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2018 Analysis and Perspective

The Internet of Shipping is upon us

page 2

2018 – It was...

page 9

Canada-EU free trade agreement boosts maritime cargo

page 6

EU Commission lauds CETA benefits for European exporters

page 7

CN eyes stake in Halterm Container Terminal in Halifax

page 17

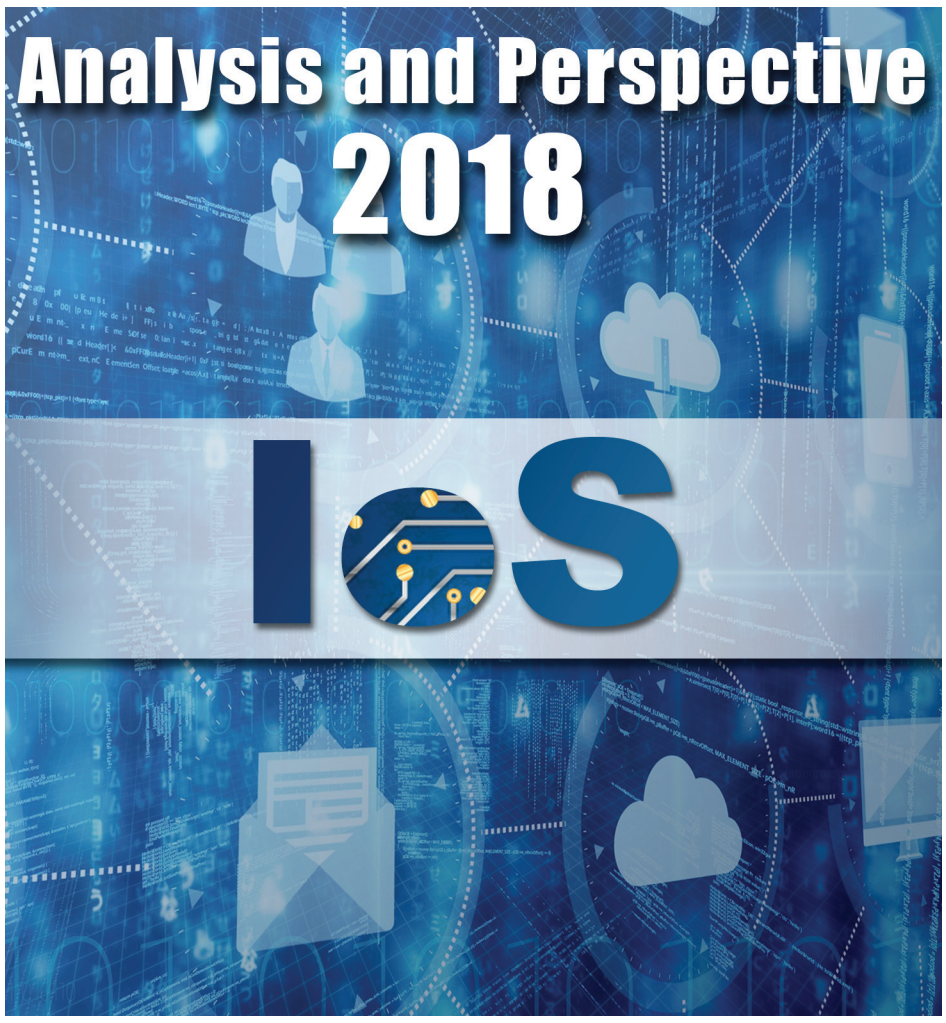
Record iron ore shipments from Canadian Arctic to Europe-Asia

page 16

The *Internet of Shipping* is upon us

Is it a revolution, an evolution or simply technology oozing into an undeveloped segment of the economy – the Internet of Shipping is a real phenomenon that stands to completely rewrite how business is done in the logistics sector…and everywhere else.

By Matt Miller, AJOT



In early 2017, a container traveling from Shenzhen, China to a fulfillment center in Greenville, SC, disappeared.

"It was a nightmare," explained the center's owner, John Monarch. No one knew where the container was. The forwarders were yelling at the transporters. Monarch was yelling at the forwarders. The client was yelling at Monarch.

Then, one day, the container magically appeared at the fulfillment center's loading dock, along with a bill for demurrage. The container had been languishing at a Port for weeks. "We had no idea, because no one had ever communicated it to us," said Monarch.

John Monarch – ShipChain

That misadventure led Monarch and a group of friends to create ShipChain, a startup that is attempting to use blockchain technology to bring some order, transparency, communication and analytics to the unwieldy and opaque world of freight-related transport. The company, Monarch said, has just completed a pilot project with Perdue Farms, which involves vehicle tracking, and expects to be fully operational next year.

Venture Capital Venturing into Logistics Tech

ShipChain is just one of the dozens of startups now competing with a few of the more well-established companies and the vehicles and vessels themselves in this arena of logistics technology.

"Before people didn't see the freight industry as sexy, [a place for] tech startups," said Monarch. "But now people are starting to recognize how important it is, the size of it, and how it really needs help."

Venture capital is pouring into this corner of the technology world. According to Boston Consulting, venture capital invested in from early 2012 until late 2017 more than $3.3 billion in what the consultants called "digital shipping and logistics startups," with a significant portion going into road freight-related technologies.

Some of these ventures are quite ambitious and aggressive. The online global shipping portal Freightos, for example, has raised a total of $94 million in venture funding from GE Ventures, ICV, Aleph and, most recently, SGX, the Singapore stock exchange. Project44, which in its own words "connects, automates and provides visibility into key transportation processes," said in October that it had raised in its latest round $45 million from VCs, led by Sapphire Ventures. Two months later, it announced it had acquired the Danish technology company GateHouse Logistics.

Private equity, which has become increasingly enamored with logistics, is beginning to follow in venture's footsteps. Insight Venture Partners owns the software company E2open LLC. In October, E2open acquired both Inttra Inc., the industry's largest ocean vessel ship booking platform, as well as Cloud Logistics, a transportation management systems provider *(see sidebar page 4)*.

There are, of course, many elements of freight-related transport technology – hardware and software, systems that do everything from tracking a shipment to

*(**INTERNET** – continued on page 4)*

E2open pathfinder in logistics tech

By Matt Miller, AJOT

In late October, the private-equity backed software company E2open LLC announced that it was buying INTTRA Inc., the leader in electronic booking of ocean-bound containers. This struck many as evidence that ocean-cargo related technology was finally being recognized as a domain institutional investors find worthwhile.


Michael Farlekas – E2open's CEO

However, in an interview with *American Journal of Transportation,* E2open's CEO, Michael Farlekas, said there was far more to the deal than just acquiring INTTRA's booking engine, as successful as it is. Attractions include Inttra's large customer base, the prospect of integrating INTTRA with E2open's other supply chain software offerings and the belief that E2open can add some new technology and functionality to INTTRA, insuring the pioneer in matching cargo with carriers can retain its dominance.

"We now have relationships with 30,000 or so freight forwarders that we wouldn't have had," said Farlekas, who added: "We think we can offer the freight forwarders a way to increase their revenue, increase their sell through by using some of the IT that we have."

Several shipping lines founded INTTRA in 2001. The private equity company ABS Capital Partners acquired a 51% stake in INTTRA eight years back. INTTRA now boasts of booking 26% of ocean-going containers.

Based in Austin, Texas, E2open is owned by Insight Venture Partners. E2open focuses on supply chain management largely for manufacturers. "We started as a consortium of high-tech manufacturers who had to solve a problem: How do you understand and orchestrate a very complex manufacturing process when the manufacturing companies are not on their own system, they're always outside and on multiple tiers?" Farlekas explained.

With its acquisition of INTTRA, E2open is acquiring a dominant force in its field, but one that functions in just a corner of the overall supply chain-related technology domain. "That portal is only set up as a message broker to move messages in relation to the most basic functions, shipping instructions," said Lars Jensen, who heads SeaIntelligence Consulting. "It's not really geared toward the added supply chain that's coming."

Farlekas agreed that the management of freight-transportation is very fractured, although he maintains his company can bring some order to the information flow. "Ocean freight is a very complex process and the process has been very manual. It's also very disaggregated. There are a tremendous number of people or companies that are involved in the activities that are necessary to ship via ocean," he said, adding, "The process itself is fragmented. A number of small players do a little

*(**PATHFINDER** – continued on page 11)*

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

insuring that carriers are paid in a timely manner. Some of this new tech is land-locked, others are aimed at ships, while still others can span oceans, railroads and highways. Some are geography-specific. A few are attempting to enable technology and solutions that are global. Some try to tweak one part of the process, while others attempt to ride herd over the entire journey of a container from the time it leaves a factory until the time it is unloaded in a warehouse.

Revolution or Accelerated Evolution?

Over the next weeks and months, *American Journal of Transportation* will attempt to make sense of what's out there, what is coming, what needs to be done, where the hype is, and where the resistance is as well. We plan to tackle the various technologies to give readers a sense of this fast-moving technology arena.

"We've got an industry that's willing to change but also is being forced to change," said Tommy Barnes, president of the transportation technology provider Project44.

Needless to say, this can be an unruly field, with lots of moving parts, some moving more swiftly than others.


Tommy Barnes – Project44

"There are many different avenues. There are a number of different things happening at the same time," explained Lars Jensen, the container shipping industry veteran who now heads SeaIntelligence Consulting. "There's a difference between the tools and techniques being developed to help reduce costs and the tools and techniques being developed to actually try to move the sales process itself into the digital era."

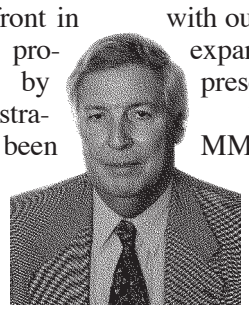

Lars Jensen – SeaIntelligence Consulting

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

Canada-EU free trade agreement boosts maritime cargo

While tariff issues with the U.S. are dominating the headlines, the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU has quietly eliminated 95% of all the tariffs on maritime trade.

By Leo Ryan, AJOT



This year has been marked by much turbulence on the global trade front in the wake of various protectionist initiatives by the Trump Administration. But there has been at least one major piece of good news – palpable benefits more rapidly than expected of the freshly-minted free trade agreement between Canada and the European Union (EU).

Implemented since September 21, 2017, the Comprehensive Economic and Trade Agreement (CETA) has yet to be ratified by all the states concerned. But well over 95% of all tariffs have disappeared and maritime trade across the Atlantic has clearly progressed.

Jack Mahoney, president of Maersk Line Canada, opined there is "strength in both directions" – an assessment supported by recent observations by the EU's Commissioner for Trade, Cecilia Malmström.

"Confident even in the early days of CETA's implementation that it would act like favorable wind in both directions, Maersk Line decided to add our own-operated string connecting Montreal and Halifax with the Mediterranean," he recalled in an interview.

Jack Mahoney, president of Maersk Line Canada

"Response to our "MMX" (Med / Montreal Express) has been positive," Mahoney continued. "We know CETA is some part of that, and we believe that progress can also be attributed to Maersk Line's offering Canadian exporters and importers another option to the Mediterranean, that it is one using Canadian ports rather than US ones, that we call Montreal as well as Halifax, that we use the well-regarded Cast terminal in Montreal (as we do for the north Europe, "CAE"), and that Maersk Line offers an increased ease of business with our online offering and expanded service staff presence in Canada.

"Also boosting the MMX's performance is that the string calls Maersk facilities in the Mediterranean, allowing Maersk Line to connect from there to Africa, the Middle East, India and Pakistan, as well as Asia."

*(**BOOSTS** – continued on page 7)*

Port of Antwerp, Canada's leading European maritime trade partner, accounts for one in every five containers handled at the Port of Montreal. Courtesy of Antwerp Port Authority.

*(**BOOSTS** – continued from page 6)*

Port of Montreal's Big European Vacation

On Canada's East Coast, the Port of Montreal is the leading player in the North Atlantic container trade, accounting for about 40% of its total box cargo of 1.5 million TEUs. The port remains on track for another record in 2018, with box throughput growth hovering in the high single digits as the year was drawing to a close, thanks in part to a dramatic increase in European containerized imports.

Tony Boemi, vice-president growth and development, indicated to the *American Journal of Transportation*: "We expect to hit 1.6 million TEUs in 2018 and are forecasting 1,675,000 TEUs in 2019."

At the Maritime Employers Association (MEA) in Montreal, officials talk of a hiring spree for more dock workers.

Montreal terminal operators and other port employers have reportedly taken on more than 100 new workers in the past few months, chiefly in response to increased trade with Europe. MEA President Stephane Morency has noted this stems from expanded volumes of European products ranging from wine and cheese to steel girders. Canada's trade with Asia via the Port of Montreal is also on the rise.

Considering the spike of containerized traffic related to CETA, the development of a new terminal at Contrecoeur, 25 miles downstream from Montreal on the St. Lawrence River, is "now more than ever a priority," affirms Ryan Dermody, who was appointed last July to the newly-created post of Vice-President, Contrecoeur.

The new terminal would add more than one million TEUs to Montreal's current container-handling capacity of 2.1 million TEUs. Valued at C$750 million, the project is still going through the assessment process with the Canadian Environmental Assessment Agency.

The promising outlook induced both Maersk Line and Hamburg-Sud to launch new services connecting Montreal to the Mediterranean. One in every five containers handled by the Port of Montreal comes from or goes to the Port of Antwerp, second largest in Northern Europe.

Trade with Europe also represents a traditional core business for the Port of Halifax, whose container cargo this past June represented the highest monthly volume in 10 years. The Nova Scotia port is on the comeback trail, with annual container cargo topping 500,000 TEUs as it profits from new services and deepened berths handling vessels with capacities above 10,000 TEUs.

"Although it is difficult to assess the full impact of CETA on trade between Canada and the European Union, the fact is that the numbers show an increase in both exports from and imports to this country," declared Michael Broad, president of the Shipping Federation of Canada.

"The Port of Montreal, which handles some of our members' ships trading between North Europe and the Mediterranean, saw record growth over the first seven months of the year, particularly in imports," he said. "Although Canada's export merchandise trade increased by 5%, some commodities and products, including aluminum and base metals saw substantial growth of between 40% and 150% since October 2017.

*(**BOOSTS** – continued on page 10)*

EU Commission lauds CETA benefits for European exporters

By Leo Ryan, AVOT

For the European Commission, the verdict is clear: the EU-Canada free trade agreement has been a success well before entering its second year this past fall.

When the Comprehensive Economic and Trade Agreement (CETA) was signed in late September 2017, the EU Commission predicted that the liberalization of trade in goods and services would lead to "an annual increase in bilateral exports and imports between the EU and Canada of at least eight per cent, amounting to 12 billion euros (C$18.3 billion) per year of additional two-way trade by 2030, split roughly evenly between the two parties."

In a recent assessment, the European Commission stated: "Early signs show that the agreement is already starting to deliver for EU exporters."

European products that have significantly boosted their presence on the Canadian market range from machinery to pharmaceuticals, furniture and various agricultural goods.

The Commission pointed out: "In addition to removing virtually all customs duties, CETA has given a boost to the business climate between the EU and Canada, offering valuable legal certainty for EU companies looking to export. Although it is too early to draw any firm conclusions, the initial trade results are pointing in the right direction. Across the EU, statistics covering the October 2017 to June 2018 period, suggested that exports are up by over 7% year on year.

"Of these, certain sectors are doing especially well. Machinery and mechanical appliances, which make up one fifth of EU exports to Canada, are up by over 8%. Pharmaceuticals, which account for 10% of the EU exports to Canada and are up by 10%. Other important EU exports are also on the rise: furniture by 10%, perfumes/cosmetics by 11%, footwear by 8% and clothing by 11%.

In terms of agricultural products, there are

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

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

What's astounding is just how far behind the systems technology curve much of freight transport finds itself. Sea-bound cargo pricing remains unbinding and subject to the whims of both shippers and vessel operators. Jensen said he likens this to horse-trading in the 1700s. "Can you give me a quote? That's too high. I'm your best friend."

Barnes, whose company provides technology to shippers, freight forwarders and transporters alike, agrees that this is an industry which remains stuck in antiquated methods and procedures. "It started with people chiseling in rock that bill of lading," he quipped. "Today, it feels like some people are using a chiseled rock for bill applications for shipment. There are a lot of things that are still very old."

"It's very strange," added Zvi Schneider, Freightos CEO, who cited the paradox of air cargo. "The airlines were good innovators on the passenger side. American airlines started electronic booking of passengers in the 60s. [But] they're still booking cargo with paper."

Zvi Schneider – Freightos CEO

Many shippers find that gap incomprehensible, especially in this age of digital ubiquity and of Amazon, when all of us can so easily track where that Christmas gift is we just ordered for our favorite niece or uncle. In almost every other industry, invoicing, for example, has been digitized for years; online sales are old hat.

As supply chains have grown ever more complex, far-flung, interactive and sophisticated, the software managing all these tasks has matured as well. Yet, in the middle of all this detailed data tracking and predictive analytics is a container voyage that is a weeks-long leap of faith, "a black hole," according to E2open's CEO, Michael Farlekas.

Many shippers are pressuring for, at the very least, more transparency. Most may not care about the intricacies of the journey, but, more and more, they want to know more than just the overall cost and the proposed length of time. They increasingly want to have a detailed breakdown of expenses and immediate access to where a shipment is and in what condition. And, they're most concerned with what Barnes terms "the exception information," expectations of how many containers will be late, by how much and how that will impact inventory.

"Information is one thing, but how do you use it more effectively rather than talk about it," said Barnes.

That is easier said than done, with shipping lines or trucking companies often standing in the way, not because of an inability to track a container, but the difficulties in communicating all that data.

Add to that the fractured nature of shipping itself. A single container can pass through multiple vehicles and vessels, none of which are necessarily linked. A freight forwarder or 3PL is supposed to keep track of the process, but they're limited to what they're being provided by the carriers.

Shippers "increasingly have an expectation that their suppliers, including freight suppliers, provide the relevant data and functionality that can be fed into systems," said Jensen. "That requires the shipping companies to review a lot of their systems so they can comply with that functionality. This is where many of the carriers have a challenge because their back-end systems are antiquated."

Add to this a huge information bottleneck – the ports. "Seventy plus percent of the delays are in the ports themselves, not on the water," Barnes pointed out, adding that port management systems make surface transportation-related systems "look simple."

"The good news is that the amount of waste that exists in that port network is massive," Barnes said. "So the opportunity for folks to be more efficient quickly is there, once you hop over that first hurdle."

Drowning in Paper

As those in logistics are well aware, freight-related transport continues to drown in paper. The startup Vector has developed a mobile app that automates reporting from a truck driver to the back office and another app from the back office to the customer.

"Because trucking is so fragmented, when a guy shows up at the docks, the easiest thing to give him is paper. That paper can go back to the back office for further invoicing. It's the lowest common denominator," said Will Chu, Vector's co-founder and CEO. Chu discovered this in conversations with a friend who was being groomed to take over his family's flatbed trucking business. "I was surprised, but I saw an opportunity to add more value to enable the automation that everyone wants."

Will Chu – CEO of Vector

Transportation tracking technology is certainly widespread and available. Yet, shippers, who are pressuring for change, have been frustrated in efforts at obtaining that information in any kind of timely manner.

"The shipper says [to its freight forwarder] 'I need to know where is my product. And I want my invoice electronically. And I want to read directly off the Web site. I want to be able to keep track of every transaction with you. And I don't want to call you anymore,'" said David Lemont, the CEO of transportation management systems developer Kuebix.

David Lemont – CEO of Kuebix

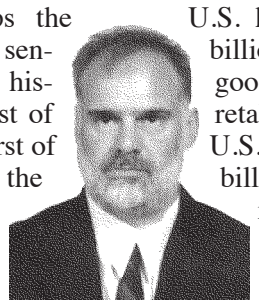
That's where these technology providers see a huge opening, not only in supplying shippers and their freight forwarders with data and in a timely fashion, but in interpreting that data.

*(**INTERNET** – continued on page 11)*

2018 – *It* was…

The year 2018 was tumultuous by any measure. But two ongoing global affairs of state could well become a prelude to era defining events.

By George Lauriat, AIOT



Present Period. Nearly 160-years ago Charles Dickens' *A Tale of Two Cities* began with perhaps the most celebrated first sentence in publishing history. "It was the best of times, it was the worst of times…" And while the beginning is often quoted, the long run-on sentence also contains the prescient statement, "we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way – in short, the period was so far like the present period…"

Dickens' story was published in 1859. The story itself was notably set during the French Revolution, which began in 1789 and the Reign of Terror that subsequently followed. They both were chaotic periods with their own, what we would now call, "disruptors" built in. As we look at 2018 and move towards a new decade in 2020, it is worth taking a moment to look at the "present period" and where we might be going.

Future Tense

2018 has been end-to-end tumultuous – a reality show with no off switch. A steady stream of headline screaming news running non-stop. But when put into context, there are reasons we may well look back on this period as a beginning to a turning point in world history much like 1859 or 1789.

This year - 2018 - has provided fertile ground for many potential economic and social "disruptors." Climate change is certainly at the top of the list, although it is not exclusively the province of 2018. The same can be said for AI and the rise of internet companies, especially in the supply chain *(see Matt Miller on page 2)*. But two events this year that stand out as deal makers or breakers with potentially global implications for decades to come are the Sino-U.S. Trade War and Brexit.

Sino-U.S. Trade War et al

The Sino-U.S. Trade War is potentially world altering on a number of levels that are often buried in the barrage of tweets, newscasts and stories. Following the G-20 meeting in Argentina, a 90-day truce was declared, potentially giving the principals until March 2019 to sort out their differences. Otherwise the Trump Administration will impose a 25% tariff hike and presumably Xi Jinping's administration will respond in kind. At the moment, the U.S. has tariffs on $250 billion worth of Chinese goods while China has retaliatory tariffs on U.S. goods worth $110 billion. At this writing, there might be a deal in the making to reduce U.S. auto tariffs in China, signaling a thawing in relations. However, the Chief Financial Officer Meng Wanzhou of China tech giant Huawei Technologies was arrested in Canada for reasons related to U.S. sanctions on Iran. Meng, who is also the daughter of Huawei's founder is expected to be extradited to the U.S. The detention obviously threatens the fragile trade war truce between Washington and Beijing.

Nominally speaking, the Trump administration's reasoning for using tariff tactics is to address the U.S. trade imbalance (noting that it is debatable among economists as to whether the trade imbalance is really an economic problem), foreign investment policies and IP (Intellectual Property) protection.

*(**2018** – continued on page 18)*

Hamburg Süd's Wilson honored with 2018 Connie Award

Michael (Mike) Wilson, Senior Vice President of Business Operations for Hamburg Süd North America, was presented with the 2018 Connie Award by the Containerization & Intermodal Institute (CII) on December 10th. Roy Schleicher, who retired recently as Executive Vice President and Chief Commercial Officer of the Port of Jacksonville (JAXPORT) FL, was presented with the Lifetime Achievement Award.

This year's luncheon saw record-breaking attendance at its new location, the Renaissance Newark Airport Hotel. CII also carried out its education mission by presenting 28 scholarships to students and institutions that share the same commitment to educating future generations at a pre-event reception.

Since 1972, Connie recipients have been acknowledged for their significant contributions to containerization in world trade and the international transportation industry. This prestigious award honors their individual accomplishments or those of the companies at which they have built their careers and the impact they have made.

Mike Wilson addressed approximately 420 guests of the Connie Award Luncheon.

"We need to look to the future. I encourage my colleagues and peers to reach out to our next generation of leaders and share your knowledge and experience through mentoring. There is a wealth

*(**HONORED** – continued on page 11)*

*(**BENEFITS** – continued from page 7)*

also some encouraging figures: exports of fruit and nuts increased by 29%, chocolate by 34%, sparkling wine by 11% and whisky by 5%.

Companies that are already benefitting from CETA in different ways for example include: The consortium of Italian San Daniele ham producers increased its sales to Canada by 35%. Exports of Italian agricultural products to Canada are up by 7.4% overall. Belgian chocolate company Smet Chocolaterie that has just opened their first shop in Ontario, Canada, to cope with extra demand for their products; thanks to scrapping of 15% import duties their sales increased by a fifth compared to year ago. European exports of chocolate to Canada are up 34% overall.

Spanish company Hiperbaric making innovative machines for preserving food using high pressure. Thanks to CETA, it is easier for their workers to enter Canada temporarily to install and maintain their equipment.

*(**BOOSTS** – continued from page 7)*

"Imports from the EU were up substantially – 11.5% - between October 2017 and May of this year. There could be many reasons for this increase in trade, including exchange rates and commodity prices, but we believe part of the increase is attributable to the CETA."

Steel Prices & Volumes Up

Turning to the tariffs imposed by President Trump, Mr. Broad referred to developments that were ironically not totally negative.

"With respect to Trump's tariffs, it is interesting to note that while steel from the EU has been hit with a 25% duty, volumes have not dropped at all and in fact we will probably see an increase in steel imports into the Great Lakes over last year. Interestingly, U.S. domestic steel producers have increased their prices by between 35% and 46% since the July 2017, so the tariffs seem to be having little effect on imports into the U.S."

From Antwerp, Etienne De Vel, commercial manager, European Services and director, Fednav (Belgium) N.V. had similar views notably on steel product shipments: "President Trump's decision to impose a 25 percent tax on all steel products being imported from Europe created some uncertainties on what this could have as an effect on the trade. Due to the strength of the local market in the US during the last three years, this decision has actually triggered the local mills in the US to increase their selling rates accordingly."

The Port of Montreal is Canada's dominant gateway for trade with Europe.

According to freight forwarder Jeff Cullen, CEO of Rodair International, "CETA has yet to hit its stride and potential from our perspective. We have seen clients on the import side who have benefited from an improved lower landed cost base, but it has not yet driven any significant increase in volume.

"Our experience also has shown that it has been cumbersome and complicated for European exporters to comply with the requirements on country of origin (manufacture) versus country of shipment requirements. We are working with our clients and their suppliers to create the necessary level of compliance to create value. I feel long term CETA will be a strong opportunity for Canadian companies to diversify their trade risk from reliance on the USA as a primary partner, but it still early days."

On a calendar year basis, Canadian merchandise exports to the 28 EU bloc rose from $40 billion in 2016 to $41.5 billion in 2017. Imports from the EU climbed to $108 billion from $100 billion.

The forward momentum has continued, as shown in a Global Affairs Canada estimate that Canadian exports to the EU were up 3.3% while imports surged 13% in the period between October 2017 and July 2018.

*(**PATHFINDER** – continued from page 4)*
bit of the puzzle."

Often times, multiple freight forwarders and numerous carriers move boxes for the same client and each player has its own systems for handling data.

"What that means from a data visibility perspective, it has to go through many hands in a very circuitous route," he said. "That's our core competence and we think we can streamline that process quite effectively."

Giving shippers better analytics as containers travel weeks from one continent to another is a goal for INTTRA's new owners as well.

As Farlekas put it, "I'm a shipper. I shipped a product seven weeks ago based on needs I had seven weeks ago. Over the seven weeks, things change. I sell more or not as much. I lose product on the ocean. I have some freight get damaged. All sorts of things happen during that period of time." The goal, Farlekas said, is to help better manage that product flow by understanding just where it is. "As that freight is moving across the ocean, we are constantly keeping up-to-date what the net impact of that product being early or late will be. Do I need it the same way I needed it before? Maybe I don't. It's all about lead times."

With far less fanfare, E2open acquired in October as well a small transportation management systems software provider called Cloud Logistics. This saved E2open the time and expense in developing its own TMS (transportation management system). And, E2open believes its can cross sell customers of both Cloud Logstics and INTTRA. Plus, it can layer functions on each. With INTTRA, for example, E2open can add ocean shipping to the Cloud Logistics platform.

"We liked them both. We liked them more together," said Farlekas. "We would have done either one of [the transactions], but together we think they make more sense."

Companies didn't release the details of either transaction, although E2open obviously paid more for Inttra, which has posted revenue of around $60 million. Cloud Logistics' revenue totaled only about $4 million, according to Farlekas.

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

"Systems like ours provide analytics and dashboards that accumulate all this information for analysis," said Lemont. "Then you can also add a planning function. We have modules that allow you to consolidate shipments, optimize the routes that are taken, the least expense, least amount of mileage, scheduling its arrival and managing it. We keep track of the costs every step of the way."

The Final Link?

Creating the technology to link all these disparate elements isn't easy. Take Freightos, which now offers pricing automation software to freight forwarders as well as provides shippers with an online marketplace and instant price comparisons on international shipping. Freightos just announced that CMA CGM will be the first ocean carrier to list on the online service, which offers guaranteed pricing and capacity.

"There's no standard way to get all the rates from the ocean liners, the airlines, and the trucking companies. What we've had to do is collect well over 100,000 Excel sheets, in different languages, different currencies," said Schneider. "Collecting the data, the business rules for all the prices and the fees and the surcharges is a very, very complex job and we've raised a lot of capital and take on a big task like that."

Resistance is beginning to melt away. It's expected that technology in freight-related transport and its acceptance will accelerate, although it will take some years for online shipping to fully resemble, say, online airline booking. And then?

"If you look at this five, eight years down the line, I'm pretty sure that everything that can be automated and digitized will be automated and digitized. The ones that don't they will cease to exist because they won't be competitive on cost. It's as simple as that," concludes Jensen.

But that, he believes, creates its own dilemma, a lack of differentiation between services.

*(**HONORED** – continued from page 9)*
of information that needs to find its way forward, and when combined with the technological advances we see emerging, every exchange can be a true catalyst for our industry."

Mike Wilson has nearly 40 years of experience in international shipping, where his past duties have included senior positions in Logistics, Operations, and Customer Service covering a geographical scope that includes North America, Europe, Central America, the Caribbean and North Coast of South America. Mike has worked for some well-known companies in the industry including United States Lines, Crowley Maritime, United Arab Shipping and Atlantic Container Line, in addition to Hamburg Süd. In his current position, Mike Wilson is responsible for all Marine and Terminal Operations, Equipment and Intermodal, Finance and Accounting, Information Technology, Human Resources, Quality Management and Administration.

Roy Schleicher retired as Executive Vice President and Chief Commercial Officer at Jacksonville Port Authority. Schleicher has 49 years of experience in the maritime industry. He served as JAXPORT's Executive Vice President since 2011 following 10 years leading the port's international cargo marketing efforts and has oversaw more than a decade of volume and revenue growth. Prior to his joining JAXPORT, he was the Senior Director of Marketing at the Port of Baltimore, Maryland Port Administration. His expertise includes commercial marketing and sales, vessel and terminal operations, intermodal and international relationships.

CONECT hosts 17th Annual Northeast Cargo Symposium in Providence, RI

CONECT celebrated its 17th Annual Northeast Cargo Symposium at the Providence Biltmore Hotel in Rhode Island on November 15th. Members enjoyed a full day of industry panels and expert speakers with updates on critical issues in global trade, ocean, truck and rail shipping, and US Customs regulations. The symposium ended with a prize-packed Chafee Scholarship Raffle and a lively cocktail reception in the Biltmore's Skytop Ballroom. *(photos by Andrew Held)*

(L to R) Jim Mitchell – OOCL, Rich Moore – Gemini Shippers Association, Nicole Uchrin – Gemini Shippers Association

(L to R) Amy Elmore – Bob's Discount Furniture, Tom Mutz – Penn Warehousing, Kelly McEvoy – Brooks Brothers

(L to R) Beth Green, Frank Chane, Dan Wolf (all from DXL Group)

(L to R) Julie Doane – Autopart International, Andrew Bourget – CMA-CGM

Kevin Laffey – Port of Boston, Kendall Kellaway – RoadOne IntermodaLogistics

(L to R) Amy Elmore, Greg Brinkman (both from Bob's Discount Furniture)

(L to R) Andy Rosener – Christmas Tree Shops, Sam Ruda – Port Authority of NY/NJ

(L to R) Rado Saragih – Port Authority of NY/NJ, Jim Dickson – Rolf D. Hagen Co.

(L to R) Jed Artz – RCS Logistics, Linda Wood – Bennett & Co.

Allen Clifford - Mediterranean Shipping Co., USA Inc.

(L to R) Lema May – Talbots, Theresa McMahon – Wayfair

Deb Izzo – Hasbro

Alison Leavitt – Wine & Spirits Shippers Association

David Murphy – GDLSK

Rob Shepard – International Forest Products

Intermodal & Logistics News

Volvo charges up e-Garbage trucks to get ahead of Tesla's rig

In a few months time, Swedish truck-making giant Volvo AB will deliver its first all-electric model. The battery-powered eight-wheeler will ply the streets of Germany's northern port city of Hamburg, picking up garbage.

While Chief Executive Officer Martin Lundstedt expects to go slow on the initial ramp-up, he sees the project as a harbinger for a rapid proliferation of battery-powered trucks to move goods and refuse around urban settings.

The race is on with big truck manufacturers including Daimler AB and Scania, as well as upstarts like Tesla Inc. and Chinese companies, to develop electric workhorses. Success in Hamburg would put Volvo on firmer footing in an emerging market that is proving so difficult to gauge that it has even sparked jibes between executives.

"What we see now is the beginning of a shift that will accelerate rather rapidly," Lundstedt said in an interview at the Gothenburg headquarters of the world's second largest truckmaker outside China.

Getting the technology right for electric passenger cars is already a challenge, but harder still is designing vehicles that can carry far heavier loads for long distances and without costly downtime for charging.

In an initial push, Volvo is focusing on moving relatively lighter loads around cities. The Swedish company earlier this year launched two models, and Lundstedt predicts "far more" than a quarter of trucks sold for city use are likely to run on electricity within five years.

This is because the costs of operating battery-powered vehicles for tasks like package delivery are set to drop rapidly, becoming the cheapest option by 2025, according to Bloomberg New Energy Finance.

The forecast shift to electric in the trucking industry is ushering in new competitors. Tesla is testing a heavy-duty truck with a 500-mile range and has said it will start deliveries next year.

Those ambitious plans have been met with skepticism in the industry. Daimler's head of trucks, Martin Daum, has said that current batteries won't be able to deliver the range and load capacity needed.

Tesla CEO Elon Musk answered with a good-natured retort on a May 2 conference call.

"He doesn't know much about physics. I know him," Musk said then. "I'd be happy to engage in a physics discussion with him. I actually studied physics in college."

Lundstedt is more cautious, saying that while established truckmakers have knowledge and experience that is sometimes underestimated, he doesn't want to risk looking foolish by deriding plans by Tesla or other newcomers.

Missing Train

"I think it's dangerous to dismiss that," he said. "You could easily end up in a long line of people who have missed the train after dismissing things as unrealistic."

Volvo's FE Electric truck destined for Hamburg can haul loads of 10 to 15 tons, slightly less than the comparable diesel version. When fitted with a 300-kWh battery, it has a range of 200 kilometers. It faces competition from Daimler's Fuso brand, which has delivered up to 3.5-ton capacity electric eCanter trucks to customers in six cities. China's BYD Co. has announced deals to deliver hundreds of garbage trucks at home and in Brazil.

Longer-haul electric trucks would be best-suited for heavily-plied routes such as the U.S. eastern coast, the Volvo CEO said. Combustion engines would still be needed for most transport across longer distances, where charging systems would be more costly to develop.

"If we want to reduce CO2, you should go for the applications where it makes the biggest difference, and where we have good technologies today," he said. "That is to a large extent in urban environments."

Border shutdowns could cost billions, San Diego Chamber warns

Shutting down ports of entry at the U.S.-Mexico border near San Diego could cost local industry billions as the Trump administrations grapples with how to control an influx of immigrants, say business officials in the region.

Even temporary closures are creating traffic snarls and delays, clogging the border as vehicles lined up for hours to cross into the U.S. and already slowing economic activity, said Paola Avila, a vice president at the San Diego Chamber of Commerce. The threat of violence prompted owners of a shopping center near the San Ysidro Port of Entry to evacuate the mall and shutter stores recently in the middle of the holiday shopping.

Extended border closings and delays could mount to billions of dollars in economic losses over the coming months, Avila said.

"The uncertainty of border closures occurring at any time is a substantial economic threat for our region," she said. "Our economies are inextricably linked. We produce together, we work together, we have families together, we have an integrated supply chain worth $2.5 billion."

Border Rush

U.S. border officials temporarily closed and reopened the San Ysidro port of entry between Tijuana and San Diego, one of the busiest border crossings in the world. Border officials fired tear gas to repel a group of Central American migrants rushing toward the U.S. border. Images of the confrontation were broadcast around the country, prompting fears of a growing economic impact even if actual

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

East European truckers fear collapse as EU tightens rules

Poland's $57 billion transport and logistics industry is facing a serious threat as the European Union agreed to tighten rules on international trucking services, upending its business model based on lower driver costs.

"This may completely eliminate Polish companies from the EU market," Jan Buczek, the head of the Association of Polish International Road Freight Operators, was cited as saying on the group's website. "Many companies will go bust, we'll have leases and credits to pay off but no chance to earn money."

The EU's Transport, Telecommunications and Energy Council approved new rules that, once passed by the bloc's parliament, will force international road freight companies that move cargo within another EU country, a service known as cabotage, to comply with the minimum wage requirements for drivers in the country where the service is being provided.

The regulations will mainly hit companies from the EU's poorer east, which have used their cost advantages to dominate the bloc's road freight industry. The decision also shows the waning influence of Poland, which will become the EU's fifth most populous nation after the U.K. leaves, following years of clashes with Brussels over its backslide on democratic values.

Championed by France, the changes were criticized as "protective and disproportionate" by Poland and several other countries, which were outvoted in the bloc. The new regulations set time limits for cabotage shipments and require companies to bring their drivers back home at least once every four weeks. They will also impose stricter monitoring of truck drivers crossing the bloc's internal borders.

Polish transport and logistic services accounted for 11 percent of the country's $525 billion gross domestic product last year, twice as much as the EU average. Infrastructure Minister Andrzej Adamczyk said in a tweet that the changes will "especially" hit Polish trucking companies and pledged to "keep on fighting" to convince the EU's parliament to amend the rules, he told newswire PAP in an interview.

"Poland has lost the battle over international road transport," employers' organization Lewiatan said in a statement. The new rules will not only weaken Polish trucking companies but also hit the EU economy and its consumers, it said.

AIR CARGO NEWS

Airlines accused of discrimination for banning lab monkeys

A deadline is approaching in the fight by researchers to fly their monkeys on airplanes. On one side are some of the world's biggest airlines, while on the other are prominent drug companies like Pfizer Inc. and universities including Harvard.

In a complaint filed with the U.S. government, Washington-based nonprofit the National Association for Biomedical Research accuses China Southern Airlines Co., United Airlines Inc., British Airways Plc and Qatar Airways of illegally refusing to transport lab animals such as the non-human primates used in live research trials.

The U.S. Department of Transportation set a Dec. 6 deadline for public comments, and so far has received more than 20,000 submissions.

The NABR says many other airlines also refuse to carry animals used in biomedical research even though the carriers will fly those same species if they're pets or destined for zoos and sanctuaries. That policy is hampering vital research needed to develop medicines and therapies, according to the Aug. 21 complaint supported by big names such as Novartis AG, Johns Hopkins University and actor Michael J. Fox's foundation for Parkinson's disease research.

"The number of air carriers willing to carry research animals has dwindled to the point that biomedical research around the world is quite frankly running out of options," NABR President Matthew Bailey said in an interview. His association represents more than 350 pharmaceutical companies, universities and other researchers.

The four carriers named in the complaint argue that their policies are a reasonable response to increased pressure from people concerned about animal welfare.

"Airlines that transport animals to and from laboratory testing facilities have been targeted by animal rights groups with protests and other activities that have caused service disruptions to the travelling public," the airlines said in a filing with the department. "In addition to presenting potential safety risks for passengers, protests can affect airlines' operations and business functions."

U.S. laboratories kept as many as 76,000 non-human primates last year, according to the U.S. Department of Agriculture. Many of the animals came from China, the top supplier of cynomolgus macaques, a common type of primate used in research.

President Xi Jinping's "Made in China 2025" strategy includes efforts to build homegrown champions in the biotech industry. As a result, Chinese breeders can sell the animals at home if international carriers won't take them.

China Southern and Qatar Airways also said U.S. law allows carriers to choose which types of cargo they haul.

The association's complaint lists another 27 airlines.

The airlines' policy threatens to reduce or delay breakthrough medicines and therapies, Pfizer said in its submission. Novartis AG and AbbVie Inc. said in a separate letter that refusal to transport the lab animals undermines biomedical research.

Volga-Dnepr 7-hour airfreight solution saves customer a 20-day sea journey

Volga-Dnepr Airlines (VDA) and Kintetsu World Express France (KWE) have expertly orchestrated a charter flight from Paris-Vatry, France, to Damman, Saudi Arabia, transporting an 11,000 horsepower Alstom motorized pump.

The 40-ton pump was transported onboard one of Volga-Dnepr's An-124-100 ramp aircraft just seven days after the initial charter request was received from the customer. The motorized pump will be used as a spare part to replace an unserviceable unit.

Volga-Dnepr's load planning team advised on the correct preparation of the shipment in advance of the flight date, a process which embraced not only removing sea freight packaging but also fitting shackles and eye bolts to secure the cargo during its flight. VDA used loading equipment – a rail system, extensions ramps and skate beams – as well as mobile cranes to guarantee a seamless and intact loading process.

Volga-Dnepr and Kintetsu transport an 11,000 horsepower Alstom motorized pump.

LATAM Cargo begins direct service between Bogota and Huntsville

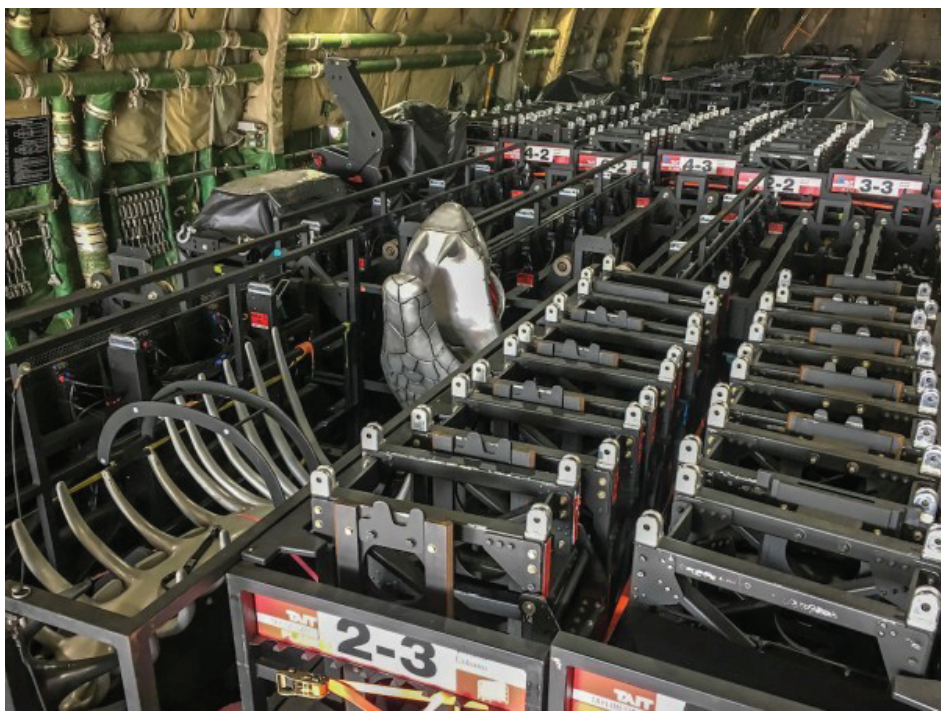
For the first time in its history, LATAM Cargo flew a direct route between the cities of Bogota, Colombia, and Huntsville, Alabama. The new cargo-only route was opened on Sunday, December 2nd and will operate once a week.

The new BOG-HSV route comes in response to Panalpina's interest to cut down cargo travel time from South America to North America and LATAM Cargo's commitment to meet the needs of its customers. Accordingly, the LATAM Group's team assessed the feasibility of implementing this new destination to bypass transit through Miami.

"The sustainability of LATAM Cargo's relationship with its customers is founded on trust and collaborative work. We are continuously supporting them with their projects by offering the best alternatives possible. This allows us to fulfill our desire to be perceived as strategic partners and to expand their business together," said Andrés Bianchi, CEO of LATAM Cargo Group.

With this flight, Panalpina will reach Huntsville in approximately four and a half hours, cutting down distribution time and simplifying the logistics process. The freighter aircraft will have the capacity to transport some 50 tons of cargo per flight.

"At Panalpina, we get extremely satisfied when we reach such strategic level of cooperation with our partners. During the design process LATAM Cargo worked very closely with us to bring this innovative product into the market. This new flight, supported by our exclusive and recently inaugurated Perishable Center in Huntsville airport, will bring a competitive advantage to our customers. We will also use LATAM passenger flights from other countries in South America to feed our freighter out of Bogota, it is not only a service for the flowers from Colombia, but for all other perishable markets from the entire region. Together with LATAM Cargo, we are creating a new logistics import hub for the South American perishable products into USA market",commented Roberto Schiavone, Senior Vice President Head of Airfreight / Americas Region Panalpina.



Antonov Airlines transported stage and concert equipment for US pop-star Taylor Swift, from Brisbane, Australia to Auckland, New Zealand, and then on to Narita airport in Tokyo, Japan.

Antonov Airlines transports Taylor Swift concert equipment

Antonov Airlines transported stage and concert equipment for US pop-star Taylor Swift, from Brisbane, Australia to Auckland, New Zealand, and then on to Narita airport in Tokyo, Japan.

The Ukrainian heavy lift carrier used two Antonov AN-124-100 "Ruslan" to ferry the singer's light-show system and equipment earlier this month for the final leg of her global tour, "Reputation Stadium Tour".

"After evaluating all of the aircraft and air carriers capable of fulfilling the operational requirements of our client's schedule, which required the uplift of 635 tons (576 metric tonnes) within 36 hours from Brisbane to Auckland, it became clear that the Antonov Airlines operated AN-124 aircraft was the ideal aircraft for the mission," said David C Bernstein CEO of Rock-it Cargo, the worldwide freight forwarder for the 2018 Taylor Swift Tour.

"The roll-on, roll-off capability of the AN-124 combined with the impeccable planning and coordination provided by Graham Witton and the entire Antonov Airlines team, resulted in an early delivery of all the gear to the Auckland concert venue."

Graham Witton, Managing Director of Antonov Airlines in UK said: "Antonov AN-124-100 was the obvious choice because the equipment that was being transported needed the full floor space that the aircraft can provide.

"We met the challenge of an intense back-to-back concert schedule, and we sent out two crews to Australia to ensure that both aircraft could operate three rotations without any break for 24 hours."

Antonov Airlines successfully turned around the same shipment earlier this year when Taylor Swift came to Wembley, UK, in June, as part of the same tour.

Port Tampa Bay welcomes new direct Asian container service by COSCO Shipping

The Port Tampa Bay welcomed COSCO Shipping's announcement that it will add Port Tampa Bay to its Gulf of Mexico Express (GME) Transpacific service, with the first vessel M/V COSCO PIRAEUS scheduled to arrive Tampa on January 28, 2019. COSCO Shipping is one of the world's largest container carriers with services calling at 267 ports in 85 countries and regions throughout the globe. A member of the Ocean Alliance, COSCO Shipping is a leader in the transpacific trade. The new GME service port rotation will be Shanghai-Ningbo-Xiamen-Yantian-Houston-Mobile-Tampa. Import transit time to Port Tampa Bay from China will be 31 days, and export transit time from Port Tampa Bay to China will be 27 days. Connections on the new service will be provided to/from markets beyond China throughout Asia.

"This is a historic development for Port Tampa Bay and we are honored to welcome COSCO Shipping to the Port Tampa Bay family," said Paul Anderson, Port Tampa Bay President/CEO. "This new direct Asian service will provide importers and exporters very competitive transit times on a weekly fixed day service calling Port Tampa Bay every Monday."

Port Tampa Bay is the closest port to Florida's fastest growing region and its largest consumer market – the Tampa Bay/Orlando I-4 Corridor. As trucking costs have increased, Port Tampa Bay's location is recognized as offering the lowest delivery cost solution for exporters and importers. Home to almost half the state's population of more than 21 million residents, and welcoming a majority of the 120 million tourists who visit Florida every year, the I-4 Corridor has the largest concentration of distribution centers in the state. From this central location in the middle of the Florida peninsula, importers and exporters achieve significant savings in their truck delivery costs to serve the entire state, as well as reaching into markets throughout the Southeast and beyond. For companies involved in retail distribution, e-commerce, food and beverage, and manufacturing, the demands for same-day service, tighter delivery windows and shorter lead times are driving this shift in supply chain strategy. Ongoing pressures on trucking caused by driver shortages, hours of service, ELD mandate and rising fuel costs, continue to enhance Port Tampa Bay's preferred location and proximity to Florida's largest consumer market.

Together with container terminal operator partner Ports America, Port Tampa Bay is continuing to expand and upgrade facilities, having recently added two new post-Panamax cranes to complement its existing three gantry cranes and have a phased build-out plan to quadruple capacity over the next few years as business continues to grow. The Port is also investing in new facilities to continue to diversify its service offerings and cargo mix, which includes a new state of the art on-dock cold storage warehouse recently opened by Port Logistics Refrigerated Services. With Florida's largest grocery distribution network right in its backyard, Port Tampa Bay is well positioned to serve this rapidly expanding market's growing appetite for perishable food and beverage products, as well as being located in the heart of Florida's agricultural sector.

"Ports America is proud to partner with the Port in welcoming COSCO Shipping," said Mark Montgomery, President & CEO of Ports America, container terminal operator at Port Tampa Bay.

"We ship our product to all 50 states and over 100 countries across the globe. This new service will definitely enhance our ability to serve China and the rest of Asia which is an important and growing export market for Amalie Oil," said Rick Barkett, COO, Amalie Oil.

Maersk sets net zero CO2 emission target by 2050

Maersk aims at having carbon neutral vessels commercially viable by 2030 and calls for strong industry involvement.

The Future of Zero Carbon Shipping

Aimed at accelerating the transition to carbon neutral shipping, Maersk recently announced its goal to reach carbon neutrality by 2050. To achieve this goal, carbon neutral vessels must be commercially viable by 2030, and an acceleration in new innovations and adaption of new technology is required.

Climate is one of the most important issues in the world, and carrying around 80% of global trade, the shipping industry is vital to finding solutions. By now, Maersk´s relative CO2 emissions have been reduced by 46% (baseline 2007), approx. 9% more than the industry average.

As world trade and thereby shipping volumes will continue to grow, efficiency improvements on the current fossil based technology can only keep shipping emissions at current levels but not reduce them significantly or eliminate them.

"The only possible way to achieve the so-much-needed decarbonisation in our industry is by fully transforming to new carbon neutral fuels and supply chains," says Søren Toft, COO at A.P. Moller - Maersk.

Maersk is putting its efforts towards solving problems specific to maritime transport, as it calls for different solutions than automotive, rail and aviation. The yet to come electric truck is expected to be able to carry max 2 TEU and is projected to run 800km per charging. In comparison, a container vessel carrying thousands of TEU sailing from Panama to Rotterdam makes around 8,800 km. With short battery durability and no charging points along the route, innovative developments are imperative.

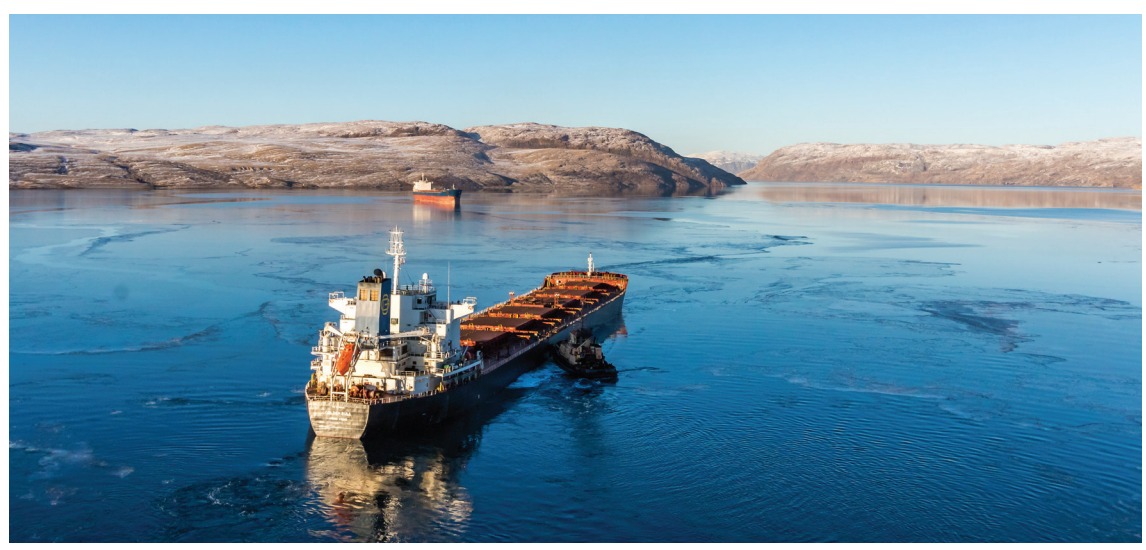
Given the 20-25-year life time of a vessel, it is now time to join forces and start developing the new type of vessels that will be crossing the seas in 2050.

"The next 5-10 years are going to be crucial. We will invest significant resources for innovation and fleet technology to improve the technical and financial viability of decarbonised solutions. Over the last four years, we have invested around USD 1bn and engaged 50+ engineers each year in developing and deploying energy efficient solutions." adds Søren Toft.

Research & Development is key to take the industry away from today's fossil based technology and by setting this ambitious target, Maersk hopes to generate a pull towards researchers, technology developers, investors, cargo owners and legislators that will activate strong industry involvement, co-development, and sponsorship of sustainable solutions that we are yet to see in the maritime industry.

In 2019, Maersk is planning to initiate open and collaborative dialogue with all possible parties to tackle together one of the most important issues in the world; the climate change.

Søren Toft, Chief Operating Officer at A.P. Moller - Maersk



Baffinland shipped approximately 5.1 million metric tons of iron ore from its Milne Inlet port

Record iron ore shipments from Canadian Arctic to Europe-Asia

By Leo Ryan, AJOT

Iron ore shipping to world markets from the Canadian Arctic region has recently spiked significantly, responding to demands from steel producers. Noteworthy, too, has been the recent voyages by bulk carriers taking a shortcut via the Northern Sea Route to the Russian Far East from one of the world's most northerly mines.

Located on Baffin Island, the fifth largest island in the world with an area of some 200,000 square miles, Baffinland Iron Mines Corporation announced a record 2018 shipping program. From July 24 to October 17, Baffinland shipped approximately 5.1 million metric tons of iron ore from its Milne Inlet port to markets in Europe, the United Kingdom, Taiwan, and Japan.

That amounted to a 20% increase over the previous record of 4.1 million tons shipped in 2017. Seventy-one voyages were executed, carrying an average of 71,750 tonnes of iron ore each over an 86-day period. It was the largest shipping program by volume ever executed in the Canadian High Arctic, Baffinland said.

Montreal-based Fednav Limited manages the on-site port and shipping operations.

Jointly owned by leading steel enterprise ArcelorMittal and Nunavut Iron Ore, Baffinland carried out two Northern Sea Route (NSR) transits to Asia. The Nordic Olympic and the Nordic Oshima, both 1A ice-class vessels operated by Denmark's Nordic Bulk Carriers, shipped a total of about 160.000 tons of high-grade iron ore from the Mary River deposits.

It was the first time Nordic's ships sailed from the Canadian Arctic to Asia via the NSR. "In 2019, we hope there will be more," indicated Nordic Managing Director Mads Boye Petersen.

Commenting on the 2018 season, Brian Penney, president and CEO of Baffinland stated: "As we focus on our expansion program, a successful, safe, and responsible shipping season remains a critical component of our growth. Along with our employees, I want to thank all of our partners involved in making this program a success. This includes our shipping partners and the continued support of the North Baffin communities and the Qikiqtani Inuit Association."

Consistent with last year's successful shipping program, Baffinland again deployed elaborate health and safety control systems and conducted environmental monitoring to adhere to strict environmental standards, developed in collaboration with the North Baffin communities. This included providing real-time vessel locations and an onboard monitoring program supported by the Mittimatalik Hunters and Trappers Organization to ensure no adverse environmental impacts or impacts on Inuit shipping vessels. These programs combined scientific and traditional Inuit knowledge. No health and safety or environmental incidents occurred during the shipping program.

Meanwhile, the ducks now appear to be in place for Baffinland to move ahead - when market conditions are deemed opportune - with its ambitious Phase 2 expansion after receiving critical regulatory approval from the Nunavut Impact Review Board. This expansion focuses on the construction of a 75 mile railway from the Mary River mine to Milne Port and doubling production to 12 million tons annually. Final go-ahead remains to be announced.

CN eyes stake in Halterm Container Terminal in Halifax

By Leo Ryan, AJOT

Canadian National Railway is seeking to emulate its success on Canada's west coast by establishing a bigger beachhead on the east coast by bidding, with an unidentified partner, to acquire a stake in Halterm Container Terminal at the Port of Halifax.

"As part of our action-oriented approach to grow trade volumes on our eastern network, CN is exploring the opportunity with a partner of getting involved in the acquisition of Halifax's Halterm container terminal," said CN spokesman Jonathan Abecassis, thus reiterating the central message made earlier this week by CN president Jean-Jacques Ruest in an interview with Canada's Financial Post publication.

During this interview, Ruest said the goal of the potential acquisition of the terminal owned by Macquarie Infrastructure was to create a "Prince Rupert of the East" – referring to the strong growth of the Port of Prince Rupert in recent years in maritime trade with Asia through notably a direct CN network connection with the US Midwest market. The Fairview Container Terminal in Prince Rupert is operated by DP World and has been regarded as the fastest growing container facility on North America's west coast.

Industry observers are monitoring closely to see whether the as yet undisclosed partner will surface as a leading global terminal operator or even a carrier active on the Atlantic, Suez and Panama Canal trade routes.

Kevin Piper, spokesman for the local union representing more than 100 longshoremen working at the terminal said CN appeared to be interested in transforming Halifax into a gateway port (as opposed to a discretionary, top-off port) than can handle larger vessels and freight trains more than three kilometres long.

"That's what these big ships need," Piper told the Canadian Press news agency. "They need to have the rail capacity when they dump off. You don't want to stockpile the containers. You want to load them directly to the rail. That's what they do in Prince Rupert."

The deep water Port of Halifax and the Halterm and Ceres container terminals rely heavily on CN, the sole rail provider for reaching markets in Central Canada and the United States. The port currently handles container vessels in the 10,000 TEU class but could handle still larger box ships now calling on the East Coast of North America at New York and other ports following harbor dredging.

In the past few years, Halifax has been on the comeback trail, handling a record 560,000 TEUs in 2017 – sparked by new services and the larger box ships calling on the east coast. This represents, though, just one third of total container volume at the Port of Montreal on the St. Lawrence River, much further inland and closer to the strategic Midwest market.

Mr. Ruest said that if CN were successful, it would make changes to the Halterm business model. "We're interested to get behind a terminal to make them ready for bigger things and run them in a way they have not been run in the past."

The CN chief executive said that CN wants to expand the terminal capacity to be able to service two large containerships simultaneously and accommodate long freight trains.

The Halifax Port Authority recently began construction of a temporary berth extension at Halterm (slated for completion in 2020), but it would seemingly not be big enough to assemble the longest double-stack trains.

CMA CGM container ship at Halterm Container Terminal at the Port of Halifax

FMC investigation backs port demurrage and detention charges but seeks more transparency

By Stas Margaronis, AJOT

The Federal Maritime Commission (FMC) approved the recommendations of Commissioner Rebecca Dye as set forth in her final report of the Fact Finding 28 investigation. Her recommendations also included the establishment of a Shipper Advisory Board.


Commissioner Rebecca Dye

The investigation found that demurrage and detention charges can incentivize cargo to move expeditiously and that standardizing practices for when these fees are levied would improve velocity at ports.

An equally important finding was that focusing demurrage practices on notice of when cargo is actually available would likely eliminate many of the circumstances that lead to the imposition of demurrage fees. Toward that goal, the Commission will convene Innovation Teams that will address how to provide:

- Transparent, standardized language for demurrage and detention practices
- Clear, simplified, and accessible demurrage and detention billing practices and dispute resolution process
- Explicit guidance regarding the types of evidence relevant to resolving demurrage and detention disputes
- Consistent notice to cargo interests of container availability

"The handoff of a container from carrier to terminal to trucker to destination is not a linear process. In reality, everything is happening at once and that is why it is so daunting a task to get a handle on these issues. The teams process is ideally suited to creating the engagement necessary between subject matter experts to allow for private sector driven process improvements," said Commissioner Dye.

The report, formally submitted to the Commission in a closed meeting held on Monday (Dec. 10, 2018), is the culmination of an eight-month examination of the practices of vessel operating common carriers and marine terminal operators in levying charges on shippers related to equipment and land usage and free time granted between when a container is offloaded and when it must be picked-up by a trucker.

Asked by *AJOT* for his response, Gene Seroka, Executive Director, Port of Los Angeles said: "We applaud Commissioner Rebecca Dye for the thoughtful, collaborative approach taken in the "Fact Finding 28" report."

*(**2018** – continued from page 9)*

The Trump administration's decision to go it alone rather than through the WTO (World Trade Organization) mechanism is part of the trend to move away from a collective approach to global trade issues. The Administration's decision to leave the TPP (Trans Pacific Partnership) and the Paris Climate Agreement, the renegotiation of NAFTA, the decrease in funding for UN programs and the confrontational approach to NATO relations are just a few examples of the lone wolf approach to global affairs.

A feature of the fallout from the go-it-alone approach is that the U.S. and foreign companies are being forced to make unanticipated choices – where to build and invest and how to make their supply chains more resilient not only to normal economic challenges and natural disasters, but political ones like tariffs. Nations and trading blocs like companies are being forced to choose. How does Asia's ASEAN states work between an ambitious China with its Brick and Road policies and U.S. policies? The same can be said for the Americas, where China has made significant economic inroads.

Until *present*, the U.S. has been a builder of global pacts, politically and economically – alliances were an offshoot of the Cold War policy of *encirclement* of Russia and China. But with diplomacy on the wane and both Russia and China with more ambitious global agendas what new global structure will rise from the old alliance structure? Will the U.S. in a post-Trump era, try to return to the historic role of pact builder or is the genie (aka disruptor) out of the bottle forever?

Brexit and the EU

As the final days of 2018 wind down, British PM Theresa May is fighting for her political life (and she might not be PM by this paper's release) as she tries to find a way for Britain to leave the European Union (EU) with as little economic, political and social disruption as possible. However, on March 29th 2019 with or without an agreement, Britain is scheduled to leave the EU.

What is clear in all the Brexit chaos is that there will be real economic and social pain in the exit. When the referendum took place, the idea that there would be a real price to be paid in the messy divorce from the EU wasn't entirely understood. The reality is just coming home and neither PM May, her Conservative Party nor the opposition Labour Party have a solution for this Gordian knot.

Since the United Kingdom is economically, politically and socially enjoined to Europe in an inconceivably large number of ways – it's like neurosurgery to be able to carefully separate the multiple intertwined interests from financial, regulatory and trade not to mention social without suffering severe pain – and/or a potential recession in the U.K.'s case. It's not one sided whether the Europeans would like to admit it. The loss is arguably the EU's most important partner – a counter balance to Germany and France – for the EU as an organization.

London in particular stands to be a big loser in Brexit. The role as a springboard to Europe will be challenged by other metropolitan alternatives. Paris, Dublin, Amsterdam and more are lining up to be the next financial capital of Europe – or at least to get a larger slice of global investments. Taken for granted is the ease of movement of goods and people between Europe and the U.K. There is no guarantee this will remain. Equally what about Scotland, Northern Ireland or even Wales? The United Kingdom is looking less united with Brexit rapidly approaching.

But at this writing, nothing is clear. Will a new deal get done? Will nothing get done? Will a new referendum take place? And if so, will Brexit be put off? Finally, even if the divorce is annulled, can there be a return to "normalcy" after this stretch of strained relations? There is also the EU itself, especially Germany and France. Intra-EU relations are also to be impacted by Brexit and other factors. The push back against Brussels and the Eurocrats is evident all around the group – a redefining of the EU may be in the works. Will it be more EU centric with the reduction of U.S. and U.K. roles in the EU or conversely will the nationalistic goals weaken the pact? If weakened will China be a beneficiary?

Monthly imports reach 2 million containers for first time as retailers continue rush to beat tariffs

Imports at the nation's major retail container ports have set another new record, reaching 2 million containers in a single month for the first time as retailers continued to bring merchandise into the country ahead of a now-postponed increase in tariffs on goods from China, according to the monthly Global Port Tracker report released by the National Retail Federation and Hackett Associates.

"President Trump has declared a temporary truce in the trade war, but these imports came in before that announcement was made," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said. "We hope that the temporary stand-down becomes permanent, but in the meantime there has been a rush to bring merchandise in before existing tariffs go up or new ones can be imposed. China's abuses of trade policy need to be addressed, but tariffs that drive up prices for American families and costs for U.S. businesses are not the answer."

U.S. ports covered by Global Port Tracker handled 2.04 million Twenty-Foot Equivalent Units in October, the latest month for which after-the-fact numbers are available. That was up 9 percent from September and up 13.6 percent year-over-year. A TEU is one 20-foot-long cargo container or its equivalent.

The October number was the highest for a single month since Global Port Tracker began counting cargo in 2000, topping the previous record of 1.9 million TEU set in July, which in turn had beat a record of 1.83 million TEU set in August 2017.

November was estimated at 2.01 million TEU, a 14 percent year-over-year increase that would have been a new record if not for the October number. December – normally a slow month with holiday merchandise already on the shelves – is forecast at 1.83 million TEU, up 6.1 percent year-over year. Those numbers would bring 2018 to a total of 21.8 million TEU, an increase of 6.5 percent over last year's record 20.5 million TEU.

Both year-over-year growth rates and total volume are expected to slow considerably in January, when 10 percent tariffs on $200 billion worth of Chinese products that took effect in September had been scheduled to increase to 25 percent. Trump announced last weekend after a meeting with Chinese President Xi that the increase – and a threat to impose tariffs on all Chinese products – would be put on hold while the two countries conduct 90 days of negotiations. Official action to delay the tariff increase has yet to be announced, however.

January 2019 is forecast at 1.72 million TEU, down 2.1 percent from January 2018; February at 1.67 million TEU, down 1 percent year-over-year; March at 1.57 million TEU, up 1.7 percent, and April at 1.7 million TEU, up 3.7 percent.

"We see a significant slowdown in import growth in 2019 as the market adjusts to higher prices due to the Trump tariffs and the impact on consumer and industry confidence going forward," Hackett Associates Founder Ben Hackett said. "We project that imports at our monitored ports will have grown significantly in 2018 but that there will be no import growth in the first half of 2019 compared with the same period in 2018."

Georgia announces new inland terminal location

Governor Nathan Deal, along with representatives of the Georgia Ports Authority, the Greater Hall Chamber and Norfolk Southern Railroad have announced plans to make Hall County the site of the GPA's next inland port.

"The Northeast Georgia Inland Port will be situated in the heart of the manufacturing and logistics corridor along Interstate 85, an important region for the production of heavy equipment, food and forest products," Deal said. "Besides serving these existing port customers, it will also act as an economic development tool, drawing new investment from business and industry to Hall and its surrounding counties."

Handling both import and export containers at the Gainesville terminal, Norfolk Southern will provide service on a direct rail route to and from the Port of Savannah's Garden City Terminal.

"Savannah is a rapidly growing gateway for global commerce, and Hall County and the surrounding region in Northeast Georgia are key areas of expansion in the state. Manufacturers and distributors around the globe continue to set their sights on this region for development," said Norfolk Southern's Jeff Heller, Vice President Intermodal & Automotive. "Georgia Ports Authority's inland port at Gainesville, combined with Norfolk Southern's rail service, will provide crucial links in the supply chains of local industries, consumers, and the rest of the world, and serve as a catalyst for new opportunities for industrial development. Norfolk Southern is pleased to partner with the GPA on this important project."

Port officials say improved access to rail will increase logistics options and overall efficiency, while reducing congestion on Georgia highways. Presently, containers moving by truck travel a 600-mile roundtrip to and from the Port of Savannah. When the new rail yard opens, drivers will be able to make shorter trips from area manufacturers and distribution facilities to the Northeast Georgia site.

"Our new Gainesville location is part of our Network Georgia initiative, which provides new and existing port customers with additional logistics options," said GPA Executive Director Griff Lynch. "The new rail hub will allow importers and exporters to move loaded containers to the coast with greater efficiency, and provide a ready source of empty containers for Georgia exports."

GPA Board Chairman Jimmy Allgood said the new choice in cargo handling will transform the local rail market, helping port customers optimize their supply chains.

"Our inland terminals are bringing our ports and producers closer together, providing new economic opportunities," Allgood said. "That's good news for Georgians, who will benefit from increased employment options as more companies expand or locate here. Georgia Ports already support more than 440,000 jobs across every corner of the state."

Located in the Gateway Industrial Centre on GA 365, the new 104-acre terminal will provide logistics solutions for customers across Northeast Georgia. The facility's services will draw from the 1.5-million population in Hall, Gwinnett and surrounding counties.

"The business world is getting closer to Northeast Georgia. The new inland port terminal will shorten the supply chain for many manufacturers, processors and distributors in the region," said Tim Evans, vice president of economic development for the Greater Hall Chamber of Commerce. "Accessing the container port by rail can save time and money, because rail deliveries to and from the Port of Savannah can shorten truck delivery times from approximately seven hours to less than 30 minutes. Direct access to the Port of Savannah, the fastest growing container port in the U.S., is an innovation in logistics infrastructure that provides many of our existing businesses a competitive advantage."

In conjunction with GPA's inland terminal announcement, Auto Metal Direct, a worldwide distributor of auto body panels and trim for classic cars and trucks, announced its intent to open a new 318,000 square-foot distribution and fulfillment center. Construction will soon begin on the new home for AMD in the Gateway Industrial Centre. Upon completion, the $15 million development will bring 40 jobs to Hall County.

"Hundreds of containers each year are received by AMD, so the services provided by the Georgia Ports Authority are essential for the maintenance and growth of our business," said AMD President Mark Headrick. "The proximity of the new inland port will be a real plus in many areas, and was an influencing factor in the eventual location of our building. Quicker service, lower cost and ease of movement should all be realized in our new location."

(***SHUTDOWNS** – continued from page 13*) port closings remain few and far between.

"Shutting down a border just completely stops economic opportunity," said Cindy Ramos-Davidson, president of the El Paso Chamber of Commerce in Texas. Even an hour can be devastating as commerce between the countries grinds to a halt, she said. "Think about all those things that would come to a stop, what would happen. It would be absolutely devastating not only to our community but I think to the country as a whole."

Among the industries affected are electronics, aerospace and motor vehicle parts, medical device manufacturing and pharmaceutical medicines, e-commerce and tourism, Avila said.

Crossing Delays

Border wait times at the Otay Mesa port of entry in California, a major hub for commerce, increased from a 30-minute maximum to as much as five hours on as traffic sought to avoid San Ysidro. Five of the 26 lanes at San Ysidro were still shut. she said.

"There were cars that were stuck there for six hours at San Ysidro, not moving, and this was on one of the biggest weekends of travel in our nation," said Avila. Businesses "will feel a big loss from that."

The Las Americas Premium Outlets, located virtually next door to the San Ysidro port of entry, reopened Monday after the border fracas raised safety concerns for shoppers and employees, according to a statement the mall posted on Facebook.

Mexico deported almost 100 migrants back to their country of origin after they "violently" attempted to cross into the U.S., according to the government's national migration institute, or INM. An estimated 8,200 migrants from the so-called caravans heading to the U.S. from Central America are now in Mexico. No clashes have been reported along the border in Texas.

The situation could worsen if the number of migrants waiting at the border increases amid delays in processing asylum claims, said Avila. "The uncertainty hurts the economy because it prevents business travel and tourism on both sides of the border," she said.