• •

*(**FLEXIBILITY** – continued from page 18)*
ECL's own break bulk carriers, which sail once a month eastbound and westbound to the US.

The market in Southeast Asia for used trucks and heavy machinery is booming, particularly in Vietnam and Myanmar, and ECL has been able to capture a goodly share of this transport business. Used excavators, bulldozers, loaders, 18-wheelers, and the like are all being shipped by traders from the US. (Equipment and truck manufacturers have their own transport system for new products.)

Artist's conception of improvements to a seaplane hangar at the Southport site at the Navy Yard that will be used for vehicle detailing for Hyundai and Kia cars arriving at the Philadelphia port. (Source: Philadelphia Regional Port Authority)

(***REBOUND** – continued from page 18)*

Port of Philadelphia Invests in Vehicle Terminal

Another indication that ports are trying to get out in front of a ro/ro rebound is Pennsylvania's investment in the Port of Philadelphia's vehicle terminal.

The State is investing $93 million in the Port of Philadelphia's ro/ro facilities, which will then double annual import capacity from around 160,000 units to around 350,000 vehicles. The investment is part of an overall $300 million government investment at the port through to 2020.

The port authority said part of the funding would see a former seaplane hangar converted into a second vehicle processing center for Hyundai-Kia, along with the addition of 155 acres for vehicle storage and handling at the former Navy Yard. State investment will be supported by private investment in the vehicle handling facilities at the port. Philadelphia currently handles around 160,000 imported vehicles per year for the Korean carmaker, with services provided by Glovis America. No vehicles are currently exported. It first started handling Hyundai-Kia volumes back in 2010 when the carmaker switched imports there from the ports of New York and New Jersey, and Baltimore.

Up until now, vehicle volumes have been unloaded at the Packer Avenue Marine container terminal and moved to a vehicle handling facility at Pier 98. The conversion of the Navy Yard will mean vehicles can be directly unloaded onto a dedicated auto handling facility. The Port of Philadelphia's ro/ro services include weekly Eukor calls from Busan in Korea and Veracruz in Mexico.

Port of Hueneme: Going 40 feet

In February 2017, the Port of Hueneme entered into a Project Partnership Agreement (PPA) with the United States Army Corps of Engineers to deepen the Port's general navigation areas to 40-feet Mean Lower Low Water. The dredging project which has been in the works for a couple of years is key to the Port's goal of handling the larger post-Panamax ro/ro vessels (The port handled its first post Panamax ship last year.)

According to the documents, the proposed project's berth deepening effort "would include dredging activities to deepen Berths 1 and 2 along Wharf 1 to approximately -40 feet MLLW, to provide deep draft vessel continuity from the harbor, through the channel and to Berths 1 and 2 along Wharf 1. Through implementation of the project, vessels would no longer need to wait for higher tide to transit the channel and come to berth, increasing operational efficiencies."

The Port of Hueneme is a niche port handling perishables and ro/ro cargo. in 2016 at the Port of Hueneme, automobile imports totaled approximately 300,168 tons. In 2016 over 300,000 autos were imported and 37,873 autos were exported through the Port of Hueneme, a record high year for vehicle imports and exports. For the same period, fruit and vegetable imports stood at over 108,000 tons and liquid bulk fertilizer hit 160,145 tons. Overall, cargo increased by 10.6% to 1,574,903 tons, a new record at the Port.

Port of San Diego Plans for More Ro/Ro

In December of 2016, the Port of San Diego commissioners voted unanimously to remove two warehouses on the Tenth Avenue Terminal. One of the biggest beneficiaries of the new plan was the port's robust ro/ro business. Under the plan, multipurpose general cargo (ro/ro) would rise the most, from 85,131 metric tons to 733,050 metric tons. The Port's ro/ro sector already handles in excess of 400,000 vehicles annually.

According to the report: "The plan provides a long-term road map for the terminal, outlining key cargo business markets. Certification allows construction on phase 1 of the Plan to begin in 2017. This plan is anticipated to increase the terminal's cargo capacity, create jobs and implement clean technology to reduce pollution."

The first phase of the terminal's new master plan, costing $24 million, includes the demolition of transit sheds 1 and 2 on the west side of the 96-acre terminal, a new area for temporary equipment storage and the completion of several rail improvements. Future phases would include:

- a 100,000-square-foot dry-bulk storage container
- improved conveyor systems
- demolition of Warehouse C in the middle of the terminal
- and five new 270-foot gantry cranes.

The terminal improvements are projected to increase cargo from 1 million metric tons in 2014 to 4.7 million metric tons by 2035. An earlier projection showed an increase to 6.2 million metric tons.

Construction on Phase 1 is anticipated to begin by summer 2017 and is anticipated to take 33 months. Phase 1 will entail $24 million in Port and federal investment, which includes a $10 million TIGER grant.

"National City Marine Terminal (NCMT)… has begun seeing automobile volumes that rival pre-recession numbers, signaling continued strength in this cargo sector. The

*(**REBOUND** – continued on page 23)*

Ro/Ro terminal development in the wake of neo-panamax container vessel mania

By Martin C. Pilsch, AJOT

For many ports, diversity is critical, and one of the most diversified cargo segments, roll-on/roll-off, does not show any signs of rolling over (no pun intended) to the newest mega container vessel mania. The ro/ro form of ocean transport continues to offer an important resource for cargo handling at North America's seaports, offering the capability to handle a variety of cargo such as import and export automobiles, large construction and farm machinery and oversized crated equipment. The key is that the scope of roll-on/roll-off, utilizing a variety of vessel styles and handling equipment, presents options that can expand a port's versatility without extraordinary infra-structure development costs.

It has been well established that containerization is the single most publicized style of waterborne cargo carriage in the world. Steamship lines have recently expanded container vessel capacities, anticipating increases in cargo demand. At the same time, expansion of the Panama Canal to accept the new container vessels has in turn heralded an opportunity for new port facility growth. Until recently, the majority of the containerized cargo carried by these new vessels has been directed to West Coast ports.

At the same time, publicity surrounding the new-found flexibility of the Panama Canal was a signal to East Coast and Gulf ports to ramp up to prepare to welcome the newest class of container vessels. As a result, many of these ports have been hard at it, anticipating a catch-up response to the larger vessels appearing on the West Coast. The completion of the canal widening has gained momentum at East Coast and Gulf ports and some of the newest vessels have already called at the Ports of Savannah, Georgia and Houston.

As the nation's seaports consider their chance of attaining a position in a container service using the newest super post panamax vessels, many ro/ro users must hope that they will avoid this temptation. The requirements for expanded container service including larger land mass, deeper channels, multiple dockside cranes, additional land based container handling capability and expanded inland access whether rail or truck, will potentially be committed and lost for other valuable cargoes. Many North American

*(**MANIA** – continued on page 23)*

*(**REBOUND** – continued from page 22)*
District is working closely with port tenant, Pasha, to accommodate both international and Hawaii volumes, and proactively manage business growth. These efforts include recent inducement-calls at NCMT of Pasha's newest vessel, Marjorie C, which typically calls in Los Angeles."

Port of Portland, Oregon Ro/Ro Business Bright Spot

On March 31, 2017 ICTSI Oregon, Inc. and the Port of Portland mutually agreed to terminate a 25-year lease agreement to operate the container facility at the Port's Terminal 6. But the bad box news was mitigated by the good news on the ro/ro sector.

In 2016, more than 50,000 export autos were handled at Portland, the largest total on the U.S. West Coast. What's more impressive is the total of auto imports and exports. Combined vehicle handling hit 291,000 units, an 11% increase over 2015. "With our proximity to Asia, Portland has become a leading auto distribution hub…We've seen significant growth in exports since 2012 and expect that positive trend to continue in 2017," Keith Leavitt, chief commercial officer said.

The Port of Portland and Auto Warehousing Company received a state funding grant for $7 million expansion of the auto facilities in Rivergate Industrial District near Terminal 6. The plans are for AWC's development of a new 18.9-acre storage and staging yard to support export vehicles.

San Francisco Improvements Pave the Way for More Ro/Ro

San Francisco is beginning to roll. Part of the reason for the improvement is decisions made by the Port Authority over the last few years are beginning to fulfill their promise. At the top of the list is Pier 80.

Pier 80 is the port's principal cargo terminal, a 60-acre facility with two warehouses and four deepwater berths. The facility had been in a downward spiral since the Great Recession of 2008, but the location has always held great promise. Last August things began to turn around as Pasha, a major auto handling group, took over the operations of Pier 80 after inking a 15-year lease with the Port Authority. Almost immediately the facility began filling with autos, both on the import and export side of the ledger.

While the ships are calling, it is a $10 million work in progress as the Pier shifts from being an emergency homeless shelter to a hub ro/ro port of call for Pasha's vehicle customers in the Bay Area. Part of the attraction of the Pier 80 deal for Pasha was the underutilization when compared to other West Coast auto ports like Benicia and Richmond which are already operating near capacity. Ports like San Diego are expanding their ro/ro facilities in anticipation of an increase in auto imports over the next decade. Pasha believes that when Pier 80 is completely renovated, it will be able

*(**REBOUND** – continued on page 25)*

*(**MANIA** – continued from page 22)*
ports have continued business as usual including plans to move ahead with container facility modernization. The key question, however, might well be what the impact will be if these resources are not available when ports have the opportunity to create facilities and services necessary to sustain other forms of ocean-borne cargo?

Multi-cargo Approach

The benefits of a commitment to ro/ro cargoes can be significant and in truth, many ports have found a way to accommodate a multi-cargo approach. As a prime example, over four decades ago, a combination of ro/ro cargo and container handling provided an excellent opportunity for the Port of Baltimore. Baltimore's proximity to the Midwest created a special interest for shippers of not only containers, but ro/ro cargo as well. Import and export automobiles and farm and construction machines were primed to move via the Port.

Beginning in late 1960's and early 1970's, Atlantic Container Line (ACL) called at Baltimore's Dundalk Marine Terminal. The plan was to begin an effort to provide a combination of container handling and roll-on/roll-off cargo using the same vessel. Baltimore's Midwest connection was critical and as a signature port for roll-on/roll-off cargo today, Baltimore offers service to a number of specialty ocean carriers handling expanded ro/ro cargo volumes.

Originally, automobiles, construction and agricultural machines, large crated cargo, both import and export, were lifted by ships gear or dockside cranes to and from the hold of standard cargo vessels. ACL's combination vessels were designed to handle a variety of cargo in many forms. A great deal of ACL's ro/ro cargo, as example, was easily loaded while containers were lifted to and from the vessel's cells by container gantry cranes. Autos and trucks were driven on and off at the same time by longshoremen. Larger pieces, however, offered a challenge depending upon the size and stevedoring equipment available to handle it.

Over the years, the flow of ro/ro cargo to Baltimore increased significantly. Import and export automobiles, vans and trucks moved in and out of the port on car carriers and flatbed trucks. The early requirements for ro/ro cargo was a pier to accept a ramp, land to park the cargo and motive power to move it into and out of the vessel and on and off heavy haulers and rail flat cars. Eventually, the demand to handle this cargo efficiently led to the development of specialty equipment. Leaning upon ACL's unique combination, the creation of vessels with drive-on/drive off capability led to increasingly more efficient loading and unloading systems. This included utilizing a combination of terminal handling equipment specifically designed to easily carry cargo on or off of the vessel directly.

One of the most significant developments in ro/ro operations occurred in the late 1960's. The start-up of Atlantic

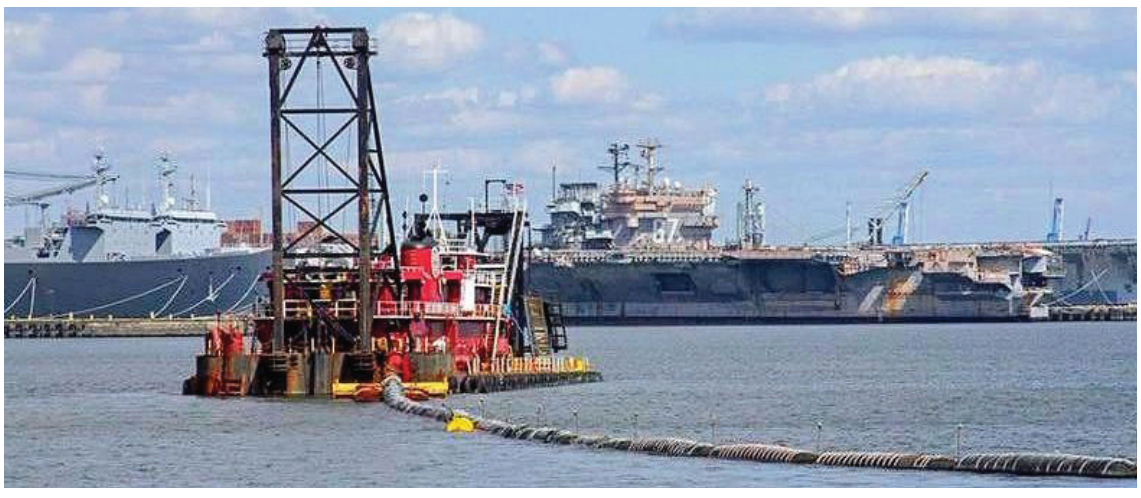
*(**MANIA** – continued on page 25)*

Army Corps of Engineers authorizes final funding for completing Delaware River Deepening Project

The U.S. Army Corps of Engineers released their Fiscal Year 2017 Work Plan which allocated $29.25 million towards to the Delaware River Main Channel Deepening Project. That money, combined with the $33 million that Congress approved earlier in the month, represents the final federal appropriations to complete the deepening of the Delaware River navigation channel to 45-feet. The Delaware River Channel Deepening Project is a 103-mile-long $392 million project. This federal project is funded by both federal and local sources. The Port of Philadelphia (PhilaPort) is the local sponsor of the project and the signatory of the Project Cooperation Agreement known as the PCA. Pennsylvania has spent $137 million to ensure this economic engine keeps up with competing ports in the Mid-Atlantic.

This is the final piece of funding that ensures that the Delaware River will be deepened to 45-feet by December 2017. Additional work to complete the project will continue through 2018. "This news comes at the perfect time," said Jeff Theobald PhilaPort's CEO, "the completion of the channel deepening in conjunction with Governor Wolf's $300 million investment towards improving landside infrastructure, will enable our Packer Avenue Marine Terminal to be the first terminal on the river to accept the larger vessels!"

"The bipartisan work done by our congressional delegation to get the federal funds released cannot be overstated" said PhilaPort Chairman Jerry Sweeney. "We have been fortunate to have two great champions in Senator Bob Casey and Congressman Bob Brady who zealously led the fight for annual project funding and kept the project alive in the face of fierce opposition. Together, with Congressman Pat Meehan and Senator Pat Toomey, their united and steadfast support and assistance were keys to making this project a reality."



Deepening of the Delaware River navigation channel to 45-feet

Recent purchase of additional property near Seagirt Marine Terminal helps mobilize for what's on the horizon

Supersized container ships traveling through the newly enhanced Panama Canal have been arriving at the Helen Delich Bentley Port of Baltimore since last year and the Maryland Department of Transportation's Maryland Port Administration (MDOT MPA) continues to make plans to handle the increased amounts of containerized cargo. Recently, the MDOT MPA purchased property at the Point Breeze Business Center, which is located right behind the Seagirt Marine Terminal on Broening Highway in Baltimore. The 70 acres of MDOT MPA land will be used for additional cargo opportunities including containerized cargo. This represents the first new land purchase for cargo opportunities by the MDOT MPA since 1987 when land was purchased at the Fairfield Marine Terminal for autos.

"Since welcoming our first big container ship through the newly expanded Panama Canal last year, the Port of Baltimore has seen a significant jump in its container business," said Governor Larry Hogan. "With the purchase of additional land, the Port will have more ability to handle the increased economic activity while generating new job opportunities for Maryland citizens.

The MDOT MPA plans to utilize the additional land as a container storage location but can also use it for autos and roll on/roll off storage. About 1,650 direct jobs are expected

*(**HORIZON** – continued on page 25)*

A helping hand in the Gulf

By Matt Guasco, AJOT

His friends and colleagues would say of Jerry Nagel that he was a dedicated and passionate maritime professional. President and CEO of Rickmers-Linie (America) Inc., from 2004 through 2011, he became chairman of the board just prior to his passing in 2012. Jerry was honored by both the Breakbulk Transportation Conference and the Greater Houston Port Bureau for his commitment to the marine industry. He was also dedicated to the idea of providing assistance to members of the transportation community in times of need.

Lending a Hand

It was Jerry's desire to create a means to provide relief from the bills and expenses which mount up during a catastrophe. He passed away in December of 2012 without fully realizing that dream, but a group of friends and colleagues were at that time formulating an idea for just such a fund. In 2013 they chartered the Maritime Workers Emergency Medical Fund (MWEMF) under Texas law as a 501C3 non-profit charity. Jerry Nagel's dream was being fulfilled.

The Maritime Workers Emergency Medical Fund

The fund has responded with assistance to several individuals over the past four years providing additional money for items not generally covered under medical insurance. They are currently finalizing an additional applicant who is not only undergoing medical treatment but has also lost his job and is seeking re-employment. Funds are dispersed on the basis of need as assessed by the board of directors. They are distributed annually on a first come first served basis after completion of a 60-day application and interview process. The MWEMF makes every effort to protect the privacy of applicants including medical and personal information. At present, they rely on the charity of individuals and companies to provide funds to continue their work.

MWEMF's Board of Directors

The board is comprised of eight business leaders from the maritime and related industries. Their careers span the ocean carrier industry including roll on-roll off, break bulk, and container services. Port representation and international freight forwarding are represented and a member of the ILA management team also sits on the board.

Reaching out to the Maritime Community

In an effort to raise money and awareness the board hosts two annual programs. They recently held their Seafood Boil, successfully attracting sponsors and over 100 guests. This year they raised $28,000 compared to last year's total of $9,000. Distinguished sponsors at the "Hero" level ($3,000) included the ILA Atlantic and Gulf Coast Districts, Container Maintenance Corp., and Break Bulk America. There were also over 10 sponsors contributing $1,000 toward the fund. This fall the MWEMF will hold their annual golf tournament. Turnout for this event usually held in October or November is also anticipated to

*(**HAND** – continued on page 26)*

(***REBOUND*** *– continued from page 23)*
to handle 150,000 vehicles a year and around 100 ships.

But there is another intriguing aspect to the facility revitalization. One of the first big export items was Teslas – perhaps the most recognizable brand name in the electric powered automotive sector. The Port of San Francisco is the closest port to the auto manufacturing facility in Fremont and hopes to become the primary export gateway for their vehicles – an important balance to an industry heavy on imports.

An important, related project to Pier 80 renovation is rail track improvement. Back in 2011, the Port of San Francisco was awarded a $2.9 million grant from the US Department of Transportation's Federal Rail Administration (FRA) to rebuild Quint Street Lead, the connector track from the main line to the Port. The upgraded track enables heavier locomotives and large unit trains to come directly to the Port instead of stopping off in South San Francisco to switch out to smaller trains.

On January 12, 2017, the Port Commission approved a five-year lease extension for San Francisco Bay Railroad. SFBR invested $1.3 million dollars for 4,000 feet of new track in the rail yard. This replaces some of the track that was lost to Pier 80 due to the Pasha facility, and additionally helps stage trains needed for the Warriors Arena project.

With a grant received from the Bay Area Air Quality Management District (BAAQMD) and the US Environmental Protection Agency (EPA), the Port replaced an old locomotive to a newer and cleaner 90% cleaner locomotive. In a related move on January 5th, Caltrain announced Union Pacific would turn over their freight rail rights to Caltrain for the San Francisco-San Jose corridor and in turn Caltrain will hire a shortline operator. The operator will take over interchanging with the Port and all other freight and rail stakeholders on the Peninsula.

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(***MANIA*** *– continued from page 23)*
Container Line's service, stimulated both the volume and the variety of cargo easily adapted to ro/ro. Today, roll-on/roll-off vessels handle a large variety of cargo including containers, large farm and construction equipment, self-propelled vehicles, and both import and export automobiles. Containers and larger equipment can be carried on specialty trailers, uniquely designed to stay with the vessel after loading or parked on the terminal to be delivered to over the road conveyance. In addition, the internal design of pure auto carriers offer parking garage type design with storage and drive on/drive off handling. On the East and Gulf coasts other ports such as Wilmington, Delaware, Jacksonville, Florida, and Galveston, Texas are among many ports that have expanded their capabilities with larger facilities just to handle import and export vehicles and large farm and construction implements.

Rolling Stock

The requirement to quickly discharge and load larger cargo such as rolling stock, construction machines and agricultural equipment created the need for specially designed conveyance, capable of remaining with the vessel if necessary. Based upon the concept that the trailers could remain aboard the vessel with their cargo if necessary, a small German manufacturer responded with the development of what now are universally referred to as roll trailers or MAFIs. Today, various versions of these trailers adapted to the cargo requirements are regularly utilized.

The first developer and manufacturer of these specialty type trailers was a company named MAFI, an acronym combining the initials of one of the founders. MAFI developed and manufactured what is now referred to as the roll trailer system. Their concept included a special attachment, a "goose neck", leading from the yard tractor's fifth wheel to a special aperture on their trailer.

The MAFI system was specially designed to handle large, over-sized objects such as high and wide crates, containers, vehicles, boats, rail cars, heavy agricultural implements and large generators. The trailers were designed to be easy loaded and discharged. The system was relatively simple, the "goose neck" attached easily to the yard tractor's fifth wheel at one end and into an aperture at the front of the roll trailer on the other. The MAFI was a low-slung trailer with a heavy wooden decking and small, multiple tired bogies. The company, MAFI, was founded in 1957. Their concept revolutionized the handling of just about everything that was set to sail on an ACL or standard ro/ro vessel. The cargo handled on MAFIs includes oversized, heavy objects. MAFI has been supplying roll trailers and other ro/ro tools to the industry since the early 1960's. Since that time, the acronym "MAFI" has become synonymous for not only MAFI's products, but roll trailers manufactured by three other companies.

Most roll trailers including those from two other manufacturers, Novatech in Denmark and Buiscar in Holland, can be purchased or leased from representatives in the USA. New Jersey company, Martec International, representing manufacturers opened a division to sell or lease roll trailers and goose necks. Martec represented Novatech. Martec sold its inventory and customer list to container leasing giant, Triton International. Fleets of (Novatech) roll trailers through Triton, Buiscar or MAFI independently, can be found at some of the largest ports in the world.

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(***HORIZON*** *– continued from page 24)*
to be generated due to this purchase. In 2016, the Port handled a record 538,567 containers. Since July 2016, when the Port welcomed its first large container ship through the Panama Canal, containers are up seven percent.

The Seagirt Marine Terminal, the Port of Baltimore's primary container facility operated under a public-private partnership with Ports America Chesapeake, includes 11 cranes, four of which are Neo-Panamax, the largest cranes in the world. The Port of Baltimore is one of only four U.S. East Coast ports currently capable of handling some of the largest ships in the world.

Combining both the public and private marine terminals, the Port of Baltimore saw 31.8 million tons of international cargo cross its docks last year which was valued at approximately $49.9 billion. Baltimore is ranked as the top port among all U.S. ports for handling autos and light trucks, farm and construction machinery, imported gypsum, imported sugar, and imported aluminum. Overall Baltimore is ranked ninth for the total dollar value of cargo and 14th for cargo tonnage for all U.S. ports.

Virginia Maritime Association Conference

The Virginia Maritime Association conference took place May 10-12 at the Marriott Waterside Hotel in Norfolk VA. Approximately 2000 delegates and exhibitors attended the various sessions and dinner.

(L to R) Gary Winstead – ARC Transit, Carly Santos – ICL, Sarah Gaillard – ICL, Ray Jalkio – STI

(L to R) Ed O'Callaghan – Century Express, Susan Durick – Leschac, Lauren Creech – Port of Virginia

(L to R) Sunil Ahluwalia – Cosco Shipping, Robert Cave – CrossGlobe, Chris Gullickson – Virginia Port Authority

Hamburg Süd GRI US Gulf Coast to Colombia & SAWC

Hamburg Süd announces due to the unsustainable rate levels in the current market, effective July 1, 2017 a General Rate Increase (GRI) will be applied to all cargo moving from the United States Gulf Coast to Colombia & West Coast South America in the following amounts:

- to Colombia
  US$ 100 / 20' equipment
  US$ 200 / 40' equipment
- to West Coast of South America
  US$ 200 / 20' equipment
  US$ 400 / 40' equipment

(*HAND – continued from page 24*)
be good.

Membership in the MWEMF

This is another area the board is looking at for the future. The question of member benefits is difficult, and needs to be addressed before they open the fund for participation. What advantages membership would bring and how one becomes a member need to be worked out. The idea of general participation would certainly help bridge the gap between a regional organization and a national fund.

Looking Ahead

Today the MWEMF is a regional fund serving maritime and transport workers in the Gulf. The board would like to see it grow into a national organization. They realize however they must attain a higher level of funding to carry out such an ambitious plan. It's hoped that much of the corporate support they've attracted will eventually become annual supporters. The fund is beginning to outline a proposal for annual corporate sponsorship but has not yet tackled how individuals could participate.

A Helping Hand

The transportation industry needs more vehicles like the Maritime Workers Emergency Medical Fund to offer support in times of crisis. This particular fund has thus far concentrated on life threatening emergencies. Who is there however to lend a hand when natural and manmade catastrophes strike? When ports and port workers are devastated by Hurricanes? When disaster strikes at sea? The work of the MWEMF is extremely commendable and we wish them well in their efforts to grow to national status. Can we also take a page from their efforts?

Are there perhaps other ways the transport community could give back to its members?

AIR CARGO NEWS

Volga-Dnepr IL-76TD-90VD freighter at the Baffinland Iron Mines Mary River operation in North Baffin, Nunavut, Canada

Volga-Dnepr helps Canadian mining project

Volga-Dnepr Airlines' outsize cargo specialists came up with an innovative solution to help the Canadian mining company Baffinland Iron Mines increase its iron ore production quota in 2017 at its Mary River operation in North Baffin, Nunavut, Canada.

In 2016, Baffinland achieved 3.2m tons of production and transportation of iron ore from the mine to the port site 100km away. Much of the equipment already on the island arrived by sealift during the summer but with ice having shut down shipping lanes, no further deliveries would be possible until late July or early August. Recognising the need to increase the size of its truck and trailer fleet, Baffinland turned to Volga-Dnepr for its expertise in moving heavy and outsize cargo as well as the ability of its IL-76TD-90VD freighters to operate to Arctic runways.

In addition to increasing its fleet capacity, Baffinland needed the extra equipment because the extreme winter weather conditions and harsh ground environment were causing its existing equipment to need regular maintenance, thus reducing its availability. However, the trucks were too tall to fit inside the IL-76TD-90VD cargo cabin so Volga-Dnepr's engineers set about finding a solution, working closely with the Baffinland team. With weather conditions of up to -50 degrees on site, plus the need for the new equipment to enter service quickly, it was essential to minimise the level of dismantling of the trucks in order to eliminate a lengthy reassembly process on arrival.

Volga-Dnepr's solution was to put smaller tyres on the tractor units for transportation, reducing their height sufficiently to fit inside the IL-76TD-90VD. Volga-Dnepr's team also worked with Ilyushin Design Bureau to address the issue of the short 6,500 feet runway at Mary River and found a solution to use the least amount of fuel in order to safeguard the limited fuel supplies available on the island. Using the aircraft's extension ramp equipment and onboard cranes also ensured the programme was self-sufficient in terms of loading and unloading.

With all of the planning completed, including gaining the necessary approvals from Transport Canada, Volga-Dnepr commenced a four-week programme of 20 flights at the start of April. This included positioning extra crew in Canada to ensure the timeliness of the flight operations for the four-hour rotation from North Bay to Mary River and back again.

Clair Gunn, Account Manager at Volga-Dnepr, who worked on the project with the airline's specialists in London Stansted and Ulyanovsk, said: "Weather systems can come in very quickly in Mary Island so you have to be prepared. Having extra crew availability meant we were able to meet our delivery schedule even though we had two days of blizzards and whiteout conditions during the flying programme.

Strong start to 2017 for AirBridgeCargo as market growth and special products boost volumes by 17% year-on-year

AirBridgeCargo Airlines (ABC) reinforced its position as one of the world's fastest-growing all-cargo airlines with a 17% increase in volume in Q1 2017 to 158,000 tonnes. ABC's load factor also rose year-on-year to 70% for the first months of 2017.

The arrival of the airline's tenth new Boeing 747-8 Freighter in March, increasing its total 747 fleet to 17 aircraft, contributed to a 7% increase in frequencies network-wide.

AirBridgeCargo's decision to continue increasing its network in Asia, coupled with market growth, saw its tonnage rise 19% from the region in the quarter. Over the last two years, ABC has been consistently developing its network in the region, most recently in April launching its newest route to Taipei. It provides 747F services to and from Tokyo, Seoul, Singapore, Hanoi, Taipei, Phnom Penh, Hong Kong, Shanghai, Beijing, Chengdu, Chongqing and Zhengzhou.

High demand for exports from Europe enabled AirBridgeCargo to grow its tonnage from the region by 22% in Q1 2017 with growth on all of its routes, notably to Asia which recorded a 24% rise in tonnage over the same three months of 2016. ABC's services to and from North America also continued to grow. The airline now operates up to 30 flights a week on its routes serving Atlanta, Chicago, Dallas, Houston, Los Angeles and Seattle.

Products requiring special handling procedures were among those with the highest rate of growth in the first three months of this year. In particular, the airline saw pharmaceutical shipments increase by 70%, while demand for its off-size cargo service rose by 15%.

Sergey Lazarev, General Director of AirBridgeCargo, said: "Our growth in the first quarter of 2017 is a combination of several factors. Firstly, we are enjoying general market improvement, but we are also seeing the benefits of our product development strategy, which has been implemented to ensure we comply with our customers' expectations."

AirBridge's new Boeing 747-8

Intermodal & Logistics News

Metropolitan Rail Freight Council releases action plan to increase rail freight capacity in NYC area

The Metropolitan Rail Freight Council (MRFC) released its first-ever Action Plan, a guiding document dedicated to growing rail freight capacity and volumes, investing in and preserving rail freight infrastructure, creating quality jobs, promoting environmental sustainability, creating an infrastructure bank, and ensuring a more resilient freight supply chain for the New York City metropolitan area.

The combination of fatigued, outdated infrastructure and complex regulatory challenges has resulted in substantial overreliance on trucking to move goods around the region instead of rail and other methods. Overreliance on trucking has resulted in increased traffic congestion, pollution, and infrastructure maintenance that strain transportation costs.

Proposed solutions are identified through various projects outlined in the Action Plan that complement ongoing efforts to increase rail capacity in the region, including enhancing infrastructure in both New Jersey and New York.

Chaired by U.S. Representative Jerrold Nadler (D-NY), the MFRC was convened in 2015 and is co-managed by New York City Economic Development Corporation (NYCEDC) and the Port Authority of New York and New Jersey (PANYNJ). Council members include several New York and New Jersey public agencies, including the NYC Mayor's Office, New York City Department of Transportation (NYCDOT), and New York City Emergency Management (NYCOEM). Most notably, MRFC members include every railroad company operating in the New York City region, such as CSX Transportation, Norfolk Southern Railway, New York New Jersey Rail, LLC, and New York & Atlantic Railway. The Long Island Rail Road and Metro-North Railroad are also MRFC members.

"It is critically important to the future of New York City and the Metropolitan region to be able to move more goods by rail, with an expected increase of at least 37 percent in freight being transported to, from and through this region over the next 20 years—beyond the capacity of our roadways—doing nothing is unacceptable and is tantamount to putting a lid on economic development," said Rep. Jerrold Nadler. "I'm proud to have helped establish and Chair the MRFC, and together with the cooperation of the Port Authority and NYCEDC, we have created an open forum where rail stakeholders meet and identify and resolve problems, report on progress, and increase cooperation between all rail stakeholders, both private entities and public agencies. The action plan we are releasing today is emblematic of that cooperation; it will provide the vital guidance to increasing the rail freight capacity in the east of Hudson region."

"Reliable and efficient cargo transportation is critical

*(**PLAN** – continued on page 31)*

ContainerPort Group expands intermodal network in Houston

ContainerPort Group, Inc. (CPG) expands its drayage network into Houston, Texas officially on May 15, 2017. Port Houston handles roughly two-thirds of the region's container trade and positions CPG to exceed customer demands, with their drayage terminal strategically placed between the two main ports, Barbours Cut Container Terminal and Bayport Container Terminal. The recent developments with the Panama Canal expansion allow for larger berth vessels to bypass the West Coast ports in favor of Gulf Coast terminals with better access to destinations.

With over 45 years of intermodal experience and a depth of industry knowledge from our leaders in the Gulf, CPG is more excited than ever to add capacity to their growing logistics footprint. Senior VP of Commercial, Jim Kramer states, "CPG follows the needs of their customers and we have seen a strong increase in demand for drayage in the South. We are proud to extend our company's service offerings into the Gulf region, and our dedicated team of highly experienced professionals is ready to fulfill this demand.

Kramer added, "This strategic expansion allows our customers to use a drayage provider in Houston that they already trust and serves them well in other regions. CPG now has more capacity to handle their growth, and we are happy to offer more lanes to get their cargo where it needs to go."

The Houston terminal offers all of CPG's intermodal solutions and significant advantages to support its valued customers' supply chains, and is conveniently located at:
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1600 South 16th Street
La Porte, TX 77571
E:cpghou@containerport.com
T: 281-972-5557

Collaboration, technology heralded as critical to supply chain efficiency

By Paul Scott Abbott, AJOT

Productive partnerships, a customer-centric approach and innovative deployment of technology and analytics are among keys to supply chain efficiency, according to Georgia Logistics Summit presenters, including leaders of such consumer giants as Kimberly-Clark, Lennox, Wal-Mart and The Home Depot.

"Customer-focused supply chain strategies are critical," said Sandra MacQuillan, senior vice president and chief supply chain officer of Kimberly-Clark Corp., the Dallas-based maker of such paper-based products as Kleenex tissues and Huggies disposable diapers.

"Globally creating value from source to shelf" is the objective of the Kimberly-Clark supply chain, MacQuillan told some 2,000 attendees in the May 17 closing address of the two-day event at the Georgia World Congress Center in Atlanta.

Kimberly-Clark Corp.'s senior vice president and chief supply chain officer, Sandra MacQuillan, is enthused about a customer-focused approach. (Photo by Paul Scott Abbott, AJOT)

MacQuillan, who is based in suburban Atlanta, said supply chain priorities should include collaboration with the right partners, having the appropriate people in place internally and externally, defining of focus areas in concert with consumers, placing the customer "at the center of everything we do," and application of "metrics, data and insights."

MacQuillan said that, when she joined Kimberly-Clark two years ago, following 14 years with snack food and pet care conglomerate Mars Inc., the $18 billion-plus-a-year-in-sales company "did not have a supply chain," but it now boasts eight supply chain organizations and five business units engaging some 30,000 supply chain employees worldwide, held together under guiding principles of simplification, standardization and collaboration.

"We want to experiment, we want to learn, we want to fail," MacQuillan said in urging advancement of "a supply chain that senses rather than a supply chain that reacts."

In one of several panel discussions, that philosophy was echoed by Tom Wainwright, Atlanta-based senior manager of regional operations for Richardson, Texas-headquartered climate control leader Lennox International Inc.

Lennox International's senior manager of regional operations, Tom Wainwright, believes failure can be the best teacher. (Photo by Paul Scott Abbott, AJOT)

"Failure is the best teacher," Wainwright said, noting that distribution network team members are encouraged to ask questions and recognize faults.

Wal-Mart Stores Inc., the world's largest company, is looking to deploy data and technology in moving its supply chain forward, according to J. Brock Toole, general transportation manager at the Monroe, Georgia, logistics center of the Bentonville, Arkansas-headquartered mega-retailer.

J. Brock Toole, general transportation manager at the Monroe, Georgia, logistics hub of Wal-Mart Stores Inc., sees technology and analytics at the heart of a winning supply chain. (Photo by Paul Scott Abbott, AJOT)

"The future of our industry is going to be driven by analytics and technology," Toole said. "Those who integrate efficient and effective use of data will outdrive their competition."

As an example of how analytics are being used to improve key performance indicators, Toole cited the piloting of event recorders in trucks based at Wal-Mart's Georgia distribution hub, which serves more than 200 stores in five states from its location 50 miles east of Atlanta.

At The Home Depot Inc., the largest U.S. home improvement retailer, the customer experience – whether in one of the chain's 2,200-plus stores or via e-commerce or some combination thereof – is furthered through trusted partnerships within the company and with vendors, according to Mark Holifield, the suburban Atlanta-based company's executive vice president of supply chain and product development.

"We don't talk about e-commerce at The Home Depot," Holifield said. "We just talk about commerce.

"Retail is definitely evolving," he said, adding that The Home Depot has hired numerous data scientists to put analytics to best use. "You have to optimize the whole system."

Speaking on the same panel as Holifield, Matt Harding, vice president of Chainalytics' Freight Intelligence Market Consortium, said synchronization is driving productivity and efficiency.

Noting that he expects to see a soft market with overcapacity and low freight rates through at least the end of this year, Harding said, "You have to have good partners to provide capacity in any market."

Tim Manning, vice president of North American surface transportation at third-party logistics provider C.H. Robinson, concurred, saying math is a key ingredient in resolving issues related to technology disruptors impacting the supply chain.

"People are still going to be a key ingredient," Manning said, "but it's about how we're going to solve that problem. If we can all work together, I think we can all solve the problem."

In another session, Alex Rhodeen, director of disruptive solutions at global supply chain operator GEODIS, commented, "Disruption will continue and

*(**CRITICAL** – continued on page 31)*

The Home Depot's executive vice president of supply chain and product development, Mark Holifield, right, captures the attention of, from left, Tim Manning, VP of North American surface transportation at C.H. Robinson and Matt Harding, VP of Chainalytics' Freight Intelligence Market Consortium. (Photo by Paul Scott Abbott, AJOT)

Georgia Logistics Summit attracts more than 2,000

By Paul Scott Abbott, AJOT

The Georgia Logistics Summit has once again drawn thousands of shippers, logistics providers, government officials, students and others to the Georgia World Congress Center in Atlanta.

More than 2,000 attendees took part in the day-and-a-half summit, with networking opportunities including a May 16 happy hour, as well as a May 17 reception for shippers, with a number of participants taking a moment to pose for the *American Journal of Transportation*.

Organizers from the Georgia Department of Economic Development's Georgia Center of Innovation for Logistics announced that the 10th annual edition of the summit is slated to be held in conjunction with MODEX 2018 and the Transportation & Logistics Americas exhibition, set for next April 9-12 at the Georgia World Congress Center. *(For reports on Georgia Logistics Summit 2017 business sessions, see page 28)* *(Photos by Paul Scott Abbott, AJOT)*

(L to R) Dave Gittings – UPS, John Wilson – BlueSkyWorks LLC, Bryce McCain – a2b Fulfillment Inc., Robb Dillon – Champion Logistics Group, Jordana Crow – Spend Management Experts LLC, Josip Tomasevic – AGCO Corp.

(L to R) Steffan Oxenridder – OilDri Corp. of America, J.T. Harrison – OilDri Corp. of America, Jim Hutcheson – Port of Huntsville, Bill Barrs – Georgia Ports Authority, J.T. Smith – GLOVIS America Inc., Charles Dial – Shaw Industries Group Inc.

(L to R) Conway Amar – Southern Freight Inc./ The Transportation Club of Atlanta, Jason Moss – Georgia Manufacturing Alliance, Sandy Lake – Georgia Center of Innovation for Logistics

(L to R) Helen Beasley – OOCL USA Inc., Tyler Daniels – Veritiv Corp., Donna Mullins – Mullins International Solutions

(L to R) Aisha Eccleston – Jacksonville Port Authority, Debbie McDowell – Seaonus, Lisa Wheldon – Jacksonville Port Authority, Joseph Waters – Seaonus

(L to R) Nathan Mills, Dwayne Free, Oy McPeters, Greg Hundt, Barry Vinot all from CCA and B LLC (The Elf on the Shelf)

(L to R) Vaibhav Musale – Solidus Hi Tech Products Pvt. Ltd., Jannine Miller – Georgia Center of Innovation for Logistics, James Daniel – Global Quality Management Solutions, DeLores Ross – Mitsubishi Hitachi Power Systems

(L to R) Ross Maple – AGRO Merchants Group, Chris Logan – Georgia Ports Authority, Bill Crotty – AGRO Merchants Group

(L to R) David Simoneau – Pratt & Whitney, Amanda Varnadoe – Kuehne + Nagle, John McDonald – Pratt & Whitney

(L to R) Colin Sherly – Active Minerals International LLC, Robin Baggs – The Home Depot

(L to R) John Cody – Smith Transportation, Debbie Harris – Norfolk Southern, Richard Harris – Norfolk Southern

(L to R) Steven Kilcrease, Pam Snipes, Stacy Ingram (all from Birdsong Peanuts)

(L to R) Bill Merrigan, Stephanie Martin, John Purcell, Dennis Goudy (all from WestRock Co.)

Alex Rhodeen, director of disruptive solutions at GEODIS, right, demonstrates supply chain disruption as Derek Banta, director of digital channels and mobile applications at UPS, looks on. (Photo by Paul Scott Abbott, AJOT)

(***CRITICAL** – continued from page 28)*

continue and continue. You have to stay steps ahead. You're the hunter, but you're also the hunted. Be prepared to outrun the person next to you if you can't outrun the bear."

Rhodeen said that, for example, he is excited about the use of autonomous vehicles but the transition is "the scary part."

Derek Banta, director of digital channels and mobile applications at global logistics stalwart UPS, said autonomous vehicles, drones, 3-D printing, advanced telematics and on-demand manufacturing are among technological disruptors shaping the future of supply chains.

"It's a great time to be in the logistics industry," Banta said, pointing out that UPS, based in suburban Atlanta, is investing $1 billion a year in leading-edge technologies.

Of course, as in prior years, the Peach State remained front and center throughout the ninth annual Georgia Logistics Summit. *(See the accompanying sidebar below)*

Georgia Ports Authority Executive Director Griff Lynch cited the efficient working the preceding week of the *COSCO Development* at the Port of Savannah. Crews accomplished 220 container moves per hour via six cranes in achieving 5,500 lifts as the largest container vessel to call the U.S. East Coast docked at Savannah.

While most containerships calling Savannah won't have capacities of more than 13,000 twenty-foot-equivalent units, like the *COSCO Development*, today's mega-vessels are definitely welcome, according to Lynch.

"We don't want small ships," Lynch said. "We want the big ships."

Lynch said that 60 percent of containerships now calling Savannah boast capacities of 5,000 or more TEUs, so, whereas the number of total ship calls is down at the port, container volume handled is markedly up.

Lynch said advantages of the Port of Savannah extend well beyond the docks, with harbor deepening progressing while inland intermodal capabilities are being extended into the Midwest with development of a consolidated rail terminal to double lift capacity.

While those harbor and rail projects aren't slated to be completed for another three years, Savannah already has eclipsed the Port of New York and New Jersey in offering the most containership calls on the East Coast, with 35 weekly services calling Savannah versus 34 for New York and New Jersey, according to Lynch. *(For Georgia Logistics Summit reception photos, see page 30)*

Georgia Ports Authority Executive Director Griff Lynch extols the virtues of the Port of Savannah and freight infrastructure advantages that extend beyond its gates. (Photo by Paul Scott Abbott, AJOT)

*(**PLAN** – continued from page 28)*

to a successful economy. Strategically investing in rail freight infrastructure creates good-paying jobs, strengthens trade, and improves the quality of life in the metro area, and the nation as a whole," said NYCEDC President and CEO James Patchett. "The City is proud to continue working with our public and private MRFC partners to propel critical rail freight projects outlined in the Action Plan forward." The Port Authority of New York and New Jersey is pleased to join its public and private railroad partners to announce the release of the Metropolitan Rail Freight Council's Action Plan," said Port Authority Port Director Molly Campbell. "From the Bronx's Oak Point Link to the ExpressRail intermodal network to the Cross Harbor facilities, the Port Authority has invested hundreds of millions of dollars in improving freight rail access into and around the New York and New Jersey Region. With Governor Cuomo's recent announcement of funding for Tier 2 Environmental Review for the Cross Harbor Freight Program, the Port Authority will continue to advance freight rail access throughout the region for the benefit of all."

"Collaboration among public and private organizations is essential to meeting the future freight transportation requirements of the New York City-New Jersey metropolitan region," said Rodney Oglesby, Resident Vice President, CSX Transportation. "By highlighting those projects that have broad support, the Action Plan can help reach the goal of increasing the volume of freight that moves in and out of the region."

"New York & Atlantic is uniquely positioned to help foster economic expansion in the Metropolitan Region. Our greatest opportunities for future growth come from bringing consumer goods—especially food—and building materials to the area. And with those shipments come tremendous benefits to the region - jobs that pay well, economic growth and cleaner air – a win-win-win for all of us," said James Bonner, President, New York & Atlantic Railway.

"In addition to directly and indirectly supporting local businesses, the Travis Industrial Track Rail Replacement Project will ensure that freight rail infrastructure in Staten Island is well positioned to support the future development of off-dock warehousing, trans-loading facilities, and other economic development initiatives. These benefits help to achieve the goals outlined in the Metro Rail Freight Action Plan. Conrail looks forward to continuing this progress with our MFRC partners," said a representative with Conrail.

Primary goals the Action Plan seeks to achieve are:

- Economic Development: Grow the number of jobs in the region by increasing competitiveness by making rail shipping a more attractive option
- Capacity: Increase the amount of freight that rail can move over the network to support current and future demand
- Connectivity: Optimize the freight network to increase fluidity and efficiency across the supply chain
- Safety: Ensure the safety and security of pedestrians, private vehicles, and passengers
- Sustainability: Minimize the environmental impacts of goods transported by rail-served businesses
- Resiliency: The ability for the freight transportation network to rebound from an unexpected disruption, and limit the impact of extreme weather events through hazard mitigation

Intermodal traffic in the Port of New York and New Jersey grew by 22 percent between 2013 and 2015, outperforming the national growth rate of 7 percent. Intermodal freight is freight that is transferred between two modes—such as ship to rail—and is usually carried in 20 or 40-foot shipping containers.

On average, one freight train can move one ton of freight 450 miles on one gallon of fuel. Trucks can only transport that same amount of cargo for 59 miles. Similarly, one freight train can replace 500 tractor-trailers and cut greenhouse gas emissions by 75 percent.

A key example of bolstered rail service due to investments by the PANYNJ and the City of New York in Sunset Park is the advancement of the "Southern Gateway," which has seen a resurgence in rail freight volume. That system features one of the few remaining "car floats" in which rail cars are floated by barge between New Jersey and Brooklyn rail terminals. The New York New Jersey Rail, LLC, a subsidiary of PANYNJ, operates the service.

Logistics facing talent shortage, Georgia summit attendees told

By Paul Scott Abbott, AJOT

The logistics industry faces a serious labor shortage, according to opening session speakers at the Georgia Logistics Summit

The concerns were expressed May 16 before more than 2,000 attendees at the Georgia World Congress Center in Atlanta.

Dr. Christina Scherrer, a professor of systems and industrial engineering at Kennesaw State University, noted that a recent survey showed that 90 percent of 1,600 Georgia business and industrial engineering students polled were familiar with logistics but only 20 percent expressed intent to enter the field.

"That's a serious image problem," said Scherrer, who holds her doctorate in industrial and systems engineering.

Troels Adrian, economic development director for supply chain and ecosystem expansion at the Metro Atlanta Chamber of Commerce, concurred that logistics is saddled with a career perception issue that must be overcome.

GA Gov. Nathan Deal addresses the Georgia Logistics Summit. (Photo by Paul Scott Abbott, AJOT)

Adrian said logistics not only encompasses "the bluest of blue-collar labor" but also increasingly is requiring the highest level of technology talent.

David Mihuta, sales representative for the Freightliner of Savannah truck dealership, commented, "We're not quite sure where we're going to get the next generation of talent."

Mihuta is engaged with the Maritime Logistics Education Taskforce, begun in Savannah in 2012 to give high school students exposure to the logistics industry via dozens of company partners, aiming to make a supply chain job "as attractive as being a pro ballplayer."

Laura Sidney, director of client strategy for labor analytics for commercial real estate leader CBRE, said consumer demand for swifter product delivery is translating to burgeoning requirements for the full spectrum of supply chain workers.

"We used to think three- to five-day delivery was fast; we now expect three to five hours if that," Sidney said, adding that the latter scenario requires 10 times more people to get products to consumers.

Indeed, an audience survey showed 72 percent of respondents saying they currently are experiencing labor shortages.

Following the panel presentation, Georgia Gov. Nathan Deal underscored the importance of logistics in Georgia, stating that, since July 2016, the Peach State has attracted $4 billion in new investment by companies requiring leading-edge logistics, generating 18,000 jobs.

Among transportation infrastructure undertakings cited by Deal included the Savannah Harbor Expansion Project, which he said is now about 50 percent complete. Deepening of the Port of Savannah's outer harbor to 49 feet and its inner channel to 47 feet, slated for completion by 2021 at a $973 million cost, has been identified by federal officials as having a 7-to-1 benefit-to-cost ratio, Deal said, as it facilitates the port's efficient handling of a growing number of increasingly large containerships.

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