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ISSUE #673

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## Record-setting Port of Baltimore advancing more 50-foot berthing

By Paul Scott Abbott, AJOT

Moving containers and vehicles alike at record paces, the Port of Baltimore is adding more 50-foot-deep berth space plus bringing on additional land to ensure continuing ability to efficiently link global markets with consumers of the Mid-Atlantic region and beyond.



"We've had a pretty remarkable year," James J. White, executive director of the Maryland Port Administration, unassumingly told the *American Journal of Transportation*, citing all-time highs in cargo activity, as well as advancement of enhancements to accommodate future growth.

Most notably, White said, Ports America Chesapeake LLC, which under a public-private partnership operates the Seagirt Marine Terminal, the port's primary container facility, has just embarked on a project to bring online within 12 to 18 months a second berth with 50-foot alongside depth. Further to taking the water depth adjoining the current 50-foot berth to 50 feet from its present 45 feet, the plan calls for additional cranes and other supportive infrastructure.

"We just think the Panama Canal is going to continue to be of great use for the New Panamax-type vessels, and we always want to be ahead of that curve," White said, noting that the current berth utilization rate at Seagirt is still a somewhat modest 40 percent.



James J. White, executive director of the Maryland Port Administration, looks to keep the Port of Baltimore ahead of the figurative curve with enhancements to accommodate still more cargo growth.

"You always want to get ahead of that curve," he said, "so we've been working with PAC over the last year to put a program together

where we're going to do some additional dredging, they're going to reconstruct and deepen the berth alongside, as well as put additional equipment over there, such as container cranes to work two vessels in 50 feet of water."

Indeed, the Port of Baltimore has consistently been ahead of the proverbial curve, banking on positive impacts related to Panama Canal expansion and the advent of increasingly (**BERTHING – continued on page 5**)



The Port of Baltimore's Seagirt Marine Terminal, operated via public-private partnership with Ports America Chesapeake, is on the verge of putting additional 50-foot-deep berthing in place.



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## MD Governor Hogan, Board of Public Works, approve contract to add acreage for Port of Baltimore cargo

**Filling wet basin at Fairfield Terminal will give more land for autos, ro/ro**

Governor Larry Hogan and the Maryland Board of Public Works approved a contract that will complete the fill in of a wet basin at the Helen Delich Bentley Port of Baltimore's Fairfield Marine Terminal. When completed, this will create more land to help handle the Port's surging auto and roll on/roll off (farm and construction machinery) cargo.

"The Port of Baltimore is the number one auto port in the nation and continues to break cargo records every month," said Governor Hogan. "Our administration is committed to furthering this growth and strongly supports our great Port and its thousands of hardworking men and women handling the millions of tons of cargo coming in throughout the year."

The Port of Baltimore's combined public and private auto terminals had a record year in 2017 by handling 807,194 cars and light trucks. It was the first time surpassing the 800,000 car/light truck mark and the seventh consecutive year that Maryland had handled more cars and light trucks than any other U.S. port.

Filling in the wet basin will create seven acres of cargo storage area. This contract will complete the overall project by raising the elevation, adding a new storm drainage system, finished surfacing, lighting, fencing, and a security booth.

Earlier this month, the Maryland Department of Transportation Maryland Port Administration (MDOT MPA) announced the state-owned public marine terminals at the Port of Baltimore set two new monthly records in May. The Port handled 61,058 autos and light trucks besting its previous record of 60,624 set in November 2015. Also, the Port in May handled 90,152 TEU (Twenty-foot Equivalent Unit) containers, the most in one month since August 2017 when it handled 88,391.

That news followed the 312-year-old Port having its best quarter ever during the first quarter of 2018 as a record amount of general cargo and containers made their way through the public marine terminals. A total of 2,765,247 tons of general cargo crossed the public piers during the first three months of 2018, 8 percent more than the first quarter of 2017, which was 2,560,065 tons. Also, the Port handled 156,991 containers during the first quarter, a 14 percent jump over 2017, which was a

record year for containers at the Port of Baltimore.

In 2017, the Port of Baltimore's public and private marine terminals handled 38.4 million tons of cargo, the most since 1979 and the third-highest tonnage in its history. The public marine terminals, managed by the MDOT MPA, handled a record 10.7 million tons of general cargo. It was the second consecutive year the public terminals handled more than 10 million tons of general cargo. Included in the general cargo number was a record 596,972 containers, an 11 percent jump from the previous record set in 2016.

Among the nation's

ports, the Port of Baltimore ranks first for autos and light trucks, roll on/roll off heavy farm and construction machinery, and imported sugar. The Port ranks second in exported coal. Overall, the Port ranks ninth among all ports for the total dollar value of cargo and 12th in foreign cargo tonnage.

Business at the Port of Baltimore generates about 13,650 direct jobs, while about 127,600 jobs in Maryland are linked to Port activities. The Port is responsible for nearly \$3 billion in personal wages and salary and more than \$300 million in state and local tax revenues.

## Port of Baltimore Top Trading Partners for 2017

Export Country	Export Tons	Import Country	Import Tons
India	7,786,240	Brazil	1,588,665
Netherlands	2,838,853	China	1,356,411
South Korea	2,563,586	Canada	1,130,636
Ukraine	1,677,501	Russia	703,557
China	1,637,314	Germany	615,041
Japan	1,615,539	Chile	563,058
Brazil	1,331,434	India	455,348
Egypt	550,114	Spain	436,444
Turkey	458,438	Finland	413,525
Germany	402,125	Italy	390,444

Continent	Export Value (\$millions)	Import Value (\$millions)
Africa	\$ 827.6	\$ 1,096.8
Asia	\$ 5,281.1	\$ 12,125.1
Australia	\$ 1,130.8	\$ 220.1
Europe	\$ 5,857.1	\$ 19,706.0
North America	\$ 601.4	\$ 2,010.2
Central / S America	\$ 2,079.7	\$ 2,957.6

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## Auto handling sets new record in May for Port of Baltimore

The state-owned public marine terminals at the Helen Delich Bentley Port of Baltimore continued their hot start to 2018 with two new monthly records set in May. The Port handled 61,058 autos and light trucks besting its previous record of 60,624 set in November 2015. Also, the Port in May handled 90,152 TEU (Twenty-foot Equivalent Unit) containers, the most in one month since August 2017 when it handled 88,391.

"As one of our state's leading economic engines, the Port of Baltimore is further proof that Maryland is Open for Business," said Governor Larry Hogan. "Our

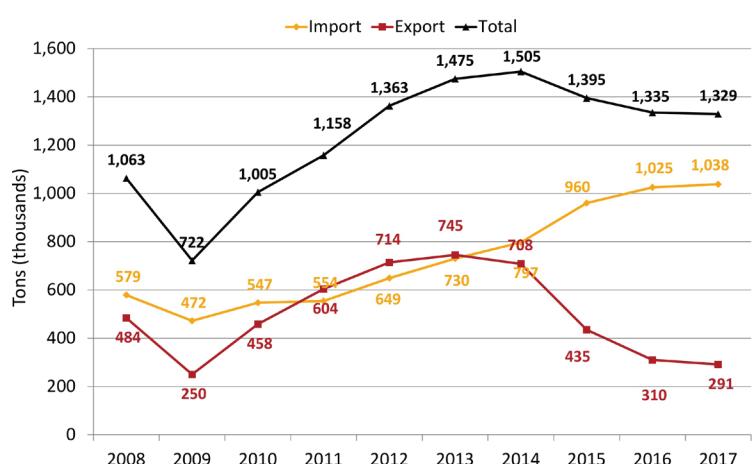
administration is proud to support the Port and congratulates the thousands of hard-working Marylanders who ensure this vital asset continues to break records."

Last month, the Maryland Department of Transportation Maryland Port Administration announced the 312-year-old Port of Baltimore had its best quarter ever during the first quarter of 2018 as a record amount of general cargo and containers made their way through the state-owned public marine terminals. A total of 2,765,247 tons of general cargo crossed the public

**(RECORD – continued on page 7)**

### Port of Baltimore - Automobiles and Light Trucks

(Non-Containerized)



## Port of Baltimore Foreign Waterborne Commerce

Year	POB Import Tons	POB Import Value	POB Export Tons	POB Export Value	POB Total Tons
2008	17,964,821	\$ 29,188,567,810	14,968,249	\$ 16,125,009,879	32,933,070
2009	12,144,907	\$ 19,396,803,105	10,045,280	\$ 10,720,308,837	22,190,187
2010	15,244,276	\$ 27,029,172,560	17,323,675	\$ 14,267,216,521	32,567,952
2011	13,989,106	\$ 30,753,358,644	23,637,396	\$ 20,485,408,678	37,626,502
2012	12,933,871	\$ 32,085,968,452	23,734,091	\$ 21,804,555,745	36,667,962
2013	10,877,436	\$ 31,751,718,755	19,552,671	\$ 21,001,792,536	30,430,107
2014	12,759,986	\$ 33,853,278,119	16,750,213	\$ 18,610,710,893	29,510,199
2015	14,703,255	\$ 35,773,343,657	17,755,547	\$ 15,381,111,829	32,458,802
2016	13,816,589	\$ 35,897,884,320	18,003,427	\$ 14,039,111,670	31,820,017
2017	13,631,719	\$ 38,115,747,983	24,811,957	\$ 15,777,666,805	38,443,676

## Tradepoint Atlantic unifies Sparrows Point with purchase of Sparrows Point Shipyard

In May, Tradepoint Atlantic, a 3,250-acre multimodal global logistics center in Baltimore, Maryland featuring an unmatched combination of access to deepwater berths, railroads, highways and storage space, announced it has acquired the Sparrows Point Shipyard.

In doing so, Tradepoint Atlantic incorporates into its redevelopment project the only parcel of land on the Sparrows Point peninsula that it did not already own – the 150-acre Shipyard, increasing the size of Tradepoint Atlantic's land from 3,100 acres to 3,250 acres.

The Shipyard provides Tradepoint Atlantic additional berth capacity and over 225,000 square feet of near-berth warehouse space to further fuel its marine operations. The property will be fully utilized to maximize the economic impact potential outlined within Tradepoint Atlantic's master plan, which projects nearly 17,000 jobs generated for the Maryland economy.

The Shipyard was established in 1887 by Maryland Steel and was owned by Bethlehem Steel for much of the 20th century. It is best-known for

its production of Liberty cargo ships during World War II, and it possesses a graving dock as well as additional barge and vessel berths that will be utilized by Tradepoint Atlantic.

"Tradepoint Atlantic is proud to further demonstrate its commitment to redeveloping Sparrows Point and making investments that will continue to drive economic activity within the local economy," said Kerry Doyle, Chief Commercial Officer of Tradepoint Atlantic. "Today, we take another step forward in fulfilling the potential envisioned for this iconic site by incorporating the Sparrows Point Shipyard into our master plan. This enables us to move forward with the next phase of our project – modernizing infrastructure and enhancing connectivity throughout the industrial complex to attract additional world-class tenants that will create jobs."

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MDOT Secretary Pete K. Rahn MDOT MPA Executive Director James J. White

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Ports America Chesapeake's Seagirt Marine Terminal has a 50-foot draft berth, super-post-Panamax cranes to accommodate the ultra-large container vessels (ULCV) and complete intermodal services at Seagirt Container Transfer Facility. The recent acquisition of the Point Breeze Business Center will provide more than 350 acres of land for the terminal's expansion.

PAChesapeake.com  
Twitter: @pachesapeake



**(BERTHING – continued from page 2)**

large containerships deployed by carrier consortia. Following opening of expanded Panama Canal locks in mid-2016, bigger boxships, some with capacities of more than 8,000 twenty-foot-equivalent units, have been coming directly to Baltimore.

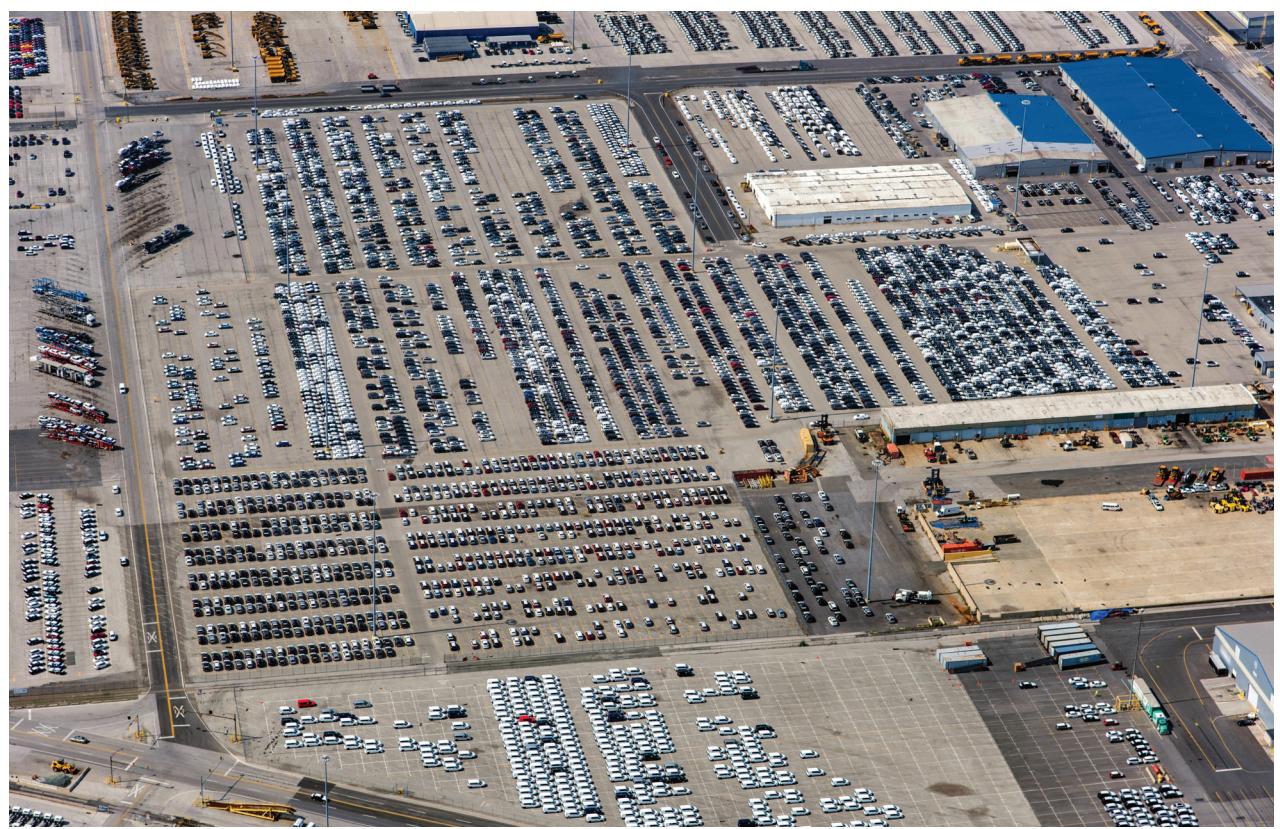
"We thought we would do better than other East Coast ports because we have such a big consumer market here," White said. "The challenge we had in the past was that, with smaller ships, the ship owners didn't want to come up and down the [Chesapeake] Bay."

"If a ship owner had a 4,000-TEU ship with 500 containers on it for our consumption, they'd prefer to discharge them in Virginia or New York and then barge or truck them in," he continued, going on to reference today's ocean carrier mega-alliances. "Now, you have four big partners on bigger ships and now you've all of a sudden got 2,000 containers on one ship for discharge for consumption here, making all the sense in the world to bring the ship here."

Such activity is reflected in Port of Baltimore statistics. For example, the port's public marine terminals in the month of May handled 90,152 TEUs of container activity and 61,058 autos and light trucks – each of those figures being the highest for any month in the port's 312-year history.

In the 12-month period ended April 30, 2018, the state-owned port's public marine terminals handled 1,000,571 TEUs worth of containers, representing Baltimore's first surpassing of the 1 million TEU milestone in any 12-month span.

In calendar 2017, the Port of Baltimore's public and private auto terminals combined to see moves of a record 807,194 cars and light trucks, marking the seventh straight year of Maryland handling more such units than any other U.S. port, and such activity is up 5.2 percent through the first half of 2018, further cementing the port's No. 1 U.S. ranking in such ro/ro action.



Roll-on/roll-off cargo volumes continue increasing at the Port of Baltimore, which for seven consecutive years has handled more cars and light trucks than any other U.S. port.

During the Great Recession, White said, people were "just Band-Aiding their cars, hoping to get through another month." But, with the turnaround of the U.S. economy, as well as genesis of more technologically advanced and fuel-efficient vehicles, demand for automobile imports has taken off. Also, he noted, the rebound of European economies has led to significant gains in heavy equipment exports.

The Port of Baltimore's latest ro/ro service addition came in March, with Höegh Autoliners initiating monthly service from New Zealand and Australia.

Meanwhile, the port's ro/ro-focused Fairfield Marine Terminal is in the process of growing by 7

acres with the fill-in of a wet basin under a contract with the Maryland Board of Public Works, with a boost from a federal grant.

But what White described as "the big homerun" on the land front was the 2017 purchase of 70 acres to facilitate expansion of operations at the Seagirt Marine Terminal. Furthermore, early this year, Ports America Chesapeake added six more rubber-tired gantries, augmenting the 16 RTGs previously in service at the Seagirt facility.

And land acquisition activity has not been limited to the Maryland Port Administration itself. Tradepoint

**(BERTHING – continued on page 7)**

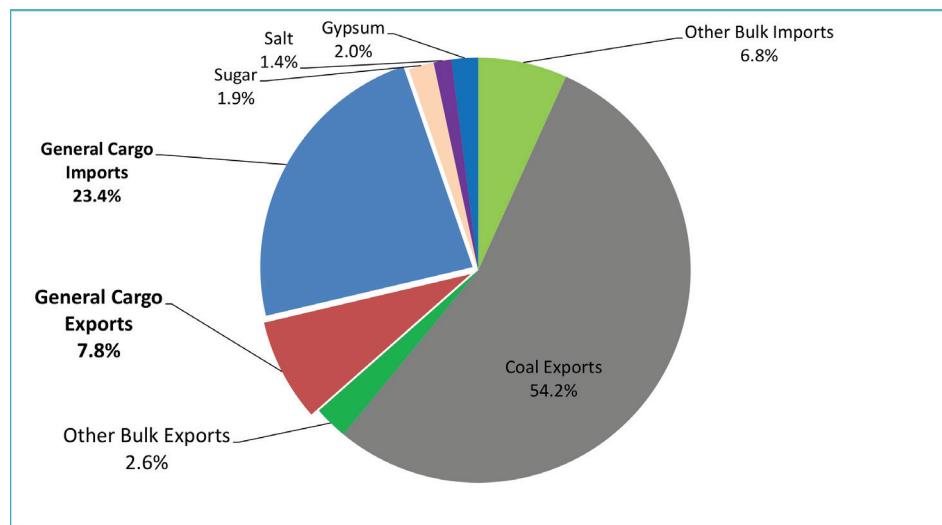
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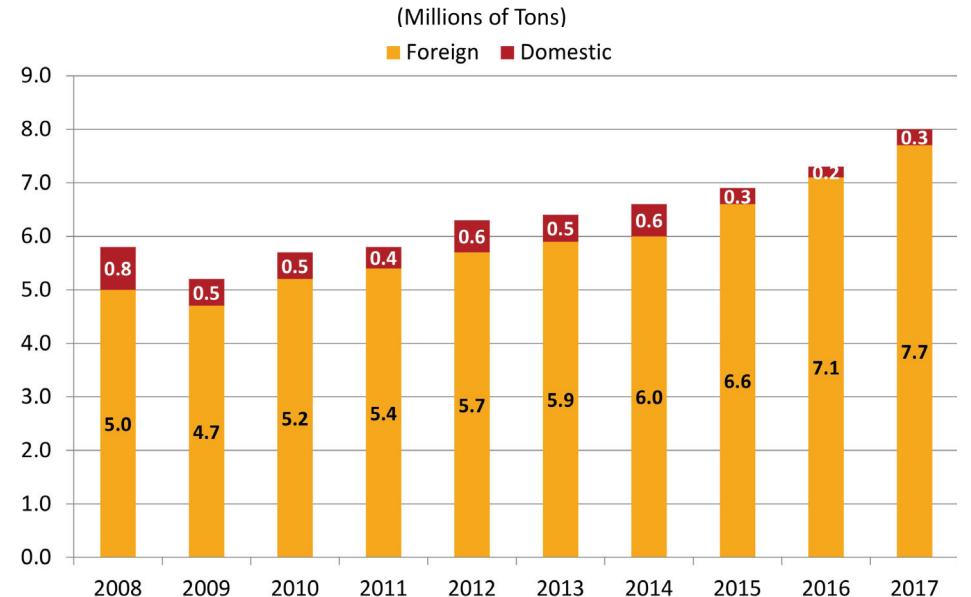
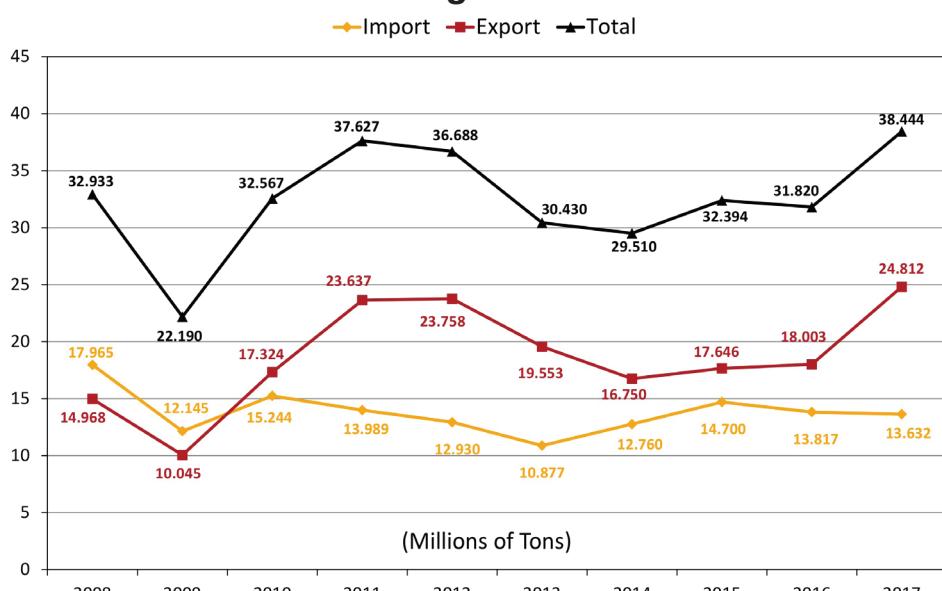
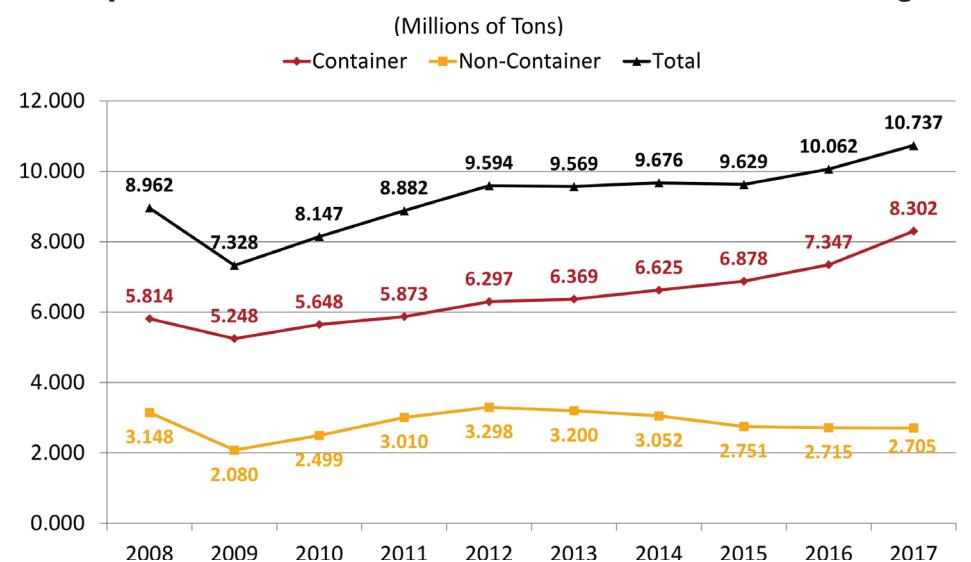
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**2017 POB Foreign Cargo Tons Breakdown**

General cargo products make up approximately 31% of the Port's foreign cargo tonnage, but account for 94% of the Port's foreign cargo value.

**Maryland Port Administration Container Summary****Port of Baltimore Foreign Waterborne Commerce****Maryland Port Administration Terminals – General Cargo**

The above total include domestic cargo, such as containers that arrive via the barge.



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## Port of Baltimore hosted first North American Greenport Congress Conference in May

Lt. Governor Boyd K. Rutherford delivered a welcome address at the first ever North American GreenPort Congress Conference, was held on May 18 at the Baltimore Convention Center. The international conference is bringing together approximately 150 maritime professionals from around the world to discuss environmental initiatives and developments. After 12 years of being held in various locations around the world, this is the first time the conference is being held in North America.

"We are honored to welcome some of the world's leading maritime environmental experts and professionals to the first North American GreenPort Congress," said Lt. Governor Rutherford. "The conference features outstanding and timely environmental topics and will also allow us to shine a bright light on some of the great environmental work being done at the Port of Baltimore."

In addition to the Lt. Governor, other speakers during the conference included Raymond Fitzgerald, chief operating officer of Wallenius Wilhelmsen Solutions; Pete K. Rahn, secretary of the Maryland Department of Transportation; Ben Grumbles, secretary of the Maryland Department of the Environment; and Patrick Verhoeven, managing director of the International Association of Ports and Harbors.

The GreenPort Congress will include conference sessions on topics such as measuring air emissions, managing dredged sediment, managing climate change at ports, sustainable supply chains, next generation vessels, improved green technologies onboard cruise ships, and the reuse of the brownfields.

The Port of Baltimore has been recognized for its environmental efforts for several years and was recently named a Green Supply Chain partner by Inbound Logistics magazine. The magazine specifically recognized the Port's work with dray trucks. Since 2012, more than 170 older dray trucks that move cargo at the Port of Baltimore have been replaced with newer and cleaner diesel dray trucks under a Diesel Emissions Reduction Act (DERA) grant through the U.S. Department of the Environment. These upgrades improve overall fuel efficiency and have helped to reduce harmful pollutants both at the Port itself and around nearby communities.

The DERA grant also funds exhaust system upgrades or replacements on up to 26 pieces of cargo-handling equipment, such as forklifts and yard tractors. Automatic stop-start, anti-idling devices are being installed on locomotives that move rail cars that come through the Port.

The Maryland Department of Transportation Maryland Port Administration (MDOT MPA) also has shown a commitment to the environment over the years in other ways. As part of its Dredge Material Management Program, the MDOT MPA uses sediment dredged from shipping channels leading to the Port of Baltimore to restore wetlands and eroding islands, including Maryland's Poplar and Hart-Miller islands.

Poplar Island, in the mid-Chesapeake Bay off Talbot County, has been rebuilt to its original 1,150 acres using dredged material. It is today home to a variety of wildlife and waterfowl and is an important nesting ground for terrapins. Hart-Miller Island, in the upper Chesapeake Bay near the mouth of Back River in Baltimore County, has been rebuilt and is a popular recreation site for boaters. Poplar Island, Hart-Miller Island, and the Swan Creek wetlands (near the Cox Creek dredged material placement site) offer critical habitats for migratory birds. Both Poplar and Hart-Miller are listed as important Bird Areas by the National Audubon Society.

**(RECORD – continued from page 4)**  
piers during the first three months of 2018, 8 percent more than the first quarter of 2017, which was 2,560,065 tons. Also, the Port handled 156,991 containers during the first quarter, a 14 percent jump over 2017, which was a record year for containers at the Port of Baltimore.

The new records follow a record year in 2017 for the Port's public and private marine terminals. The Port of Baltimore handled 38.4 million tons of cargo in 2017, the most since 1979 and the third-highest tonnage in its history. The public marine terminals, managed by the MDOT MPA, handled a record 10.7 million tons of general cargo. It was the second consecutive year the public terminals handled more than 10 million tons of general cargo. Included in the general cargo number was a record 596,972 containers, an 11 percent jump from the previous record set in 2016.

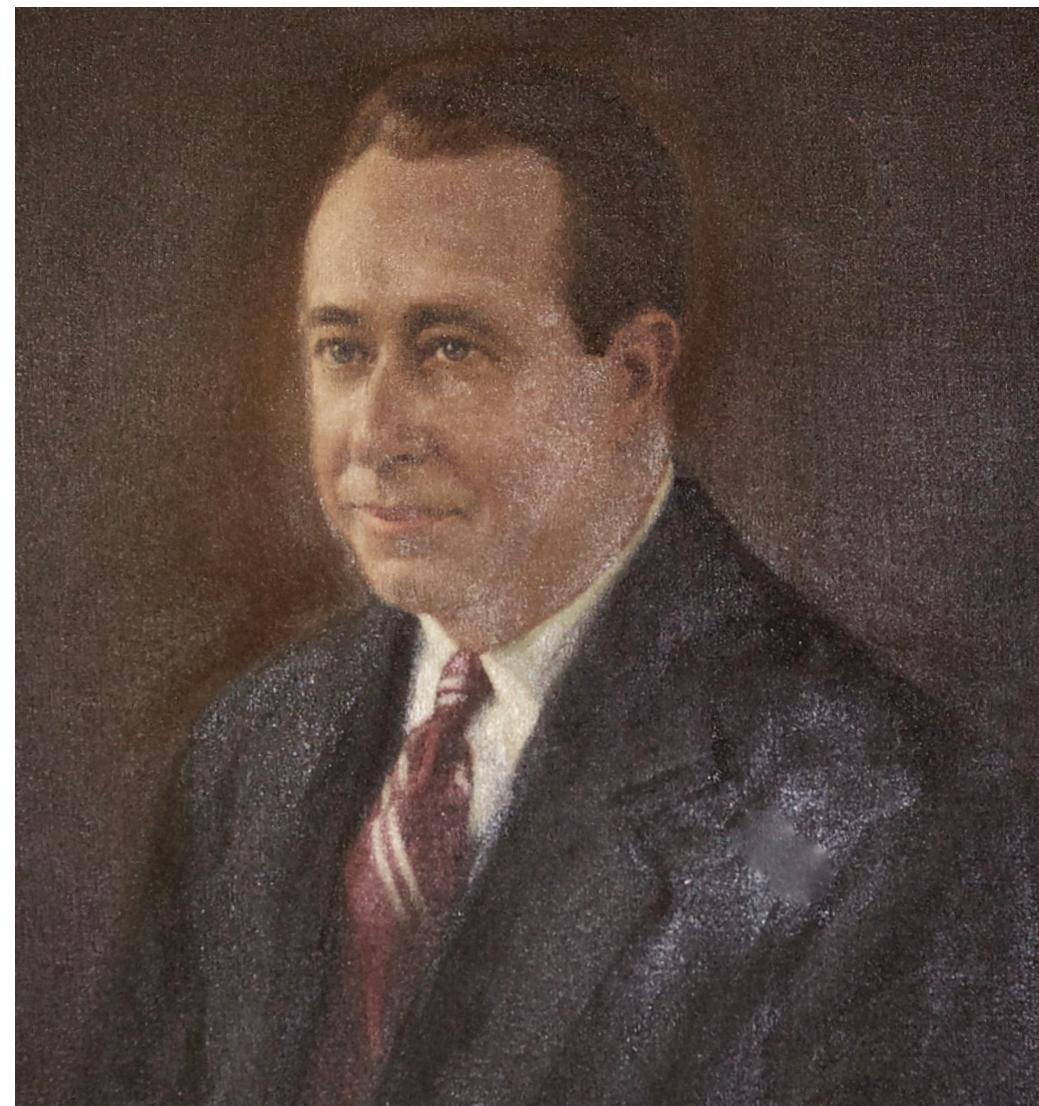
**(BERTHING – continued from page 5)**

Atlantic, which is developing a multimodal logistics center just southeast of Port of Baltimore container facilities, in May acquired the 150-acre Sparrows Point Shipyard property, increasing its total footprint to 3,250 acres, providing additional space for near-berth warehousing and marine operations.

White remains optimistic concerning the immediate future, with tariffs recently initiated by the Trump administration not yet having an impact.

"The remainder of this year and through 2019 is going to look good for us," White said. "You never know what's going to happen with these tariffs, but we're not feeling anything yet. It's too early. If something's going to start to change, I would expect to see it probably the end of third quarter or beginning of the fourth quarter this year, but, right now, we're still moving strong in containers and automobiles."

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## Urumqi "new city" construction is modernizing ancient silk road in China

By Robert L. Wallack, AJOT

A new city is emerging against the snow-capped Tian Shan mountain range in the capital city of Urumqi of the northwest region in the People's Republic of China (PRC). Flatbed trucks laden with steel beams and aluminum bars make deliveries to construction sites for new residential and office high-rise buildings. The State Council is behind transforming Urumqi to become a geo-strategic transportation hub for the region and to revive routes to the west on the so-called ancient Silk Road. Xinjiang Uyghur Autonomous Region (XUAR) and its capital city Urumqi are marked as the center of Asia and the farthest city in the world by 1,600 miles from a sea - Bay of Bengal (Guinness Book of World Records). The remoteness and lower economic growth than the PRC's eastern regions are causing the national government to improve living conditions, transportation access and business potential for the 3.5 million city inhabitants with a new central business district (CBD) project. The old cramped and dirty low rise communist compounds are yielding to the new city high-rise apartment and office developments twenty minutes away. A similar transformation began 13 years ago in Beijing with a new CBD.

An important attraction to all residents, investors and tourists is the Hilton Urumqi opened in 2015 in the new CBD. A window view on the ninth floor counts 24 construction cranes dotting the city-scape. The Junfa Group is one of the real estate developers founded in Urumqi in 2007 responsible for the anchor Hilton hotel property and many nearby construction projects such as the Hong Guang Shan (mountain) scenic area and the Hong Guang Shan tower complex. In 2011, a new bus rapid transit (BRT) system opened with gleaming new buses moving people all over the city, a new high-speed rail terminus is opening to reduce travel time drastically throughout China and a new subway system will open its first line in 2019.

### GLASS TOWER

Hong Guang Shan glass tower will be central to the new city plan. Building materials include rolled steel and will have an exterior glass wall. "This thirty-four floors glass wall tower next to

the Hilton will require a total of 11,000 tons of steel and normal construction period is within three years," explained Mr. Zhu, project engineer in an on-site interview with the *American Journal of Transportation*.

The steel beams are manufactured by Zhong Jin Steel Structure, a government enterprise, based in Xi'an city, Shaanxi province 1,569 miles from Urumqi. "Each truck can transport more than thirty tons of steel material at a time. It

(MODERNIZING – continued on page 12)



Hong Guang Shan glass tower will be central to the new city plan.

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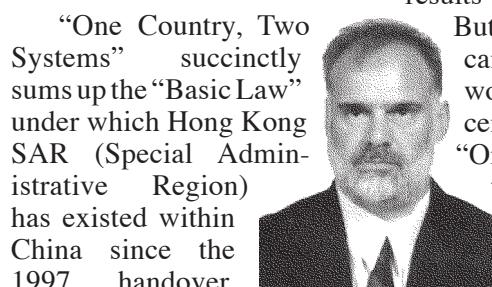
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## Hong Kong: one country, two systems and a trade war

*The U.S.-China Trade War has again placed Hong Kong in the role of middleman between the world's two largest economies. It is at once an enviable and unenviable position, juxtaposing opportunity and calamity. While Trump's trade war provides Hong Kong an opportunity to reprise its role as middleman to China, pressure from both Beijing and Washington threatens to slam the door on open trade.*

By George Lauriat, AJOT

### ONE PLUS TWO EQUALS...



"One Country, Two Systems" succinctly sums up the "Basic Law" under which Hong Kong SAR (Special Administrative Region) has existed within China since the 1997 handover. There is a system for mainland China and another system for Hong Kong. This arrangement, a communist-socialist China and a capitalist-quasi-democratic Hong Kong, is scheduled to last for fifty years – until 2047. At that time, the reunification is to be completed and Hong Kong will nominally be under Beijing's political system and no longer "special". For Hong Kong's leadership balancing the socio-economic needs of Hong Kong against Beijing's covets has been the primary challenge.

It's a difficult juggling act on many counts. With over 7.3 million people crammed into just over 1,000 square miles, land is at a premium. Housing is a continual struggle. It is often said in Hong Kong buying a flat (apartment) – taking out a mortgage and paying the down payment – is the pinnacle of a Hongkongers' life, a genuine coming of age moment. It's well worth noting that the average price for a used Hong Kong flat in the first quarter of 2018 was US\$1.28 million, up 4.2% over the fourth quarter of 2017. New homes are going for just about double the used market price. Raymond Cheng, a director at CIMB Securities Hong Kong and China equity division, in an under-statement commented, "These home prices are definitely beyond the general public's reach."

The domestic real estate market for both domestic housing and business space is almost unique (Singapore is the only other similar market) – a roller coaster ride of boom and bust cycles that can make or lose fortunes in the time it takes to spin a roulette wheel.

Hong Kong has a near obsession with business and money. It's one of the few places in the world where average people follow the stock market and race track

results with equal intensity. But there is a significant social debate in the works in Hong Kong centering around the "One country, two systems" policy. In 2014 the pro-democracy (*SYSTEMS – continued on page 10*)



Aerial view of the Hong Kong skyline.



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**(SYSTEMS – continued**  
from page 9)

movement made headlines with the occupation of Central but now the arguments are more nuanced.

Even at this writing, a debate is unfolding as to whether Andy Chan Ho-tin, an advocate for an independent Hong Kong, should be allowed to give a presentation at the FCC (*Foreign Correspondence Club*) over the objections of China's Ministry of Foreign Affairs and the local authorities. While the speech went ahead as planned, Hong Kong's CE Carrie Lam Cheng Yuet-nger said, the FCC allowing Chan's speech was "deeply regrettable and inappropriate."

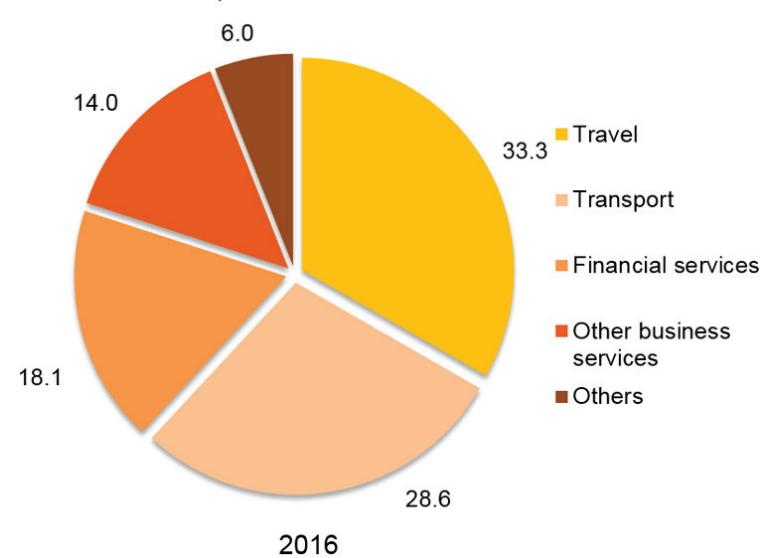
**THE DICHOTOMY**

Ironically, while the nature of "freedom" for citizens is being debated, Hong Kong has regularly topped the "Freedom Index" which ranks economic freedom. In the 2018 rankings Hong Kong received a 90.2 rate, topping rival Singapore at 88.8. By way of comparison, the United States ranks 18<sup>th</sup> with a tally of only 75.7. More to the point, the PRC (People's Republic of China) ranks 110<sup>th</sup> with a minuscule 57.8 – high-

(*SYSTEMS – continued on page 11*)

## Major Export Services

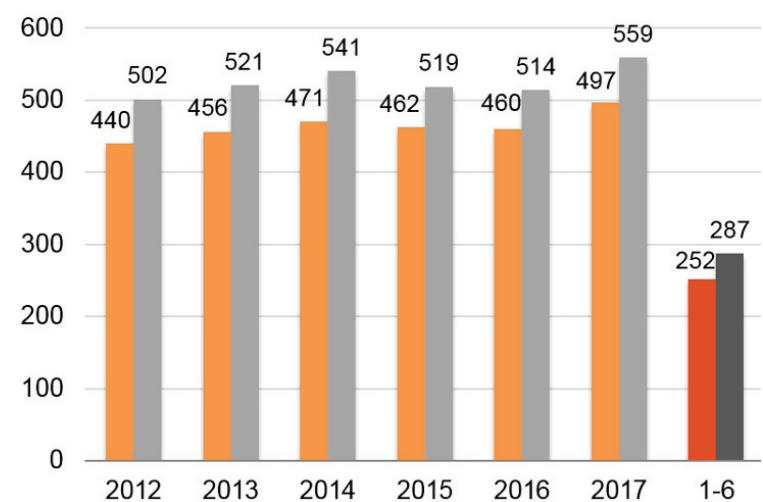
% share of exports of services



## Merchandise Trade Value

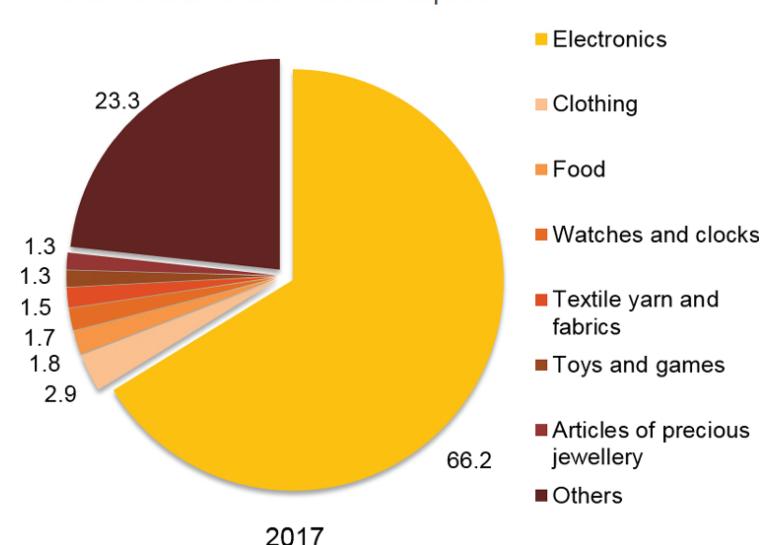
US\$ billion

■ Total exports ■ Imports



## Major Export Commodities

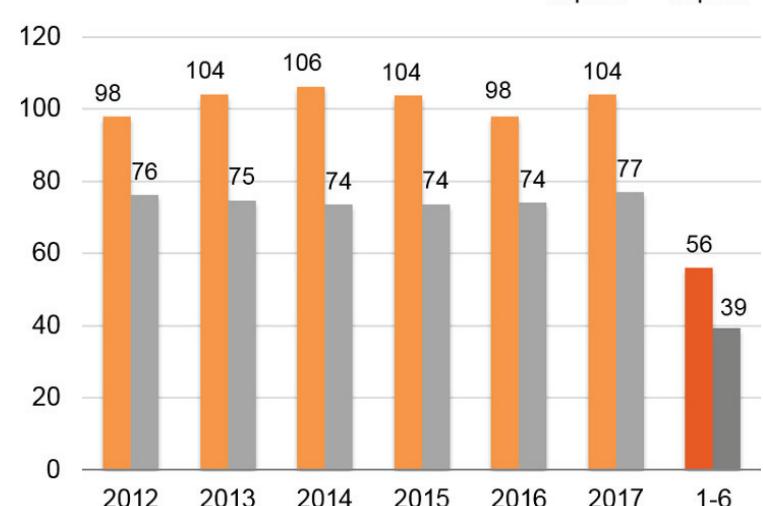
% share of total merchandise exports



## Services Trade Value

US\$ billion

■ Exports ■ Imports



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**(SYSTEMS – continued**  
from page 10)

lighting the importance of Hong Kong's corporate environment to China's.

This is not an unexpected result but the complexity of Hong Kong's situation shouldn't be understated.

The dichotomy of "One country, two systems" clearly creates confusion. Hong Kong based SCMP (*South China Morning Post*) columnist Philip Leung, probably expressed it best writing, "Twenty years after the handover, Hong Kong is still struggling with its political schizophrenia: while "one country" stipulates unity, "two systems" embraces diversity. Officials are getting jittery about singling Hong Kong's uniqueness, as if it were a code for separateness." To be clear, Leung's remarks were on the selective use of English in official circles – since Britain handed back Hong Kong, English, still an official language has been on the decline – but it applies equally well to other aspects of Hong Kong life.

Hong Kong's economic role within greater Chinese economy has always been the focus. Hong Kong's no longer the entrepot for China but rather one port of many (excluding Hong Kong, six of the world's top ten container ports are in mainland China), with rival Shanghai clearly (over 40 million TEU) the hub-port for the country. Establishing a new role within the greater Chinese economic sphere has been the goal of Hong Kong's political and business leadership since 1997.

The post-1997 effort has been outward into the neighboring PRD (Pearl River Delta) Region. Hong Kong's expertise and capital have spread outward and the PRD has (along with the greater Shanghai region) shown the greatest growth in the PRC. A testament to that success is regional rival ports. Ports like Shenzhen, Guangdong and Nansha are thriving and in some ways eclipsing Hong Kong itself. Ironically, Hong Kong as a facilitator – with capital and expertise – is contributing to the City's demise as entrepot. Hong Kong, is becoming just another Chinese port, albeit a very large one with a throughput of around 20 million TEU.

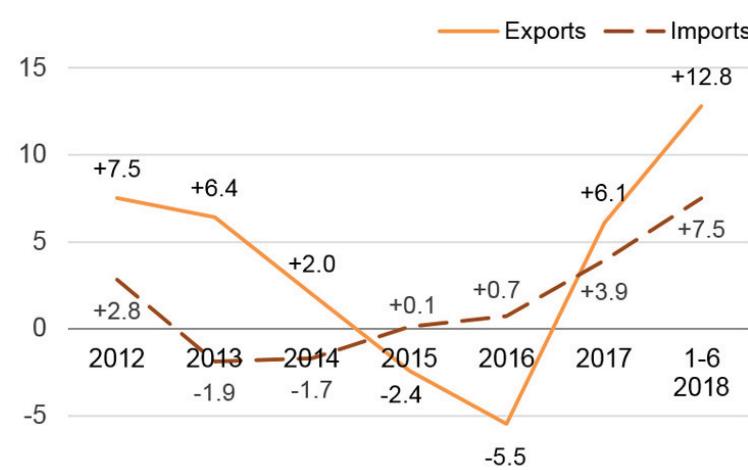
**TRADING PLACES**

It takes a step back to understand how Hong Kong's role as the middleman in the China trade evolved...and it might help in the current circumstance.

Before the 1997 return, Hong Kong was a British Crown colony precariously perched at the end of a vast Chinese continent. What seemed the singular pursuit of Hong Kong and its populace was to be a middleman in the China

## Services Trade Growth

Year-on-year % change



trade – Hong Kong became a mercantile turnstile, moving goods, people and money between China and global markets. In doing so, Hong Kong became one of the most open free-trading places in the world, as acknowledged by the economic freedom ranking.

The system worked well

up until the 1930s. By then rival city Shanghai had eclipsed Hong Kong as China's trading capital. However, after World War Two and the end of China's Revolution with the Fall of Shanghai and establishment of the PRC (People's Republic

**(SYSTEMS – continued on page 14)**

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

takes about five days by road from Xi'an northwest to Urumqi with about 14 hours driving per day," he said. The individual steel beams structures are put on the trucks without fixing. Trucks carrying the steel beams arrive at the construction site for builders to erect 3-4 floors per month. Two cranes attached to the building frame hoist the steel beams from the ground to the 22nd floor where workmen tethered to a safety line fasten the new beams into place vertically and horizontally.

Guangdong Installation based in southern China is one of the contractors on this site showing different areas of China contributing to the Urumqi new city development. The glass manufactured for the tower will be supplied by China's southern glass group. Locally based Junfa Group is also involved in the nearby ecologi-

cal landscaping of beds of roses and grape vineyards and the scenic area. The park allows residents and tourists to walk and drive around this enclosed area of the new city.

Urumqi and its “new city” is also planning to become a transportation hub for rail and road. Urumqi is strategically located for Central Asia and Europe trade in the national government’s (Central Asia Economic) Belt and (Maritime Silk) Road Initiative (BRI) to revive old trade routes known as the Silk Road. The land bridge is shorter, yet more expensive alternative to sea container traffic and Chinese factories’ exports far outnumber imports. In addition, the main minority Uyghurs trace roots to an ancient Turkic tribe (Caucasian/East Asian) and improving living and business opportunities are important to government leaders in preventing Central Asia extremist groups from operating



Trucks carrying steel beams arrive at the construction site for builders to erect 3-4 floors per month.

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Insight Into Action

in the region. Security concerns are evident everywhere in Urumqi.

BALL EXCHANGE

Less than one hour from Urumqi is the main rail interchange where PRC trains are assembled for domestic, cross-border (eight countries) and Europe shipments. Enterprises from XUAR and all of China connect with this multimodal logistics park to ship cotton to mills and Xinjiang produced aluminum tubes trucked to Urumqi

construction sites and for coal and various bulk trades bound for Kazakhstan, Russia and Europe. This is the main railway line of the region for consolidating, storing and through transit without on-site value-added services, yet and is the core to the BRI in Urumqi. Plans are to expand the facility of 10 million tons per year of 2-3 trains per day of 40 twenty equivalent unit (TEU) containers per train to ten trains per day in the 7-8 day journey to European markets. One Urumqi company is receiving 31 railcar trains of 10 new automobiles per car 1,900 miles from Chongqing's Geely and Mazda manufacturers. These automobiles will be distributed throughout Xinjiang by truck carriers amounting to 150,000 autos per year and growing to 200,000 per year in 2018.

SF Express, the first private air carrier company in China, focuses on the business to business (B2B) shipments with three wheeled vehicles handling the last mile Urumqi deliveries. Xinjiang is known as an oasis economy for agriculture harvesting of cotton and for fruits such as melons and grapes for raisins. SF Express has agriculture solutions to collect fruits from the distant countryside transported over highways to packaging warehouses to meet the business demand from the new city Urumqi residents and from all over the PRC.

Additionally, the CNPC (China National Petroleum Corporation), the nation's largest energy group, has announced the company is planning to invest more than 150 billion yuan (\$22 billion) in Xinjiang.



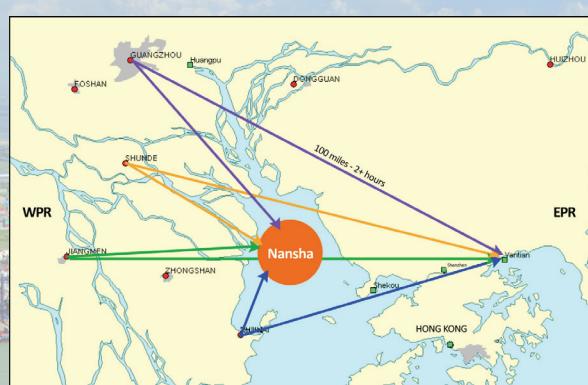
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## China vows to meet 2018 economic targets despite trade fight

China is able to weather the escalating trade war with the U.S. and achieve its economic targets for this year, an official at the nation's top economic planning body said.

The impact on industrial production, employment and consumer prices will be "controllable" through proactive fiscal policy and prudent monetary policy, Cong Liang, a spokesman for the National Development and Reform Commission, said at a briefing.

China's economic growth slowed to 6.7 percent, the slowest pace since 2016, in the second quarter as Beijing's campaign to cut debt began to bite. Still, it remains above the annual target of 6.5 percent.

Policy makers face a difficult balancing act in trying to tackle debt while supporting growth. Fixed-asset investment rose at the slowest pace in two decades during the first seven months of the year, data released on Tuesday showed, while infrastructure spending fell to a quarter of the pace seen a year earlier.

Factory output, retail sales and credit creation in July missed estimates.

In the same month, new-home prices rose at the fastest pace in nearly two years, according to data, complicating government efforts to restrain price gains without worsening the broader slowdown.

Policy makers are taking steps to head off a deeper slowdown. The People's Bank of China has cut reserve ratios for banks three times this year in an effort to inject liquidity into targeted sectors and economists expect it to do so again in the second half. The government ramped up fiscal spending in June.

The impact of the trade war with the U.S. appears limited so far, but further escalation could sap growth momentum.

### TRADE WITH EUROPE

Cong said the government is

## HK air freight up over 3% y-o-y

CARGO and airmail throughput remained steady in July year on year at 433,000 tonnes at Hong Kong International Airport (HKIA).

Transshipments recorded an increase of nine per cent year on year, driving the growth in cargo throughput. Among the key trading regions, traffic to/from North America and southeast Asia increased the most.

Over the first seven months of 2018, cargo and airmail throughput both experienced year-on-year increases of 3.1 per cent, reaching 2.9 million tonne. Flight movements increased 2.1 per cent to 247,980 compared to the same period last year.

On a rolling 12-month basis, HKIA handled 5.1 million tons of cargo and airmail, representing year-on-year growth of 2.7 per cent.

During the month, passenger volume grew to 6.7 million, representing a year-on-year increase of 2.2 per cent, while flight movements climbed 1.1 per cent over the same period last year to 36,685.

capable of coping with a deeper trade war. It continues to open the economy, encouraging foreign-direct investment and lowering tariffs, he said, citing rising trade with the European Union and Southeast Asia.

China's exports to the EU grew 11.3 percent in the first seven months of the year, while overseas shipments to Southeast Asia rose 17.9 percent, according to customs data.

Cong said the debt-cutting campaign will be carried out in a "targeted, gradual and orderly way," and will include preventing the creation of new local government debt and implicit public debt.

"Simply expanding investment can hardly bring high economic and social benefits. We ought to think of targeted and efficient investment," he said, adding that more highway construction and infrastructure projects in education and medical care will be considered.

## Pork producer says China imports drop amid US trade spat

China's pork imports are declining as a trade spat with the U.S. and a drop in domestic prices curb purchases of meat from overseas, according to WH Group Ltd.

The company shipped more pork from the U.S. to Japan and Korea in the first half and will continue to change its trade flows should tensions remain, Wan Long, chief executive officer of the world's biggest pork company, said in Hong Kong. Lower hog prices in China boosted consumption of domestic meat, while tariffs on American pork further eroded the competitiveness of imports, the company said in a statement.

China is the world's biggest pork producer, consumer and importer and boosted duties on U.S. pork to 37 percent in April and then to 62 percent in July. That's left American producers seeking ways to make up for trade-war losses and led to a 21 percent slump in American pork exports to

the Asian country in the first half of 2018. Even without the tariffs, surging domestic production lowered the competitiveness of U.S. pork, according to WH Group.

"It's true our volumes to China dropped by 20 to 30 percent, but our volumes to Korea for example went up 50 percent," said Kenneth Sullivan, chief executive officer at Smithfield Foods Inc., which was bought by WH Group in 2013. "It's really a question of finding the market for this need. Because if you produce it, you don't throw it away, you ultimately sell that meat. It's a sell-it-or-smell-it business. Meat will get distributed."

WH Group shares have tumbled 31 percent this year, making it the third-worst performer on Hong Kong's benchmark Hang Seng Index, amid the tariffs and lower Chinese pork prices. Wholesale prices fell 17 percent in the first half, although they have since rallied 9.6 percent.

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**(SYSTEMS – continued**  
from page 11)

of China) in 1949, Hong Kong reprised its role as the middleman to a new middle kingdom.

Many of the Western companies domiciled in Shanghai moved to Hong Kong along with a wave of Shanghai businesses and business families following the fall in 1949. A good example is C.H. Tung. Hong Kong's first Chief Executive (CE) is the son of Shanghai-based shipowner C.Y. Tung, founder of the Hong Kong-based shipping line OOCL – recently acquired by China's principal shipping line COSCO. The influx of talent and capital set off a

boom and more importantly established a Hong Kong business community with an even greater reach into the China market. With the “reforms” of 1978 in China, culminating with the “rehabilitation” of Deng Xiaoping the country was poised for an economic awakening. And when China stirred, Hong Kong was well placed to be the entrepot for an unprecedented growth spurt. From 1978-1997 Hong Kong's GDP grew from US\$18.31 million to US\$177.349 million. Beijing's entry into the WTO (World Trade Organization) in 2001 spurred on even more economic development in

China albeit with Hong Kong playing an increasingly different role in the post-1997, more facilitator and less entrepot.

#### SURVIVING A TRADE WAR

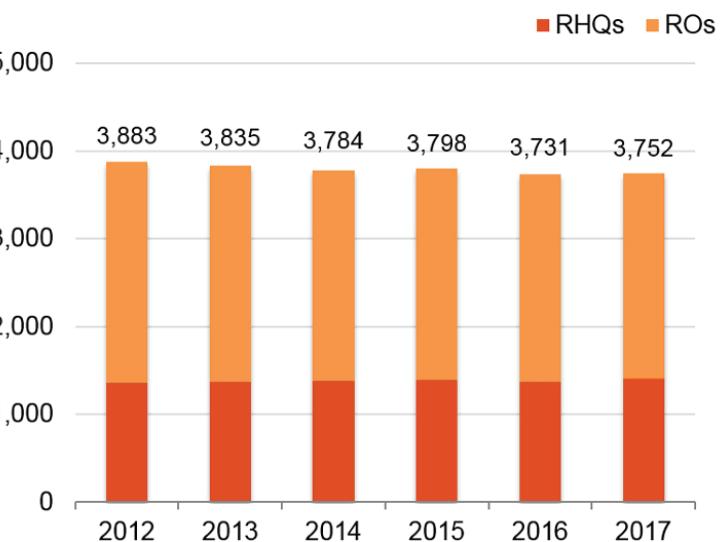
When President Trump unleashed the trade war with China, it also pushed Hong Kong within the crosshairs. Staying out of the economic crossfire between China and the United States is now an important economic goal for the Region – but can it be done?

Back in July with the trade war looming, Financial Secretary Paul Chan Mo-po was asked in an interview what Hong Kong could do to avoid becoming collateral damage in a trade war between the world's two largest economies, “As a small and open economy, there is not much we can proactively do. But we can monitor the situation very closely and make sure our financial and banking systems are operated in order without systematic risks,” adding, “We stand ready to roll out support measures to enterprises if affected, especially for small and medium-sized businesses.”

At least going into the war zone, Hong Kong is starting from a point of strength – the economy is solid. Overall Hong Kong's economic

## Regional Headquarters & Offices

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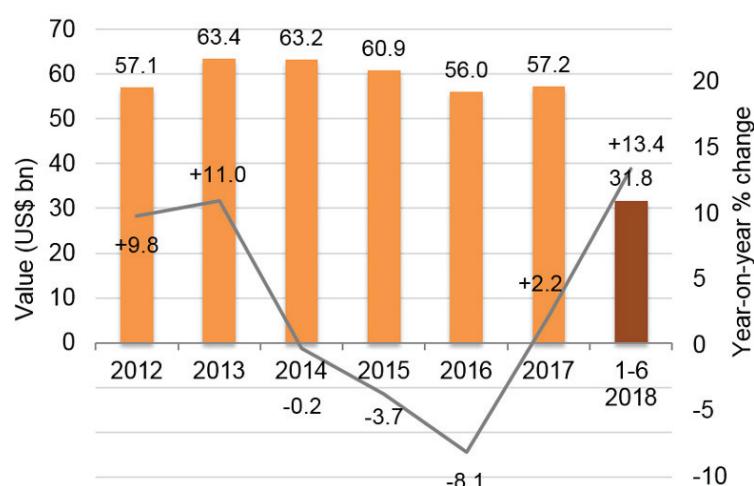
performance has been very good. In the 2<sup>nd</sup> quarter Hong Kong's economy expanded by 3.5% year-on-year in real terms after the growth of 4.6% in the preceding quarter, marking the seventh consecutive quarter of growth above the trend growth rate of 2.7% per annum in the past decade. Total exports of goods grew solidly by 4.6% year-on-year in real terms for the second quarter. Exports of services also expanded by 6.1% year-on-year in real terms. Unemployment rates are running at 2.8% while wages are near historic highs of HK\$15,897(roughly

US\$2,025) a month for the 1<sup>st</sup> quarter of 2018. In 2017 the GDP per capita was US\$46,200, as compared to US\$43,500 in 2016.

Most observers believe the short-term impact of the trade war would be slight, a 0.1 to 0.2 drop in GDP growth. The actual flow through trade between China and the U.S. using Hong Kong is fairly small – a side result of the demise of the entrepot role and rise of the Port of Shanghai. Equally, Hong Kong has made a significant effort to diversify its economic base by reaching out to ASEAN nations.

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# AIR CARGO NEWS



## Toddler's popsicle-by-air marks milestone in US drone delivery

From her home in a wooded hollow in Virginia hill country, Brianna Smith and her two-year-old son Jack entered the aviation record books.

Just six minutes after a technician from Alphabet Inc.'s Wing clicked the "Confirm Order" button on a smartphone app, a drone operated by the company had flown from a simulated store more than a mile away, hovered over her lawn and lowered the ice cream and Popsicle she'd ordered.

"Airplane brought me a Popsicle," said tow-headed Jack.

The Smiths were part of a U.S. Federal Aviation Administration-approved test that for the first time allowed flights over congested areas where people live, and ventured beyond the view of its operator on the ground. It was the most realistic public demonstration to date in the U.S. that people may someday get near instant purchases sent to their home by unmanned devices.

"Today we're going to see what I've been preaching, how drones are going to change your daily experience," said Mark Blanks, director of the Virginia Tech Mid-Atlantic Aviation Partnership and a sponsor of the test program. The delivery was to his next-door neighbor. "It works. I'm just excited to see deliveries in my neighborhood."

The demonstration in Blacksburg was conducted under the U.S. government's Integration Pilot Program, which was unveiled last May. The Department of Transportation selected 10 government and tribal agencies to work with industry and academia to push the boundaries of drone technology at the same time that they wrestle with potential public unease and legal questions.

Widespread deliveries are likely still years away and scores of issues—ranging from ensuring drones won't be used in terrorism, as apparently occurred Saturday in an assassination attempt in Venezuela, to creating a new low-level air-traffic system—must be completed first. But both Wing and the retail behemoth Amazon.com Inc.'s Prime

Air have conducted similar tests in other nations.

Nevertheless, this demonstration was a milestone in the U.S.

The flights were novel for how many different types of technology were being tested at once, said the company's Chief Executive Officer James Ryan Burgess. In addition to the technology needed to guide the drone to its drop zones, the company demonstrated a radio-identification beacon, which is similar to what the government plans to mandate soon.

It also relied on an existing cellular network for communication and was tracked by a kind of air-traffic system it hopes to introduce. The "purchases" were made on mobile phones using an app it wants people to eventually use to buy items from real vendors.

"It's an exciting opportunity to build a whole ecosystem," Burgess said. During his talk to about 50 government officials, participants and media members in the open field that served as a launching spot for the drones, he joked that he could order sunscreen if anyone wanted it.

Wing last month became an independent subsidiary of Alphabet. It was born under what was originally known as Google X, the division designed to spawn so-called moon shots of new ideas.

While technology giants Alphabet and Amazon have been in the forefront of trying to develop large-scale drone delivery systems, a host of smaller start-ups also are developing similar technologies. Flirtey Inc., for example, plans to deliver defibrillators by drone in a test in Reno, Nevada. Some of those companies have been conducting FAA-tests behind closed doors, so it's not always clear how advanced they are.

As important as the technology and safety issues are, officials are just as interested in how local residents will react to the drone flights. Blanks said he and his staff knocked on the doors of 30 to 40 homes in the area to ensure that no one

(MILESTONE – continued on page 19)

## UT works with Uber and Army Research Labs on new uberAIR program

Researchers in the Cockrell School of Engineering at The University of Texas at Austin will work with the U.S. Army Research Labs (ARL) and Uber Elevate to help develop new rotor technology for vehicles that will be used in Uber's proposed urban aviation ride-share network — called uberAIR.

Last year, Uber announced that the first Uber Elevate cities would be Dallas (DFW metroplex) and Los Angeles, with a goal of flight demonstrations in 2020 and plans to make uberAIR commercially available to riders in those cities by 2023. As part of the uberAIR program, the company has entered into partnerships with several major aircraft manufacturers and signed a space act agreement with NASA, which will stimulate the development of new unmanned traffic management concepts and aerial safety systems. The design of the vertical take-off and landing (VTOL) aircraft to be used in the project specifies that it is a fully electric vehicle with a cruising speed of 150-200 mph, a cruising altitude of 1,000-2,000 feet and the ability to complete trips of up to 60 miles on a single charge.

"UT is uniquely positioned to contribute to this new tech-

nology, and Uber has recognized that," said Jayant Sirohi, associate professor in UT's Department of Aerospace Engineering and Engineering Mechanics and the UT team leader on the project. "In addition to the technical expertise we bring to this area, we also already have a rig to test new rotor configurations right here on campus."

Sirohi is one of the country's leading experts in unmanned aerial vehicle (UAV) technology, VTOL aircraft and fixed- and rotary-wing aeroelasticity. He and his team, which includes postdoctoral fellow Christopher Cameron and Charles Tinney from UT's Applied Research Laboratories, will explore the efficiency and noise signature of stacked co-rotating rotors, or propellers, for VTOL, a novel flying technology in which two rotor systems are stacked on top of each other and rotating in the same direction.

Both of the proposed Uber Elevate launch cities suffer from major traffic congestion, especially during rush hour. For example, the current drive from DFW International Airport to the nearby city of Frisco, a distance of less than 25 miles, could take up to an hour during rush hour. In an uberAIR vehicle, it could take less than 10 minutes.

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# INTERMODAL & LOGISTICS NEWS



## Otto co-founder returns to Uber to run trucking business

Lior Ron—who co-founded Otto Trucking LLC with his controversial business partner, Anthony Levandowski—will return to Uber Technologies Inc. to run the startup's trucking business, called Uber Freight, the company said.

Both Ron and Levandowski had worked at Alphabet before founding Otto Trucking and joining Uber. In 2017, Alphabet accused Levandowski of downloading more than 10,000 corporate files and using them to help Uber build self-driving car technology. Uber fired Levandowski in May of last year, and settled the trade secrets case with Alphabet Inc. in February for \$245 million. In March, Ron left the company.

Now, Ron is returning to Uber following a months-long, behind-the-scenes negotiation to rework the terms of Uber's

deal to acquire Otto Trucking, announced almost exactly two years ago.

The new terms clear the way for Uber to better compete with more established players in the trucking industry, dispatching truck drivers for their next cross-country delivery. Inside the company, Uber Freight is considered one of the company's most promising growth opportunities, overshadowed only by its fast-growing food delivery effort. Today, Uber Freight service reaches every state in the continental U.S.

"We started Uber Freight with a mission to support the many men and women across the country who work incredibly hard to keep the economy running," Ron said in a statement. Ron will report directly to Uber chief executive officer Dara Khosrowshahi.

As part of the reworked

Otto Trucking agreement, Uber will give Otto Trucking shareholders an equity stake in Uber Freight as a standalone business, the company said. Uber owns a majority of that business, but the company declined to provide its exact ownership stake.

Under the original deal terms, Otto Trucking shareholders would have had the right to take a cut of the profits Uber generated from its trucking business, while retaining some of Otto Trucking's intellectual property. The earlier agreement also made it difficult for Uber to make strategic acquisitions related to its logistics business, the company said. And if Uber Freight were to become wildly profitable, Uber would have had to shell out billions of dollars to Otto Trucking's employees.

Levandowski, who was fired from Uber in May 2017 after he invoked his Fifth Amendment right not to testify in Alphabet's lawsuit, is selling his new Uber Freight shares to a venture capital firm and other shareholders, Uber said. The company won't say which venture capital firm, nor will it say what value the deal assigns to Uber Freight's business. Levandowski did not immediately return email request for comment.

Ron didn't work for Waymo, Alphabet's self-driving car unit, during his time at the search giant, insulating him from some of the more pointed allegations in Alphabet's trade secrets case. Ron testified in court about times when Levandowski asked him to delete his messages, defending his co-

(*RETURNS – continued on page 19*)

## RoadOne IntermodaLogistics adds Northeast Freight Xpress to its intermodal network

RoadOne IntermodaLogistics, a leading single source intermodal, distribution, and logistics services company, announces that Northeast Freight Xpress, a drayage trucking operation with rail ramp locations in Taylor, Bethlehem and Harrisburg in Eastern Pennsylvania, has been consolidated into RoadOne's operations. Harrisburg is a new market location for RoadOne.

With this consolidation, RoadOne, further expands its national intermodal drayage and distribution network adding capacity and extending its service portfolio to ensure reliable and consistent service for customers.

"I am very pleased to welcome the Northeast Freight Xpress team to RoadOne, where we invest in meaningful benefits for our internal staff, drivers and customers including strong fuel, truck and insurance purchasing capabilities, national warehousing and depot services, and an advanced, end-to-end technology platform to provide greater visibility to cargo in transit," said, Paul Miller, Vice President Field Operations, Northeast at RoadOne IntermodaLogistics.

Susan Duckworth, president of Northeast Freight Xpress, said, "We are excited to become part of the RoadOne organization and are certain that this is the right move for our customers, drivers and staff. This transaction will offer everyone additional potential for growth through RoadOne's excellent resources, national service network and outstanding leadership."

Kendall Kellaway III, VP Commercial Strategy at Road-

One IntermodaLogistics said, "As we expand our national intermodal network, our goal is to add greater value and reliability to our customers' supply chains. We understand how important it is to address industry challenges that weigh heavily on global supply chains. By increasing RoadOne's capacity and comprehensive intermodal logistics solutions we're able to improve our overall product offering to benefit customers."

## CN Rail CEO vows loyalty to grain farmers as oil shipments climb

Crude oil demand may be on the rise again, but Canadian National Railway Co.'s new leader insists energy shipments won't displace longtime railroad staples such as grain and lumber.

Grain farmers in the western Prairie provinces saw exports slow to a crawl when Canadian National proved unable to cope with a surge in demand starting in the second half of last year. In March, with bottlenecks and customer complaints mounting, Canada's biggest railroad ousted then-Chief Executive Officer Luc Jobin—prompting his successor, Jean-Jacques Ruest, to boost capital spending to a record C\$3.5 billion (\$2.7 billion) to start fixing the logjams.

"We do not want to kick out, or restrain, business that will be long-lasting to replace it by crude," Ruest said in a telephone interview from Montreal. "To the extent we have some spare capacity, which is what we are building here, to onboard crude without hurting grain, lumber and mining, then we will do that."

Petroleum and chemicals was Canadian National's second-largest line of business in the second quarter, climbing 12 percent to C\$616 million. That compares with revenue of C\$591 million for grain and fertilizers, and C\$490 million for forest products. Canadian National had total sales of C\$3.63 billion in the period, led by container-car shipments.

### VOLATILE CRUDE

Crude oil demand's volatile nature means Ruest is hesitant

to build dedicated infrastructure for energy shipments without multi-year commitments from energy producers.

"CN has been in business for 99 years, and we've been in business for 99 years moving grain, lumber or mining products," he said. "Crude was not part of what we moved in 1919. This was not a product that we moved a couple of years ago, and a couple of years from now, we may not move it again."

To handle additional volumes, Canadian National is adding staff, tracks, sidings and locomotives. The company is focusing investments on the western section of its network—from the British Columbia ports of Prince Rupert and Vancouver and the oil-rich province of Alberta to Chicago—where growth is strongest.

"In the second half you will see an increase in our carloads for crude, on a sequential and year-over-year basis," Ruest said. "That will start to show up in the fall—tying into our construction program that will create capacity to move more trains" from Alberta to the eastern part of the country, he said.

In addition to being CEO, Ruest also holds the title of chief commercial officer. That dual role is drawing to a close.

"In time, definitely by the next quarter's results, I will have a structure in place that will relieve me of having to get involved directly" in sales campaigns, Ruest said. "So give it a couple of months."

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# MARITIME Section

## ZIM reveals details of the new Asia - America network

Following the announcement of the new Strategic Partnership Agreement with the 2M alliance, details of Zim's new improved Asia - U.S. East Coast - Asia network are now available.

Nissim Yochai, ZIM EVP Trans Pacific Trade, said: "The new alignment will enable ZIM customers to enjoy the best of both worlds: ZIM's highly reputed personalized service, along with the best-in-market infrastructure and product."

The new upgraded network includes 5 services under the ZIM+2M cooperation, as detailed below:

- ZIM Container Service Pacific (ZCP) - Excellent service from North & Central China, South Korea to US Gulf, Caribbean and South Atlantic, with Fast Transit Time from North Asia to South Atlantic, New calls in Xingang, Wilmington, Jacksonville and Pusan Westbound, and Connectivity to Halifax/ Caribbean/ US Gulf via Kingston
- ZIM Big Apple (ZBA) - Best connection from South and Central China and South Korea to North Atlantic, Fast Transit Time to New York; Unique call in Baltimore; Import cargo to India Sub Continent and South East Asia
- ZIM Seven Stars (Z7S) - Fast Transit Time from South China, Vietnam and South East Asia to US East Coast; New direct calls Miami, Charleston and Singapore
- ZIM Sunny Atlantic Express (ZSA) - Express service from Taiwan, China and South Korea to South Atlantic; Fast Transit Time from Asia to Savannah; New direct calls in Xiamen and Miami
- ZIM New Frontier (ZNF) - Express service from Thailand, South East Asia and India Sub-Continent to US East Coast; Fast Transit Time from South East Asia and India Sub Continent to New York; New direct call in Laem Chabang; New direct call in Singapore; Fast Transit Time from Thailand to US East Coast

First vessels on the new network:

Service	Last vessel sailing	Dep Port/Date	First vessel on new network	Dep Port/Date
Z7S	Seamax Bridgeport	Da Chan Bay 03/09	Columbine Maersk	Chiwan 12/09
ZBA			Maersk Algol	Yantian 15/09
ZCP	ZIM Antwerp	Qingdao 08/09	Tianjin	Xingang 14/09
ZSA			Maersk Stralsund	Xiamen 14/09
ZNF			Santa Teresa	Laem Chabang 16/09

## New cranes arrive at Port Houston's Bayport Terminal

The arrival of three new 270 foot-tall Super Post-Panamax cranes to Port Houston's Bayport Container Terminal highlights \$100 million in investments there. These three neo-panamax ship-to-shore (STS) cranes are the first of two crane shipments Port Houston is to receive this week.

These newest STS cranes are the first of eight cranes to be delivered over the course of two days. The additional five cranes scheduled for delivery are rubber-tired-gantry (RTG) cranes.

"The level of activity with the shipments of cranes this week is unprecedented," said Executive Director Roger Guenther. "To see the visual display of both ship-to-shore and container yard cranes being delivered to our newly constructed Wharf #2 at Bayport in a matter of days is an amazing demonstration of our commitment to investment at work."

Port Houston is the largest container port on the U.S. Gulf of Mexico, handling nearly 70 percent of all containers moving through the gulf. Considerable strategic investment is being made by Port Houston in response to its steady growth.

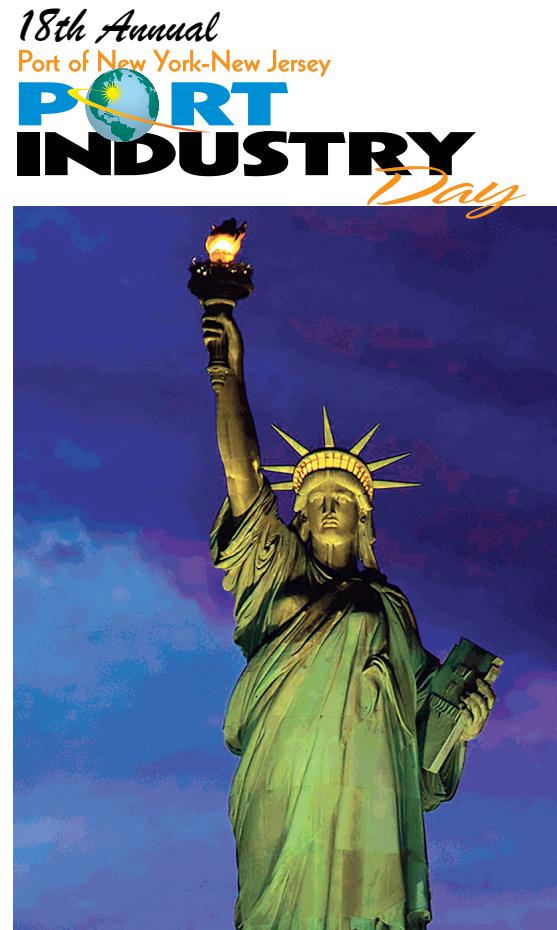
The new cranes at Bayport and construction of Bayport Wharf #2 are a part of its program to increase capacity, cargo-handling efficiency and support the port's infrastructure. The port's newest ship-to-shore cranes will be the largest cranes in Texas, standing nearly 30 stories tall with a boom length of 211 ft. able to load

and unload vessels up to 22 containers wide.

The newest STS cranes cost about \$35 million and the RTG cranes cost a little more than \$2 million each. Construction of Bayport's Wharf #2 is an estimated \$35 million project. Bayport Container Terminal recently recorded the largest number of single-vessel container box lifts in its history, with more than

4,800 lifts performed during one vessel operation.

Further demonstrating its commitment to strategic investment, the Port Commission of the Port of Houston Authority recently awarded a \$49 million construction contract for Container Yard 7 at the Bayport Terminal. This new construction will add 50 additional acres of container yard storage area.



## MSC FAS for USA to Indian subcontinent, ME and Red Sea

On September 6th, 2018, the MSC FAS (Fuel Additional Surcharge) will go into effect from USA and Puerto Rico to Indian Sub-continent, Middle East and Red Sea will change as per below:

- Current FAS: \$185/TEU • New FAS: \$195/TEU

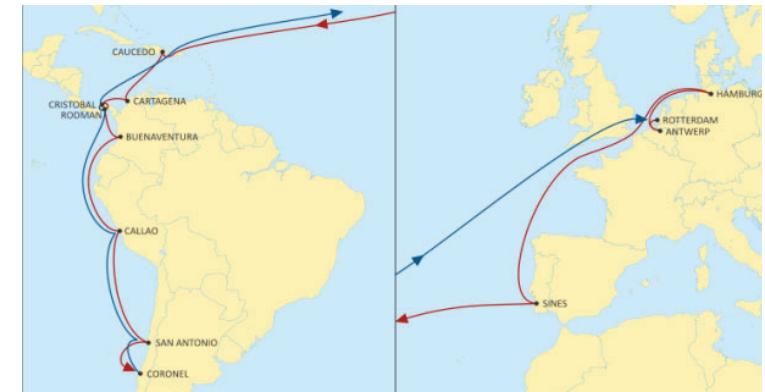
This will be applicable for all shipments from US ports & Puerto Rico to: Red Sea (Yemen, Jordan, Djibouti, Saudi Arabia, Egypt (Sokhna), Sudan); Middle East (Bahrain, Kuwait, Oman, Qatar, United Arab Emirates, Iraq, Iran); Indian Subcontinent (India, Pakistan, Sri Lanka, Bangladesh, Maldives)

## MSC announces SAWC- USA-NWC service rotation change

MSC USA announced that their SAWC-USA-NWC service will stop calling directly the Philadelphia port. Cargoes with destination Philadelphia, will now connect with the Florida Express Service at Cristobal port, Panama: keeping their arrival on Sundays with a 15 day transit time from San Antonio and 12 days from Callao. All

other WCSA origins will continue the same TSS connections and transit times to final USA POD's will remain the same.

The new rotation of the SAWC- USA- NWC service to the USA will be: San Antonio (PCE) - Coronel - San Antonio (PCE) - Callao - Rodman - Cristobal - Rotterdam - Antwerp - Hamburg - Sines.



## SeaLand update to TA3 Service

The TA3 service will no longer call Charleston and Savannah after sailing from Mexico. The expected implementation will be by mid-September in the Americas.

The updated rotations will be:

- TA3 Westbound: Charleston, Veracruz, Altamira, New Orleans, Mobile, and Freeport.
- TA3 Eastbound: Veracruz, Altamira, New Orleans, Mobile and Freeport.

Monday, September 24, 2018 • Liberty House in Liberty State Park • Jersey City, New Jersey

## The Port of New York - New Jersey A Global, National & Regional Shipping Overview

### Program

- |  |
|--|
| <b>8:00 am</b> Continental Breakfast and Opening of Exhibits<br><b>9:00 am</b> Welcome Thomas Adamski, President and Chief Executive Officer, Cross Port Transport<br><b>9:15 am</b> Opening World Trade and the Global Economy<br>Dr. Nariman Behravesh, Chief Economist, IHS Markit<br><b>9:45 am</b> Panel U.S. Shipping Industry Outlook<br>Kurt Nagle, President and Chief Executive Officer, American Association of Port Authorities (AAPA)<br>William Rooney, Vice President, Strategic Development, Kuehne + Nagel<br>David Manning, Chairman, American Trucking Associations (ATA) and President, TCW<br>Robert Legge, Director Ports and International, Norfolk Southern Corporation<br>Mary Pileggi, Chairman, National Industrial Transportation League (NITL) and Sourcing & Logistics Director-Fluoroproducts, The Chemours Company<br><b>10:45 am</b> Keynote Improving the Freight Delivery System<br>Honorable Rebecca Dye, Commissioner, Federal Maritime Commission<br><b>11:15 am</b> Panel New Initiatives in the New York-New Jersey Region<br>Edward Kelly, Executive Director, Maritime Association of the Port of New York & New Jersey<br>Sam Ruda, Deputy Director, Port Department, The Port Authority of New York & New Jersey<br>Nicole Minutoli, Division Director of Multimodal Services, New Jersey Department of Transportation<br>Matthew Kwatinetz, Executive Vice President, Asset Management, New York City Economic Development Corporation<br>Richard Mazur, Director of Eastern Pools, North American Chassis Pool Cooperative<br>Michael McGuinness, Chief Executive Officer, National Association of Industrial and Office Properties (NAIOP NJ)<br><b>12:30 pm</b> Wrap-up<br><b>12:45 pm</b> Food Festival/Networking Luncheon in the Exhibit Area<br><b>2:30 pm</b> Harbor Tour of Port Facilities Aboard Sandy Hook Pilot Boat |
|--|

For More Information, Email: [PortIndustryDay@yahoo.com](mailto:PortIndustryDay@yahoo.com) or Call (201) 437-1891

## AAPA urges strong Corps funding for FY 2019

AAPA urged key House and Senate Appropriators to adequately fund the U. S. Army Corps of Engineers' (Corps) navigation program in a final FY 2019 Energy and Water Development (E&WD) Appropriations bill.

In a letter to Congressional leaders delivered yesterday, AAPA supports specific funding levels for Corps' accounts from both the House and Senate passed E&WD appropriations bills. An AAPP top priority for a FY 2019 E&WD bill is the continued annual progress towards the goal of full use of Harbor Maintenance Tax (HMT) funding for navigation channel maintenance, which both the House and Senate bills accomplish. After comparing the House and Senate bills, AAPP recommends the following funding above the President's budget for the Corps'

- coastal navigation program:
- \$612.902 million for Operations and Maintenance account in the House bill
- \$525.067 million for Construction account in the House bill
- \$18.823 million for Investigations account in the Senate bill
- \$50 million for Donor and Energy Transfer Port funding in the House and Senate bills

AAPA also requested that the final E&WD bill includes language in the House and Senate bills rejecting the Administration's request to establish a separate account for HMT funding, as this would adversely impact dredging work during Continuing Resolution periods.

The House E&WD bill passed on June 8, and the Senate passed its version of the bill on July 11. A Congressional Conference Committee is resolving differences in the bills.

## Port of Corpus Christi CEO appointed to US Maritime Transportation System National Advisory Committee

Sean Strawbridge, Chief Executive Officer for the Port of Corpus Christi, has been appointed by Senator John Cornyn (R-Texas) to the United States Maritime Transportation System National Advisory Committee (MTSNAC). MTSNAC is a chartered, non-federal body that advises the U.S. Secretary of Transportation through the Maritime Administrator (MARAD) on matters relating to U.S. maritime transportation and its integration with other transportation segments, including the viability of the U.S. Merchant Marine. Mr. Strawbridge will join over 40 national transportation leaders from commercial firms, port and water stakeholders, organized labor, as well as federal, state and local public entities.

"It's an honor to be appointed by Senator Cornyn to MTSNAC and a privilege to represent the maritime transportation interests of Texas and the United States in this

prestigious role," said Sean Strawbridge, CEO of the Port of Corpus Christi. "This is an exciting time for the U.S. maritime industry at large and the Port of Corpus Christi's experience as the Nation's fourth largest port in total tonnage and the largest energy export port to MTSNAC delivers an opportunity to highlight the criticality of the energy sector in the national transportation infrastructure conversation."

During his tenure at the Port of Corpus Christi, Mr. Strawbridge has testified in Congress on the charge of Examining the Army Corps of Engineers (USACE), highlighting ways for improved communication and interaction between the USACE, localities, and the public where the USACE conducts work and projects. He has written extensively on the changing paradigms in marine terminals and balancing sustainable, eco-friendly port development with economic growth.

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ROTTERDAM	-	-			-		16	

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## Port of Virginia receives \$456K MARAD grant to expand cargo handling capabilities at Richmond Marine Terminal

The Port of Virginia will be receiving a \$456,000 grant from the federal government's Marine Highway Program to enhance cargo operations at Richmond Marine Terminal (RMT) and support growing cargo volumes on the port's regular barge service to that terminal.

Earlier this week the U.S. Department of Transportation announced \$4.8 million in grants to six Marine Highway projects. The funding, provided by the Maritime Administration (MARAD), supports the expanded use of navigable inland waterways to relieve landside congestion, provide new transportation options and generate other public benefits by increasing the efficiency of the surface transportation system. The program works with public and private stakeholders to achieve these goals.

The federal grant, along with \$114,000 in matching funds from the port, will be used to purchase a top-loader, which is a piece of cargo conveyance equipment that moves containers on-and-off of the chassis used by motor carriers.

"This grant allows us to continue to invest in RMT and grow business on the Richmond Express barge service," said John F. Reinhart, CEO and executive director of the Virginia Port Authority. "Every piece of equipment we add to RMT helps to build efficiency in the cargo handling operation and speeds the flow of commerce. This top-loader will help us load trucks faster, meaning trucks get

on the road quicker resulting in the rapid delivery of goods. We are grateful to MARAD and to Virginia's Congressional delegation for supporting this application and The Port of Virginia."

Marine Highways provide new modal choices to cargo shippers, which reduces transportation costs while providing the public benefits of reduced road maintenance costs and improved safety, said U.S. Secretary of Transportation Elaine L. Chao. Use of these waterways supports jobs at U.S. ports and shipyards, and marine highway services also benefit national security by providing an alternate mode of transportation and adding to our strategic sealift resources.

"Strengthening the country's waterways and domestic seaports stimulates economic growth, reduces congestion and increases the efficiency of our national freight transportation system," Chao said.

The Richmond Express is a thrice-weekly barge service that links the port's primary container terminals in the Norfolk Harbor with RMT. In fiscal year 2018 (that ended June 30), 27,626 containers were moved using the Richmond Express, an increase of nearly 23 percent when compared with fiscal year 2017.

"These marine highway grants will help expand freight movement on the water and modernize our inland ports and waterways," said U.S. Maritime Administrator Mark Buzby.

## East Coast Warehouse signs 5-year lease for 240,000 square feet of warehouse space in Bayonne, NJ

East Coast Warehouse & Distribution, a leading temperature-controlled logistics provider to the food and beverage industry, announced it has signed a five-year lease with CenterPoint Properties for 240,000 square feet of ambient warehouse space at 30-100 Pulaski Street in Bayonne, New Jersey.

"The continued growth of our existing customer base, coupled with new opportunities, has created the need for an extension of our current footprint," said East Coast Warehouse CEO Jamie Overley. "By expanding our presence on the Port of New York/New Jersey, we are able to offer improved productivity from the port, maximum flexibility and an increased speed to customer. We thank all of our valued customers for the opportunity to be their supply chain partner of choice, and we look forward to continuing to strategically serve them."

Strategically located in close proximity to East Coast Warehouse's Jersey City facility, the building, features include 20-foot clear height, 28 exterior dock doors and more than 10 acres of total property space. This increase in space will enable East Coast warehouse to continue to accommodate an increase in customer demand and a surge in the amount of inventory moving through its facilities on the Port of New York/New Jersey.

"East Coast Warehouse is a new tenant for CenterPoint, and we are thrilled to be able to provide a strategic location to this valued logistics provider," said CenterPoint Senior Vice President and Regional Manager David Nenner. "This property has premier access to the port network and access to 1.6 Million people within 10 miles – both features that will enhance East Coast Warehouse's supply chain."

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## Retail imports set multiple new records ahead of tariffs

With retail sales rising and retailers rushing to bring merchandise into the country ahead of proposed new tariffs on products from China, imports at the nation's major retail container ports have set two new records this summer and are expected to set another this month, according to the monthly Global Port Tracker report released by the National Retail Federation and Hackett Associates.

"Tariffs on most consumer products have yet to take effect but retailers appear to be getting prepared before that can happen," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said. "We're seeing new record levels every month this summer. Much of that is to meet consumer demand as tax reform and a thriving economy drive retail sales, but part of it seems to be concern over what's to come. The good news for consumers is that avoiding tariffs holds off price increases that will inevitably come if the reckless and misguided trade war is allowed to continue."

"Global Port Tracker has only marginally downgraded imports for 2018 but we expect to see a larger downturn going into 2019 resulting from the trade war as well as an anticipated slowing of the economy," Hackett Associates Founder Ben Hackett said.

Ports covered by Global Port Tracker handled 1.85 million Twenty-Foot Equivalent Units in June, the latest month for which after-the-fact numbers are available. That was up 1.6 percent from May and up 7.8 per-

cent year-over-year. A TEU is one 20-foot-long cargo container or its equivalent.

July was estimated at 1.88 million TEU, up 4.4 percent year-over-year. August is forecast at 1.91 million TEU, up 4.4 percent; September at 1.82 million TEU, up 2.1 percent; October at 1.88 million, up 4.9 percent; November at 1.81 million TEU, up 2.6 percent, and December at 1.79 million TEU, up 4 percent.

The June number set a new record for the number of containers imported during a single month, beating the previous record of 1.83 million TEU set in August 2017.

The July estimate – which is subject to revision when the numbers become final – appeared to take the record higher and August should set yet another record. While cargo numbers do not correlate directly with sales, the record imports mirror strong results seen by retailers this spring and summer that are expected to continue through the remainder of the year. Retail sales as calculated by NRF – excluding automobiles, restaurants and gasoline stations – were up 4.2 percent year-over-year in June and up 4.4 percent on a three-month moving average. NRF is forecasting that total 2018 sales will be up between 3.8 percent and 4.4 percent over 2017.

The first half of 2018 totaled 10.3 million TEU, an increase of 5.1 percent over the first half of 2017. The total for 2018 is expected to reach 21.4 million TEU, an increase of 4.4 percent over last year's record 20.5 million TEU.

Arizona, and the company has begun to take steps to return to the road. Last week, Uber disbanded its self-driving trucking effort to focus on self-driving cars.

For more than a year, Uber Freight's focus has been on human-driven trucks, not autonomous ones. Uber has a mobile application that allows truck drivers to schedule their next delivery as if they were accepting a ride on the Uber app.

"Over the past year, Uber Freight has become one of our fastest-growing and most promising businesses. To further enable Freight's growth, we are setting it up to operate as an independent business unit within Uber, and more than doubling our investment going forward," Uber said in a statement, declining to say how much it plans to invest in Freight in absolute terms. "Lior Ron, who helped lay the groundwork for the strong momentum we're seeing today, will rejoin Uber to lead the team."

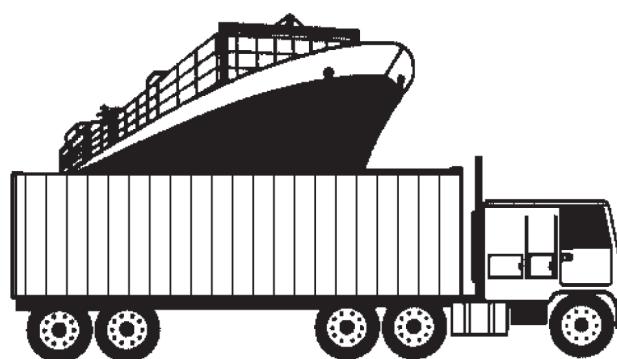
**(RETURNS – continued from page 16)**  
founder as merely a paranoid engineer.

In one text exchange with Levandowski leading up to the sale to Uber, Ron told Levandowski that they needed "hard terms" with Uber's then-chief executive officer Travis Kalanick. Levandowski replied, "Or else we destroy him."

They succeeded in getting the terms. In August 2016, Uber announced a \$680 million stock deal to acquire two companies controlled by Levandowski and Ron—Ottomotto LLC, a self-driving company, and Otto Trucking. The deal was meant to catapult Uber ahead of Waymo in building a fleet of self-driving cars, while allowing the Otto team to continue developing self-driving trucks.

Two years later, the Otto Trucking deal had never technically closed, Uber now says.

Today, Uber's self-driving car testing is on hold following a fatal collision in Tempe,



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

was surprised. He also gave presentations to the local government agencies.

"I've gotten literally zero negative feedback," Blanks said.

Chris Tuck, chairman of the local Montgomery County Board of Supervisors, said a handful of his constituents had expressed concerns, but overall the government and local residents were excited that the area has become a test bed for the new technology. During a preview of the delivery, Tuck asked Wing's Burgess whether the aircraft would be capturing

any video recordings that might threaten people's privacy.

### HUMMINGBIRD V2

While the device known as the Hummingbird V2 has cameras to ensure it can descend without hitting a parked car or a tree, the remote operator never sees it and it's not stored anywhere, Burgess said.

The latest Wing tests are the result of tens of thousands of experimental flights of various drone models in recent years, including a 2016 demonstration also at Virginia Tech to haul burritos to hungry volunteers. The company has also done extensive work in rural Australia, using its drones to deliver dog treats and candy bars to farmers.

Flights outside the vision of an operator on the ground and over humans are not permitted under current U.S. regulations. Project Wing received a waiver from the FAA to perform the flights, the first one for deliveries.

The Wing drone is a hybrid aircraft, kind of a miniature cousin to the military's Osprey. Part helicopter and part fixed-wing airplane, it can take off vertically and also fly longer distances with improved efficiency over traditional copter drones.

### ENGINES BUZZING

It has a top speed of 85 miles an hour (137 km/hour) and covered the distance to Smith's house in about one minute.

Instead of landing and dropping off its cargo on the ground or a rooftop, the Wing drone hovers over a delivery site, its engines buzzing in a high-pitched whine, and lowers the items on a thin tether. That way, it avoids the potential hazards of striking people or objects on the ground.

As Jack fussed in the background—the drone tests had made him late for his nap—Smith said it was amazing to see the drone deliveries up close.

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