PRSRT STD
U.S. POSTAGE
PAID
PERMIT # 558
PROVIDENCE, R

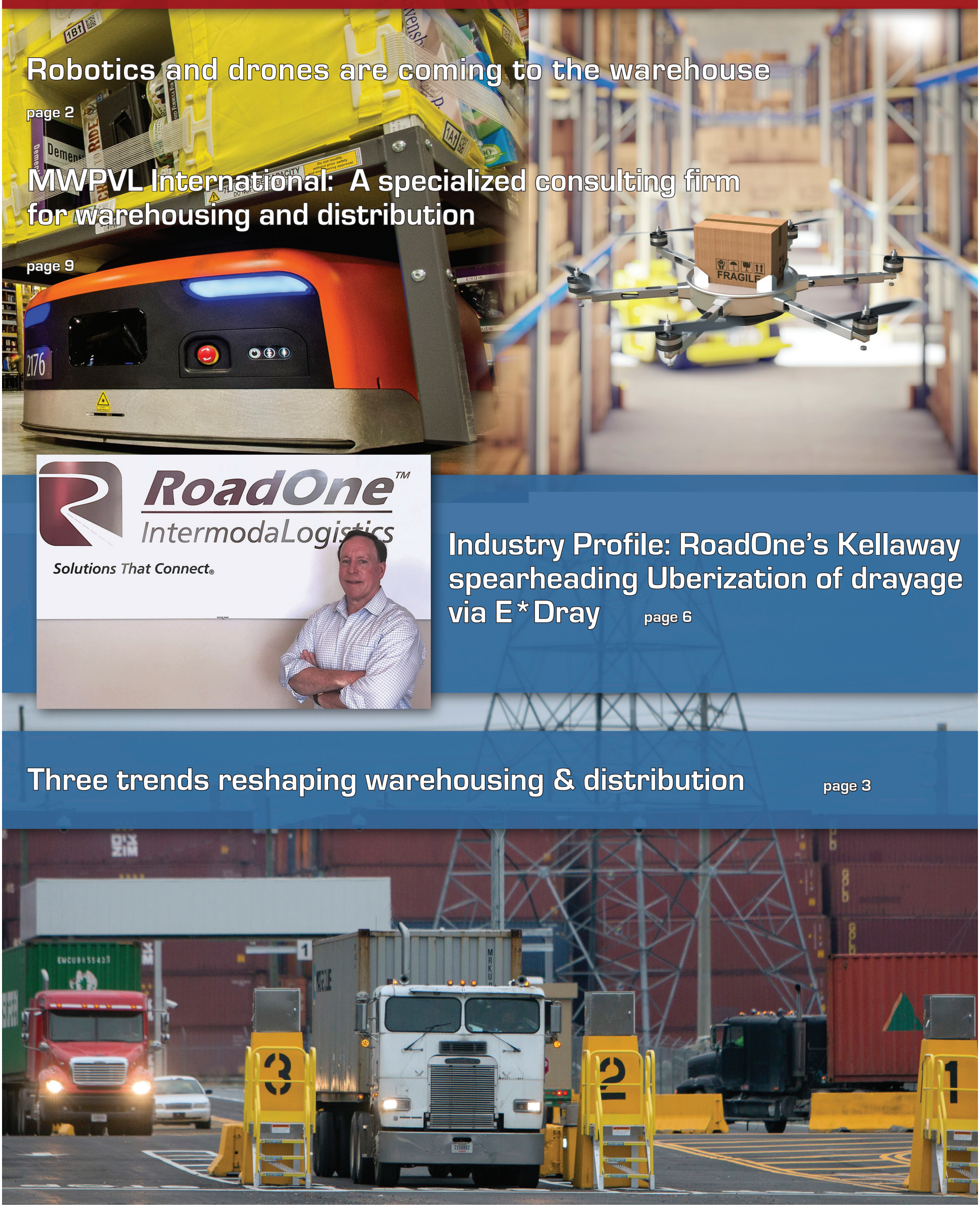
American Journal of Transportation
116 Court Street, Suite 5, Plymouth, MA 02360

AJOT

Follow AJOT on these social platforms:

AJOT.COM JUNE 26 - JULY 9, 2017 ISSUE #651

Warehousing & Distribution



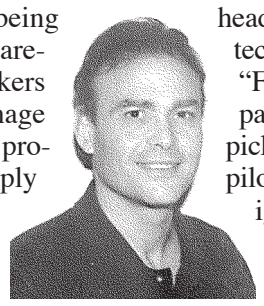
Robotics and drones are coming to the warehouse

Tests have shown they're good at helping pickers, counting inventories. Battery life still an issue for drones.

By Peter Buxbaum, AJOT

Amazon has pioneered the use of robots in its large warehouses

They may not be replacing warehouse workers, at least not yet, but robotics are increasingly being introduced in warehouses to help workers pick orders and manage inventory. Logistics providers like DHL Supply Chain, Geodis, and Kenco and retailers like Amazon and Walmart are some of the companies leading the way in this area.



DHL Supply Chain announced last month that it will begin a pilot to test using autonomous robotics at a facility in Tennessee on behalf of customers in the life sciences sector. The LocusBots, as they are called, will be tested as a picker companion for warehouse order fulfillment.

Geodis signed an agreement last year with Delta Drone to jointly develop a solution for automating warehouse inventory using drones. Following the delivery of a prototype, and testing the system at Geodis warehouses in France, industrial development and an international rollout are expected later this year.

Kenco Logistics' Innovation Lab has been investigating the use of drones in warehousing and fulfillment. "There has been a great deal of publicity about the use of drones in last-mile delivery," said research manager Matt McLelland. "While that has great potential, there are other areas of the supply chain where drones can be employed now, or very soon."

Robotic Race and the Warehouse

Industrial robots are becoming a more common sight in factories and warehouses. In 2013, there were 1.2 million robots in use worldwide, a figure which is expected to increase to 1.9 million by the end of this year. Japan leads the way in use of industrial robots with over 306,000 robots in use, compared to 237,000 in North America, 182,000 in China, and 175,000 each in South Korea and Germany.

The use of robots and drones in warehouses is now considered an emerging best practice, according to a recent report from the Haslam College of Business of the University of Tennessee, Knoxville. *(See sidebar on page 4.)* As that document notes, drones are properly thought of as aerial robots.

Five years from now robots will be standard in the supply chain, according to Peter Sondergaard, global head of research with tech analysts Gartner. "Five percent of companies with complex picking operations will pilot mobile self-navigating and smart warehouse robots," he said.

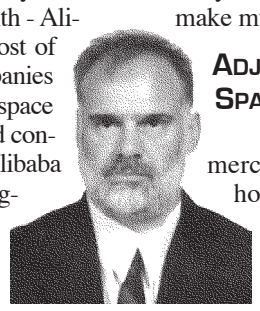
Amazon has pioneered the use of robots in its large warehouses with units being supplied by Kiva

*(**COMING** – continued on page 4)*

Three trends reshaping warehousing & distribution

The A-Team: Alibaba and Amazon force a rethink of distribution

By George Lauriat, AJOT



They're here to stay and a force to be reckoned with - Alibaba, Amazon and a host of other enterprising companies occupying the cyber space between production and consumer. Jack Ma's Alibaba is now the world's largest retailer accounting for more GMV (gross merchandise volume) than rivals Amazon and eBay combined. The Chinese internet retailers' online sales and profits surpassed all US retailers including Walmart, Amazon and eBay. Perhaps more importantly, Alibaba Logistics through the One-Touch service (which it bought back in 2010) is partnering with freight forwarders (and forwarding networks such as the WCA) and now even ocean carriers.

In December 2016 Maersk (CGM-CMA has since also signed up) announced it was teaming up with Alibaba, enabling the ocean carrier to list freight spaces on Alibaba's import/export platform, which allows Chinese shippers to make shipping reservations online. According to the press release at the time, "The initial launch … allows existing Alibaba One-Touch (registered) users to lock in the price of required cargo spaces on selected routes by pre-paying a deposit amount." These moves put Alibaba firmly in the middle of the supply chain as facilitator on a potentially grand scale.

Amazon's role in logistics may be even more significant. Amazon's sales account for a reported 60.5% of online sales growth. The hard charging company has put the pressure on not only other retailers but logistic service providers throughout the supply chain. Amazon's warehousing is among the most enterprising, using robots and drones and highly automated systems *(see Peter Buxbaum's article on previous page)* to provide both volume and velocity. Other innovations include Amazon's Prime Air, a drone service designed to deliver shoppers product within 30-minutes of order placement. Recently Amazon began testing a new service for "Prime Wardrobe" that allows Prime members to try on the latest styles before they buy at no upfront charge, bridging the gap between brick and mortar and online retail. Customers have seven days to decide what they like and only pay for what they keep. Shipments arrive in a re-sealable box with a pre-paid label for returns. Amazon said more than a million pieces of clothing and accessories are eligible and include brands like Calvin Klein, Hugo Boss, Theory and Levi's. This month Amazon announced it was buying Whole Foods Market for $13.7 billion upping the ante in its battle with Wal-Mart for the lucrative grocery sector in retail. Yet without a massive online service platform and the supporting warehousing and distribution system, neither foray would make much sense.

Adjusting to the Space Squeeze

The rise of e-commerce has squeezed warehouse space, particularly in urban spaces. In a June report from the CBRE Group, nearly half of the 167 million sq. ft. of U.S warehouse space now under construction, roughly 72 million sq. ft., is already pre-committed to tenants, primarily e-commerce, third-party logistics or retail users. This is the largest tally of pre-committed warehouse space in seventeen years. And at 43% pre-leased to occupiers, this exceeds the 17-year average of 38%.

David Egan, Americas head of industrial research, CBRE said in respect to the report's conclusions, "Warehouse users are aggressively leasing space as soon as they have the opportunity, often even before the construction has been completed on the property. This is unusual compared with historical activity."

But there are a number of underlying factors re-shaping the warehouse real estate market – beginning with the rippling

(*TRENDS – continued on page 7)*

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

George Lauriat ..... Editor-in-Chief
Robert Kirk ..... Managing Editor/ Print Production
Eric Nelson ..... Web Manager/ Ad Design
Carole Lauriat ..... Office & Circulation Manager
Peter Buxbaum ..... Northeast Correspondent
Paul Scott Abbott ..... Gulf region Correspondent
Stas Margaronis ..... California Correspondent
Leo Quigley ..... Pacific Northwest Correspondent
Leo Ryan ..... Canada Correspondent
Matt Miller ..... Business Correspondent
Manik Mehta ..... International Correspondent
Robert Wallack ..... International Correspondent

William Bourbon ..... Publisher

Dave Cantwell ..... Southeast & Gulf Coast Sales Rep
phone: 954-328-9335 ..... email: dcantwell@ajot.com

Brendan Dugan ..... East Coast & West Coast Sales Rep
phone: (908)499-8737 ..... email: bdugan@ajot.com

Ed Andrews ..... Europe Sales Rep
phone: +44 7880 702227 ..... email: ed@duvelmedia.com

(*COMING – continued from page 2*)
Systems, since renamed Amazon Robotics. Robotic units bring pods to workers with requested items in response to orders.

"It's a capital-intensive investment," said Austin Grandt, the CEO and co-founder of Export Abroad, "but they can increase productivity and cost savings in the long run for large-scale warehouse operations."

Costs savings are often the rationale for companies investing in robotics for the supply chain. The robots are getting more sophisticated and adept at performing tasks and the cost differential with humans is narrowing, to the advantage of robots. Estimates for labor cost savings from automation and robotics average 16% globally, while South Korea has seen costs slashed by 33%.

DHL Pilot

The DHL pilot is using units that work collaboratively alongside warehouse staff, helping to quickly locate and transport pick items, so pickers don't have to push carts or carry bins. The LocusBots are examples of what are called "follow-me robots," also known as collaborative robots, or cobots. The human picker picks and the robot delivers in this type of operation, thought to be most useful for speeding e-commerce picking. The cart follows the picker, and when full, goes off to shipping while another empty cart takes its place.

The DHL pilot will utilize different picking strategies with the LocusBots in the warehouse. It will also assess the robot's ability to communicate with the picker and the warehouse management system, how it navigates the warehouse, and its overall versatility.

"DHL Supply Chain's initial implementation of this pilot program within the life sciences sector will inform the potential for broader deployment across different parts of our business," said Adrian Kumar, Vice President of Solutions Design, DHL Supply Chain North America.

Geodis and Delta Drone tested a drone prototype at Geodis logistics sites in Saint-Ouen-l'Aumône near Paris and Plaisance-du-Touch near Toulouse, France. The prototype consisted of a quadcopter drone fit with high-resolution cameras and a ground-based robot equipped with a battery providing the necessary energy for the system.

The system proved capable of identifying pallets in low-light conditions using several dedicated electronics and computer systems. The system includes real-time reporting and integration with Geodis' warehouse management system. Industrial production and a rollout of the system is expected later this year, according to a Geodis spokesperson.

Walmart has been testing drones to catalog inventory, noted McLelland, who added that Kenco is working with a drone startup company that uses onboard bar code scanning to assess inventory and communicate that information in batch—and not in real time—to SAP, a leading enterprise software system.

One key to more widespread drone usage in the warehouse is the ability to have them work autonomously, that is, without human intervention. One capability that autonomy demands is localization, the ability of the drone to know where it is and where it's going. But indoor drones have yet to master that task. While outdoor drones can use GPS technology as part of a localization solution, indoor drones will require specialized software to support collision avoidance systems, according to McLelland.

Another hurdle to be overcome will involve advancements in battery technology, which has not moved forward as quickly as the objects they were designed to power. "Most drones operate for 15 to 22 minutes," said McLelland. "That's not enough time to accomplish many tasks."

Occupational safety regulators and insurance companies have also yet to weigh in on drones. "They don't yet know quite what to make of them," said McLelland. "That's why some companies are taking a wait-and-see attitude."

One issue often lost in the discussion is that, while, robots may eventually replace many warehouse workers, humans usually have to operate front-end and back-end robotics systems. Warehouse robotics may actually create some human jobs, but the skills required will be substantially different from today's typical warehouse worker.

Drones and robots in the warehouse: best practices

The use of warehouse drones and robotics was identified as best practices in a recent white paper, "New Supply Chain Technology Best Practices: The Application of New Technology in the Physical Supply Chain," released by the supply chain management faculty of the Haslam College of Business at the University of Tennessee, Knoxville.

Drone usage in supply chain operations is being used for inventory visibility, picking, and maintenance and repair. Inventory drones navigate warehouses and perform a physical inventory by scanning barcodes or reading RFID tags. Walmart reportedly used a drone to verify inventory in a one-million square-foot distribution center, covering the entire facility in a day. It would take a human a month to perform the same task.

Some envision a day when swarms of drones could do picking and inventory movement in autonomous distribution centers. "This would open up the vertical dimension," noted the report, "and make put away and picking on very high shelves possible in DCs with ultra-high ceilings."

Huge warehouses — they can encompass the area of 20 football fields—hold lots of equipment that require maintenance and repair. Technicians could get drone delivery of parts in a fraction of the time it would require manually.

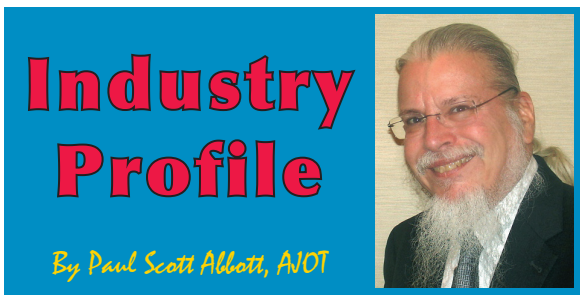
"Drone applications could allow companies to avoid larger infrastructure investment in and around DCs... and could help increase productivity, the report concluded. "Drones will create more visibility in the supply chain. When supply chain visibility increases, there is the potential for inventory to decrease and customer service to increase."

Robotics is perhaps the most advanced of the new technology being

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

RoadOne's Kellaway spearheading Uberization of drayage via E*Dray

Longtime logistics entrepreneur Ken Kellaway, believing the drayage industry and its customers can benefit from a shared-asset model, is at the fore again, this time in advancing



E*Dray. Indeed, Kellaway, president and chief executive officer of Randolph, Massachusetts-based RoadOne IntermodaLogistics, believes E*Dray could be the most positive disruptor the port drayage business has ever seen.

In a wide-ranging interview with the *American Journal of Transportation*, Kellaway offers insights on E*Dray, RoadOne, industry challenges and family business – and an analogy between pole vaulting and drayage.

*With your having led a number of leading-edge ventures, what makes E*Dray stand out?*

E*Dray is a collaborative port drayage model that is a technology solution and logistics solution combined. We're changing the process flow in and out of ports, empowered by strong technology.

manage and improve asset utilization.

Call it Uber, call it Hotels.com, call it a whole host of things: They're much better because of the advent of technology and ability to improve visibility. There are much better ways to manage capacity more effectively as long as you're willing to collaborate. But it takes vision, it takes leadership and it takes people willing to venture into new areas.

As we begin the launch of E*Dray, first on the West Coast, we're turning to other high-quality drayage providers and working together in a more collaborative fashion to support each other and our accounts so we can flow in and out of the ports better.

REZ-1 [a unit of chassis lessor Direct ChassisLink Inc.] is our technology partner. We've been working on this program for a year, dealing with everybody from FMC [Federal Maritime Commission] commissioners to heads of every major port authority to presidents of the major steamship lines to owners of the largest drayage companies to some of the largest importers.

Unequivocally, everyone says this could be the biggest and most disruptive thing to happen in drayage for the positive, to improve fluidity through the ports, to improve driver revenue,

Ken Kellaway, president and chief executive officer of RoadOne IntermodaLogistics, is advancing a collaborative approach to the port drayage business through E*Dray.

Although I came up with the idea and happen to be the founder, E*Dray is not a RoadOne business, but RoadOne is one of the drayage partners. To bring the idea to life, we've brought in Reade Kidd, formerly director of international logistics at The Home Depot, as president of E*Dray, a separate company with a world-class leadership team and advisory board.

It's a combination of both technology and improving how the logistics process works. It's really the Uberization of our industry.

We're getting big import customers to collaborate with top-tier drayage companies. Instead of each drayman trying to pick up his specific container at the port, we will work together so he picks up the first container available in the stack. The way the process traditionally has worked, drivers and import customers lose a lot of turn time waiting for a specific container to be dug out.

Society has changed. Whether jet sharing, car sharing, house sharing or hotel sharing, everybody's doing things in a much more collaborative fashion to

to improve trucking companies' revenue, to reduce port costs as we drive this new strategy.

What has keyed RoadOne's growth to become the nation's leading single-source solution – S3 as you call it – for intermodal drayage, warehousing and distribution and related services?

We started the business 30 years ago, relaunching a small family warehouse business as Kellaway Intermodal and Distribution Systems, adding trucking and CY [container yard] operations.

We knew that, to succeed in the marketplace, we needed to be more than one-dimensional. People didn't want just standalone warehousing or just standalone trucking companies. We felt they wanted more of a comprehensive company that could service multiple facets of their business.

Years ago, we were in Somerville, Massachusetts, but I restarted the company in Pawtucket, Rhode Island. We were always based in the Boston area. For 50 years, we were in the public warehousing business, in South

*(**PROFILE** – continued on page 10)*

*(**PRACTICES** – continued from page 4)*

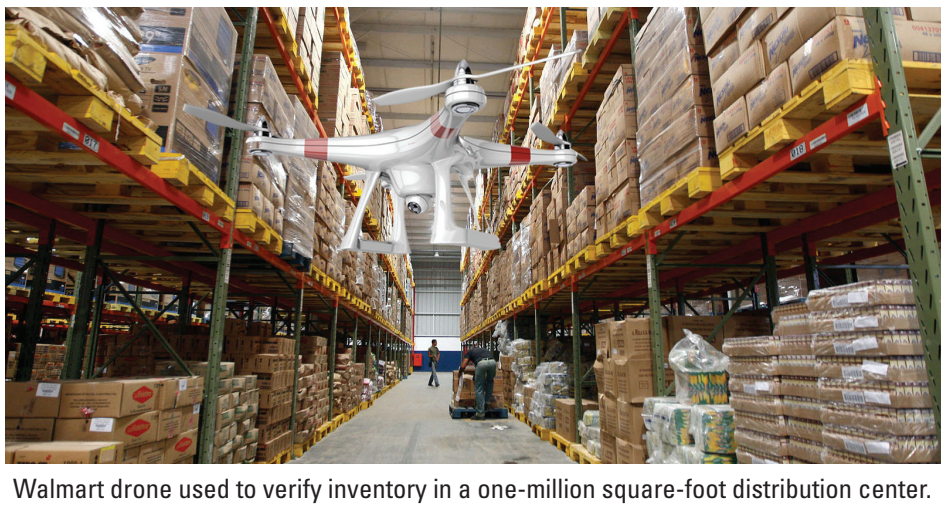
applied to supply chains, according to the report. "Some predict that many companies will soon have a robotics department and even a chief robotics officer responsible for defining the robotics strategy and coordinating implementation," the report noted.

Online shopping has produced tens of thousands of new warehouse jobs in recent years, but demographic studies say that the United States will eventually see a shortage of those workers. The same is true in China, where, according to the report, "labor availability is the prime driver" for the application of robotics in warehouses.

Goods-to-person robots of the type that Amazon deploys help with order picking by scanning a grid on the floor containing hundreds of bar codes, giving the location relative to other robots and directing the robot to take the product to the proper location. There are currently 45,000 robots working in Amazon distribution centers and that number is on the rise.

Collaborative order picking and collaborative packing and shipping applications will expand rapidly, according to the report. Eventually, the human-automation interface will become seamless with robots performing tasks that would be difficult for a human, such as lifting heavier objects, or traveling longer distances. On the other hand, humans still beat robots at some tasks. "Humans excel at deformable items like apparel," said the report. "For many tasks, only a human possesses enough hand-eye coordination." Robots are good at dealing with rigid items like boxes and bottles.

Robot prices are 10% what they were in the early 2000s, motivating more companies to invest in the technology. "Although costs have come down," the report concluded, "they still need to fall farther for wider adoption."



Walmart drone used to verify inventory in a one-million square-foot distribution center.

*(**TRENDS** – continued from page 3)*

impact of e-commerce. James Eckenrode, executive director of the Deloitte Center for Financial Services, an analyst, estimates that half of the malls in America will close by 2030. The reasoning behind his forecast is demand for traditional retail stores will continue to weaken as online sales grow. But e-commerce could have a secondary influence of moving fulfillment closer to consumers, a business model that could see retailers in the dual role of both store and fulfillment center.

Colliers International, a global real estate services company, is predicting that for the "first time, online retail is forecast to account for more than $1 out of every $10 spent in 2017 [around 10%]." But the Toronto-based Colliers' analysts also point out the "flip side" to the forecast that is within the five–year time period, brick & mortar stores will still account for the vast majority of retail spending, and the legacy supply chain management model will still account for a vast majority of the movements.

Two Views on Warehouse Design

There is a growing dichotomy in the warehouse industry reflected in two very different approaches to warehouse design. In keeping with the e-commerce trend of bringing fulfillment closer to the consumers, often in urban areas, there has been a recent drive to repurposing existing industrial space or building smaller purpose-built warehousing in non-traditional areas. Without the abundant acreage normally available in a greenfield DC buildout, warehouses are being built with shallow-bays (those with bay depths of 120 to 200 feet and clearance heights between 18 and 24 feet) in high demand locations near consumers. For example, in an extreme case of placing consumers and commerce in close proximity, Amazon, which already has an extensive network of fulfillment centers in the Chicago metropolitan area, is now leasing 75,000 square feet on Goose Island in the heart of the city to facilitate their one-hour delivery service. The warehousing contains "shallow bays" for their delivery vehicles. While the Amazon facility seems unusual, it is part of a growing global trend of high velocity, albeit smaller warehousing, located in urban areas.

Partly because of the squeeze on space, another trend in warehousing is the repurposing of existing warehousing around more profitable niche freight - particularly temperature-controlled facilities.

On the opposite end of the warehousing/DC spectrum is the mega-facilities being built as hubs to service entire regions. Historically, many of these super DCs were built as stand alones but that business model is changing. Now the super DCs, running over 600,000 sq./ft., are often part of an industrial park sited near or in many cases within major transportation networks.

There are many shared benefits inherent to these industrial campus style zones. Calgary, Alberta for example, is serviced by CP Rail and CN and connects to Edmonton (and Canada's oil patch) to the north and the US West to the south by highway. Calgary's "sell" is that it is the "inland port" or "logistic gateway" providing access to Canada's mid-West market. Back

CN developed its $100 million "Calgary Logistic Park" around the rail operator's own state-of-the-art intermodal terminal. (photo by George Lauriat)

in 2013, CN began developing a $100 million "Calgary Logistic Park" around the rail operator's own state-of-the-art intermodal terminal. Like many of the new logistics parks, this greenfield development offers massive amounts of space (easily capable of 600,000 plus DCs) wedded to daily intermodal rail service (capable of building exceptionally long trains) located next to the main highway corridors.

IoT & Integration of Industrial Activities

The IoT (Internet of Things) is driving a new industrial revolution (sometimes referred to as 4.0) through an integration of industrial activities. It is the constant rearranging through technology of business activities that is reshaping the concept of the supply chain and especially the warehousing distribution sector within the whole.

Take last October's test. Otto, Uber's autonomous trucking arm, made its inaugural run, delivering 50,000 cans of beer via self-driving vehicle plying the Colorado highways from Fort Collins to Colorado Springs. But there is a great deal more at play than autonomous delivery vehicles. Part of the new supply chain is shared logistics. There are companies like Seattle based Flexe, which offers on-demand warehousing by matching available space in a location with requests for expedited warehouse facilities. There are also a rising number of non-asset transportation companies that are matching trucks to loads, or chassis to rigs like UberCARGO in Hong Kong, Dolly in the U.S., and Nimber in Norway. Even 3PLs like Transplace, which bills itself as The 3PL & Technology Company, exist in this new shared space. Interestingly, Flexe thinks of

*(**TRENDS** – continued on page 12)*

Evergreen rolls out sea freight services for Alibaba.com members

Evergreen Line has teamed up with Alibaba.com, a leading wholesale marketplace for global trade under Alibaba Group, to provide Alibaba.com members with the option of booking sea freight services online with guaranteed space and prices. Evergreen Line has also appointed Evergreen Logistics Corporation as a designated provider of customized, comprehensive logistics solutions for Alibaba.com members opting for its sea freight services.

The growth of e-commerce has resulted in small, fragmented orders from global buyers. Taking note of the need for user-friendly logistics services of smaller volume shippers, Evergreen Line is collaborating with Alibaba.com to allow shippers to search for freight rates and reserve cargo space on the Alibaba.com platform directly, a service that will be available to primarily suppliers in China. Once a booking is confirmed, the selected price is also locked-in. The rate will not alter regardless of how the market price changes. With a guarantee of space and price, shippers can keep their production lines running with assurance and control their logistics costs with confidence.

In addition to this new direct booking facility, Evergreen Line is also responding to the needs of smaller shippers for one-stop logistics services by appointing Evergreen Logistics as a supplier of such services for Alibaba.com suppliers opting for Evergreen Line's sea freight services, contactable at the online booking point. No matter if it is a trucking arrangement, customs clearance or documentation requirement, Evergreen Logistics can provide cost-effective and time-critical solutions to shippers who may not be familiar with such procedures.

At this initial stage of its partnership with Alibaba.com, Evergreen Line will be offering Alibaba.com suppliers the booking facility on routes from China's main ports to Israel and the South American region. Detailed ports and service routes are outlined below:

• Israel Service
FEM
- Port of Loading: Shekou, Yantian
- Port of Discharge: Ashdod, Haifa at Israel

• South America Service
ESA
- Port of Loading: Shanghai, Ningbo, Yantian
- Port of Discharge: Buenos Aires, Argentina; Montevideo, Uruguay; Brazilian ports including Itaguai, Santos, Paranagua, Navegantes, Rio Grande
WSA/WSA2
- Port of Loading: Shanghai, Ningbo, Shekou, Yantian
- Port of Discharge: Buenaventura, Columbia; Guayaquil, Ecuador; Callao, Peru

The new landscape of supply chain real estate

A major shift is underway leading businesses to rethink their strategy.

Companies are re-thinking their go-to-market strategies and, as a result, making different choices about how they locate, design and operate their distribution networks. This has created a new landscape for supply chain real estate, according to a report published by DHL, the world's leading logistics company, which discusses the new landscape of supply chain real estate. Global and regional supply chains are changing, as they adapt to the new realities of commerce and competition.

The *New Landscape of Supply Chain Real Estate* is a report by Lisa Harrington, President of the lharrington group LLC, prepared in collaboration with DHL. Harrington is also Senior Research Fellow at the Robert H. Smith School of Business, University of Maryland.

The report states that while a healthier global economy fuels the demand for supply chain real estate, it is not the only driver. Four other forces are at work, and they are having a transformational effect on companies' distribution center (DC) networks. They include:

• The e-commerce revolution
• Globalization and right-shoring
• Mergers and acquisitions
• Technology innovation
• In this landscape of change, the job of managing network real estate is a lot more complex. For this reason, interviewees taking part in this research report, increasingly turn to outside experts for help. These experts come in several forms, including network design consultants, real estate brokers and 3PLs.

"The face of global supply chain networks is changing," says Harrington, author of the DHL report. "Gone are the days of operating a static real estate portfolio and tweaking it every five to seven years. Business is too dynamic and the stakes are too high.

"The fact is," Harrington continues, "the way companies manage their supply chain real estate portfolios has

*(**SHIFT** – continued on page 11)*

DHL's North Asia hub

MWPVL International: A specialized consulting firm for warehousing and distribution

By Martin C. Pilsch, AJOT

The common view of the transportation industry today is often the system that includes ocean carriage, port activities, and intermodal distribution. Containerization has allowed us the liberty of concentrating upon a window which includes ships, cranes, port capacity, and a combination of rail and truck inland carriage. While these activities are definitely critical segments of the international transportation system, one of the most important cost considerations for many domestic corporations extends beyond this to the role their overall network of warehouses play in relation to their retail centers. This segment not only includes inland transportation, but the number, location and development of distribution centers and subsequently, the final destination, retail outlets. Both of these often depend not only upon international transportation but the role played by the movement of domestic commerce as well.

Investigating, analyzing and offering valuable conclusions on the enormity of corporate warehousing decisions and retail locations has become one of the primary objectives of MWPVL International. The Canadian company, located in Montreal, Quebec and founded in 2006, is a full service global supply chain logistics and distribution consulting firm, providing information and guidance on the handling and distribution of both domestic and international goods, the cornerstones of some of the world's largest retailers.

Information Gathering

MWPVL gathers and analyzes information on the location of new warehouse development, control systems, transportation and retail outlets. Their concentration upon the analysis of corporate structures includes over fifteen categories, and the results will include information and financial data that will assist their clients in analysis and decision making. The focus on each warehouse location includes consideration of its proximity to the retail outlets it will serve and in the case of special commodities, the goods handled. To this end, MWPVL tracks the development of storage, retail shelf space, and the capacity available in each.

Marc Wulfraat, president of MWPVL International emphasizes that his company is a full service global firm specializing in domestic supply chain logistics and the distribution activities of large corporations. Wulfraat points out that the main element driving his firm's success is their intense curiosity of, as he simply explains it, "How the world's most successful companies strategically distribute goods to market." He lists more than fourteen areas that his analysts will concentrate upon while conducting their studies on this subject. In most cases, his firm's area of concentration does not include all of these considerations, however, the depth of their analysis may also take them to subjects that were not a part of the original plan.

Depending upon the requirements of their clients, MWPVL has the capability to offer complete analysis and

*(**SPECIALIZED** – continued on page 12)*

Marc Wulfraat – MWPVL International

New warehouse lease pre-commitments reach new high

Almost half of the 167 million sq. ft. of U.S warehouse space currently under construction—72 million sq. ft.—is already pre-committed to tenants, primarily e-commerce, third-party logistics and retail users, according to a new report from CBRE Group, Inc.

The current tally of pre-committed warehouse space is the highest since 2000. In addition, the current ratio of space under construction that is pre-leased to occupiers – 43 percent – exceeds the 17-year average of 38 percent. That signals healthy momentum for the market.

"Warehouse users are aggressively leasing space as soon as they have the opportunity, often even before the construction has been completed on the property. This is unusual compared with historical activity," said David Egan, Americas head of industrial research, CBRE. "The high level of new deliveries will allow more occupiers to utilize modern space and will open up redevelopment opportunities for older product."

When looking at the 10 U.S. markets with the largest amount of warehouse construction underway as of Q1 2017, 36 percent of space under construction is pre-committed. Among these markets, Denver leads the way with 70.3 percent of its under-construction space pre-committed, followed by Kansas City (54 percent), Chicago (51.3 percent), Indianapolis (50.6 percent) and New Jersey (43.3 percent).

"Warehouse development is at its highest level since 2000. Yet brisk development activity continues to lag demand, and given users' pressing need for modern facilities and the lack of adequate space, there is no slowdown in sight for new warehouse leasing," Mr. Egan added.

*(**PROFILE** – continued fom page 6)*

Boston and then Somerville, storing wool imported from overseas and footwear, being the largest footwear warehouse on the East Coast for all the Japanese trading companies in the '60s and '70s.

Kellaway Warehouses, back in the days of my grandfather and father, actually occupied and ran for 50 years what is going to be General Electric's new corporate office they're now building in Boston.

I was working with my family driving a forklift truck while working my way through undergraduate (Providence College) and graduate school (an MBA from Babson Business School).

My family was fortunate to sell the Somerville warehouse property when Massachusetts Funding for the Arts was looking for a new place to house artists. My parents made a significant little fortune for themselves. I was just getting out of Babson with no intent of getting in the business but was quickly thrown in and asked if I wanted to take over the family legacy company.

I restarted the business in Rhode Island with one truck in 1987. I knew the Rhode Island market very well because I'd also worked during college for Ryder Truck Leasing, and the real estate was cheaper in Rhode Island than Boston.

So we went from being a public warehousing company servicing footwear importers to being a transportation company and U.S. Customs-bonded container yard in Rhode Island, servicing steamship lines and all major importers in the Rhode Island market.

The steamship lines quickly came to us saying they wanted to expand further in New England, so, by 1990, we were back in Boston again and had set up a container terminal operation, a trucking operation and container freight station. We ultimately ended up buying a few airfreight companies at Logan [International] Airport and expanded even into the airfreight business.

So a lot of our growth came from customer requests and the desire for us to start with one vertical and expand it into multiple verticals.

We began offering our three-touch program. We wanted to touch their freight in three ways, whether it was local trucking, warehousing or through a truck brokerage operation, nationwide transportation.

In 1992, David McLaughlin, our chief operating officer, came aboard, and he has been my partner for 25 years.

In the '90s, we expanded the business throughout the Northeast and had over 13 locations, down to Baltimore and Harrisburg, PA, and throughout New England.

We did a consolidation with five other companies, and that's when we created RoadLink as one national product, because the drayage space was very fragmented, with really no national provider at the time.

What major challenges does the drayage industry face, and how is RoadOne addressing them?

The biggest single challenge is people and drivers – trying to make sure this is a viable career path and that the industry is lucrative enough for us to pay our drivers a fair wage for their hard work – making sure we can get enough good, qualified drivers in today's environment.

Barriers to entry are getting higher for drivers. Regulatory requirements are getting more difficult all the time, from hours-of-service to a safety standpoint to training and longevity.

The answer for us is to try to be the best provider in the industry for not only the customer but also the driver. We work real hard to provide our drivers with good quality revenue and freight to move every day. That's why we align ourselves with very good customers with high-quality freight.

We want to make sure we pay drivers fairly. We give them very good programs to purchase fuel and healthcare, and we give them best-in-class technology.

How is it gratifying to see your son (RoadOne's vice president for commercial strategy and solutions, Kendall P. Kellaway III) following in your footsteps?

It's exciting to see the younger generation come in and embrace the underlying logistics business but with different thoughts as to how we can make this business more contemporary, including advancing shared-asset models.

It's great to have him in an industry that, on its surface, is very old school and parochial, but there is an opportunity to contemporize it, which he is helping us do.

Who has most inspired you personally and professionally?

Most recently, I'd say Brad Jacobs, [chairman and CEO] of XPO [Logistics Inc.], a really sound entrepreneur in consolidation of the logistics space. Being an entrepreneur all my life, I'm always intrigued by entrepreneurs who build great businesses.

In business in general, you'd have to look at Jeff Bezos, [founder and CEO] of Amazon.com, who has created an amazing culture and successfully taken on so many innovative sectors with highly disruptive business models.

What nonwork interests allow you take your mind off business, and do you ever find enough time for such activities?

You try to find time. We have four kids, all young adults now, so we try to spend time with them. We travel when we can.

I do play golf occasionally, not as much as I'd like, and we probably enjoy boating as much as anything.

I still actively work out as much as I can. I played sports all my life. In college at Providence, I played rugby. All through high school, I played football and was a wrestler and pole vaulter.

Pole vaulting looks so difficult…

It's kind of like being in the drayage business: High risk and a high probability of injury. To succeed, you need to continue to raise the bar and challenge yourself to get to new heights. As you raise the bar, the chance of failure and injury increases, but the reward does as well.

Lineage Logistics buys Partner Logistics

Lineage Logistics, LLC, one of the world's largest temperature-controlled warehousing and logistics companies, announced it has acquired Partner Logistics ("Partner"), Europe's leading cold storage provider and world's largest automated cold storage company. The transaction marks the first international acquisition by Lineage, an organization backed by investment firm Bay Grove, LLC ("Bay Grove"), and represents significant growth in the Company's warehouse automation strategy. Financial terms of the deal were not disclosed.

Lineage specializes in supply chain transformation for the world's leading food, retail and distribution brands. Operating one of North America's largest and most diverse warehouse networks, Lineage creates high-impact logistics solutions through value-added services including managed transportation, customs brokerage, processing and manufacturing. The Company has grown through major acquisitions and new construction since its founding in 2008, with its domestic U.S. facility footprint reaching over 100 locations and 609 million cubic feet of temperature-controlled capacity.

With the acquisition of Partner, Lineage adds over 101 million cubic feet of temperature-controlled capacity and expands its operations to include six state-of-the-art, fully automated warehouses and one conventional warehouse in the Netherlands, Belgium and the United Kingdom. Headquartered in Netherland's Bergen op Zoom, Partner's network of cold storage facilities has a total capacity of over 500,000 pallets and is designed to maximize the efficiency and cost effectiveness of their customers' supply chains.

"Our acquisition of Partner Logistics represents Lineage's ongoing commitment to serving our customers' global supply chains by delivering dynamic, sophisticated cold chain logistics solutions," said Greg Lehmkuhl, Lineage's President and CEO. "We are thrilled to welcome the Partner team and are confident their incredible industry expertise, particularly in automation, will accelerate Lineage as a thought leader in this area with existing and new customers."

The deal marks an important step in Company's broader automation strategy, which has been in development for over three years. Earlier this year the Company announced plans to construct its first automated cold storage facility in the Dallas/Ft. Worth market and will use the acquisition of Partner as an additional platform for new automated projects in U.S. and European markets. Lineage intends to combine its existing expertise in automation with the intellectual property and best practices of Partner to further reduce product damage, enhance efficiency and improve customer experience.

"The vision of Lineage Logistics is to be the world's most dynamic temperature-controlled logistics company, and our expansion into Europe is a significant milestone in achieving that goal," said Adam Forste, Managing Partner of Bay Grove. "This transaction also highlights our commitment to automation as a critical pillar of our growth strategy globally."

Descartes acquires PCSTrac business

Descartes Systems Group, the global leader in uniting logistics-intensive businesses in commerce via the Global Logistics Network (GLN), announced that it has acquired substantially all of the assets of the business of PCSTrac, Inc. including certain related assets of Progressive Computer Services Inc. dba PCS Technologies (collectively referred to as "PCSTrac").

US-based PCSTrac helps speciality retailers and their logistics service providers collaborate to improve carton-level visibility for shipments from distribution centers (DCs) to stores. PCSTrac's solutions provide visibility and insight into the store replenishment supply chain, helping increase sales, enhance loss prevention, and improve inventory control. Logistics service providers use the system to improve efficiencies and customer service levels with solutions that are pre-configured to meet each retailer's delivery compliance expectations. Like Descartes' Bearware platform, PCSTrac also supports pool distribution, which helps retailers reduce logistics costs and minimize store disruptions by eliminating unconsolidated direct shipments from suppliers and retailer distribution centers.

"Although store sales still represent the majority of revenues for specialty retailers, the continued rise in ecommerce and omni-channel retailing put more pressure on retailers to find new ways to compete and meet the ever-increasing expectations of the consumer," said Ken Wood, Executive Vice President of Product Management at Descartes. "Part of the challenge is to make sure you have the right goods, in the right location, at the right time and for the lowest cost. Having forward-deployed inventory and affordable last-mile store fulfilment infrastructure is an effective way to meet these expectations, and also sets the stage for last-mile customer fulfilment for home delivery."

Pool distribution has become an increasingly important strategy as it leverages a growing community of retailers and pool carriers to substantially lower distribution costs, increase delivery frequency, and improve overall replenishment performance. Effective pool distribution requires a common technology system for participants that helps standardize the process and provides carton level visibility across the entire store replenishment lifecycle.

"Our combination with PCSTrac complements our previous investment in BearWare and shows our commitment to providing our customers with tools to manage an increasingly complex omni-channel environment," said Edward J. Ryan, Descartes' CEO. "By combining two market leaders in carton-level tracking and pool distribution with our Global Logistics Network, we can bring increased efficiencies to both retailers and their logistics service providers."

PCSTrac is headquartered in Philadelphia, Pennsylvania. The purchase price for the acquisition was approximately US $11.25 million in cash.

NU Skin Enterprises selects XPO Logistics as global lead logistics provider

XPO Logistics, Inc., a leading global provider of transportation and logistics solutions, announced that it has been selected by Nu Skin Enterprises, Inc. as global lead logistics provider under a multi-year contract. Nu Skin is a $2.2 billion provider of premium-quality beauty and wellness solutions to markets in Asia, the Americas, Europe, Africa and the Pacific.

In collaboration with Nu Skin, XPO is developing an integrated, global supply chain logistics solution that utilizes proprietary technology for end-to-end management of product flows. Components include transportation management, warehousing and order fulfillment, as well as value-added services such as co-packing, kitting and real-time inventory tracking. The network will be managed through regional control towers around the world.

"Our growth strategy requires that we transform our supply chain logistics through scale and innovation," said Brad Morris, Nu Skin vice president of logistics and fulfillment. "In XPO, we've found a partner with industry-leading capabilities and the commitment to invest with us. Together, we're building a next-generation supply chain logistics partnership that will support our expansion well into the future through continuous improvement."

*(**SHIFT** – continued from page 8)*

morphed from a tactical/operational concern to a strategic differentiator. Supply chains that operate more nimbly and at lower cost don't just save money. They drive growth."

Kent Waggoner, Vice President of Strategy & Business Development, DHL Real Estate, commented: "Operating a distribution network that delivers strategic growth, while also meeting overall financial objectives, requires robust real estate management capabilities that range from site selection and property development to lease management and facilities operation."

As the companies interviewed for this research indicate, partnering with an integrated 3PL, one that is expert in both operations management and real estate, can provide a seamless and powerful solution.

Swedish retailer Exertis CapTech automates with KNAPP

Exertis CapTech, one of the leading distribution specialists in the Nordic countries in the areas of IT, AV, large format displays and entertainment, has decided to build a new automatic warehouse in Mölndal, Sweden. Since the company's beginnings, Exertis CapTech has grown every year and in 2016, it achieved a turnover of 1.8 billion SEK (190 million EUR) with a head office and main warehouse in Gothenburg.

Due to the company's growth, the existing warehouse is not able to cater to future expansion. As a result, the company decided to build a new warehouse spanning 19,000 m2. "Achieving more effective operation in the warehouse with simplified working processes made choosing a highly automated solution an easy decision. We will now have a facility that allows us to grow and expand our delivery capacity into the future with a lower transaction cost than before." says CEO of Exertis CapTech, Daniel Johansson.

The system is built around KNAPP's OSR Shuttle™ with Pick-it-Easy work stations for ergonomic goods-to-person picking directly into shipping cartons. At the end of the process, the cartons will be automatically sealed and made ready for shipping to the customers or resellers. Articles are stored in the system in both plastic totes and in the suppliers' own cartons, which means they can be delivered one by one and in their original carton without any extra handling or repacking.

*(**TRENDS** – continued from page 7)*
itself as an Airbnb for warehousing – an industry comparison that wouldn't have been possible a decade ago. Convoy is another new company in the shared-space with software to match deliveries coming into an area with the availability of tractor-trailers from smaller local providers, ideally maximizing scheduling efficiency and minimizing shipment downtime. Similar systems exist for matching containers to full or partial loads for freight forwarders (pioneered by WCA).

With the IoT, shared supply chain activities are proliferating daily and altering the very way we think about warehousing and distribution. How far can it go? Skuchain, another Silicon Valley startup, has created a platform that creates verifiable and auditable information packets out of each transaction – basically B-to-B platform with a self-servicing ATM/Bank to facilitate the exchange. What these shared services will mean to the warehousing and distribution segment of the supply chain is unclear. But what is clear, is that times - they are a changing.

*(**SPECIALZED** – continued from page 9)*
strategies that include supply chain networks, location of warehousing in proximity to retail outlets, product sourcing, 3-PL outsourcing strategy, purchasing sourcing and inventory management, purchasing forecasting, transport management, materials handling systems, supply chain technology, warehouse operations assessment, distribution center design and on-going advisory services. Wulfraat indicated during a recent panel discussion, that "The key question his firm asks itself when beginning a study, is at what point does it make economic sense to increase the number of distribution facilities that would be strategically located to reduce both inbound and outbound miles?"

Walmart Study

MWPVL's study of the Walmart Distribution network centered upon this question. Walmart's network began in 1970 with the opening of their first formal warehouse operation. Throughout the almost 50 years of operation since that time, Walmart stores and SAM's Clubs multiplied. By 2017, the distribution centers supporting these retail outlets had also increased. Today there are 173 distribution centers serving the outlets of both of these operations. Walmart distribution centers encompass over 125.8 million square feet in the U.S. alone. The company has plans for the creation of four additional distribution centers which will bring an additional 4.2 million square feet for a total of 130.0 million square feet supporting the company's distribution network in North America.

At this point, Walmart and Sam's Club retail outlets total over 775 million square feet. MWPVL's study indicated that measuring the key ratios that compare retail store square footage to distribution center square footage can be critical to the overall profitability of the companies they work with. The Walmart study noted that their distribution centers were divided into eight facility types including:

- General Merchandise
- Full line grocery centers
- Fashion
- E commerce
- Specialty (Optical, Pharmacy, tires, printing and mail)
- Import redistribution centers
- Center Point distribution
- Sam's Club distribution centers

It is important to note that all of these distribution centers play a critical role in the profitability of the retail outlets they serve based mainly upon inventory availability, stock turns and actual transportation times.

Prior to taking on a project for a company, Wulfraat asks his key question, "At what point does it make economic sense to add more distribution facilities to reduce inbound and outbound miles." In Walmart's case, the answer has been clear and based upon their plans, they will continue to expand their distribution network.

FedEx mulls peak-pricing charges as e-Commerce spurs deliveries

FedEx Corp. is studying whether to charge customers more during the busiest shipping periods, aiming to profit even more from the surge in online shopping.

The courier is evaluating several options for peak pricing and may also charge more for oversize items, Executive Vice President Rajesh Subramaniam told investors and analysts. FedEx's biggest rival, United Parcel Service Inc., said this week it will impose surcharges on deliveries during the holiday shopping rush in November and December.

"We are focused on ensuring that we are compensated for the investments we make to deliver outstanding service during peak," Subramaniam said. "We continue to consider additional peak pricing changes but have not made a final decision in this regard."

Price increases around Black Friday and Christmas would give FedEx's earnings an additional boost at a time when the company is already benefiting from a recent jump in shipping rates and package volumes. Profit will climb as much as 14 percent in the current fiscal year, FedEx said.

The outlook underscored the potential payoff from FedEx's heavy investments in fiscal 2017 to handle rising demand from the expansion of e-commerce. The air-freight pioneer, an economic bellwether because of the variety of shipments it carries, is also poised to gain from a stronger worldwide growth.

Profit Outlook

FedEx said earnings would be $13.20 to $14 a share for the fiscal year through next May excluding pension adjustments and costs from the integration of TNT Express. The midpoint of that forecast was in line with the $13.61 average of analysts' estimates compiled by Bloomberg.

The shares climbed 1.1 percent to $211.24 at 6:25 p.m. in New York, after the close of regular trading. FedEx has advanced 12 percent this year, compared with an 8.9 percent gain for an S&P index of industrial companies.

The Memphis, Tennessee-based company delivered its upbeat outlook as it reported that adjusted earnings for the fiscal fourth quarter rose to $4.25 a share. That exceeded the $3.88 predicted by analysts, ending two straight quarters of disappointing results. Higher pricing and increased package shipments helped boost earnings, FedEx said.

Sales climbed 21 percent to $15.7 billion for the period, which ended May 31. Analysts had expected $15.6 billion.

Ground Margins

FedEx's ground division has seen the bulk of the company's infrastructure investments, and that unit hasn't yet seen much benefit, said David Campbell, an analyst at Thompson Davis & Co. The segment's operating margin fell slightly in the fourth quarter to 15 percent from 15.3 percent. Campbell said he expects to see greater benefits in the 2018 fiscal year from spending on added capacity and more automation.

Home deliveries generally have lower yields than shipments to businesses because employees usually handle fewer packages at residential stops. That pressures profit margins.

For last year as a whole, FedEx earned $12.30 a share on an adjusted basis. The company expects to benefit this year from its 2016 acquisition of Dutch shipper TNT Express and its European network for 4.1 billion euros ($4.5 billion). Spending to integrate the two companies will total about $800 million over four years, FedEx has said.

FedEx President David Bronczek also said the company is in discussions with Boeing Co. about future fleet opportunities, without specifying what aircraft models it is looking at. FedEx said its capital expenses would rise to $5.9 billion in fiscal 2018, up from about $5.1 billion in the past year. Most of the increase will occur in the Express side of the company, which includes the air fleet, said Chief Financial Officer Alan Graf.

FedEx to launch Liege-Memphis flight

Important milestone in the integration of TNT gives TNT customers direct access to FedEx Express North America network

FedEx Express, the world's largest express transportation company and a subsidiary of FedEx Corp., will begin operating a new flight linking TNT's European air hub in Liège (Belgium) to the FedEx World Hub in Memphis (U.S.) beginning in early April 2017. From Memphis the aircraft will continue on a round-the-world flight to Shanghai (China) via Seattle (U.S.) and Anchorage (U.S.) before returning to Liège.

This is an important step in connecting the FedEx and TNT worldwide networks, which will give TNT customers around the globe direct access to the robust portfolio of FedEx services in the U.S. and Canada.

David Cunningham, President and CEO of FedEx Express said, "By combining our strengths, particularly the FedEx Express air network and TNT's strong European road capabilities and Liège hub, we will connect even more people and possibilities."

FedEx Express will use Boeing 777 Freighters offering 116 tons of capacity for the Liège-Memphis service. Once in Memphis, the TNT volumes will be injected into the FedEx network for delivery across the U.S. and Canada.

With this new flight, TNT customers shipping to North America will benefit from broader service coverage, faster transit times and higher weight capabilities, while continuing to work with TNT as they do today. Other improvements include:

- Consistent two day transit times for express shipments from Europe to U.S. and Canada destinations, compared with two to four days previously
- Three day transit times to U.S. and Canada destinations for express shipments from key locations in the Middle-East, Africa and India
- Optional pre-noon delivery of express parcels
- Four-five day transit times for deferred shipments

Intermodal & Logistics News

AAR reports weekly rail traffic

The Association of American Railroads (AAR) reported U.S. rail traffic for the week ending June 10, 2017.

For this week, total U.S. weekly rail traffic was 545,317 carloads and intermodal units, up 6.2 percent compared with the same week last year.

Total carloads for the week ending June 10 were 265,717 carloads, up 7.1 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 279,600 containers and trailers, up 5.3 percent compared to 2016.

Five of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included coal, up 16.7 percent to 85,516 carloads; nonmetallic minerals, up 13.6 percent to 39,867 carloads; and grain, up 10.4 percent to 22,409 carloads. Commodity groups that posted decreases compared with the same week in 2016 included petroleum and petroleum products, down 11.3 percent to 9,601 carloads; motor vehicles and parts, down 5.7 percent to 17,776 carloads; and farm products excl. grain, and food, down 4.2 percent to 15,857 carloads.

For the first 23 weeks of 2017, U.S. railroads reported cumulative volume of 5,899,194 carloads, up 6.8 percent from the same point last year; and 6,058,698 intermodal units, up 2.4 percent from last year. Total combined U.S. traffic for the first 23 weeks of 2017 was 11,957,892 carloads and intermodal units, an increase of 4.6 percent compared to last year.

North American rail volume for the week ending June 10, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 360,753 carloads, up 8 percent compared with the same week last year, and 360,333 intermodal units, up 7.5 percent compared with last year. Total combined weekly rail traffic in North America was 721,086 carloads and intermodal units, up 7.7 percent. North American rail volume for the first 23 weeks of 2017 was 15,843,974 carloads and intermodal units, up 5.6 percent compared with 2016.

Canadian railroads reported 77,599 carloads for the week, up 13.3 percent, and 68,826 intermodal units, up 18.3 percent compared with the same week in 2016. For the first 23 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 3,272,237 carloads, containers and trailers, up 11.3 percent.

Mexican railroads reported 17,437 carloads for the week, down 0.1 percent compared with the same week last year, and 11,907 intermodal units, up 2.1 percent. Cumulative volume on Mexican railroads for the first 23 weeks of 2017 was 613,845 carloads and intermodal containers and trailers, down 1.8 percent from the same point last year.

CEVA partners with Goodpack to deliver unique solutions for tire customers

Singapore, 15 June, 2017 CEVA Logistics, one of the world's leading supply chain companies, has signed an MOU with Goodpack, which operates the world's largest fleet of Intermediate Bulk Containers (IBCs) to develop a new game-changing concept for transportation within the tire industry.

The aim is to deliver a complete and robust supply chain solution for the tire industry in a sustainable and environmentally friendly way which will benefit the whole industry and set new standards in lowering its carbon footprint.

CEVA's market-leading tire network will begin using Goodpack's steel containers for both transportation and storage of tires across Asia, North America and Australia, whereby Goodpack will be the sole supplier to CEVA . .

Under the terms of the MOU both companies will work collaboratively with their customers to maximise usage of the IBCs not only in the transport of finished goods but all other elements of the supply chain.

Many tire customers are under pressure from Governments and the environmental lobby to come up with solutions for improving their footprint when it comes to the impact which tires can have. This new initiative will enable us to be more efficient, reduce the number of empty IBC movements globally and greatly reduce the customer's carbon footprint, states CEVA's Executive Vice President automotive sector, Antonio Fondevilla.

Tire shipments around the world are often complicated movements, characterised by short order-to-delivery cycles. These cycles can now be extended, thereby saving costs through extending their reach into these new areas.

Moving forward CEVA's long-established specialist tire teams around the world will further develop the company's IT systems to extend their capabilities into this new business area to provide a fully visible, reliable data source to customers. This will also be further enhanced with Goodpack's IBCs that are equipped with RFID technology.

UPS to charge more during Black Friday, Christmas delivery surge

United Parcel Service Inc. will place its first holiday-season surcharges on U.S. packages, as the world's largest package-delivery company seeks to defray a surge in year-end costs.

A fee of 27 cents a package will be levied on deliveries by the residential ground network on certain weeks in November and December, UPS said in a statement. Parcels sent to homes using next-day air will see an additional charge of 81 cents in the week ending Dec. 23, while shipments through the deferred network will incur a per-package fee of 97 cents.

The new charges are needed to help pay for additional holiday capacity in airplanes and trucks purchased at short-term premium rates, as well as to offset the cost of temporary facilities and seasonal help. UPS hired about 95,000 temporary workers during last year's holiday season.

"It's about having the customers who generate those extra costs pay for it," said Satish Jindel, founder of SJ Consulting Group in Sewickley, Pennsylvania. He said FedEx Corp. is likely to follow suit on peak-season fees.

UPS should have adopted the approach in 2014, following a disastrous 2013 holiday season in which it failed to deliver thousands of packages ahead of Christmas, Jindel said. The biggest shippers make their own contracts with Atlanta-based UPS and wouldn't necessarily pay the peak surcharge, but everyone else can get around it by avoiding the busiest period, Jindel said.

Price Increase

UPS rose less than 1 percent to $110.73 at 12:45 p.m. in New York. The shares dropped 3.5 percent this year through June 16 compared with a 9.5 percent gain for an S&P 500 index of industrial companies.

On average, UPS collected $7.97 a package shipped through its U.S. ground-delivery division last year. So the 27-cent surcharge on each item represents an increase of about 3.4 percent.

"With the new peak charge, per-package costs for many shipments will only marginally increase during this very busy time of the year," Chief Commercial Officer Alan Gershenhorn said.

The new fees will pertain to certain weeks starting on Nov. 19, with no charge for residential ground-shipped packages during the two-week period from Dec. 3 to Dec. 16. All residential packages sent by air or ground will incur a surcharge in the week ended Dec. 23. UPS also will introduce a levy on large packages and items that exceed size limits during the holiday season, the company said.

FedEx declined to comment about any actions it may take on pricing.

New UPS hub in Greater Phoenix to add processing capacity for e-Commerce

UPS has announced plans for a new package processing hub in Goodyear, Arizona, a rapidly growing commercial and residential community west of Phoenix near the Loop 303 Freeway and I-10.

E-commerce already has changed the local landscape as UPS expands its capability for Saturday ground delivery and pickup service that began last month in Mesa and starts this Saturday, June 3, in Phoenix. These Saturday services will continue to expand as the new Goodyear facility is completed.

The phased hub construction modifies a 618,000 square foot structure on 140 acres in the PV303 Development. A portion of the building is expected to begin operating later this year in time for the busy holiday season to provide additional processing and efficient automated sorting capacity for lightweight small packages typical of e-commerce that are moving throughout Arizona and the Southwest.

With its planned completion in late 2019, the new facility will showcase more than 970,000 square feet of advanced operational technologies and sortation equipment under roof and bring more than 1,500 jobs to the Goodyear area.

"UPS is a leader in operational efficiency and flexibility and is quick to adapt the UPS® network to changing needs of shippers and consumers. We're investing for growth and to give opportunity to our people to build skills for tomorrow's economy," said Ken Cherry, president of the UPS Desert Mountain district that includes Arizona, Colorado, New Mexico and Utah.

In each of the next three years, processing capacity is expected to increase as the Goodyear site build-out includes infrastructure for alternative fuels, a UPS Customer Center and local route dispatch for the familiar brown package delivery trucks.

The UPS investment of more than $180 million is part of increased capital commitment globally to match growth with an agile and efficient transportation, processing and information network across the supply chain.

Today, more than 5,100 UPS employees in Arizona provide package delivery, ground freight, air gateway operations, freight forwarding and contract logistics services.

Yusen Logistics named Tier 2 Intermodal Provider of the Year by Vantix Logistics

Yusen Logistics (Americas) Inc., a leading third-party logistics provider, has been named the 2016 Tier 2 Intermodal Provider of the Year by Vantix Logistics.

This is the second year in a row that Yusen Logistics has been honored with this award, which recognizes the 3PL as a top provider of intermodal solutions and its commitment to meeting Vantix's high standards of service, performance, and capacity.

Vantix, a division of McLane Co. Inc. and a provider of supply chain solutions to the food and restaurant industries, presented the award to Yusen Logistics at its Annual Carrier Appreciation event recently held in Dallas, TX.

"We are pleased to recognize Yusen Logistics once again as the Intermodal Service Provider of the Year, Tier 2," said Charles Bostick, Director of Transportation and Operations, Vantix Logistics. "They continue to demonstrate a high level of performance and operational excellence and we look forward to future success."

"We know that Vantix works with many partners and it's an honor to be considered among their premier providers in 2016," said Jill Kraus, Manager, National Accounts, Transportation, Yusen Logistics, who accepted the award on behalf of the company. "It is a testament to the hard work of our team who consistently strive to provide outstanding service."

Yusen Logistics is managing both intermodal freight and truck movements from food manufacturing plants across the U.S. to various McLane distribution centers nationwide.

AIR CARGO NEWS

Cathay Pacific cargo haul, not passengers, helps win hearts

It took about nine months for Cathay Pacific Airways Ltd. to win its first buy rating from an analyst. When the upgrade came, it was because of the airline's cargo operations, not its five-star-rated passenger business.

With mainland China as its backyard and a boom in e-commerce in the region, Asia's biggest international airline has been expanding its cargo business even as it streamlines the structure by getting rid of the role of cargo director. The carrier leased two Boeing Co. 747 freighters in May to expand its cargo fleet 23, after canceling an order for eight Boeing 777-200 freighters four years ago.

Difficult Year

Cathay said cargo was the bright spot this year in a "challenging operational environment." While 2017 will remain a "difficult year," the carrier expects signs of improvement in the second half as it struggles to improve yields—a key measure of profitability—in its passenger business.

Cathay's cargo yield is likely to rise 5.2 percent this year as the tonnage increases, according to Jefferies' Lee. The average cargo load factor was about 66 percent in the first five months of the year, versus 62 percent last year. Most market indicators are suggesting a "solid year" for air cargo, with demand from Hong Kong and key Asian markets to North America, Europe and India remaining buoyant, Cathay said on its website.

Still, none of the remaining 19 analysts tracked by Bloomberg recommend buying shares of the Hong Kong-based carrier, giving it the lowest consensus score among members of the Bloomberg World Airlines Index.

Increased competition from regional low-cost carriers and mainland rivals is damping passenger yields despite growing demand for air travel in Asia. The role of Hong Kong as a hub for international travel out of China has also diminished over the years with the rise of Beijing, Shanghai, Guangzhou and Shenzhen on the mainland.

The carrier previously said it's targeting savings of about 30 percent from employee cost cuts at its headquarters. An official at Air China Ltd., which owns 30 percent of Cathay, said in March that the carrier will reduce more than HK$4 billion ($513 million) in expenses over three years.

Emirates fined $4,270 in China as jet flew at wrong altitude

China fined Emirates Airline 29,000 yuan ($4,270) and barred the carrier from expanding its operations in the country for six months, citing two incidents that violated air-safety norms.

Regional officials of the Civil Aviation Administration of China in the western province of Xinjiang and central and southern China met with representatives from Emirates to review the operations, the regulator said in a statement on its website. The airline also briefed the authorities on its own probe and plans for improvement, the CAAC said.

During an Emirates flight on April 17, the crew misunderstood instructions and flew at a wrong altitude above Urumqi in Xinjiang, according to CAAC. In another incident on May 18, the airline's radio communications were cut off over the same region.

Emirates will cooperate fully with the CAAC and complete all actions recommended by the authority, the carrier said in an emailed statement. Emirates fully complies with the CAAC's requirements on all its flight operations to China, the company said.

The censure is part of efforts to improve safety over its airspace by the Chinese regulator, which said this week that it has "zero tolerance" for violations, vowing a mechanism to evaluate and punish unsafe operations by airlines and airports. Earlier this year, CAAC penalized the Thai unit of AirAsia Bhd. for changing flight plans of 10 chartered aircraft.

Emirates SkyCargo transports first car designed and built in the UAE

Emirates SkyCargo, the freight division of Emirates, transported the first car designed and built entirely in the U.A.E. to France where it will be exhibited during the prestigious '24 hours of Le Mans' endurance race.

Design-1 is a sports car designed and built entirely in the U.A.E. by Jannarelly Automotive with Equation Composites LLC – the first company to have acquired a car manufacturing license in the country. Inspired by the classic sports cars of the 1960s, the Jannarelly Design-1 is a lightweight retro-futuristic car built using hi-tech composite materials. Equation Composites uses a small team of specialists to build each car, valued anywhere between US$70,000 and US$90,000, allowing for a high degree of customisation according to the specific requirements of customers.

Emirates SkyCargo worked with Prodex worldwide, a specialist freight forwarding company providing specialist transport, logistics and warehousing services across a number of domains including the aerospace and automotive industry, to transport the Jannarelly Design-1 from Dubai to Lyon. Emirates SkyCargo offers a specialised transportation solution - Emirates SkyWheels – to transport high value and premium automobiles.

Emirates SkyCargo regularly transports high value premium and luxury automobiles on both its passenger aircraft and freighters across its global network of over 155 destinations. The transportation of these vehicles is managed by experienced staff who are specifically trained on loading and unloading vehicles from aircraft with utmost attention to care and safety.

Emirates SkyCargo works with leading car manufacturers as well as car collectors to facilitate movement of cars across continents. Recently the air cargo carrier provided a bespoke Emirates SkyWheels solution to Jaguar Land Rover in order to transport cars from the UK to Chicago for testing. In November 2016, Emirates SkyCargo was one of the sponsors of the inaugural Gulf Concours car competition and brought in many rare classic and modern bespoke luxury supercars to Dubai from across the world.

American Airlines Cargo expands service in Mexico with new general sales agent

American Airlines Cargo has announced that it has selected G Force GSA Mexico as its new General Sales Agent (GSA) in Mexico, following the retirement of American's current GSA. The American and G Force partnership will also provide local sales expansion into five new locations to provide even greater service throughout the country, leveraging a robust team with extensive experience in cargo sales and services.

As of July 1, 2017, G Force will be responsible for selling American's extensive services in Mexico City, as well as establishing a local sales presence in Cancun, Guadalajara, Leon, Puerto Vallarta and Monterrey. G Force's team of 20 sales professionals will be dedicated to meeting customers' needs for both inbound and outbound cargo traffic. With offices in each of the six cities served, G Force will provide dedicated local service throughout Mexico, bringing local expertise about American's entire product portfolio and vast global network as well as a higher level of customer service in these fast-growing markets.

"Mexico is a very important part of our worldwide network, with a high demand for both inbound and outbound cargo traffic such as pharmaceuticals, auto parts and seafood," said Shanna Abbott, American Airlines Cargo's GSA contracts manager. "Having G Force represent us throughout Mexico will enhance service for our customers who ship to or from these key cities. A local presence is a sure-fire way for us to ensure that each customer's needs are being met."

"As cargo needs increase throughout Mexico, customers want to know that their goods are going to be shipped quickly and reliably," said Marcel Barjau, station manager for G Force.

Evergreen looks single and happy in container love-fest

While wedding bells have been ringing out across the global shipping industry, Taiwan's biggest container line, Evergreen Marine Corp., has remained aloof.

If mergers currently awaiting approval go ahead, the market share of the top five container lines will rise to 60 percent, from about 49 percent 18 months ago. With the last of the big marriages imminent, Evergreen looks like it's being left at the altar.

State-owned Cosco Shipping Holdings Co. plans to buy Hong Kong's Orient Overseas Container Line Co., or OOCL, for at least $4 billion in a deal that could be reached as early as July, the *Wall Street Journal* reported, citing people it didn't identify.

Such a transaction would hardly be a surprise: While a spokesperson for OOCL said the company wasn't aware of a bid, Gadfly was predicting it six months ago. Still, this would cement a stark reversal of fortunes for Greater China's shipping lines.

When the current round of M&A was kicked off last December with CMA CGM SA's takeover of Singapore's Neptune Orient Lines Ltd., Evergreen was Asia's biggest box carrier and was fighting Hapag-Lloyd AG for the title of fourth-biggest globally, with capacity of about 936,000 TEUs, or 20-foot equivalent units. It's been overtaken by both Cosco and the merged group that comprises Japan's three major container lines, and its 1 million TEUs are now sufficient to make it only the seventh-biggest worldwide.

Single life has its advantages, though. Cosco, Evergreen and OOCL are all members of the Ocean Alliance, a grouping that pools its ships and allows customers a greater range of destinations and frequency. As a result, Evergreen gets some of the scale and revenue advantages of a formal merger without requiring a full-blown commitment.

There are other pluses. The entire shipping industry has benefited from the fashion for M&A over the past 18 months or so. Drewry's weighted average of east-west container freight rates has risen 44 percent over the past year, to $1,464 from $1,020 per 40-foot box. Price volatility has dropped, too, as consolidating groups got a better handle on supply and demand.

Drewry gauge of East-West container rates, 12 months: +44%

Only the companies actually doing the deals have paid for this improvement, though. Evergreen's NT$43.1 billion ($1.4 billion) net debt load—about 80 percent of the value of its equity—means it would probably have struggled to afford OOCL's dowry. The debt may also have saved the company from a government-brokered shotgun marriage with Taiwan's other big shipping line, Yang Ming Marine Transport Corp., which has failed to make more than a peppercorn profit since 2010 and has net debt at an eye-watering 482 percent of equity.

When the dust has settled on the container-shipping industry, Evergreen may have lost market share but it will remain a major player, and will have spared itself an expensive shopping spree. Wedding bells are all very well, but there are perks to being a wallflower.

Southern ports break records as Panama Canal anniversary nears

Southern ports are experiencing a record foreign trade boom thanks in part to an expanded Panama Canal that permits Asian cargo ships to reach them more easily.

Georgia Ports Authority and the Port of Virginia, which include the nation's fourth and fifth largest ranked by volume, respectively, each moved the most cargo they have ever handled in May. The two ports posted more than 10 percent year-over-year volume growth for the month.

They aren't alone. South Carolina Ports Authority, which includes Charleston, had its best ever month in March and overall volume from last July through May is up 9.4 percent compared to the previous July to May period.

"We've candidly been surprised by the strength of the volume growth for the first part of this calendar year. January through April has been very strong," said Jim Newsome, president and chief executive office of South Carolina Ports Authority, in a telephone interview.

The uptick in foreign trade throughout the region comes thanks in part to last June's widening of the Panama Canal, which allowed the larger vessels that shipping lines favor to travel between Asia and the eastern seaboard through the passage. Previously, ports on the West Coast, which include the nation's largest by volume, typically handled such ships.

The expansion also coincided with a population boom that has made the south home to 10 of the 15 fastest growing cities, according to the U.S. Census Bureau, meaning there is a growing market for goods being imported. At the same time, manufacturing growth throughout the south means shipping lines also can pick up American-made exports to transport abroad.

Global maritime shipping industry needs better data sharing

By Stas Margaronis, AJOT

A new study, "Competitive Gain in the Ocean Supply Chain: Innovation That's Driving Maritime Operational Transformation," says that importers, exporters, container carriers, terminal operators, vessel owners and other stakeholders suffer from poor visibility and predictability around shipments and are losing money due to a lack of partner synchronization and insufficient data insight.

The study is based on a global survey of more than 200 executives and professionals from terminal operators, carriers, logistics providers, vessel owners, port authorities, shippers, consignees and other members of the global ocean supply chain.

The maritime industry and broader ocean supply chain are suffering from major and costly inefficiencies due to ineffective data sharing and poor cross-industry collaboration, according to the new report and industry survey released by the Business Performance Innovation (BPI) Network in coordination with Navis and XVELA, both part of Cargotec.

However, there is recognition, particularly among industry leaders interviewed, that digitization is imminent.

"Everyone benefits from collaboration and data sharing," says Andreas Mrozek, senior manager of Global Marine Operations for the Hamburg Sud Group, one of the world's largest container shipping lines. "It starts with the customers and moves to the carriers, then the terminal operators, vendors, freight systems, truck companies, and keeps going down the line. There will be no losers, only winners when the industry comes to terms with the need for collaboration."

Ninety percent of survey participants said real-time data access and information sharing was important to increasing the efficiency and performance of the shipping industry.

Some 82 percent said the industry needs to improve supply chain visibility.

Construction funding for Charleston Harbor deepening approved

The Charleston Harbor Deepening Project was named one of six "new starts" and received $17.5 million in construction funding in the U.S. Army Corps of Engineers (USACE) Fiscal Year 17 Work Plan, allowing construction on the project to begin this fall as scheduled.

Charleston also received $16.1 million in operations and maintenance dollars, which provide for the routine maintenance dredging of the harbor necessary for construction begin. Collectively the funds allocated in the Work Plan allow Charleston to continue moving forward.

The largest contract for the project will be let this fall, utilizing federal dollars in combination with the $300 million in state funding already set aside for the project.

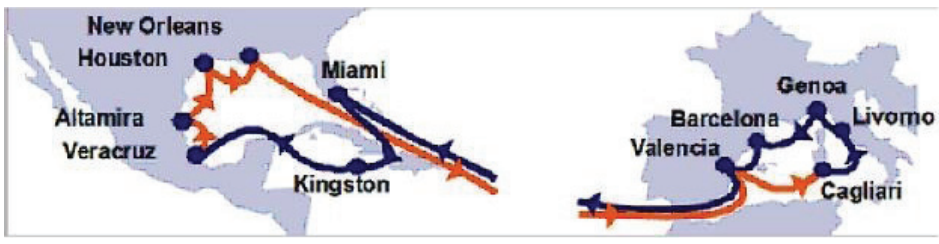
"The significance of this funding for the timeline of our deepening project cannot be overstated – it is tremendous news for Charleston," said Jim Newsome, SCPA president and CEO. "By the end of the decade, we will achieve 52 feet of depth and be the deepest harbor on the East Coast, a depth advantage that will add significant capability in the Southeast, the fastest growing port region in the country. We are grateful for the leadership of our congressional and state delegations and look forward to a continued, productive partnership with the USACE."

PortMiami welcomes the return of Hapag-Lloyd

Hapag-Lloyd, ranked among the world's largest container shipping lines, recently announced adding PortMiami to its Mediterranean Gulf Service (MGX) starting June 11th with the arrival of the Venetiko 03W22 vessel.

The new weekly service will expand trade opportunities connecting major Mediterranean markets such as Livorno and Valencia to the U.S. via PortMiami.

MGX vessel rotation:



North Carolina ports set for unprecedented growth as new container services activate

The inaugural port call of the ZIM Shanghai on Sunday, June 18 marked the fourth new container service activated at the Port of Wilmington in the last two months. North Carolina Ports has doubled its container services in calendar year 2017 and is set for unprecedented growth in its next fiscal year.

"Businesses desire access to the global markets where their products are sold and their resources are found," said Executive Director, Paul J. Cozza. "The Port of Wilmington provides the Carolinas that access, making North Carolina Ports a key factor in the region's economic growth. The access our port provides continues to improve with recent services, like that of ZIM, being activated."

ZIM recently added the Port of Wilmington to its Z7S all-water Asia-U.S. East Coast service rotation. This weekly service provides exceptional access to major markets in South China, Southeast Asia and India Subcontinent. Known for its speed to market, the Z7S service is the only container service calling the Port of Wilmington using the Suez Canal.

"This ZIM service will support legacy apparel, furniture and hardware industries throughout the Carolinas," Cozza previously said. "It's an incredibly unique offering which shows our commitment to both reliable and flexible shipping solutions for our customers."

ZIM is a returning ocean carrier to the Port of Wilmington after a slot chartering agreement with the CKYHE Alliance in early 2016. The container carrier's Z7S string will feature 11 vessels averaging 5,000 TEUs in size. Its rotation includes direct access to Da Chan Bay, Yantian, Cai Mep, Port Kelang and Colombo. Outside of Yantian, each of these port calls are new to North Carolina Ports. With extensive port coverage and proven high service reliability, ZIM further improves the gateway that is the Port of Wilmington.

"We've made a steadfast commitment to better serve the Carolinas," said Chief Commercial Officer, Greg Fennell. "With four major container service activations in the last two months, we are preparing for record throughput in Wilmington."

In addition to the new ZIM service, Maersk Line and Mediterranean Shipping Company (MSC) introduced the TA2/NEUATL2 Europe-U.S. East Coast container service back in early May. The enhanced TA2/NEUATL2 service provides access between Bremerhaven, Felixstowe, Le Harve and Wilmington.

A new partnership with THE Alliance was the addition of the EC2 all-water Asia-U.S. East Coast container service. This weekly service began calling on the Port of Wilmington in May as well, touting some of the largest vessels that consistently come to and leave from the Carolinas.

Then it was StreamLines, a division of Seatrade, who is known for its specialized refrigerated container operations, reliable schedules and speed to market. The container carrier recently added the Port of Wilmington to its Blue Stream weekly service and began calling the port earlier this month.

AgTC announces 2017 Ocean Carrier Performance Awards

The Agriculture Transportation Coalition has announced the results of the 11th Annual AgTC Ocean Carrier Performance Survey, with three carriers attaining the highest scores in this year's survey. Hamburg Sud is the AgTC Top Ranked Carrier 2017. K-Line and NYK were presented AgTC Recognized Performance plaques.

During April and May 2017, AgTC member companies -- a broad and diverse cross-section of US agriculture and forest product exporters and importers, from all geographic locations, of virtually all dry and refrigerated products, via dry and refrigerated container--completed the Ocean Carrier Performance Survey. Hamburg Sud collected the highest rankings in the 18 categories by which the carriers are rated by the members of the AgTC and thus was presented at the Annual Meeting as the top ranked carrier for 2017.

Specific categories in which 17 ocean carriers were judged included: Booking; Pre-shipment Customer Service; Intermodal Door Service and Availability; Accuracy in Shipment Rating; Bill of Lading Release/ Turn Time; Terminal Service; Equipment Availability; Documentation; PostShipment Services; Vessel Schedules/on Time Transit; and Overall Customer Service.

The carriers were presented to the assembled 400+ attendees at the Dinner, by AgTC Advisory Board members, Shelly Boshart Davis of BOSSCO Trading, Lori McGinty of Barenbrug, Debbie McMillan of Derco Foods and AgTC Executive Director Peter Friedmann.

The AgTC Annual Meeting is the largest gathering of agriculture and forest products transportation professionals in the US each year. Collectively, attendees at the Annual Meeting will book between 2 and 3 million TEU's.

AgTC is the principal voice of agricultural exporters in US transportation policy. Its members include agriculture exporters and importers, freight forwarders and NVOCCs of US agriculture exports.

4th Annual Port of Albany Port Industry Day

On June 15, the 4th Annual Port of Albany Port Industry Day took place. The event showcased how federal, state and local investment in infrastructure improvements and expansion are taking place at the Port of Albany.

(L to R) Jerry Riegel – Riegel Rail Solutions, Mike Smith – Finger Lakes Railway, Laurel Rafferty – Portscape, John Riegel – Riegel Rail

(L to R) Colin Jones – FMT, Joel Constantino – NE Steamship Agents, Jim Greco – Weeks Marine, Donald Benesch – Weeks Marine

(L to R) Mike McGovern – NAI Platform, Tony Vasil – Port of Albany, Todd Neely – Moffatt & Nichol

(L to R) Georgette Steffens – Albany Port Distict Commission, Jonathan Daniels – Gulfport, Richard Hendrick – Port of Albany

HANSA HEAVY LIFT transports equipment for new petrochemicals production complex in Russia

HANSA HEAVY LIFT has delivered more than 60,000 cbm of petrochemicals equipment to help with construction of SIBUR's ZapSibNeftekhim polyolefin complex in Tobolsk, Russia.

The German shipping company undertook two deliveries to complete the project, during which a total of six vessels were dispatched, including HHL Lagos, HHL Tokyo, and HHL Valparaiso, each capable of lifting 1,400 metric tonnes.

The first part of the project took place in 2016, using HHL Tokyo and HHL Volga.

The second part of the project, involving HHL Lagos, HHL Valparaiso, HHL Venice, and HHL Congo, was completed this year.

The cargo was loaded at the ports of Dalian in China, and Ulsan and Masan in South Korea, before being delivered to Belgium, for the owner of the project, Russian gas processing and petrochemicals company SIBUR.

The shipments, which represent over 50 per cent of all equipment for the Tobolsk project, will now be shipped via HHL Lagos and HHL Venice, to Sabetta, Russia, where it will be discharged onto barges for transportation to their final destination.

"This was a major project that involved six of our ships being used at their full capacity, which required in-depth engineering knowledge and experience," said Gleb Faldin, Commercial Manager, HANSA HEAVY LIFT.

"We faced several challenges including ensuring the safety of the crews and the cargo throughout this major project, as well as extremely tight stowage to help increase the cost-effectiveness of each journey."

"Crews had to load HHL Lagos and HHL Valparaiso simultaneously whilst in South Korea so that both operations were coordinated, as well as take measures to ensure the vessels did not arrive at the port of discharge at the same time."

He added the fact HANSA HEAVY LIFT had transported a majority of the cargo for this project confirms the company's position as "a customer-focused logistics solutions provider as well as an expert in Northern Sea Route trades."

The cargo included boilers, fractionators, gas section drums, columns, a crack gas cooler, and a process steam generator, with the heaviest piece weighing over 481 metric tonnes and measuring 87.55 x 4.05 x 4.90 metres.

*(**COMPLEX** – continued on page 19)*

HANSA HEAVY LIFT has delivered more than 60,000 cbm of petrochemicals equipment, to help with the expansion of the gas and petrochemical production site in Tobolsk, Russia.

Metro Ports to operate bulk terminal at Port of Indiana

The Ports of Indiana has announced that the country's oldest stevedoring company, Metro Ports, will become the new bulk terminal operator at the Port of Indiana-Burns Harbor. Starting July 1, 2017, Metro Ports will manage the loading and unloading of shipments along the port's East Harbor for port tenants and outside companies shipping bulk cargoes, including products for the steelmaking, agricultural, manufacturing, energy and construction industries.

Metro Ports is the brand used to collectively identify stevedoring affiliates of Metropolitan Stevedore Co. and its parent company, Nautilus International Holding Corp., both based in Long Beach, Calif. The company's roots date back to 1852 when its original parent corporation, California Stevedore and Ballast Co., was established during the Gold Rush era, and it has maintained continuous family ownership for 165 years. Metro Ports operates at 27 U.S. ports on the East, West and Gulf Coasts in the states of Washington, New York, Massachusetts, South Carolina, Texas, Florida, Louisiana, California, North Carolina and Georgia. This is the company's only Great Lakes facility.

"Having a 165-year-old company like Metro Ports select Indiana to launch its Great Lakes operations is a tribute to our state's business climate and our extremely successful port system," said Rich Cooper, CEO for the Ports of Indiana. "Indiana's robust maritime economy leverages shipping connections to domestic and international markets through the Great Lakes and the inland river systems to support 155,000 Hoosier jobs and generate $21.5 billion in annual economic activity. We're happy to see Metro Ports recognizes tremendous economic opportunity in establishing a port terminal at the 'Crossroads' and 'Cross-waterways' of America."

Metro Ports handles a wide range of bulk and breakbulk cargoes around the country, including aggregates, potash, coke, coal, cement, fertilizer, borax, bauxite, RoRo, military, steel, wind energy, yachts and project cargo.

"Metro Ports is recognized as a world-class stevedore and terminal operator for handling bulk commodities," Cooper said. "The corporation's global focus and proven track record reflect a long history of providing the management, operational resources and expertise to work in a competitive environment to meet demanding safety, environmental and quality standards. We're excited to partner with such a high-caliber team of professionals and are looking forward to working shoulder-to-shoulder with them to grow business at the port."

In 2016, the Port of Indiana-Burns Harbor handled nearly 2.6 million tons of cargo, completing the highest three-year total in the port's history. In addition, the Ports of Indiana invested nearly $2.5 million into port infrastructure, including dredging and stabilization of two ship berths to increase dock capacity for handling Seaway draft vessels as well as replacement of 2,000 feet of rail track and rehabilitation of multiple rail turnouts.

Port Manatee dedicates rebuilt Berth 9

At a dedication ceremony on June 15th, officials cut a ribbon signaling the formal opening of the fortified 625-foot-long berth, which can now handle uniform loads of as many as 1,000 pounds per square foot.

"FDOT very much values its partnership with Port Manatee," said Paul Simmons, modal development administrator for FDOT's District 1, noting that FDOT funded three-quarters of the project's $10.3 million cost. "We share the same goals, and we look forward to continued growth and prosperity for this region and our district."

Vanessa Baugh, chairwoman of the Manatee County Port Authority, pointed out that Manatee County already has benefited from the endeavor, as it created 250 construction-related jobs.

"Not only will the enhanced Berth 9 facilitate increased activity at Port Manatee in the long term," Baugh said, "but it has already had a significant jobs-related impact."

Carlos Buqueras, Port Manatee's executive director, said, "We appreciate the productive partnership with FDOT in bringing this project to fruition. We are united in the belief that the renovated Berth 9 will reap benefits for Florida for years to come."

State Rep. Jim Boyd, R-Bradenton, commented, "With this reconstructed berth in place, we anticipate additional growth in Port Manatee's business and further advancement of the port's role as a huge economic driver for Manatee County."

Shipco Transport offers solutions for Qatar restrictions from the US

Shipco Transport, one of the leading neutral NVOCCs, announces a new service to bypass Jebel Ali as a transshipment port, which is no longer available due to the diplomatic crisis in the region.

As a result of the current situation in the Middle East, the main transshipment ports in the UAE and Saudi Arabia ceased to accept cargo bound for Doha/Hamad, forcing carriers to look for alternative routing options. In response to these circumstances, Shipco will be launching a new direct service from all U.S. origins via New York to Hamad, Qatar. With the first sailing scheduled for July 1, the new direct service will utilize Maersk as carrier ex New York, then connect with their direct feeder from Salalah, Oman to Hamad, Qatar. The expected transit time for this offering is 35 days, port to port.

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

"Our operational and pre-planning expertise allowed us to execute the project successfully and on time, despite there being a very tight schedule and strict requirements from all parties involved," said Igor Savin, Cargo Superintendent, HANSA HEAVY LIFT.

"Each of the units varied in size and length and therefore required special attention for lifting and sea fastening."

SIBUR is a unique vertically integrated gas processing and petrochemicals company. The company owns and operates the largest gas processing business in Russia by volume of processed associated petroleum gas, and it is leader of the petrochemicals industry in the country.

ZapSibNeftekhim is a part of SIBUR's Tobolsk production site. The project is designed to produce two mtpa of polyolefins when onstream.

"HANSA HEAVY LIFT proved themselves to be an excellent partner in this very major project, transporting over 50 per cent of all equipment and exceeding even our highest expectations," said Vyacheslav Fedorov, Head of Heavy & Oversized Cargo Transportation via Northern Sea Route, SIBUR.