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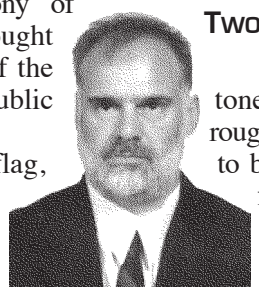
Two decades in and what's in store for Hong Kong?

It has been two decades since the handover and a great deal has changed in Hong Kong and China.

By George Lauriat, AJOT

Merchant class. It has been almost two decades since the former British colony of Hong Kong was brought back into the fold of the PRC (People's Republic of China).



The territory's flag, white five petal bauhinia blakeana – commonly known as the Hong Kong orchid - sits in a sea of red, like the yellow stars represented in the banner of the PRC itself. It is this flag, to which the city is subordinate, under the "one country two systems" outlined under the concepts of Basic Law that came to be as part of the return.

But for longer than any other emblem (over eight decades), embedded on the Colony's flag, there was a scene of a Chinese merchant with his Chinese counterpart shaking hands (presumably on a business exchange) with a Chinese junk and western full rigged ship in the background. In many respects, this emblem was and has been Hong Kong. In essence Hong Kong is a trading community, largely based on being a conduit between China and the West.

Obviously, the relationship between Beijing and Hong Kong, not to mention the economic underpinnings, have changed greatly during the last two decades. The PRC joined the WTO (World Trade Organization) and Hong Kong's engagement with the adjacent PRD (Pearl River Delta) region *(see Paul Scott Abbott's Nansha article on page 5)*, and the recent emergence of the rest of Southeast Asia *(see Robert Wallack article on page 8)*, particularly Vietnam have created landing spots for Hong Kong investment as well as competitors for Mainland export oriented industries.

Politically, China's Xi Jinping, president of the PRC and general secretary of the ruling Communist Party, is consolidating his power over China's influential elites while emphasizing economic policies featuring domestic development over the export model which built the "Factory to the World" and for decades delivered double digit GDP growth.

The Bipolar Politics of Two Systems

There is an old Cantonese expression that roughly says it is better to be far away from the flagpole (or banner). Being far from the center of power once served the region *(**STORE** – continued on page 4)*

The Port of Hong Kong

*(**STORE** – continued from page 2)*

well but times have changed.

Beijing expects HK's [more properly, Hong Kong Special Administrative Region or HKSAR] new chief executive officer, Carrie Lam (Cheng Yuet-ngor) to tow the party line. Xi's pan-China view of Hong Kong's role as one-city of many, is at odds with many Hong Kongers. Lam acknowledged as much in her acceptance speech when she said, "Hong Kong, our home, is suffering from quite a serious divisiveness and has accumulated a lot of frustration. My priority will be to heal the divide and to ease the frustration - and to unite our society to move forward…Deeds speak louder than words."

HKSAR's new CEO, Carrie Lam

But what will the "deeds" entail? While many Hong Kong business leaders acknowledge there is a new dynamic with Beijing, they see their territory's role as an investor and logistics facilitator in the PRD, an updated version of the city's historic entrepot function. Beijing is less enthusiastic about Hong Kong's role expanding north and worries that greater influence will create problems in other regions. The role of Hong Kong is further complicated by the uncertain relationship between Taiwan and China. Dr. Tsai Ing-wen a member of the DPP (Democratic Progressive Party) won the 2016 election against the pro-Beijing KMT (Kuomintang) incumbent Ma Ying-jeou. Unlike nearly all of her predecessors, Ma's position on reunification with China is that it is not inevitable nor necessarily even desirable to the island state. Hence, how Beijing handles Hong Kong has great sway in Taipei.

For these reasons, Lam inherits a difficult role balancing the demands from Beijing against local and Southeast Asian regional concerns. In her acceptance speech Lam said, "Hong Kong, our home, is suffering from quite a serious divisiveness and has accumulated a lot of frustration. My priority will be to heal the divide and to ease the frustration - and to unite our society to move forward…Deeds speak louder than words."

It seems it will fall on Lam's "watch" to determine whether Hong Kong will continue to be a unique region or just another Chinese city?

Two Very Different Systems

The concept of "one country-two systems" is starkly evident in the management of the economies of the PRC and Hong Kong. China's commercial code is immensely complex. The TMF Group (courtesy of the AMCHAM HK) in its inaugural Financial Complexity Index 2017, globally China rated 7th just behind Colombia and Vietnam as countries whose commercial compliance strategy resembles chow mein. Hong Kong on the other hand, ranks 91st just ahead of the Jersey – a UK dependency off the coast of France, whose main purpose is to be a tax haven. To put it in perspective, the US ranks 70th and Japan 78th in the complexity index. For anyone who has ever worked in Hong Kong it is easy to understand – the entire tax code is under twenty pages long – a flat 15% makes it very simple as the 95% compliance attests. Not surprisingly, the Heritage Foundation in their 2017 Index of Economic Freedom has Hong Kong holding the top spot as the freest nation in economic terms. And on the other hand, China ranks 111th

*(**STORE** – continued on page 11)*

PORT OF HONG KONG THROUGHPUT 1990-2016

Year	Full		Empty		Total	
1990	4204	(+13.5)	896	(+18.1)	5101	(+14.3)
1991	5202	(+23.7)	960	(+7.1)	6162	(+20.8)
1992	6723	(+29.2)	1248	(+30.1)	7972	(+29.4)
1993	7723	(+14.9)	1482	(+18.7)	9204	(+15.5)
1994	9453	(+22.4)	1597	(+7.8)	11050	(+20.1)
1995	10515	(+11.2)	2035	(+27.4)	12550	(+13.6)
1996	11104	(+5.6)	2357	(+15.8)	13460	(+7.3)
1997	11932	(+7.5)	2635	(+11.8)	14567	(+8.2)
1997*	11751	N/A	2635	N/A	14386	N/A
1998	11489	(-2.2)	3093	(+17.4)	14582	(+1.4)
1999	12801	(+11.4)	3410	(+10.2)	16211	(+11.2)
2000	14248	(+11.3)	3850	(+12.9)	18098	(+11.6)
2001	14189	(-0.4)	3638	(-5.5)	17826	(-1.5)
2002	15322	(+8.0)	3822	(+5.1)	19144	(+7.4)
2003	16532	(+7.9)	3917	(+2.5)	20449	(+6.8)
2004	17883	(+8.2)	4101	(+4.7)	21984	(+7.5)
2005	18453	(+3.2)	4149	(+1.2)	22602	(+2.8)
2006	19344	(+4.8)	4195	(+1.1)	23539	(+4.1)
2007	19907	(+2.9)	4091	(-2.5)	23998	(+2.0)
2008	20272	(+1.8)	4222	(+3.2)	24494	(+2.1)
2009	17726	(-12.6)	3314	(-21.5)	21040	(-14.1)
2010	20002	(+12.8)	3697	(+11.6)	23699	(+12.6)
2011	20697	(+3.5)	3687	(-0.3)	24384	(+2.9)
2012	19653	(-5.0)	3465	(-6.0)	23117	(-5.2)
2013	19254	(-2.0)	3099	(-10.6)	22352	(-3.3)
2014	19041	(-1.1)	3185	(+2.8)	22226	(-0.6)
2015	17108	(-10.2)	2965	(-6.9)	20073	(-9.7)
2016	16979	(-0.8)	2834	(-4.4)	19813	(-1.3)

**1997: Hong Kong returned to China*

Lowe's exec sees Port of Nansha providing savings of time, money for shipments from South China

By Paul Scott Abbott, AJOT

Lowe's Companies Inc.'s director of international transportation, Todd Zaninelli, is among a growing number of leading North American import executives who see Port of Nansha offering time and cost savings for shipments from South China's industrial core.

"Overall, we see an increasing amount of volume creeping away from Shenzhen and around to the west side of the Pearl River Delta," Zaninelli told the *American Journal of Transportation*. "We see there being an opportunity for ocean carriers to differentiate themselves by using Nansha in a rotation for direct U.S. West Coast and East Coast calls."

Indeed, even without a direct container service yet in place to the U.S. East Coast, the Guangzhou Port Group and its Port of Nansha have quickly ascended to No. 7 ranking among world ports as measured by container volume, with a 2016 throughput of nearly 18.9 million 20-foot-equivalent units.

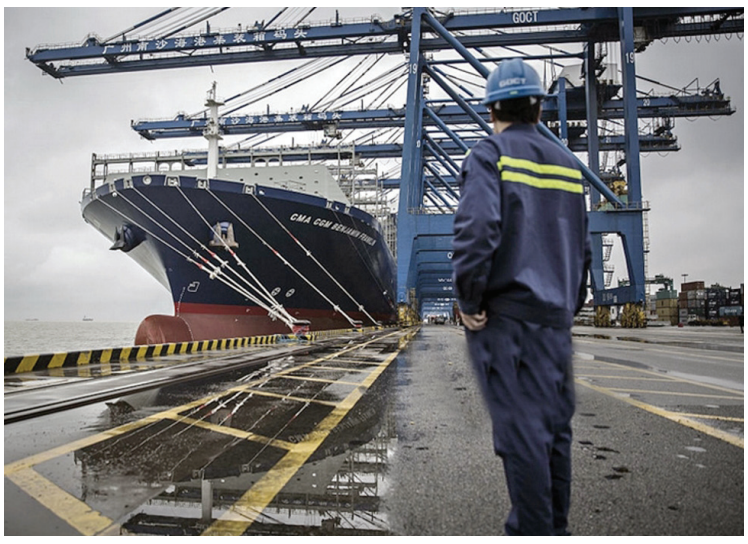
Nansha is being promoted as the fastest-growing container port in the South China, with its TEU count up 8 percent last year from 2015, while Hong Kong's TEUs dropped 2.7 percent and Shenzhen container activity slipped 0.9 percent. Hong Kong's port, ranked No. 5 worldwide, with almost 19.6 million TEUs handled in 2016, is now within Nansha's striking distance in the rankings, while Shenzhen, with 2016 volume of just shy of 24 million TEUs, is cemented in the No. 3 spot.

Direct U.S. East Coast service, via the expanded Panama Canal, is not far off for Nansha, according to John L. Painter, president and chief executive officer of the port's North American arm, Wyckoff, New Jersey-based Guangzhou Port America LLC.

Port of Nansha currently offers more than 50 worldwide liner services to a total of about 100 countries, according to Painter, who pointed out that four weekly sailings directly link Nansha with the U.S. West Coast, including ports of Los Angeles, Oakland, Long Beach, Vancouver and Prince Rupert.

Two of those sailings carry boxes of the 2M Alliance of Maersk and Mediterranean Shipping Co., Painter noted, while carriers participating in the other two weekly voyages include CMA CGM, China COSCO Shipping, United Arab Shipping Co. (now part

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



CMA CGM's *Benjamin Franklin*, with a capacity of 18,000 TEUS, moors at Port of Nansha, which easily accommodates such megavessels.

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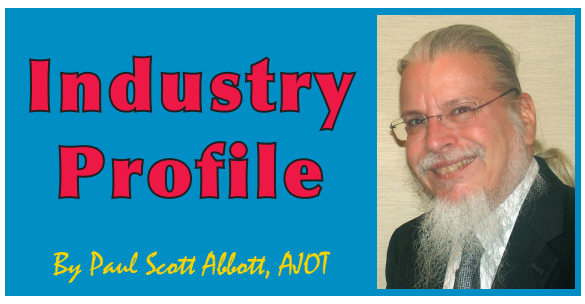
Mike Wilson, Hamburg Süd North America Inc.'s senior VP for business operations, in his 20th year on the board of the Intermodal Association of North America, looks forward to Intermodal EXPO 2017.

Hamburg Süd's Wilson helps IANA evolve with services, annual EXPO



Comfortable wearing many hats, Mike Wilson is a leading ocean carrier executive, officer of an organization assisting homeless families and a new grandparent, not to mention his two decades on the board of the Intermodal Association of North America, which is readying to "push the envelope" with its Intermodal EXPO 2017.

Regardless of proverbial chapeau – whether as senior vice president for business operations at Morristown, New Jersey-based Hamburg Süd North America Inc. or current vice chairman of IANA – Wilson never gets a swelled head, but rather maintains an honest dedication to industry excellence, as he shares with *American Journal of Transportation* readers.

How have IANA and its Intermodal EXPO evolved, and what's in store at EXPO 2017, set for Sept. 17-19 in Long Beach, California?

Having served on the IANA board for almost 20 years, I've been able to see the evolution in industry issues and programs IANA addresses.

Most notable are the increase in information technology services IANA offers industry stakeholders – such as GIER [Global Intermodal Equipment Registry], DVIR [Driver Vehicle Inspection Report] and DVER [Driver Vehicle Examination Report] – and newer programs like the Street Interchange and Bad Order Equipment Status applications.

IANA is considered the honest broker for proprietary industry information and is a natural to develop and provide these kinds of services to the industry.

The level of commitment, activity and output from IANA's committees is a credit to all member volunteers and staff engaged in multiple efforts to enhance intermodal productivity, safety and operating efficiencies.

This year's EXPO is going to push the envelope on issues like cloud-based intermodal solutions, upcoming ELD [electronic logging device] implementation, autonomous equipment and some of the new administration's programs. And we're adding a new feature – Intermodal University – designed to educate industry newcomers, including BCOs [beneficial cargo owners].

One of my favorite aspects of EXPO is the Student Case Competition, now in its seventh year hosted by IANA. It's really refreshing to hear perspectives of students, many of whom could be the next generation of intermodal execs.

I'm also proud of IANA's scholarship program, which I helped initiate 10 years ago and have chaired for many years. It has contributed more than $1.8 million to schools with supply chain and intermodal programs.

Speaking of evolving, what changes do you see for Hamburg Süd with completion later this year of its $4 billion acquisition by Maersk?

We're very excited. Maersk is a global leader and top-quality company. Hamburg Süd shares a similar strong reputation when it comes to quality, and we are very much looking forward to joining the Maersk group.

As has been stated, Maersk intends to go forward with a light-touch integration of Hamburg Süd, meaning the Hamburg Süd service product and service delivery systems and processes will stay largely intact. We believe this is a sound approach which will continue a very strong value proposition for Hamburg Süd customers.

More broadly, how do you perceive the ocean carrier business and its customers benefiting from the era of larger containerships and mega-alliances?

It's clear the scale offered by larger ships will continue to drive operational cost efficiencies, particularly at sea. Even so, there have been challenges shoreside which tend to offset some of these efficiencies.

Even though terminals may on paper have the necessary capacities to handle the vessels scheduled to call – berths, cranes, acreage, labor and so on – productivity shipside at the berth and in the terminal yard and through the gates continues to be a challenge. This is caused mainly by the volume surge of the larger vessel exchange.

Traditionally, a terminal may have had a weekly exchange of 15,000 moves over six or seven vessels, whereas now the exchange takes place

*(**PROFILE** – continued on page 13)*

Guangxi border-trade contributing to regional economic growth

By Robert L. Wallack, AJOT

In the southwest of the People's Republic of China (PRC), Guangxi Zhuang Autonomous Region (GZAR) is becoming the epicenter of regional and global trade as multinationals shift manufacturing from South China to lower cost Southeast Asia countries. Established local logistics companies in Vietnam are partnering with international firms or are a party to a merger & acquisition as cross-border container traffic grows for garments/footwear, electronics/high technology and agriculture products. The PRC, Asian Development Bank (ADB) and logistics firms are accommodating this shift in global value chains by improving infrastructure and services at the borders and along their corridors.

A July visit to the Guangxi Pingxiang Integrated Free Trade Zone (FTZ) showed impressive developments from the first visit in 2011. Phase One is in operations to facilitate trade along the corridor from capital city Nanning to Pingxiang to Hanoi, Vietnam. The Pingxiang FTZ has a bonded logistics area, processing trading area and duty drawback functions. Pingxiang is a key node along the Nanning-Singapore Corridor, the Pan-Beibu Gulf Economic Zone and one of six platforms in the pilot program of a China-ASEAN Border Trade which is part of the Shenzhen-Hanoi-Bangkok network for full truck load (FTL) and less than truck load (LTL) potential. Phase Two will include light industry and processing areas for ASEAN shipments of equipment, agriculture and textile products.

The Vietnam side of this border is Huu Nghi (Dong Dang/Lang Son) to complement this Youyiguan or "Friendship" border gate with an ADB financed ($18.5 million) modern Customs and Immigration building opened in 2016. Further integration will occur with the construction of a Cross-Border Area Zone Industrial Park linking these two border towns for long distance trade as well as facilities for day traders that can move freely within a designated area across these two countries' border zones.

Labor cost comparison

During a tour of the Pingxiang Integrated Free Trade Zone, the spokesperson explained the synergies of lower cost labor in Guangxi and in Vietnam than in Shenzhen (2014 monthly manufacturing wages: PRC-$700, Vietnam-$250, Cambodia-$130). Foxconn is the high-technology contract manufacturer for Apple products. They are planning to eliminate or reduce costly air transportation costs in their global value chains by using the cross-border trucking advantages between Pingxiang and Vietnam. "Vietnam factories will perform lower technical requirements, then shuttle components by trucks across the border to Pingxiang for higher value operations to take advantage of the low labor costs and tax benefits within the Cross-Border FTZ area."

Cross-border infrastructure construction and service offerings are justified by the statistics and new transport routes traversed by notable multinationals. "Cargo throughput at Pingxiang and Huu Nghi rose from 1.1 million tonnes in 2013 to 1.5 million tonnes in 2015," according to Vietnam Investment Review in May 2017. It is estimated that 1,500 trucks per day cross between China and Vietnam borders.

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

The new ADB financed border facility in Huu Nghi, Vietnam

Thailand and Cambodia logistics infrastructure gaining importance for cross-border trade

By Robert L. Wallack, AIOT

Thailand and Cambodia are focusing on cross-border trade logistics to improve their economic competitiveness. Although these two kingdoms are on different levels of economic development, both are benefitting from Greater Mekong Subregion (GMS) and One Belt, One Road projects. All modes of transport are improving for better logistics performance to attract more investors.

Thailand's consumer goods and construction materials are finding buyers in Cambodia, Lao PDR and Myanmar. The government invested along the border areas and in the tourism sector. As a result, these three countries accounted for the highest value by $13.3 billion of total border trade value of $15.8 billion in the first five months of this year. This is a total border trade rise of 6.4%. Border trade is also expected to help improve Thailand's overall annual export volume to a 5% growth target for 2017, according to the Commerce Ministry in a recent Bangkok Post article.

Cross-border Trade

Unithai, a Bangkok freight forwarding and warehouse company, remarked on the improving logistics facilities and infrastructure for cross-border trade in Thailand. "In the past 10-15 years there are more cross-border trade points. International shipments of construction materials from China such as steel to Vientiane, Lao PDR and for Thai domestic products to Lao have smooth Customs clearance for us. We contract out to 6-10 trucking companies for all trades," said Mr. Michael Yuen, Head of Break Bulk (Parceling), Senior Director, Unithai.

A further boost to cross-border trade growth and investments is the East-West Economic Corridor (EWEC), one of several corridors in the GMS backed by the Asian Development Bank (ADB) by constructing roads, bridges and border ports to connect all six countries. Mukdahan on the east is across from Lao's Savannakhet and along the corridor to eventually Vietnam to Danang seaport (327 miles) passing by millions of potential customers along the route. Further linkages are possible to southern China, specifically to the established China-Thailand Chongzuo Comprehensive Industrial Zone along the route to Nanning, Guangxi, PRC (837 miles).

A June conference in Bangkok presented prominent speakers in the "Mukdahan: The Logistics Hub and SEZ on EWEC to ASEAN+." Mukdahan governor Sorasit Ritsorakai stated that, "If planned infrastructure projects are completed, trade value along the border areas is expected to rise to $5,977 billion a year in 2019, up from $4, 033 billion." These projects include a 4 lane road, rails and an airport. China's One Belt, One Road project could link the 994 mile rail lines under construction from India's Manipur to Myanmar's Mandalay and Thailand's Mae Sot and Mukdahan, Laos and southern China. Dr. Thanavath, a Thai professor, noted the new investment promotion in Mukdahan by the government for a Special Economic Zone (SEZ) with full infrastructure and facilities, but needs an industrial strategy. He cited, "Mukdahan beef, rubber, sugar and electronics," as possible with markets by sea from both Laem Chabang and Danang ports. The governor stated that a feasibility study is now a plan submitted to the Cabinet for approval for an investment need of $90-60 million for an airport and other logistics infrastructure in Mukdahan.

The Thai government's 12th National Economic and Social Development Plan aims to cut the country's logistics costs to 12% of gross domestic product (GDP) by 2021 after succeeding in reaching 14% percent in 2016

*(**GAINING** – continued on page 20)*

Koh Kong Cambodia border to Thailand

(**BORDER** – *continued from page 8)*

Overall Vietnam's export turnover increased 20.3 percent on-year to $126.09 billion in the first four months of 2017, while its import value reached $63.99 billion, according to the General Department of Vietnam Customs. Major users of cross-border transport services are multinationals the likes of Samsung Electronics, LG Electronics and Foxconn and Canon as well as garment brands such as Adidas, Nike and Levi's and by the automotive sector of Honda, Toyota and Yamaha.

A further boost to Pingxiang cross-border economic zone development is by the ADB that could bring important demonstration effects to replicate throughout the cross-border towns in the Greater Mekong Subregion (GMS). The GMS includes: the PRC (GZAR and Yunnan province), Vietnam, Thailand, Cambodia, Lao PDR and Myanmar, formerly Burma. The Guangxi Regional Cooperation and Integration Promotion Investment Program is a $450 million multi-tranche financing facility from 2016-2024. The PRC will finance another $730 million for a total package of $1.18 billion. This project will address key constraints in economic corridor and border area development in the region with important spillover effects for Vietnam.

In short, project components for Pingxiang will be a $6.9 million expansion of the Pingxiang border trade service center: border trade market, cold storage facility, warehouses and Customs and sanitary and phytosanitary inspection and facilities. A cross-border e-commerce platform will be developed in Longbang Border Economic Zone (BEZ) situated north of Pingxiang along another trade corridor, but connected to Hanoi as well. The cost of this will be $27.3 million for a smart port to build cross-border e-commerce and logistics services with real-time electronic exchange of trade logistics data. Also, small and medium enterprises (SMEs) in the border areas will receive funding for projects totaling $271 million.

The Vietnam Logistics and Business Association (VLA) is very active in lobbying their government ministries for member logistics firms to improve cross-border trade logistics. They informed that the highest levels of government are issuing resolutions to address issues and modernize their logistics sector. Mr. Nguyen Tuong, Deputy General Secretary and Mr. Nguyen Dung Minh, General Secretary of VLA cited Prime Minister Decision 200, "On Approval of the Action Plan for Enhancement of Competitiveness and Development of Vietnam's Logistics Services by 2025" and Decision 1012, "Approval for Nationwide Logistics Center System Development Planning by 2020 and Orientation Towards 2030," in 2017 and 2015, respectively. These resolutions have concrete plans for logistics infrastructure, operations and policies with roles and responsibilities for each ministry and for VLA to implement the over 60 action items.

Investment in Logistics

Chinese and Vietnamese logistics firms are not waiting for these actions to occur. Zhen Yang Logistics Co., Ltd is Chinese invested and opened offices in Hanoi and Lang Son, Vietnam across from Pingxiang, Guangxi, PRC for the Zhen Yang-Nanning-Hanoi route and routes between southern China and northern Vietnam. "We are the first Chinese logistics firm that is permitted to cross the border without transloading, but this intergovernmental agreement is under renegotiation subject to Vietnam Customs objections to the trucking routes," said Mr. Nguyen Quang Tung, Branch Manager, ZYL Group in a recent interview in Hanoi. Zhen Yang has warehouses in Pingxiang, Nanning and Shenzhen for FTL and are planning LTL services. It's customers are mostly high-tech companies such as Foxconn and Samsung as well as DHL, Damco, Expeditors and Yusen.

Gemadept Corporation, the parent company of Gemadept Logistics, the largest Vietnamese logistics firm and publicly traded on the Ho Chi Min City Stock Exchange and Malaysia-funded Overland Total Logistics (OTL-"Indo China Transport") are catching the attention of Korean and Japanese logistics concerns. Founded in 1990, Gemadept has 12 subsidiaries in logistics, port operations and real estate development. Taekwang, a South Korean conglomerate is seeking a stake to secure better logistics services for their manufacturing operations in Southeast Asia.

Doan Van Tuan, Business Development Manager, Gemadept Logistics explained that their cross-border trade of temporary importing seafood from South Africa and beef from Brazil via Haiphong seaport, and re-exporting to China will stop. Although these transactions are legal in Vietnam, the re-exporting to China is illegal by Chinese companies and may raise transparency concerns since Gemadept is a publicly traded firm. However, Vietnam exporting of fruits to China is legal, he added. Mr Doan also remarked that Gemadept's $670 million Mekong Logistics Refrigeration Center in the Mekong Delta province of Hau Giang in collaboration with Minh Phu Seafood Corporation completed construction and is in operation, now.

In 2001, OTL began operations and has comprehensive cross-border services of both FTL and LTL from Singapore-Malaysia-Thailand-Laos-Vietnam-Shenzhen, China. In 2016, Yamato Transport of Japan bought OTL. They have real-time technologies, air suspension vehicles and lift on lift off (LOLO) equipment, container E-Lock mechanisms by remote control (SMS) available at the Pingxiang border crossing for timely clearance and transit times in the entire ASEAN region and all destinations in China.

*(**STORE** – continued from page 4)*
just behind Moldova.

Hong Kong has had its share of economic misfortune – the Great Recession the latest - but has been able to commercially reinvent itself and rise again. The new version of Hong Kong is the "world's most services-oriented economy, with services sectors accounting for 90% of GDP," according to the HKTC (Hong Kong Trade Development Council). Further, the special region is the money behind much of the development in Asia – a turnstile for investment. Hong Kong ranks second in Asia as a recipient of FDI (Foreign Direct Investment) and is Asia's 3rd largest source of FDI, after Japan and China.

This dependency on the movement of capital is both a curse and blessing. It's a curse when global markets are stressed or when problems in the Mainland spill over into the territory. But when global markets are good…

The turnstile is spinning money, as markets are booming and the economy accelerating. In the first quarter of 2017, Hong Kong's economic growth was 4.3% year-on-year in real terms, compared to 2% for 2016. The growth of private consumption expenditure is up 3.7% year-on-year for the first quarter of 2017, from 1.8% for 2016. The investment expenditure increased by 6.4% year-on-year for the first quarter of 2017, after a decline of 0.3% for 2016.

Other sectors are also faring well. Exports grew at 9.2% year-on-year for the first quarter of 2017, from 1.8% for 2016; while exports of services also increased by 2.6% year-on-year for the first quarter of 2017, after the decline of 3.2% for 2016.

The Hong Kong Entrepot

Hong Kong's very existence has been built around the concept of territory being an entrepot to China. Despite the rise of other commercial centers like Shanghai, and nearby Guangzhou, Hong Kong is still a crucial entrepot for Mainland China. As the 2016 HKSAR government statistics point out, 59% of re-exports were of China origin and 54% were destined for the Chinese mainland. China's Customs statistics also reiterate the view Hong Kong is the second largest trading partner of the Chinese mainland after the US, accounting for 8.3% of its total trade in 2016.

Hong Kong is also by far China's largest source of overseas direct investment. By the end of 2016, among all the overseas-funded projects approved in the Chinese Mainland, 44.7% were tied to Hong Kong interests, according to the HKTDC. The HKTDC also says the "cumulative utilized capital inflow from Hong Kong amounted to US$913.7 billion, accounting for 51.8% of the national total."

Conversely Chinese mainland interests are a major investor in Hong Kong. According to the HKSAR Census and Statistics Department, the stock of Hong Kong's inward investment from the Chinese mainland amounted to US$419 billion at market value or 26.5% of the total at the end of 2015.

Perhaps most importantly, Hong Kong as an entrepot is the port itself. Over 22% of the region's GDP is tied up in logistics and that begins with the port itself.

The port is one of the largest but Hong Kong's role may be changing. In 2001-2004 Hong Kong was the world's largest container port – with Singapore a close second or sometimes arguably first. From 2005-2009 Singapore was clearly first and through 2005-2006 Hong Kong second. In 2010 Shanghai took over the top spot and Singapore has been number two ever since. What changed?

Major Economic Indicators

	2014	2015	2016	Forecast/Latest
Population, Mid-year (million)	7.23	7.29	7.34	7.37[a]
Gross Domestic Product (US$billion)	289.7	307.5	319.4	331.9-335.1[b]
GDP Per Capita (US$)	40,100	42,200	43,500	44,800-45,300[b]
Real GDP Growth (%)	+2.8	+2.4	+2.0	+2-3[b]
Inflation (% Change in Composite CPI)	+4.4	+3.0	+2.4	+1.3[c]
Unemployment Rate (%)	3.3	3.3	3.4	3.1[d]
Retail Sales Growth (%)	-0.2	-3.7	-8.1	-0.7[e]
Visitor Arrival Growth (%)	+12.0	-3.9	-4.5	+3.2[e]

[a] year-end of 2016; [b] government forecast for 2017; [c] year-on-year change in January-June 2017; [d] seasonally adjusted, April-June 2017; [e] year-on-year change in January-May 2017.

Besides Shanghai, a host of Chinese ports have risen to compete for Hong Kong's traditional business. Ports like Shenzhen, Guanzhou and Ningbo-Zhoushan have emerged and Nansha and others are on the ascendancy. It's not that Hong Kong is posting poor numbers (see chart) – 19.81 million TEUs is still a great year. But the port has posted as much as 24.5 million TEUS and has fallen throughput numbers for five straight years.

There was an article in the local South China Morning Post ("Why Hong Kong port has little chance of regaining top spot – July 1, 2017) on whether Hong Kong could ever climb back on top. The answer is likely no. That doesn't mean the port can't still be a major player in trade to and from the PRD and as a relay point for Southeast Asian cargo. But the role as the primary door to China has been ceded to Shanghai and Hong Kong's port future will

*(**STORE** – continued on page 12*

On the west side of South China's Pearl River Delta, Port of Nansha offers three terminals providing a total of 16 containership berths spanning 18,750 linear feet.

(*SAVINGS – continued from page 5*) of Hapag-Lloyd), Wan Hai Lines and "K" Line.

Lowe's Companies' Zaninelli, who orchestrates the global supply chain for the world's No. 2 hardware chain, with $65 billion in annual sales and nearly 2,400 North American stores, said the addition of direct U.S. East Coast service should round out the attractiveness of Port of Nansha for beneficial cargo owners utilizing port diversification strategies.

"I'd push to get East Coast service," he said from Lowe's Companies headquarters in Mooresville, NC.

In terms of Nansha's advantages, Zaninelli pointed to the fact that many of South China's factories are considerably closer to Nansha – on the west side of the Pearl River Delta – yet significant cargo volumes continue to be moved by truck and barge over to Shenzhen and Hong Kong, both of which are on the river delta's east side.

"I think there is more volume being trucked and barged to the east side of the Pearl River Delta than people realize," Zaninelli said, adding that trucking adds cost while barging adds cost plus as much as a week in transit time, yet ocean rates via Nansha are typically the same as those for other ports of the South China region.

Painter said drayage from many South China factories to Nansha costs between 30 percent and 50 percent less than trucking to Hong Kong or Shenzhen and can be accomplished in as few as 20 to 30 minutes compared with two hours or more to Hong Kong or Shenzhen. This allows some vendors' truckers to make multiple daily dropoffs and pickups at Nansha.

Zaninelli said he believes Port of Nansha is "still in its infancy," but, as borne out by the impressive statistics, it is no longer a well-kept secret. Nonetheless, the Nansha facilities – featuring three terminals providing a total of 16 containership berths spanning 18,750 linear feet – remain uncongested and afford abundant opportunity for growth while already having accommodated vessels as large as CMA CGM's 18,000-TEU-capacity *Benjamin Franklin*.

Painter commented, "As carriers and shippers start their pre-peak planning discussions, Port of Nansha has seen an uptick in volumes and commitments from BCOs [beneficial cargo owners] who are planning to load early at Nansha to avoid congestion and the possibility of being rolled via the Shenzhen and Hong Kong ports."

Port of Nansha is a key part of state-owned Guangzhou Port Group Co. Ltd., established in 2004. APM Terminals and COSCO Shipping are co-investors. The heavily commercial city of Guangzhou, traditionally known as Canton, lies about 50 miles up the Pearl River from the island-based Port of Nansha in Guangdong Province.

The Guangzhou government is financially committed to making Port of Nansha even more appealing.

Port of Nansha looks to further benefit from a $415 million project that is widening its approach channel to better accommodate two-way passage of mega-containerships and the development of on-dock rail facilities, as well as an automotive logistics park to include the port's fourth and fifth roll-on/roll-off berths. The port already is China's No. 3 hub for automotive shipping, behind only Shanghai and Tianjin. Also beyond containers, Guangzhou Port Group offers South China's largest grain terminal.

Products manufactured proximate to Nansha on the west side of the Pearl River Delta include appliances, furniture, electronics, toys, ceramics and apparel and footwear.

In addition to Lowe's, companies with cargo moving through Port of Nansha are listed as including Target Corp., The Home Depot Inc., Ace Hardware Corp., Bob's Discount Furniture, Ashley Furniture Industries Inc., Dollar Tree Stores Inc., Applica Consumer Products Inc., Whirlpool Corp., Rona Inc., Mohawk Industries, Goodyear Tire and Rubber Co., Toshiba Corp., Samsung Group, Seiko Holdings Corp., Mattel Inc., Hasbro Inc., Cotton On Group, Etam Lingerie, Fellowes Brands, Honda Motor Co. Ltd. and Ford Motor Co.

(*STORE – continued from page 11*) be about how successfully it fights for its regional identity.

Liaoning Makes a Call

Two decades after the return to China, Hong Kong has many question marks going forward. No more than the Hong Kong of 1997 is still the same, neither is Beijing. Nothing makes that point clearer than the July 6th visit of China's first aircraft carrier. the Liaoning. It was a very visible signal to Hong Kongers of their Chinese heritage.

Still like the original symbol on Hong Kong's flag of years ago, a Chinese junk and western square rigger, the Liaoning too is a story of East and West.

The Liaoning built in a Ukrainian shipyard was once known as the Varyag before being bought by a company in neighboring Macau (reportedly to be used as a floating casino) before being sent to Dalian to be retrofitted as China's first aircraft carrier. East and West, West and East, still remains Hong Kong's greatest calling card.

*(**PROFILE** – continued from page 6)*
over fewer – say four or five – vessels. This can strain terminal infrastructure, causing a drop in productivity across the facility.

That said, we have seen terminals and ports actively addressing these issues, including with yard reconfiguration, longer gate hours and pick-up and delivery appointment systems.

Vessel alliances have been around for decades and have proven very effective in providing a wide range of port coverage while maintaining an efficient and reliable service. They've allowed a wide array of ocean carriers to continue to offer service in a market that would otherwise see fewer participants.

Although the vessel strings may be fewer, lines have found other ways to differentiate their services, such as by means of landside customer service orientation, maintaining a broader scope of carriers for customers to choose from.

What've been the most pivotal moments of your career, encompassing nearly 25 years with Hamburg Süd following stints with United States Lines, Crowley and Atlantic Container Line?

I believe each of my experiences has contributed to my professional development, albeit in different ways.

I was very lucky to have started my career with United States Lines in May 1979. At the time, USL had a training program now looked upon as one of the best ever. Unfortunately, USL became insolvent and ceased operations in 1986, but USL developed dozens of individuals who are leaders in our industry today.

It was very fortunate for many USL veterans that Crowley Maritime decided at that time to start a container service from the U.S. East Coast to South America's East Coast. My years at Crowley were formative in that I began to view the business from more of a strategic perspective.

At Atlantic Container Line, I was afforded the opportunity to oversee terminal operations across the entire network – my first exposure to being responsible for operations outside the United States, including Europe – and it broadened my perspective on many levels. ACL helped me sharpen negotiating skills while facilitating development of a more collaborative management style.

As a result of these varied experiences, I was able to join Columbus Line – later to take on the parent name of Hamburg Süd – in 1993 as vice president of logistics.

At Hamburg Süd, I first became interested in metrics-based, process-oriented management. Working with many colleagues, we were able to design and develop core business processes to drive our service product delivery system. We developed key metrics that helped us gauge success of these processes, and we introduced a program of continuous improvement, contributing to the value-driven service for which Hamburg Süd is well-known. In 2011, after 17 years of helping Hamburg Süd grow, I was offered my current position.

I believe I've been truly blessed in my career and am very thankful for each and every opportunity afforded me along the way.

With your Hamburg Süd responsibilities, how've you found time to serve in leadership roles at key industry organizations, including IANA, New York Shipping Association, Consolidated Chassis Management and Ocean Carriers Equipment Management Association?

Although I was exposed early in my career to several industry organizations, it was not until I joined Columbus Line/Hamburg Süd that I became directly involved. I think this was partially because of my new position, but also that Hamburg Süd was a company which felt being involved in the industry community was important.

To be honest, the time demand of being involved in these organizations can be largely governed by the individual. There are minimum commitments and sometimes unavoidable scheduling conflicts, but, for the most part, the exchanges and meetings are succinct and quite time-efficient.

Participation in these organizations allows for good intellectual sharing and collaboration where not only the industry group benefits, but the individual and his or her company as well. IANA is a great example of this, where stakeholders from various modes of transportation and support organizations get together to address a broad range of issues.

In these contexts, what do you see as the future for intermodal chassis and containers in the United States?

Containers have been around for quite some time and are now the mainstay for intermodal transportation. I expect we'll see some innovation relative to the container, more so on the technology side in regard to active tracking and data sharing.

The chassis provision paradigm has been changing for well over 10 years now. Although ocean carriers have sought to exit the traditional ownership and provision model, market forces have made that more difficult than originally thought.

We have seen several changes to the traditional model, particularly in the areas of chassis pools, trucker-owned chassis and shipper/consignee-provided chassis. These models will continue to evolve, again driven mostly by market forces.

From an engineering perspective, we have seen improvements in lighting – to LEDs – anti-lock braking systems, tire airing systems, multi-axle configurations and a more widespread recognition of the value and use of radial tires. I expect we will see a replenishment of the existing intermodal chassis fleet over the coming years wherein many of these features will become mainstream.

What's your involvement with Samaritan Inn, and what other non-work interests do you pursue, if you in fact have any spare time?

A great question. Full disclosure, there are some nights I get home, have a bite to eat and hit the rack, but I try to keep those to a minimum.

For relaxation in warm months, my wife and I share a boat with some friends and like to go out on Lake Hopatcong and enjoy just being on the water. I also play golf once in a while, but that seems to be more of a challenge than driving a boat.

During winter months, we enjoy hikes in the snow-covered parks near us, but not as much as a roaring fire in the fireplace, with a bottle of wine

*(**PROFILE** – continued on page 20)*

The Port of Baltimore's Seagirt Marine Terminal offers 50-foot-deep berths along a deep channel.

Big-ship-serving Port of Baltimore looks beyond gates for more progress

By Paul Scott Abbott, AJOT

Already offering 50-foot depths along its channel and highly productive berths, the Port of Baltimore is looking to advances beyond its gates to help it further benefit from its propitious position as the closest containerport to Midwest markets.

One of the two off-port developments seen as promising the greatest benefits is less than 10 miles northwest of the Port of Baltimore's container terminal, while the other, oddly enough, is nearly 200 miles to the northeast.

The nearby project entails increasing the clearance of the Howard Street Tunnel beneath downtown Baltimore, while the faraway one, also a clearance endeavor, involves the raising of the roadbed of the bridge between Bayonne, New Jersey, and New York City's Staten Island.

The two undertakings were pinpointed by Richard Scher, the Maryland Port Administration's director of communications, in conversations with the *American Journal of Transportation*.

Scher said making the antiquated tunnel capable of accommodating CSX trains with double-stacked containers "would be quite a game-changer for us," while, he said, the just-raised Bayonne Bridge roadbed should translate to even more calls for Baltimore on mega-containership rotations that include Port of New York & New Jersey terminals now accessible to the extra-big boxships.

First, the tunnel – a structure considered innovative when it was built in the 1890s. It's listed on the National Register of Historic Places.

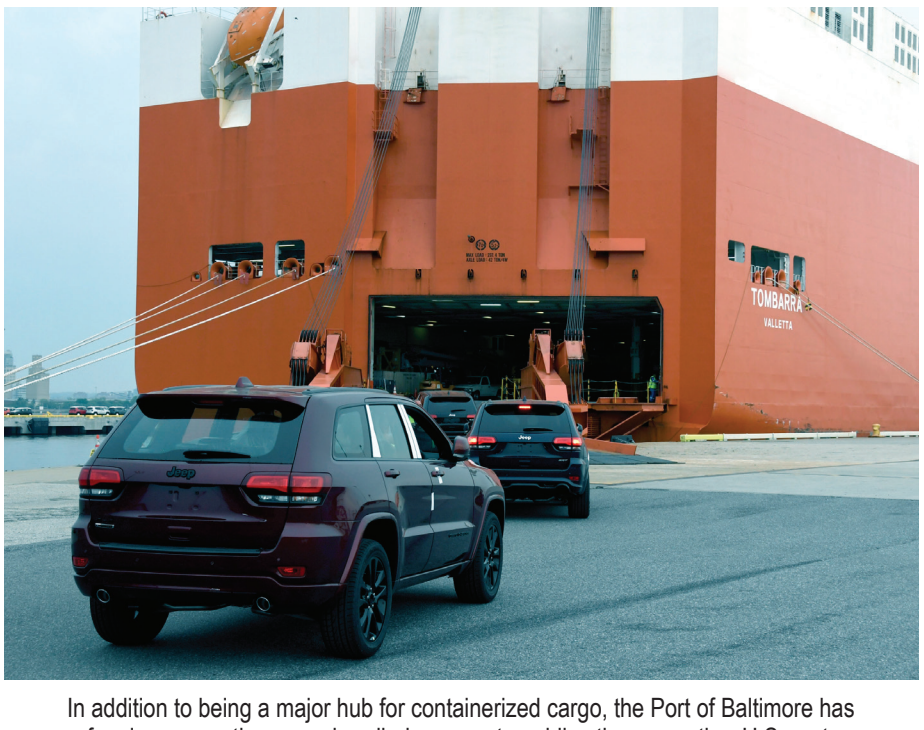
"That's obviously a very key project for us," Scher said, noting that Maryland Gov. Larry Hogan has become heavily engaged in securing tunnel retrofit funding while the Maryland Department of Transportation is working with CSX on the best solution.

A recent piece of good news on this front is that the projected cost for the tunnel work has gone down significantly from earlier estimates ranging from $1 billion to as much as a whopping $4 billion.

The cost now is projected at less than $500 million, and, although U.S. Department of Transportation grant programs have undergone recent changes since a June submittal for funding, a new proposal, due Nov. 2, is expected to be for a similarly comparatively low amount.

Rob Doolittle, assistant vice president for media and corporate communications at CSX, told *AJOT*, "The proposal we had submitted in partnership with the Maryland Department of Transportation substantially reduced the anticipated cost of increasing the

*(**PROGRESS** – continued on page 16)*



In addition to being a major hub for containerized cargo, the Port of Baltimore has for six consecutive years handled more automobiles than any other U.S. port.

Tradepoint Atlantic teaming with Host in advancing Maryland out-of-box hub

By Paul Scott Abbott, AJOT

Now joined by cargo operations stalwart Host Terminals, Tradepoint Atlantic is rapidly advancing a major hub for movement and storage of non-containerized goods on a 3,100-acre Maryland tract that for more than a century was home to steelmaking.

With a promise to become the nation's largest intermodal redevelopment, Tradepoint Atlantic is transforming the waterfront Sparrows Point property that lies southeast of Port of Baltimore container facilities into a center for out-of-the-box cargos.

This spring's announcement of the 10-year agreement with Norfolk, Virginia-based Host Terminals was accompanied by inking of a labor pact with the International Union of Operating Engineers' Local 37 and unveiling of plans for $30 million in combined infrastructure investments.

Moving forward are development

*(**TEAMING** – continued on page 15)*

Grain is discharged at a Tradepoint Atlantic terminal on a Maryland site that was the longtime home of steel mill operations.

The Port of Baltimore has game

By Marty Pilsch, AJOT

As one of the oldest ports in the United States, the Port of Baltimore "has game", as they say.

The seaport has a distinguished history, beginning in 1706 when it became a point of export for Maryland tobacco products to England. In 1794, construction of Fort McHenry began as protection for the Port and City. During the 18th century, the Port was at the center of activity as our nation began developing trade with China. During the War of 1812, at the base of one of Baltimore's early port locations, Locust Point, Fort McHenry played a role immortalized by Francis Scott Key's Star Spangled Banner. At the Battle of North Point, during the same period, not far from what is now Dundalk Marine Terminal, volunteers helped stem a part of the advance of the British on Washington, DC.

During the 1950's, the Port was the subject of a popular local television show hosted by then newspaper reporter, Helen Delich. The title of the show, "The Port That Built a City", featured subjects that were impacting the growth of the Port of Baltimore, and maintained quite a following for a Sunday afternoon. Ms Delich went on to become Chairwoman of the Federal Maritime Commission and soon after, a Maryland Congressional Representative. She continued to be an avid supporter of the Port and in 2006, as the Port celebrated its 300th Anniversary, the State of Maryland honored her memory, naming the Port "The Helen Delich Bentley Port of Baltimore".

Today, the Port is a mix of both public and private facilities that surround the historic sites. The state owns the largest portions of the Port of Baltimore, managed by the Maryland Port Administration, part of the Maryland Department of Transportation. Access from the open sea to the Port, a 50 mile steam up the Chesapeake Bay from the Atlantic Ocean, features a 50' deep channel. The 50' channel depth was completed to benefit the Bethlehem Steel plant at Sparrows Point, then Baltimore's largest employer. Bethlehem Steel became one of Baltimore's largest importers as well as exporters, in addition to its activities as a shipbuilder during World War II. Today, Bethlehem Steel is no longer operating at the facility.

Fifty-foot Berths

There are two 50' berths in the Port, one at the Sparrows Point ore pier and the other at the Port's largest container terminal, Seagirt Terminal. The berth at Seagirt is capable of handling today's neo-class container vessels.

One would think that the length of time spent by vessels transiting the Bay to the Port would be a detriment. However true from the perspective of the vessel operator, there is a tradeoff for the shipper set by a significant "in-land cost advantage". Based upon the Port's proximity to the industrial Midwest, exporters and importers sought the Baltimore advantage.

The Port's marketing program, as well as excellent cargo handling and effective in-land transportation combined to turn the ocean disadvantage into a huge inland distribution advantage. In the mid 1800's, the Baltimore

*(**GAME** – continued on page 16)*

*(**TEAMING** – continued from page 14)*

of roadways, paving of laydown areas, building of covered storage and fortification of bulkheads, according to Kerry Doyle, Tradepoint Atlantic's chief financial officer.

"Tradepoint is uniquely positioned to be the next-level growth vehicle for the Port of Baltimore," Doyle said, adding that he sees the hub handling "a healthy and diverse mix of cargo types," including various bulk and breakbulk commodities, as well as project cargos serving the U.S. East Coast's burgeoning offshore wind industry.

Adam Anderson, president and chief executive officer of Host Terminals, noted that his company, founded in 1923 as T. Parker Host Inc., is no stranger to the Port of Baltimore, having operated Baltimore agencies for bulk carriers and liner services since 1986 and thereafter adding terminal and coal tug-and-barge presences.

"We're obviously committed to the Port of Baltimore," Anderson told the *American Journal of Transportation*.

"We believe the Tradepoint Atlantic operations might actually surpass Hampton Roads," Anderson added, referencing the Virginia region that has historically been his company's busiest area.

"We're ecstatic about the opportunity," he said. "We think Tradepoint is a model for the repurposing of industrial assets."

While steelmaking at Sparrows Point began in 1889 and continued under a long tenure of Bethlehem Steel, production stopped in 2012, with then-owner RG Steel filing for bankruptcy. In 2014, the property was bought for $110 million by Tradepoint Atlantic, owned by Redwood Capital Investments LLC and Hilco Global.

About 1.6 million tons of cargo moved through the Tradepoint Atlantic facility last year, and plans call for that volume to more than triple over the next five years.

"Tradepoint Atlantic provides the Port of Baltimore with tremendous growth opportunity," said Aaron Tomarchio, Tradepoint Atlantic's vice president of corporate affairs.

The property offers immediate Interstate highway access and direct short-line connections to both CSX and Norfolk Southern rails, while plans call for bringing depths of the channel and along the site's four berths to between 40 feet and 50 feet from present depths in the 36- to 41-foot range.

Tradepoint Atlantic has already signed numerous tenants, including FedEx Ground, Pasha Automotive Services, LafargeHolcim and Harley-Davidson of Baltimore.

(**PROGRESS** – *continued from page 14*)
clearance in the tunnel, to approximately $445 million.

"The plan would use engineering techniques proven effective on some of the 62 clearance projects undertaken as part the National Gateway initiative, which opened new double-stack-cleared shipping lanes between mid-Atlantic ports and Midwest consumer markets, to remove the last obstacle remaining to double-stack intermodal service along the I-95 Corridor," Doolittle added.

CSX trains could then efficiently speed double-stacked containers directly from the Port of Baltimore to the Class I's Northwest Ohio Intermodal Terminal, opened in 2011 in coincidentally named North Baltimore, Ohio, as well as other inland points.

Regarding hopes for federal funding for the tunnel project, Scher said he would apply "the old adage of cautiously optimistic."

As for the Bayonne Bridge, although it is a long way up I-95 from Baltimore, Scher said, "Raising of the roadbed will further benefit us at the Port of Baltimore. We're pretty excited about what's on the horizon."

Whereas the entire project is expected to take until 2019 to finish, a navigational clearance of 215 feet (compared with the former 155-foot height) was achieved at the end of June of this year, facilitating more access to Port of New York & New Jersey terminals for bigger boxships and, according to Scher, more calls with greater volumes at Baltimore's Seagirt Marine Terminal for alliance behemoths deployed on East Coast itineraries.

Last year's completion of Panama Canal expansion has been, according to Scher, "certainly the big reason" container activity at Seagirt is rising to unprecedented levels.

The Port of Baltimore handled a record 538,567 containers in 2016, up 3 percent from the prior high mark, established in 2015, and the port's container count thus far in 2017 is up 8 percent compared with the same point into 2016, putting Baltimore well on course to set another record.

Already handling boxships with capacities of as many as 14,000 twenty-foot-equivalent container units, Baltimore is one of just four ports on the U.S. East Coast with sufficient channel depths and infrastructure to accommodate the super-sized container vessels – the others being New York/New Jersey, Virginia and Miami.

And the Port of Baltimore has been very proficient in its handling of these big ships, moving containers at a rate of 71 moves per hour per berth, putting it No. 1 in such efficiency rankings for a third straight year.

Key to the success of the Seagirt operation is a 50-year public-private partnership with Ports America Chesapeake, which constructed the 50-foot-deep berthing area and funded four super-post-Panamax cranes.

The 284-acre Seagirt facility is to get a further boost with development of container storage and perhaps other cargo-related uses on a 70-acre adjoining tract purchased in May by the Maryland Port Administration.

That $55 million acquisition marks the first significant cargo-related MPA land purchase since 1987, when it bought the property now developed as the Fairfield Marine Automobile Terminal.

The Fairfield acquisition has worked out quite well for the Port of Baltimore, which in 2016 celebrated its sixth consecutive year of handling more vehicles than any other U.S. port, moving 732,000 cars and light trucks, and the vehicle count so far this year is up 2 percent.

Yet another notable recent development for the Port of Baltimore was the signing of its longtime top forest products customer, Finland-based UPM, to a 10-year contract extension, while, on the cruise front, the port also has extended its agreements with Carnival Cruise Lines and Royal Caribbean International.

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(**GAME** – *continued from page 15*)
and Ohio railroad established a direct connection at Locust Point. During later years, other railroads followed, positioning themselves throughout the Baltimore waterfront. The B&O also modernized,


Tradepoint Atlantic is continuing development of a Baltimore County tract into a multimodal global logistics center.

expanding coverage to other facilities throughout the Port. With these links, the transport of export and import cargo including import and export automobiles, trucks, vans and agricultural, industrial and construction machines require less transit time and consequently lower inland freight costs to or from the Port. Container traffic also grew.

Responding to the inland advantage, the then Maryland Port Authority developed facilities at Dundalk Marine Terminal, formerly the City's main airport. In the 1960's the facility became the Port's main ro/ro and container terminal. At Dundalk, a 550-acre terminal, waterborne cargo volumes that included containers, ro/ro, import and export vehicles, and general cargo grew quickly. During this period, North side Locust Point was also actively handling general cargo with the installation of two 70 ton "Whirly" gantry cranes with 360-degree outreach and capacity.

In the area originally called Seagirt, SeaLand Service began container operations at their private terminal. SeaLand has long ceased operations and the Port of Baltimore has exploded with a number of new facilities including: a major container terminal at Seagirt, not far from Dundalk; facilities at south side of Locust Point, and a cruise terminal handling 90 cruises and 193,000 passengers per year. A facility adjacent to the passenger terminal handles a large portion of the paper products moving through the Port. In addition, a new terminal, across the harbor, in an area called Fairfield Masonville, was created to handle the massive import and export truck and automobile business spilling over from Dundalk Marine Terminal. Adjacent to rail and highway access, the Fairfield facility continues to expand its services.

Seagirt Marine Terminal, a stone's throw from Dundalk Marine Terminal, has developed into Baltimore's major container facility. The terminal offers 275 acres and is equipped and managed by Ports America Chesapeake. Since January this year, Seagirt has handled 923,000 tons of cargo, a 14% increase over 2016. There are eleven container gantry cranes, seven post-panamax, and four new super post panamax. The newest cranes are capable of working some of the world's largest container vessels. The facility connects with Baltimore's 50' deep main channel, via a 700' wide access channel. The access channel to the facility was recently widened in 2015 to handle the new class container vessels, and water depth at one of the berths was increased to 50' alongside.

Ports America recently announced that they will increase their container handling capacity at Seagirt, purchasing six new Kalmar RTGs scheduled for delivery in January of 2018. These new machines will join their present fleet of 12 Konecranes RTGs that have been operating since the facility opened and four 2000 vintage Kalmars. It is reported that the Bromma spreaders on four of Konecranes RTGs will be replaced with RAM spreaders, a first for RAM in the Port.

Ports America

The Port of Baltimore and Ports America announced that they plan to expand Seagirt when the Port acquires a large office complex adjacent to

(**GAME** – *continued on page 20*)

Seaboard Marine expands its cargo services at PortMiami

PortMiami's largest cargo terminal and carrier, Seaboard Marine, has added a new direct service between Miami, Guayaquil, Ecuador, Callao, Peru and Paita, Peru. The weekly service is scheduled to start in early August and will be supported by three dedicated vessels transiting via the Panama Canal to and from Ecuador and Peru.

"Our customers, which appreciate the high level of service and convenience at PortMiami, have been requesting faster transit times to and from Ecuador and Peru," said Edward Gonzalez, Seaboard Marine President. "This new weekly service does exactly that by providing more rapid southbound transit to Guayaquil, Callao and Paita from Florida. Moreover, the new northbound transit times to PortMiami are unmatched by other carrier and are ideal for the transportation of both dry and refrigerated cargoes from both Peru and Ecuador."

"PortMiami provides its customers with fast, efficient, but most importantly, reliable service critical for the delivery of time sensitive shipments," said Juan M. Kuryla, PortMiami Director and CEO.

Cold chamber at Seaboard Marine PortMiami facility

North Carolina Ports, CSX to commence Queen City Express

North Carolina Ports and CSX will commence a daily, intermodal rail service between Wilmington and Charlotte starting July 28, 2017. This double stacked train, dubbed the Queen City Express, marks the official return of intermodal rail to North Carolina Ports.

"The Queen City Express provides premier rail service over competing ports for existing and future container customers in one of the most significant economic centers in the Southeastern United States," said Executive Director, Paul J. Cozza. "In addition, further establishing our inland terminal helps answer the request of many cargo owners asking for improved connectivity to international markets."

The Queen City Express is one of the fastest and most direct rail services into and out of the Greater Charlotte region from a port in the U.S. Southeast. This regularly scheduled service offers the availability of containers at the Charlotte Intermodal Terminal (CIT) owned by North Carolina Ports. The train also provides connectivity for each and every container service currently calling on the Port of Wilmington.

"This service, dovetailed with the investment that CSX is making in Rocky Mount, is a testament to our dedication to the State of North Carolina and North Carolina Ports," said Dean Piacente, Vice President of CSX Intermodal. "In addition to the connection to Charlotte, CSX will also provide future access to a transformational, state-of-the-art intermodal rail terminal in Eastern North Carolina - the Carolina Connector."

The Carolina Connector (CCX), announced last summer in Rocky Mount, N.C., will serve as a key transportation hub in the Southeast for containerized freight. CCX along with the Queen City Express will lower transportation costs for businesses while taking trucks off the road, thus reducing emissions. One intermodal train can take as many as 280 trucks off the road, improving road safety and minimizing wear and tear on the State's highways. North Carolina Ports is a direct beneficiary of both rail announcements and represent a commitment to improve upon its operational efficiencies, to keep cargo moving and to remain congestion free.

In addition to the Queen City Express, North Carolina Ports has recently

*(**COMMENCE** – continued on page 18)*

Konecranes won repeat RTG order from Port Houston

During the second quarter 2017, Konecranes received an order for 9 RTGs from Port Houston, Texas, USA. This is a repeat order, the first Konecranes RTGs to Port Houston were delivered in 2003. The nine cranes will be delivered to Port Houston Bayport Container Terminal in fall 2018.

Port Houston is an economic engine that produces jobs and economic prosperity for the local and state economy. It is the largest port on the Gulf Coast, the biggest port in Texas and the only port in Houston. Port Houston strives to be America's hub for the next generation.

The purchase of the new RTGs will support the peak demand brought to Port Houston by the next generation container vessels. The new cranes are a portion of the $1.4 billion modernization project taking place at the port's container terminals.

The RTGs on order will have a lifting capacity of 50 tons while stacking 1-over-5 containers high and six plus truck lane wide. They will be equipped with Konecranes' Active Load Control, which eliminates container sway to increase container handling performance. The cranes will also be equipped with safety and environmental features like gantry anti-collision system, environmentally friendly LED lights and diesel generators with latest EPA requirements.

The RTGs on order will have a lifting capacity of 50 tons while stacking 1-over-5 containers high and six plus truck lane wide.

Georgia Ports Authority orders more STS cranes from Konecranes

In July Georgia Ports Authority (GPA) ordered six more Ship-to-Shore (STS) cranes from Konecranes for the Port of Savannah, GA. Delivery will be in the first half of 2020.

The Konecranes STS cranes currently on order have a lifting capacity of 66 tons, an outreach of 61 meters, and a lifting height of 46 meters above the dock. "We are making this investment in order to stay ahead of demand as our customers devote larger vessels," said GPA Executive Director Griff Lynch. "By 2020, we will have 18 Neopanamax cranes and the ability to work three 14,000-TEU vessels at a single terminal simultaneously."

Larger vessels and additional container services calling Georgia's ports coupled with a positive economic forecast ushered in an all-time record year for container volume. The Georgia Ports Authority handled 3.85 million twenty-foot equivalent units (TEUs) in Fiscal Year 2017, which ended in June – 6.7 % more TEUs compared to the previous year, or 242,221 additional TEUs.

The Port of Savannah currently operates 146 Konecranes RTG cranes and 26 Konecranes STS cranes, with 4 more under delivery in 2018. The new 6 units will add the total number of Konecranes STS cranes in the terminal to 36.

*(**COMMENCE** – continued from page 17)*

announced the activation of four new container services, setting the Port of Wilmington up for unprecedented growth in this fiscal year. To prepare for this growth, North Carolina Ports has ordered New Panamax ship-to-shore cranes from designer Shanghai Zhenjua Heavy Industry Co., Ltd. (ZPMC). Between the new cranes, turning basin expansion project, various berth improvements, and the expansion of the container yard, North Carolina Ports will pump over $150 million into its infrastructure over the next few years.

North Carolina's ports in Wilmington and Morehead City, plus inland terminals in Charlotte and in Greensboro, link the state's consumers, businesses and industry to world markets, and serve as magnets to attract new business and industry to the State of North Carolina. Port activities contribute statewide to 76,000 jobs and $700 million each year in state and local tax revenues. North Carolina Ports and CSX will commence a daily, intermodal rail service between Wilmington and Charlotte starting July 28, 2017. This double stacked train, dubbed the Queen City Express, marks the official return of intermodal rail to North Carolina Ports.

"The Queen City Express provides premier rail service over competing ports for existing and future container customers in one of the most significant economic centers in the Southeastern United States," said Executive Director, Paul J. Cozza. "In addition, further establishing our inland terminal helps answer the request of many cargo owners asking for improved connectivity to international markets."

The Queen City Express is one of the fastest and most direct rail services into and out of the Greater Charlotte region from a port in the U.S. Southeast. This regularly scheduled service offers the availability of containers at the Charlotte Intermodal Terminal (CIT) owned by North Carolina Ports. The train also provides connectivity for each and every container service currently calling on the Port of Wilmington.

"This service, dovetailed with the investment that CSX is making in Rocky Mount, is a testament to our dedication to the State of North Carolina and North Carolina Ports," said Dean Piacente, Vice President of CSX Intermodal. "In addition to the connection to Charlotte, CSX will also provide future access to a transformational, state-of-the-art intermodal rail terminal in Eastern North Carolina - the Carolina Connector."

America's biggest oil port looks to become a two-way street

The biggest U.S. oil-import hub wants to grab a piece of surging North American crude exports.

Louisiana Offshore Oil Port, the only terminal along the U.S. Gulf Coast able to handle a fully laden supertanker, is gauging interest from shippers in sending crude overseas on the world's biggest ships by early next year. The port would continue to take in foreign oil, the port's owner LOOP LLC said in an emailed statement.

Ports are competing to fill the needs of domestic oil producers looking for outlets for their growing supply. At the same time, the boom from U.S. shale fields and Canadian oil-sands mines has reduced refiners' need for imported oil. LOOP's ability to handle tankers capable of carrying 2 million barrels in their holds would reduce shipping costs for companies looking to send crude to refiners in Asia.

"LOOP is the most obvious place for U.S. crude exports since as a deepwater port it makes it more manageable to load up a large ship such as a VLCC," Sandy Fielden, director of commodities and energy research at Morningstar Inc., said by phone from Austin, Texas. "It makes huge sense from a logistical perspective as it will allow for more efficient cargo shipments."

Currently, shippers have to load oil onto smaller tankers in ports such as Houston or Corpus Christi, Texas, that then transfer their cargoes onto Very Large Crude Carriers sitting offshore. That adds cost and time to the shipments. While Corpus Christi received its first VLCC at the end of May, the port's channel isn't deep enough for a ship that size to load a full cargo.

Nigerian and Saudi Arabian oil will continue being unloaded from massive supertankers at LOOP's marine terminal 17 miles offshore and pumped into storage caverns one-third of a mile under Clovelly, Louisiana, as it has for over 30 years. But LOOP is turning some of its operations around as exports surge after restrictions were lifted at the end of 2015.

"Today, customers are seeking the optionality to safely and efficiently load or offload, which is a natural request for a port," LOOP President Tom Shaw said in the statement. "This service offers our customers the scalability to fully load a VLCC."

LOOP will be competing with Corpus Christi, which in 2017 became the top oil-export hub for the U.S. Canadian producers are looking for more options for selling their crude to higher-priced markets around the world, lessening their dependence on U.S. refiners.

In recent years, shipping oil overseas has become more economical, thanks to low-cost drilling methods unlocking vast deposits in West Texas and other areas. U.S. production reached 9.6 million barrels a day in April 2015, according to the Energy Information Administration.

Rising Output

Daily U.S. output is hovering at more than 9 million barrels, much of which is lighter than what local refineries are configured to process. The excess is heading overseas, boosting American exports above those from OPEC members Qatar, Libya, Ecuador and Gabon. VLCC shipments to Asia are expected to jump 52-fold this year, shipping analysts at McQuilling Partners Inc. said in a note. That makes a port able to load the huge ships attractive to traders.

Bahri's new state of art RoCon vessels call Port Saint John

As part of their ongoing joint marketing strategy to increase global shipping services at Port Saint John, DP World and port officials have jointly welcomed Bahri as the newest shipping line to call regularly at DP World Cargo Terminals located in Saint John, New Brunswick, Canada.

Bahri operates six new state-of-the-art multipurpose vessels with an average age of less than three years on a regular liner schedule, all uniquely designed to carry Project, Roll-on Roll-off, Break Bulk and Container Cargo in a single voyage. Of these, four vessels connect Canada via Saint John to Saudi Arabia and major ports in the Middle East, Indian Sub-Continent, Mediterranean Sea, Mexico and US Gulf and East Coast.

Bahri announced its decision to call Port of Saint John based on the port's ability to meet the specific requirements of Bahri Logistics allowing Bahri to provide unmatched customer experiences and deliver leading, technology-driven, value-added onshore and offshore services to its Canadian customers. Bahri is committed to realizing Bahri's vision in Canada of Connecting Economies, Sharing Prosperity and Driving Excellence in Global Logistics Services.

"Adding a new service to the offerings at Port Saint John provides shippers and receivers in the region and beyond opportunity to access new markets with their products. The Bahri vessels are uniquely designed multipurpose vessels which specialize in carrying project cargo, roll on-roll off cargo and containers and their addition to the services at DP World's cargo terminal here is very welcomed" noted Jim Quinn, President & CEO of Port Saint John.

A Bahri ro-ro vessel sailing to the Port of St. John, New Brunswick

New port agency model proves attractive to bulk shipping markets

Following a strong take-up of its services since its February 2017 launch, global ship agency company WaterFront Maritime Services (WaterFront), has added a further three regional ship agency companies, Ultramar (West Coast South America), ACGI (West Coast USA and Canada) and Royal Burger Group (Northern Europe), as network partners.

This expansion increases the volume of vessels handled by the WaterFront network to over 46,000 port calls per annum, and takes the total number of local offices to 413 in 66 countries, allowing the organisation to provide end-to-end solutions to its clients. WaterFront specialises in the handling of dry and liquid bulk cargoes and vessels and has formed its network by bringing together leading regional agencies with proven expertise in providing agency services to charterers, owners, operators and ship managers worldwide.

Effective July 20, 2017, WaterFront customers will be served by Ultramar across its ports and terminals, operating under the name Ultramar Agencia Maritima Ltda in Chile, Transtotal in Peru, Remar in Ecuador, C.B. Fenton in Panama and Naves in Colombia. Through ACGI, the WaterFront network now also covers West Coast USA and Canada, including key ports and terminals throughout British Colombia, Washington State, Oregon and California. Royal Burger Group, will service vessels calling at ports across Belgium, the Netherlands, Germany, Poland, Sweden, Latvia and Lithuania, providing WaterFront clients with local services and expertise in Northern Europe.

Terry Gidlow, Chief Executive Officer, WaterFront Maritime Services, commented: "Our focus is on creating value for our clients in both the load and discharge ports, accomplished by having the local relationships and commodity expertise to enhance the cargo, vessel or crew turnaround in port, reduce port costs and to mitigate local risk on our clients' behalf. The addition of Ultramar, ACGI and Royal Burger Group brings us one step closer to covering all of the key global dry and liquid bulk trade routes."

Each vetted network partner in the WaterFront network provides quality ship agency services alongside access to real-time port and commodity data, and a demonstrable commitment to the highest levels of corporate compliance, ethics and service standards. WaterFront acts as a global service provider by utilising its tailor-made IT system, enabling its hubs in Dubai and Jakarta to coordinate all ship agency and husbandry tasks provided in port in real-time. WaterFront also processes, aggregates and sanitises port and commodity data to find specific, actionable solutions for individual clients.

Ultramar, ACGI and the Royal Burger Group join WaterFront's existing network, including its two shareholding partners, Sharaf Shipping Agency and Ben Line Agencies, which cover the Middle East, Africa, Indian Subcontinent, Southeast Asia and the Far East. Regional heavy-weights Alpemar Shipping Agency in Argentina, Unimar in Brazil, Naves Ship Agency Services in Colombia, Biehl & Co. across the US Gulf and East Coast North America, and Casper Port Agency in the United Kingdom, make up the remainder of the network across locations.

*(**GAINING** – continued from page 9)*
after the 11th plan of 2012-2016 ended, according to the Bangkok Post. The new plan seeks to facilitate more connectivity to neighboring countries and make better use of rail and river trade away from dependence on road transport. Targets are for "rail transport load to be 4% of total transport from 1.4% and goods transported by waterways up to 15% from 12%, while reducing road transport to 80% of total transport in 2021 from 88%.

Since the end of the troubled era in 1991, Cambodia managed to grow on average of 7.6% GDP from 1994 to 2015. The economy is maintaining that level in a $15.5 billion economy of 15.5 million people compared with Thailand's lower growth of around 3 percent GDP, $387.2 billion economy of 67.7 million people. Cambodia's services sector, which includes logistics, is the largest piece of their GDP of about 42.3% in 2015. International donor agencies and foreign direct investment (FDI) are flowing from China (32% of FDI), South Korea and Japan to bridge the development gap from neighboring GMS countries.

A modern international airport in Siem Reap greets visitors and investors built by ADB assistance. However, roads, rails, seaports, dry ports and waterway infrastructure are in constant need of upgrading and are approximately on the level of development of Shanghai 25 years ago by this author's estimate. "Investing in logistics infrastructure is vital for a strong services sector. Cambodia would need about $15 billion in infrastructure development from 2013 to 2020 to keep up with its economic growth rate of around 7 percent," according to a June 19, 2017 article in the China Daily, "Cambodia Charts out Master Plan for Logistics."

Sin Chanthy, President, Cambodian Freight Forwarders Association (CFFA) in Phnom Penh in June explained some of the operational, policy and infrastructure obstacles confronting cross-border trading in Cambodia and how the government recognizes the importance of logistics to economic growth and investments. "In February, the government appointed a General Director of Logistics in the Cambodia Ministry of Public Works and Transport." There is now a General Department of Logistics led by Pich Chhieng and a newly formed National Cambodia Logistics Council co-chaired by Prime Minister Hen Sun, he added.

Both of these new institutions will complete a National Logistics Master Plan by the end of 2017 for Cambodia's logistics roadmap for the next five years. The CFFA will provide valuable input to the government in this first endeavor for logistics sector development. Prime Minister Hen Sun will focus on four areas: improve public-private dialogue for logistics, promote competition in transport and logistics, improve regulations and more private investments for multi-modal and cross-border transport and logistics services.

Silk Road

Old trade routes dating from thousands of years ago by the so called Silk Road are reviving since 2013 when the PRC began a $1 trillion infrastructure policy under the land based Silk Road Economic Belt and the ocean lanes 21st Century Maritime Silk Road, or "One Belt, One Road" initiative. Cambodia figures into both the cross-border cooperation and inter-connected infrastructure pillars of this massive endeavor to link Asia with Europe, the Middle East and African nations by the PRC.

In October 2016, President Xi visited Cambodia to outline partnership to the One Belt, One Road plans and proposed over $230 million in soft loans. Also, China is behind a plan to develop 1,385 miles of national expressways by 2040 to a cost of about $26 billion. The first expressway from capital city Phnom Penh to coastal port Sihanoukville in the southwest is already under construction, according to the China Daily article.

The National Logistics Master Plan will have impact on the Cambodia border SEZs in Bavet border with Vietnam, Poipet border with Thailand and Koh Kong border with Thailand. Manufacturers in these border SEZs are exporting to regional and global markets well-known branded products of sporting goods, apparel, footwear, electronics, automotive products. "We need wider access roads and better dry ports," said a spokesperson in the Bavet city, Manhattan SEZ in a June visit.

Retailers say early West Coast port contract would bring needed 'stability & predictability'

The National Retail Federation has welcomed reports that the International Longshore and Warehouse Union and the Pacific Maritime Association appear close to extending their existing contract at West Coast ports nearly two full years before it is set to expire.

"We applaud ILWU members for taking the unprecedented step of approving a contract extension well in advance of the contract expiration," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said. "This agreement between the ILWU and PMA will provide the stability and predictability that NRF's members and other supply chain stakeholders need to move their cargo efficiently through our ports."

"Nobody wants to see a repeat of the problems that were experienced in 2014-2015, and this remarkable sign of good faith on the part of both labor and management ensures that such a situation will be avoided," Gold said. "We hope the parties will continue future negotiations in a similar manner."

The ILWU announced that its 20,000 members at 29 ports in California, Oregon and Washington have finished voting on a tentative contract agreement reached this spring with the PMA. Early reporting from locals indicated that the contract will be approved with 67 percent of the vote, the union said.

The current agreement is set to expire on July 1, 2019, but would be extended until July 1, 2022, if the ratification is approved as expected. The new agreement raises wages, maintains health benefits and increases pensions.

Approval of the three-year extension two years early would be in sharp contrast to 2014, when negotiations didn't begin until May of that year and the contact was allowed to lapse in July. Workers stayed on the job without a contract, but contentious talks led to slowdowns, cargo backups and other problems until an agreement was finally reached in February 2015 after then-Labor Secretary Tom Perez sat down with labor and management to broker an agreement. Port congestions during the period posed significant threats to retail supply chains – particularly during the 2014 holiday season – and NRF urged both parties to begin negotiations on the next contract well in advance.

*(**PROFILE** – continued from page 13)*
and a good movie. We also like to travel, and, with three adult children on both coasts – with our first grandchild born in April – we try to see them as often as we can.

Samaritan Inn is a not-for-profit whose primary mission is to help homeless families in Sussex County, New Jersey. The program provides emergency food and temporary shelter, as well as counseling and skill-building in family maintenance and growth. We own two small apartment buildings with a total of nine units to accommodate the families. Better than 95 percent of the time, the program has successfully transitioned homeless families to normal productive life in the community.

I serve on the board as vice president and work with a dedicated group of board and staff members who are passionate, hands-on and dedicated to the mission. It's a great program – you can learn more at *www.samaritaninn.org* – and I'm proud to be part of it.

*(**GAME** – continued from page 16)*
Seagirt. The Port will convey over 30 acres to private terminal operator Rukert Terminals and retain 70 acres as part of the expansion project. The additional land is needed to handle the rise in cargo since the widening of the Panama Canal. Over 70 acres of this new land will be paved for container storage.

Rukert Terminals, a privately-owned terminal operator located not far from Dundalk, has been in operation for over 96 years handling bulk and general cargo. With crane capabilities including a Liebherr mobile harbor crane, Ruckert plans to expand with land that they will purchase from the Maryland Port Administration. Rukert Terminals facilities are capable of handling a variety of general and bulk cargoes including the majority of road salt utilized in the Baltimore area.

Executive hired at Port of Long Beach

The Long Beach Board of Harbor Commissioners last week approved a new leader to head the Port of Long Beach's Finance and Administration Bureau.

Sam Joumblat, the Chief Financial Officer of Total Transportation Services Inc., is returning to the Port as Managing Director of Finance and Administration. The key financial position manages an annual budget of $750 million and this decade's $4 billion, 10-year capital improvement program — the largest of any seaport in the nation.

The Finance and Administration Bureau comprises the Port's Finance, Information Management, Real Estate and Risk Management divisions. The previous leader of the bureau retired late last year.

"I'm pleased to welcome Sam back to join our Port family," said Port of Long Beach Executive Director Mario Cordero.

"Sam has the years of experience needed to maintain and improve the Port's strong financial position," added Harbor Commission President Lori Ann Guzmán.

AIR CARGO NEWS

Schiphol Cargo puts focus on pharma and e-commerce as volumes grow

Cargo volumes at Amsterdam Airport Schiphol grew 8.7 per cent to 866,713 tons between January and June 2017, up from 797,069 tons during the same period in 2016.

Europe's third busiest hub welcomed an additional 153 full freighter flights in the first half of the year, making a total number of 8,954 freight ATMs, and handled a record 148,765 tons in June, up 9.8 per cent on June 2016 figures of 135,528 tons.

Volumes to the Far East grew to 27,706 tons in June 2017, up 15 per cent on June 2016 figures of 24,091 tons, with inbound Far East volumes reaching 26,511 tons in the same month, up 14.1 per cent on June 2016 figures of 23,230 tons.

Half-year figures for the Far East were 154,866 tons for outbound, up 12.2 per cent on the same period in 2016, with inbound figures at 149,836 tons, up 8.3 per cent on the same period in 2016.

"The Schiphol Cargo Community has worked on a series of new initiatives this year, which demonstrate our commitment to delivering safe and efficient cargo products, and our excellent first half-year performance is the result of this collaboration," said Jonas van Stekelenburg, Head of Cargo, Amsterdam Airport Schiphol.

"We are pleased that our continued focus on developing innovative solutions, such as our Compliance Checker and the Milkrun, for our growing base of e-Commerce and pharma customers has helped to deliver strong growth in the first half of the year.

Schiphol's new Compliance Checker, launched in May, speeds up cargo flows by detecting data errors and Customs compliance errors in air waybills will help boost e-Commerce flows through the hub.

The Community has also recently secured a one million EUR grant to start developing a Pharma Incursion Alerter, an early warning system for shippers, and a pilot phase for the scheme is currently being planned.

In addition, Air Cargo Netherlands' Milkrun initiative, launched in May 2015, became fully operational last month, without the need of a project manager after a successful pilot phase.

Milkrun partners have established a programme of sharing transportation: single deliveries from handling agents are delivered to multiple forwarder facilities, reducing CO2 emissions and cutting truck queues.

Pieter-Bas Braam, Chairman of the Milkrun Working Group, said; "I am proud that the Milkrun project has become a fully operational scheme, which is already benefitting the Cargo Community at Schiphol."

Schiphol's biggest market is Europe, with June 2017 inbound volumes at 11,217 tonnes, up 25 per cent on 2016, and June 2017 outbound figures at 11,450 tonnes, up 41.8 per cent on June 2016 figures.

Europe inbound figures for January to June 2017 were 60,320 tonnes, up 29.1 per cent on the same period in 2016, with Europe outbound figures at 61,641 tonnes from January to June 2017, up 39.2 per cent on the first half of 2016.

This strong growth is the result of Asian cargo, which transits Baku, Azerbaijan, and Moscow, Russia, to and from the Far East and Amsterdam.

A strong flower trade led to inbound Latin America volumes for January to June 2017 of 59,817 tonnes, up 31.4 per cent on the same period in 2016. Exports for January to June 2017 were 35,275 tonnes, a 6.3 per cent decrease on January to June 2016.

Latin American June 2017 tonnage was 8,722 for inbound, up 15.2 per cent on the same month last year, with outbound tonnage at 6,535, up 6.1 per cent on June 2016.

Imports from Africa for January to June 2017 were down 3.5 per cent year-on-year to 59,409 tonnes, and exports to the region were down 15.3 per cent to 24,902 tonnes for the same period.

American Airlines Cargo expands European trucking services

American Airlines Cargo has expanded and extended its European trucking network this summer to better serve an even greater number of customers. The trucking services operate using flight numbers, connecting offline cities and online points with the rest of the airline's global network, via the 450-plus flights that depart from Europe every week.

With multiple truck options per night, American can link together key European cities, which helps maintain high load factors, and increases capacity and routing options for customers. The Netherlands, Germany and France all feed nightly freight into the airline's London Heathrow (LHR) operation, which operates 20 flights per day direct to the United States. Almost 4.5 million pounds (2 million kilos) per month is now fed into the online destinations for carriage on the company's aircraft.

"Operating trucking services from across Europe into London enables us to reach cargo markets that we wouldn't otherwise be able to serve," said Andy Cornwell, regional manager, American Airlines Cargo Sales – northern Europe. "It has enabled us to become a major player in a number of markets where we don't have direct lift. By offering overnight trucks, we now can serve customers in countries like Denmark, Hungary and beyond."

In the last 12 months, American has increased cargo lift out of Heathrow with the introduction of more freight-friendly aircraft, such as the Boeing 777-300 and Boeing 787. These aircraft provide American with the capacity to serve additional markets.

New trucking services from Lyon, Toulouse, Bordeaux and Marseilles, France, along with Frankfurt, Germany, have also been set up to serve American's seasonal flights from Barcelona (BCN) to Chicago (ORD).

The UK export airfreight market, combined with the extra freight from across Europe—thanks to the expanded trucking network—has been key for the American team in Europe, enabling them to set record after record for the pounds shipped on an individual day into and out of LHR.

IAG Cargo launches constant climate critical product for emergency pharmaceuticals shipment

IAG Cargo has announced that Constant Climate shipments are now able to fly under its Critical product, enabling emergency medical shipments to benefit from IAG Cargo's highest priority service. The new enhancement means that shippers sending urgent pharmaceuticals now have access to the non-off loadable status and performance guarantees offered under Critical.

Less than a year since its launch, Critical has already carried over 2000 emergency shipments for businesses across the world. While the range of goods moved has been diverse – from pre-launch consumer electronic devices to formula one tyres to factory down machine parts – all have required the "must fly" status guaranteed by Critical.

Following successful trials of Constant Climate Critical across India, the UK and Europe, IAG Cargo is rolling out this new offering across all 109 Constant Climate enabled stations on its network.

Alan Dorling, Global Head, Pharmaceuticals and Life Sciences commented: "We are proud of the significant investment that we continue to make into our Constant Climate product and the infrastructure that supports it. We were one of the first carriers to offer a dedicated pharmaceutical shipment product and today our teams across the world deliver the highest level of care and expertise when transporting high-value, temperature-sensitive goods."

It is anticipated that Constant Climate Critical will be popular across key pharmaceutical trade lanes, from manufacturing hubs in India and Europe and into burgeoning pharmaceutical markets such as Latin America. The service offers guaranteed capacity up to the maximum aircraft operating limit, and a dedicated monitoring service through hubs at London Heathrow, Madrid and Dublin. Customers shipping through the carrier's Heathrow and Madrid hubs will also benefit from a dedicated Critical check-in desk, significantly speeding up drop off and collection times.

Intermodal & Logistics News

Gates backs Uber freight rival

As Bill Gates and Jeff Bezos jockey for the designation of world's wealthiest man, the Seattle billionaires are united behind at least one local venture. They're both investors in a trucking logistics startup that competes with Uber Technologies Inc.

Convoy Inc., a two-year-old Seattle company, makes software that matches nearby and available truckers to a shipping job. Convoy said it raised a new round of funding from Bill Gates's Cascade Investment and other backers. Gates joins Amazon.com Inc.'s Bezos, who invested earlier. The latest financing totals $62 million.

The investment won't break the bank for Gates or Bezos, whose fortunes are within $3 billion of each other, according to the Bloomberg Billionaires Index. But Convoy has become a hot startup investment among fellow billionaires. Salesforce.com Inc. Chief Executive Officer Marc Benioff and KKR & Co. co-CEO Henry Kravis are also shareholders. IAC/InterActiveCorp. Chairman Barry Diller participated in the new round with Gates.

Convoy was initially pitched as an "Uber for trucking" and has raised $80 million in total since starting in 2015. But this year, Uber rolled out its own version of on-demand trucking. The service, called Uber Freight, connects truck drivers with long-haul assignments. There are other providers, such as Trucker Path, but Uber's financial heft—having raised more than $15 billion since its inception—makes it a force. That's despite distractions posed by a lawsuit claiming a former Uber executive, who was working on autonomous trucking technology, conspired with the company to steal trade secrets from Alphabet Inc.'s Waymo. Uber denies wrongdoing.

Convoy CEO Dan Lewis said he hopes to take advantage of Uber's distractions. "It isn't clear what's going to happen with Uber," Lewis said. "The leadership of the company in general is gone."

Uber said its two-month-old freight service has been greeted by enthusiasm. "We've learned an incredible amount already and are continuing to recruit the top minds in the industry as we ramp up our investment in this technology," a spokeswoman wrote in an email.

Lewis said Convoy is fulfilling thousands of shipments and generating millions in sales a week. He said sales volume is doubling every quarter but declined to provide figures. Consumer giants Unilever and Anheuser-Busch InBev SA have signed on as customers.

Convoy initially required pickups to originate in the Pacific Northwest and has since expanded to several other regions. It plans to use the new funds to go further, with operations in the Northeast, Mid-Atlantic and the South over the next year. Funds will also go toward software development. Lewis declined to comment on Convoy's valuation.

The new funding was led by Y Combinator's Continuity Fund. It's the first time the Silicon Valley firm has invested in a company that wasn't incubated in its startup program. (Willett Advisors, the investment arm for the personal and philanthropic assets of Michael Bloomberg, the founder and majority owner of Bloomberg LP, invests in Y Combinator startups.) "The market opportunity is huge, and trucking is a space that has not had any innovation in two decades," said Anu Hariharan, a partner at the Y Combinator venture fund.

The U.S. trucking market is worth about $800 billion, and it's rife with inefficiency. Lewis said trucks are driving without cargo more than 30 percent of the time, often after returning from a drop-off. He positions his company as a way to cut costs and pollution, a proposition that's attracted not just marquee investors but also a number of competitors. Some have already become road kill.

The threat of automation is looming over the trucking industry, with predictions that self-driving 18-wheelers will replace the large workforce in the future. Hariharan said software to match trucks with jobs and track progress will be necessary, "regardless of who is driving the truck—man or machine."

Trucking, even the software-enabled variety, may seem like an antiquated industry for a tech leader like Gates, but the world's richest man often leans toward investments in more traditional industries like rail, trash and tractors. He's the biggest single investor in Canadian National Railway Co. and Deere & Co. A spokesman for Gates's investment firm said Convoy's promises to reduce road congestion and help the environment were major draws.

CN welcomes Whirlpool Canada distribution center to Calgary Logistics Park

CN celebrated the groundbreaking of Whirlpool Canada's new distribution center now under construction at CN's Calgary Logistics Park in Rocky View County, Alberta.

"We are very pleased to welcome Whirlpool Canada as a major tenant in our state-of-the-art Calgary Logistics Park," said Andrew Fuller, assistant vice-president of domestic intermodal at CN. "By locating at our Calgary Logistics Park, Whirlpool can provide customers with the supply chain and logistics flexibility they need to service their customers and increase their competitiveness."

Whirlpool representatives joined CN recently to break ground on the 425,000-square-foot facility that will serve as a distribution centre for finished Whirlpool appliances coming to Alberta from across North America.

Opened in 2013, the Calgary Logistics Park connects customers to CN's rail network and is strategically located between the ports of Prince Rupert and Vancouver and major cities across Canada and mid-America.

CEVA starts rail service between Guangdong province in China and Germany

CEVA Logistics, one of the world's leading supply chain management companies, has launched a new rail service linking Shilong in southern China's Guangdong province to Hamburg in Germany. In conjunction with the Chinese state railway company, the new regular block trains will route Shilong, Manzhouli (China), Zabakalsky (Russia), Brest (Belarus), Malaszewicze (Poland) and Hamburg with a station-to-station lead time of 17-19 days. CEVA's new year-round service solution will save customers up to 2 days in time compared with other routings and will also deliver cost savings as a result.

CEVA first initiated its China-to-Europe rail services from Suzhou in 2010 and has built a network encompassing key Chinese cities through its "northern route" operation including Suzhou, Changsha, Shenyang, Hefei, Chongqing, Chengdu, Zhengzhou and Wuhan to European destinations including Moscow, Warsaw, Lodz, Duisburg, Hamburg, Nuremburg and Tilburg. From there it uses its extensive trucking network for onward delivery to major European cities. In addition to the new "southern route" and its existing "northern route" CEVA also operates a "middle route" via Mongolia to Europe to shorten lead times during the winter months and peak season.

Musk claims US approval for world's longest tunnel

Elon Musk says he won "verbal" government approval to build the world's longest tunnel for an ultra-high-speed train line to connect New York to Washington.

The train, known as a hyperloop, would make the 220 mile connection in 29 minutes, Musk said in a post on Twitter Thursday. He provided few details, and a spokesperson for his new digging enterprise, called the Boring Company, declined to comment on the project.

It's not clear what Musk is doing with these announcements on Twitter. Such an ambitious project would require billions of dollars in funding and extensive approvals from federal, state, and local authorities. The tunnel would be more than twice as long as the current record holder: the Gotthard Base Tunnel, a rail line that runs through the Swiss Alps. For some urban context: a recently opened stretch of subway in New York cost $4.5 billion for less than 2 miles of rails. It was first proposed in 1919 and opened to the public in January 2017. These things take time.

Even if the Boring Co. did receive some kind of approval to start digging a tunnel, it's not clear how quickly the company will be able to move. Musk began digging in May on a small test tunnel using a second-hand boring machine, called Godot, which he acquired for his speculative new enterprise. Here's how Musk described the Boring Co. at a Ted Talk in April: "This is basically interns and people doing it part time. We bought some second-hand machinery. It's kind of puttering along, but it's making good progress."

Then there's the hyperloop component of his supposed megaproject. The hyperloop is an idea for a high-speed rail system that uses magnetic levitation and near-vacuum conditions. Musk first proposed it in 2013 white paper he published for outside groups to work on (he was too busy.) Last year, he built a hyperloop test track near the headquarters of his rocket company, SpaceX, in Hawthorne, California, to host a competition for teams of students to race their vehicles. So far, no human has ridden in a hyperloop prototype.

"This is basically interns and people doing it part time. We bought some second-hand machinery. It's kind of puttering along, but it's making good progress."

That said, Musk does have some lofty ambitions for the Boring Co. In February, he visited a worksite in Washington to check out a used tunneling machine he was considering purchasing, according to a *Bloomberg Businessweek* story. The machine, dubbed Nannie by the city's water utility, had been used to dig a sewage overflow tunnel.

At the time, Musk said his plan was to use an existing tunnel boring machine and modify it so that it could dig more quickly. "To make it five times better is not crazy hard," he told Bloomberg. It's not clear if Musk has bought a tunnel boring machine in Washington; the only tunnel the company has dug so far is in the parking lot of SpaceX.

Musk launched the Boring Co. in December with a series of Twitter posts, tapping veteran SpaceX engineer Steve Davis to oversee the project. In January, the company began digging in the parking lot as part of a planned network that Musk says will eventually cover all of Los Angeles. On Thursday, Musk said the East Coast tunnel will progress "in parallel" with the West Coast project. "Then prob LA-SF and a TX loop," he wrote.

For now, the whole California endeavor is on private property, which means that Musk could break ground and start digging without any local or federal permits. Musk has had discussions with Mayor Eric Garcetti, but it's unclear if he's made any progress in seeking regulatory approval. "Permits [are] harder than technology," Musk tweeted in June.

A White House spokesman confirmed that the administration has had "promising conversations to date" with Musk and Boring Company executives but would only say the administration is "committed to transformative infrastructure projects, and believe our greatest solutions have often come from the ingenuity and drive of the private sector."

In Virginia, it took two years just to complete the geotechnical and environmental studies for the Chesapeake Bay tunnel project that's about to begin, said Aubrey Layne, the state's secretary of transportation. She said she doesn't know anything about Musk's plans.

"It can't be more than just, 'Hey, this looks like an idea we're going to let you explore,'" Layne said of Musk's tweet.

Whatever this new "verbal approval" means, the posts on Twitter are probably little more than an attempt to generate interest in future Boring Co. projects. Musk himself suggested as much. David Lee, a Silicon Valley reporter for the BBC, questioned Musk's promises: "Verbal? Not on the dotted line? Seems premature to announce ... unless you're drumming up support for the project?"

Musk's response: "Support would be much appreciated!"