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China builds cold chain logistics for consumer demand

Modernization in China will revolutionize the country's consumerism.

By Robert L. Wallack, AJOT

The purchasing power of both urban and rural consumers for fresh and packaged agriculture products combined with the rise of on-line food deliveries is creating opportunities to modernize China's end-to-end cold chain capacities. Rural harvests of peanuts, Wangmang peaches, organic kiwis and apples are some of the items consumers purchase in stores, from mobile software applications (apps) and websites while cold storage logistics is striving to meet their demand. Lower developed inland cities of Xiangyang, near Wuhan city, in Hubei province and Xi'an, home to the ancient terra-cotta soldiers, in Shaanxi province are two cities gradually building cold chain infrastructures to 21st century international standards.

Most consumers have access to affordable smart phones in China where a simple lunch of noodle soup at a local restaurant are purchased without cash changing hands by the simple waving of the WeChat pay phone app to the restaurant or store's two-dimensional bar code. This ease of doing business is transferring to perishables and for ordering groceries on-line with great potential for cold chain logistics. There are 350 million millennials in China. In 2018, the total amount of on-line sales was $1.306 trillion (9.01 trillion yuan), an increase of 23.9% over 2017, according to China Daily.

Mobile Cool Chain

At the Zhuyeshan Agriculture Products Trading Center in Xiangyang, Mr. Tang, manager, market operations, described the Taodaji mobile app ordering system. At 4 a.m., agriculture products arrive from the fields for distribution of food to the area hotels, schools and supermarkets. The Taodaji workers see the orders on-line and find the items in the wholesale market distribution area here. At the same time, 70-80 trucks line up for delivery to the city area customers by 8 a.m. Huolala is a mobile app that registers truckers to come and handle the logistics of fulfillment or Taodaji uses their own trucks. Zhuyeshan has a modern testing laboratory to check for pesticides residue that prints a report to show customers certification and traceability. The test can be done for imported bananas from the Philippines, Vietnam and Myanmar via Guangdong by in bond refrigerated containers (reefers) which are held in refrigerated areas on site. Pricing and quality are combined wherein the costs are the agriculture item plus order fulfillment and logistics delivery, then a 2-3 day waiting period after delivery to ensure quality before payment is received from the satisfied customer. Only 10% of business is through Taodaji, but a new platform is to be expanded to increase on-line sales in Zhuyeshan.

Nearby, the Xinfadi International Peanut Trading Market requires refrigeration from May to August. Xianyang peanut farmers are 50% of the entire Chinese productive market. Xinfadi has an agriculture cooperative in all of China to monitor quality and are building 100 warehouses to meet surging domestic and international demand. Director Xu explained that "our site opened in 2015 and we

*(**BUILDS** – continued on page 6)*

Entrance to the Xinfadi International Peanut Trading Market warehouse

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With US-China trade war weighing heavily on them, Taiwanese companies in China consider moving out of mainland

By Manik Mehta, AJOT

As the ongoing US-China trade war continues to rage. the large number of Taiwanese companies that have been operating on mainland China seem to be considering moving out of the mainland to lucrative locations, particularly Vietnam, Indonesia and Myanmar, though other locations such as Malaysia and Thailand, despite their higher production and labor costs, are also being considered.

"It's the character of the modern supply chains which are, essentially, global in nature and extend beyond national borders. Many Taiwanese companies have maintained manufacturing operations in China because of its lower production and labor costs. However, these costs have dramatically risen in recent years. The US-China trade tensions have added to the worries of the Taiwanese companies which are looking for alternative manufacturing sites in the region," explained Walter Yeh, the President of the Taiwan Trade Development Council (TAITRA), in an interview with the *American Journal of Transportation* in Taipei.

While many Taiwanese companies in China are mulling migration from China and looking to relocate their operations to a country in Southeast Asia, there are also some who are thinking of returning to Taiwan.

According to TAITRA, there are some 80,000 Taiwanese companies, including many small-sized companies, operating in mainland China. Many of these companies manufacture machinery products, electronics, automation, etc., for export to the US and other countries.

Southbound Policy

The Taiwanese government has launched its so-called "new Southbound policy" which, essentially, focuses on cooperation with Southeast and South Asia. The policy is designed to reduce dependence on China and tap the huge economic and trade potential inherent in the ASEAN region, particularly Malaysia, Indonesia, Singapore, Thailand and Vietnam, as well as India.

"With the rapid restructuring of the global supply chain, South Asia and the ASEAN have undergone incredible growth in recent years. Taiwan's economy already has close links with the two regions. The ASEAN community is today the second largest export and investment destination for Taiwan," the TAITRA President observed. The strategy adopted by many Taiwanese companies is to "operate from within the market", a euphemism employed to suggest that Taiwan would have unimpeded access to a market

*(**MOVING** – continued on page 10)*

(L to R) Manik Mehta – *AJOT*, Walter Yeh – TAITRA

Hong Kong 2019: A rock and a hard place

There is no doubt Hong Kong is in the midst of a crisis with an uncertain path ahead.

By George Lauriat, AJOT

August 13th 2019 5:21 am. HONG KONG (Reuters) - Apprehension over capital outflows triggered by escalating political unrest has driven Hong Kong's stock market to its lowest this year and pressured its currency, with analysts warning of more weakness. The Hang Seng Index (HSI) fell 2.1% to 25,281.30 points on Tuesday, down 16% from the year's peak, and is at lows last seen in early January.

It has fallen over 8% since June 12, when street clashes escalated between anti-government demonstrators and the police.

Now into their third month, those protests ground Hong Kong's airport to a halt this week and forced flight cancellations even as both protester and police tactics turned increasingly violent. Concerns over China's slowdown, as the Sino-U.S. trade war remains unresolved, have also dragged on Hong Kong's economy. The Hang Seng is Asia's second-worst performer after South Korea's this quarter. Other risk indicators in markets are flashing red.

It is unlikely Carrie Lam, Hong Kong's chief executive (or anyone else), back in June ever expected a proposed bill that would allow extraditions to mainland China would ignite the protests now engulfing the Hong Kong Special Administrative Region (SAR) of China. The bill was originally designed to close an extradition loophole with Taiwan (i.e. as part of China). But opponents of the

*(**ROCK** – continued on page 8)*

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'Bullish believer' Connor to apply love for shipping in assuming helm at AAPA

A self-described "bullish believer," Christopher J. "Chris" Connor is looking to apply nearly 40 years of ocean shipping experience, including as top executive of Wallenius Wilhelmsen Logistics, to leading a hemispheric association representing interests of more than 130 member ports in the United States, Canada, the Caribbean and Latin America.

Connor is to begin transitioning into the role of president and chief executive officer of the American Association of Port Authorities on Sept. 23, with plans to assume the helm from retiring Kurt J. Nagle on Oct. 16, the final day of the Alexandria, Virginia-based association's annual convention in Norfolk, Virginia.

While a bit too early to get into policy specifics, Connor shares with *AJOT* readers his lifelong love for shipping and inspirations that led him to seek the AAPA position.

Ocean shipping industry veteran Chris Connor takes a breath of sea air as he prepares to assume leadership of the American Association of Port Authorities.

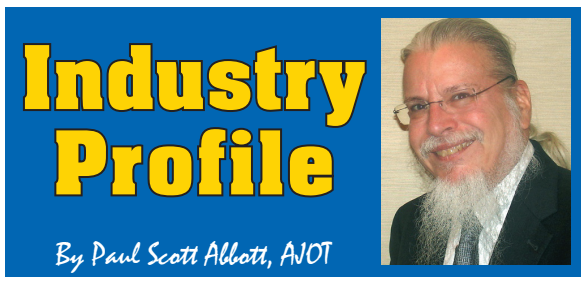
As you look to advance initiatives of AAPA, how do you anticipate applying your four decades of global ocean carrier experience – including with United States Lines, Crowley Maritime and, most recently, 23 years with Wallenius Wilhelmsen Logistics, including as its president and chief executive officer?

I flat-out love the shipping business. I grew up in Western Massachusetts, so I didn't really grow up in a maritime environment. But I think the reason I fell in love with it in the early stages is because it took a very large and complex world and made it easier to understand. It made the world smaller, and the ingredient was trade between nations.

Suddenly, what seemed so far away and so complicated was really not that far away at all. It could be connected through people talking and trading and ships and ports and trains and trucks. Understanding that ecosystem made the world so much smaller.

I've been a bullish believer in the value of trade and all the things that make trade possible, with ports really at the epicenter. It's with that perspective that I start this new journey.

What inspired you to seek the AAPA leadership position?



I left WWL in early 2017. I've been doing some board work with [automotive logistics leader] The Pasha Group in Southern California and have been involved in Washington with some lobbying activities surrounding the Jones Act through the American Maritime Partnership.

Quite frankly, I was really enjoying it, particularly the Washington part, which was completely new to me. But this AAPA opportunity came my way, and the more I started to talk with the folks involved in the search and got to meet some of the people in the association, I realized, being flat-out smitten with the

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

Cold warehouse equipment at Shengong Logistics in Yangling, Shaanxi

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

are 80% occupied with 40,000 square feet of warehouse space. Our Peanut Bank can pay growers 80% for storing here because of high demand and excellent cash flow in all of China and to international markets. One customer exported $145 million (1 billion yuan)," he exclaimed.

The capital and operating costs of a new cold warehouse are expensive. Xinfadi estimates are $43.5 million

*(**BUILDS** – continued on page 8)*

PortMiami Asia trade gets big boost from deeper channel, larger cranes

By Paul Scott Abbott, AJOT

Timing is everything, as the proverb goes, and South Florida's PortMiami is proving the adage aptly applies to its blossoming maritime trade with Asia.

With foresighted completion of more than $1 billion of capital projects – highlighted by a deeper ship channel and additional super-sized cranes – the Miami-Dade County seaport boasted ability to efficiently accommodate megacontainerships by the time the expanded Panama Canal opened for traffic in mid-2016.

With its 50-foot-deep channel in place and six super-post-Panamax cranes having become a vital part of its contingent of 13 ship-to-shore gantries, PortMiami is furthering its global gateway prominence and stringing together years of record-shattering cargo volumes. That includes handling nearly 1.1 million 20-foot-equivalent units of containerized cargo in its fiscal year ended Sept. 30, 2018, up 5.8 percent from the preceding 12-month period.

"For four consecutive years, Miami has surpassed the 1 million TEU mark," said Juan M. Kuryla, port director and chief executive officer of PortMiami. "We attribute the growth to deployed infrastructure improvements and a strong balance of global trade.

"We anticipate another record year," Kuryla said of the 12 months ending this coming Sept. 30, adding, "We anticipate continued growth for years to come."

Kuryla noted that PortMiami already has welcomed more than 300 post-Panamax vessels requiring a draft of 39 feet or more that could not have called without the deeper channel and additional big cranes. Further navigational channel improvements are now under federal study, and port officials are looking to add even more super-post-Panamax gantries.

In addition to the channel and crane enhancements, PortMiami was prepared for the Panama Canal expansion with completion of a direct tunnel link to the Interstate highway system and upgraded on-dock rail facilities. Both of those developments help considerably in proficient movement of container volume surges generated by the megavessels deployed by global ocean carrier alliances.

And Kuryla pointed out that the port and its cargo partners continue to make significant infrastructure investments.

Seaboard Marine last year opened a new 15,000-square-foot maintenance and repair building, and, in July, an $8 million federal grant was announced to bring further improvements to Seaboard Marine's terminal.

Early this year, South Florida Container Terminal launched a cargo yard densification project to increase its operational capacity and container throughput, while Port of Miami Terminal Operating Co. continues its investments in new container-handling equipment and technological capabilities.

*(**BOOST** – continued on page 23)*

With its 50-foot-deep channel and super-post-Panamax cranes, PortMiami is able to simultaneously accommodate multiple megacontainerships from Asia and other global markets.

(*BUILDS – continued from page 6*)
(300 million yuan) for one warehouse and they plan to build 100 in China. They are investigating the use or renting of refrigerated container operations for storage areas to defray their construction and operating costs. The warehouse network is supported by a modern infrastructure system in the cloud and with real-time pricing monitors displaying a variety of data on-site in the main office area.

The increasing on-line food delivery business and demand for fresh, chilled and frozen foods caught the attention of international grocery chains, Metro and Walmart in Xiangyang. They are finding competition from local supermarket chains, on-line only fresh grocery providers such as Maicai, and on-line giants such as JD.com, 7FRESH supermarkets and Alibaba, Hemashengxian supermarket chains. Metro, based in Germany with China headquarters in Shanghai, contracts with Henan province based Shuang Hui for "the best cold chain experience in China," according to Wu, manager, Metro, Xiangyang, in a recent interview. Shuang Hui is a sausage and meat company. They have a proven cold chain system with refrigerated trucks all over China and good practices to unload from trucks at the stores without the loss of temperature. "Local logistics companies lack the temperature sensitive knowledge and of on-time-delivery (OTD), door-to-door services and hydraulic lift trucks," she said. Walmart announced an investment of $1.2 billion in China over the next 10 years to upgrade logistics involving 10 logistics centers and the "smart retail" environment, according to the *Wall Street Journal* in July.

Further north is Xi'an, Shaanxi province where a new, over $200 million, Shaanxi Logistics Port is in the works that will construct a modern cold chain warehouse. Farms are organizing in cooperatives and in hundreds of modern agriculture parks all over Shaanxi for packaging and branding high quality fruits such as apples for markets along the Belt and Road Initiative's (BRI) New Silk Road. Some of these agriculture enterprises are selling on the Taobao platform already.

A Modern Xi'an

Twenty-five years ago, Xi'an was a desolate, dirty and backward city and now modern shopping centers, office and apartment buildings, wide highways and supermarkets chains as well as Starbucks and KFC highlight a bustling metropolis. Xi'an's foreign trade was up 29.58% in 2018 over 2017 to $48.8 billion in value. Trade with the United States was up 17.5% and use of foreign direct investment increased 19.7% to $6.35 billion in 2018. Xi'an is becoming a key transport terminal in BRI trade where Xi'an Customs launched 1,235 China-Europe freight trains in 2018 for 1.2 million tons of goods at $1.72 billion, according to Shaanxi statistics reports.

However, cold chain logistics needs modern operations and infrastructure to catch up with international practices and standards in food safety, temperature-control technologies, training and profitability. In addition to the new cold chain facility of the Shaanxi Logistics Port project in Xi'an, another 300,000 tons cold storage park and a test bed of cold chain logistics is underway. Yangling city, 43.4 miles (70 kilometers) from Xi'an aspires to become the largest cold chain logistics to Northwest China near the Eurasia rail freight line.

Yangling is the only agriculture high-tech demonstration zone with much government support. Since 2011, the Yangling Modern Agriculture E-commerce Industrial Park underpins the improvements of rural farmers quality of produce to meet international standards. Shengnong Logistics Company is testing modern technologies to demonstrate to Shaanxi and nationally the importance of agriculture cold chain technologies.

Zhai, owner of Shengnong Logistics, showed their facility equipped with an array of European imported and installed infrastructure and even agriculture seedlings to improve farmers' quality. Among these were Italian cold chain walls that are five times more expensive than normal walls, French air conditioning equipment, a Netherlands designed facility of 60 doors of which each with 150 tons capacity as well as equipment to control carbon dioxide levels with nitrogen to preserve freshness of agriculture produce and flowers.

(*ROCK – continued from page 4*)
bill feared the legislation's main purpose was to further extend Beijing's reach into the largely autonomous Hong Kong. Under the proposed legislation, anyone could be extradited to China for prosecution. This concept is an anathema to many factions of the greater Hong Kong community.

As part of the 1997 handover between the United Kingdom and China, Hong Kong SAR was granted a 50-year period under "Basic Law" [one country-two systems] before being fully re-absorbed back into the Peoples Republic of China (PRC). In response to the unrest, the extradition bill was suspended but not withdrawn exacerbating the demonstrators' ire with the Lam administration and suspicion of the legislation's true intent.

But as the staying power of the unrest shows, there are far more grievances than just the extradition bill. And the Lam Administration balancing the aspirations of an unhappy populace against the PRC's precepts is like being stuck between a rock and a hard place with little room to maneuver.

An Economic Success Story... with a Caveat

As a mercantile city Hong Kong has been remarkably successful with one of the main attributes being the city's openness and global reach. In this regard, Hong Kong is far ahead of mainland China. And by most economic yardsticks, Hong Kong is an Asian success story in sharp contrast to the saga unfolding in the streets.

According to the World Trade Organization (WTO) in 2018 Hong Kong was the world's 8th largest exporter of merchandise trade and the world's 15th largest exporter of commercial services. In 2018 Hong Kong ranked 3rd in the world [only behind China in Asia] in FDI inflow ($115.7 billion) according to UNCTAD's World Investment Report 2019 report. And Hong Kong ranked 3rd in FDI outflows ($85.2 billion) in Asia behind Japan and China. In 2018 Hong Kong's stock market ranked the 3rd largest in Asia and the 5th largest

(*ROCK – continued on page 22*)

(*MOVING – continued from page 4*)
if it sets up a manufacturing operation inside that market rather than merely export to it.

Commenting on the impact of the US-China trade tensions on Taiwan's business, Yeh said that in the short-term, Taiwan's companies may have to relocate their production operations, "but they could also benefit from new orders for electronics and machinery, for example, as a result of the shifting market".

"In the mid- to long run, it would still be necessary for them to expand to other potential markets outside the US and China. Given their flexibility and resilience, Taiwanese companies are better equipped to work with interested partners, including from the ASEAN region, to develop markets outside the USA and China," he said.

Taiwan Manufacturing

Taiwan's two product categories – the IT and machinery sectors – are the strengths of the island's manifold industries. Yeh pointed out that Taiwan's machine-tool products, for example, are unique and have highly-advanced innovative features designed to handle complex manufacturing functions with the deployment of robots and automation.

"Taiwan exported in 2018 some US$ 4.565 billion worth of machine tools and components, an 8.28% increase over the earlier year. As the world's fourth largest exporter of machine tools and components, Taiwan has averaged $ 4 billion in exports for each of the last few years drawing on a network of over 1,000 precision machinery manufacturers and 10,000 plus downstream suppliers," he said.

Taiwan exports some 80% of its total machine-tool production to 138 countries, helping solar energy plants, major semi-conductor manufacturers, panel industries, multinational car makers and others in their innovation efforts and enhancing their competitiveness through an array of advanced machine-tool products. Taiwan's Taichung region is home to 1500 precision machinery manufacturers.

Representatives of Taiwan companies, who have been privately telling this correspondent that they are "alarmed" by the "asymmetrical dependency" on China's market, are in a hurry to find alternative markets. There is a revived interest in tapping the United States, once the top market for the island but ousted from this position by China since a few years.

Taiwan trade delegations have been visiting the U.S. and holding roadshows, besides participating in trade shows and meeting trade and business associations and other interest groups.

In an interview with the *American Journal of Transportation*, Alex Ko, the chairman of the Taiwan Association of Machinery Industry (TAMI), said that Taiwan had achieved the "all-time export record" of US$ 27.4 billion in 2018 for all segments of the machine-building industry. Ko attributed this achievement to what is described as "smart manufacturing" whose mainstay is the use of "smart technology" relying on the deployment of robots and automation in production.

"Our smart manufacturing offers the way forward. Indeed, smart manufacturing is the key to future growth and success," Ko emphasized.


Alex Ko, chairman of TAMI

Taiwanese companies, according to Ko, have been eyeing Vietnam where they have started to invest because of its – still – lower costs of production and labor. "China cannot sustain its position as a world factory because of its rising costs and the ongoing trade problems with the USA. Thus, we expect several new factories to spring up in the region," Ko said.

The TAMI-chairman predicted the US-China trade war would have a "short-term negative impact on Taiwan's machine-building industry but long-term impact, in our view, is expected to be good".

Taiwan Ports (total sea-trade volume in m.t)

	Keelung	Kaohsiung	Hualien	Taichung	Su-ao
2017	17,464,002	116,070,972	8,665,814	75,348,241	4,191,916
2018	17,281,501	118,797,570	8,740,957	74,092,991	4,490,325

Source: Taiwan International Ports Corp. Inc.

One side effect of the trade war, as US data reflects, is that President Donald Trump's tariffs may have resulted in the gradual migration of manufacturing out of China though very little of the manufacturing has returned to the United States.

Trade War Impacts

The Census Bureau's data also shows that some countries have benefited from the trade war.

Vietnam's exports to the US jumped 38% during the first four months of 2019, compared to last year; US imports from Taiwan have increased 22%, 17% from South Korea, and 13% from Bangladesh. US imports from China declined by some 12%.

Taiwan and other Asian experts say that US tariffs have hurt many companies which exported their products from China to the US. Many of these companies are leaving China which is losing valuable capital in an already slowing economy; that is the chief reason why China urgently wants a deal with the US.

While a clearer picture of the exact impact of the US-China trade war on Taiwan's sea trade will emerge by year end, Taiwan's ports are expecting a surge in shipments this year. Some of the island's foreign trade ports are Keelung, Kaohsiung, Hualien, Taichung, Su-ao, etc.

Electric vehicles charging ahead at Port of San Diego

By Robert L. Wallack, AJOT

California's progressive zero-emission vehicles' regulations, robust public funding and incentive ecosystem are jolting the Port of San Diego into action. The San Diego Port Tenants Association (SDPTA) is demonstrating 7 of 10 electric vehicles (EV) by Port Tenants: Dole Fresh Fruit, Marine Group Boat Works and Pasha Automotive Services. Advanced technologies are expensive and full commercialization of operations are years away, therefore the California Energy Commission (CEC) granted $5.9 million as an incentive to the SDPTA members to prove the feasibility by this demonstration project.

The Port of San Diego is at the forefront of California's initiative over the past eleven years to control the air pollution associated with the movement of goods. In 2011-2012, California's freight sector accounted for nearly half of diesel particulate matter, 45% of the nitrogen oxides (NOx), six percent of the green-house gas emissions in the State, according to the California Energy Commission. In order to mitigate these environmental hazards, CEC's Clean Energy Program, known as Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP), began in 2008 by AB 118 (Nunez, 2007).

ARFVTP Investment

ARFVTP invests up to $100 million per year in project areas to advance the state's goals on climate change, air quality and zero-emission vehicle adoption and deployment. Among these investments are California's West Coast Electric Highway which are a network of direct current (DC) fast chargers from Baja to British Columbia, construction of dozens of retail hydrogen fueling stations and deployment of numerous alternative fuel and zero-emission vehicle and equipment technologies, according to SDPTA in a recent interview with the *American Journal of Transportation*. Furthermore, Port of San Diego is one of five California ports involved in the former Governor Brown's July 2015 Executive Order (B-32-15) to develop and implement the California Sustainable Freight Action Plan and the Ports Energy Collaborative for opportunities in transitioning to alternative and renewable energy technologies.

The $5.9 million grant from ARFVTP is an important incentive to several tenants of SDPTA. "Seven of the 10 electric vehicles are being demonstrated by three of our Port Tenant-End Users," said Chelsea Bernie, Special Projects, SDPTA. Dole Fresh Fruit is demonstrating 2 Build Your Dream (BYD) class 8 yard trucks at the Tenth Avenue Marine Terminal. Marine Group Boat Works, LLC, a family owned full-service boat and super yacht refit and repair facility, is demonstrating 2 Cummins 12,000 pound electric forklifts. Pasha Automotive Services (PAS), a family-owned global logistics and transportation company at the Port's National City Marine Terminal, is demonstrating one BYD class 8 yard truck and

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

Michele Wiggins: CEO of Wiggins Lift Company

By Marty Pilsch, AJOT

Michele Wiggins-McDowell's business card identifies her as Chief Executive Officer of Wiggins Lift Company. While it is not surprising to see women holding CEO titles in today's business world, it might be somewhat surprising to see that Michele heads up a business that is one of the most diversified manufacturing companies in the heavy lift equipment business.

It might also be surprising to find out that Michele not only leads Wiggins Lift Company, a world recognized manufacturer in the heavy lift truck industry, but that her resume includes a description of someone who has touched just about every facet of the company. While the resume doesn't say anything about working on the assembly line - which she surely has done - it does highlight her early years, at the age of fourteen, delivering parts to the line as a runner. She has also worked in the main office, filling in as needed.

Wiggins is obviously a family business, founded in 1965 by Mel Wiggins, led by son Mike and now headed by granddaughter Michele since 2014. Mike Wiggins took the helm when Mel retired. Mel Wiggins had an idea that he could build a machine that would assist the local farmers during harvest. Wiggins designed and manufactured a machine that not only harvests crops, but washed and boxed it, while moving down the rows. The development of Wiggins Lift from this point on includes numerous materials handling applications including cargo handling at ports and warehouses, a specially designed forklift for U.S. Navy destroyers and lifts that handle some of the largest pleasure boats afloat at marinas around the world.

After Mel Wiggins retired, the team of Mike Wiggins and Michele's father-in-law, Jack McDowell, carried on the development of Wiggins Lift Company into a worldwide supplier of lift trucks, primarily in the marina industry. As recreational boating expanded and pleasure boats grew in size and complexity, the need for specialty equipment became essential as marinas moved inland to store pleasure craft on high capacity racks. Wiggins' ability to innovate, and apply lift equipment criteria to specialty equipment, led to other assignments as the military, and the seaport industry saw

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

Pallet flow rack can be a warehouse manager's best friend

When properly designed to meet the specific inventory and storage requirements, pallet flow racks maximize storage space and improve shipping logistics.

Any warehouse or distribution center with limited floor space that needs high density storage or automatic rotation of inventory on a first-in, first-out (FIFO) basis can benefit by implementing pallet flow storage racks.

However, achieving the full performance capabilities of this type of rack system requires careful planning and implementation. When this is done properly, pallet flow systems can be the warehouse manager's best friend; without it, the system may underperform expectations.

Simply defined, this type of racking system is designed so that when the pallet in front is removed by a forklift, the pallets behind gently "flow" forward to replace it. Inclined tracks, rollers, and brakes – with an assist from gravity – are used to accomplish this task.

New inventory is then loaded at the back end of the rack, facilitating FIFO product rotation, which is particularly valuable for items with expiration dates.

In this type of "dynamic" racking approach, goods can be stored 3, 10, even 20 pallets deep and on multiple levels. This eliminates the need for wide aisles between every row of traditional "static" rack required for forklift access and maneuverability.

By storing more palletized goods in less space, facility managers can dramatically increase the amount of inventory in a specific warehouse footprint or, on the flip side, reduce the amount of space required for new warehouse construction.

"Compared to traditional fixed racking, a high-density pallet flow system can essentially cut the required square footage for a warehouse in half," says Ryan Wachsmuth, Dynamic Storage Sales Manager at Steel King Industries (www.steelking.com), a designer and manufacturer of warehouse material handling, storage and safety products with a national dealer network. "The savings can be significant in terms of reduced property and building costs."

There are substantial logistical benefits to using a dynamic rack system as well.

Pallet flow rack can drastically reduce the labor required to pick pallets, because a forklift is only needed for initial loading of the pallets as well as final unloading. With static racks, forklifts must travel further down aisles and often must spend time rearranging inventory to access the correct items.

When a large number of pallets with a single product SKU are routinely loaded into trucks, locating the pallet flow rack near the loading dock can also minimize the distance that forklifts travel to as little as 20 feet each way, which speeds material handling.

Even pallets with varied SKUs that are being shipped to the same location can be located near each other to further speed truck loading.

Designing to Meet Specific Requirements

Although the concept of a pallet flow rack may seem straightforward,

*(**FRIEND** – continued on page 16)*

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

two BYD class 8 drayage trucks. The two drayage trucks are used to shuttle newly imported cars on a flatbed trailer from the Terminal, while the yard truck is an off-road utility vehicle for various yard operations.

All the demonstrations are going as planned and the overall comments for the project are positive. Ms. Bernie remarked, "The development period for each of the vehicles provides the opportunity for each demonstrator to give feedback on changes and modifications to the EVs to suit their needs. This is a valuable aspect of the grant-funded demonstration projects allowing the original equipment manufacturer (OEM) to get detailed information from potential customers." Later this year, HII San Diego Shipyard Inc., a repair facility to the United States Navy warships, will demonstrate a 40,000-pound forklift from TransPower; and Terminalift, a specialized cargo handling company owned by General Dynamics NASSCO, will demonstrate two class 8 drayage trucks by an OEM vendor to be named later.

Time Gap

There could be a gap of years between the demonstration period of these new EVs and the commercial production because of the cost of the EVs and their supporting infrastructure for electric charging. Short-range hauling operations are more feasible at this stage of the transition from diesel powered internal combustion engine vehicles. The regulatory environment in California allows for the long transition period over the next 15-20 years for near-zero and zero emission technologies.

"Trucking companies need to know that an electric drayage truck can do the job that its diesel counterpart is able to do. If it cannot go the range that the operator needs, it won't be useful. If it costs 20 times more, that's a big problem. Right now, a pre-commercial class 8 electric drayage truck is around $300,000 plus taxes and there is a need for infrastructure," said Philip Gibbons, Program Manager for Energy and Sustainability, Port of San Diego in a recent interview with *AJOT*. Electric is only part of the solution since natural gas trucks have low nitrogen oxide engines and there is hydrogen for long range trucking but, "costs will need to come down."

BYD, based in China, is the technology provider for 5 of the 10 demonstration vehicles and their production facility is in Lancaster, California. BYD finds that a large part of the challenge of charging stations is identifying available power at facilities or purchasing additional capacity which is costly. Standards are being codified for heavy-duty charging to offset the issues of proprietary chargers working with other equipment. BYD stated that their technicians are available for this project for all maintenance and repair and that vehicles are under factory warranty of 2 years of bumper to bumper, 3 years for powertrain, and 5 years for the battery.

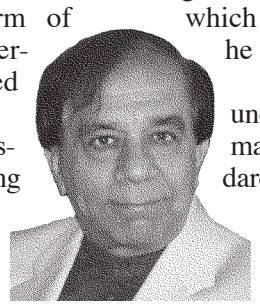
*(**CHARGING** – continued on page 23)*

Swiss WorldCargo enhances its American footprint

Temperature-controlled cargo market, a promising segment

By Manik Mehta, AJOT

Even as it continues to expand its footprint in the cargo sector in the Americas, Zurich-based Swiss WorldCargo, the cargo arm of Swiss, considers North America's temperature-controlled cargo market as promising.



Swiss WorldCargo is focusing on special cargo, including pharmaceuticals, a core element of the temperature-controlled segment and other product categories such as valuables, express cargo, postal mail, etc.

"Our strategic focus is on special cargo…Sand pharmaceuticals are an important product category with strong growth potential. The U.S. is an important market for us and New York is a key entry point for such products," Ashwin Bhat, the head of cargo operations at Swiss WorldCargo, explained in an interview with the *American Journal of Transportation*.

Ashwin Bhat – Swiss WorldCargo

The importance of the U.S. and, indeed, the Americas for Swiss WorldCargo is reflected in the carrier's flight frequency to the Americas. Swiss WorldCargo does not operate freighters but, instead, transports cargo in the belly of passenger aircraft operated by Swiss which flies to several major U.S. cities.

Global Uncertainties

Bhat said that the global market is presently characterized by uncertainties, given the ongoing US-China trade tensions, the long-dragging Brexit issue and an overall economic slowdown. "We discern some uncertainties in the market… while the market may not be growing, it is not shrinking either. The general cargo market may be under pressure, but one area which is growing is the special cargo traffic which includes pharmaceuticals," he maintained.

The carrier's cargo chief underscored the importance of maintaining high quality standards. "Swiss WorldCargo's brand is well-known and appreciated worldwide. It's good strategy to build up a brand name and sustain that image by maintaining high-quality standards which will enable us to assert in a fiercely competitive market," he said, adding that "reinventing our quality and constantly improving it are key to success. Indeed, we have created 'quality corridors' (a network of certified pharmaceutical trade lanes to meet consistent standards and assure product integrity) through which we are taking quality standards to a new high level and setting high benchmarks for ourselves".

India-US Market

The temperature-controlled segment, with pharmaceuticals as its core category, is a priority for the carrier because of the growing demand in a number of industrialized countries, particularly the USA, which is a big importer of generic drugs; India is one of the world's biggest suppliers of this specific product category.

Consequently, building up strong air links between India and the USA has been a logical path pursued by the carrier.

The carrier recently approved the CSafe RAP container for its wide-bodied aircraft. Susanne Wellauer, the head of the carrier's pharmaceuticals and healthcare vertical industry management, told the *American Journal of Transportatio*n that the carrier's partnership with CSafe underlined a continued commitment to maintaining quality standards in transporting temperature-sensitive pharmaceutical products besides demonstrating "our determination to finding the best solutions for doing so".

"Our Zurich hub has the necessary temperature-controlled infrastructure. We have 15-25 degree

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

FedEx's Amazon freeze-out sets up delivery wars

FedEx Corp. seems to have finally realized it's futile to label Amazon.com Inc.'s delivery aspirations as a "fantastical" threat. Now it's waging an outright war on a company it seems to increasingly view as a competitor.

FedEx won't renew Amazon's ground-delivery contract when the agreement expires at the end of this month, the company said in statement first reported by Bloomberg News. This follows a June announcement that FedEx would cease U.S. air-delivery services for Amazon.

What's curious is that FedEx was at pains at that time to emphasize that the "strategic decision" to curb its air-delivery relationship with Amazon didn't affect other business units such as ground or international operations. It's hard to believe that FedEx is simply finding its backbone and holding a firmer line on pricing with Amazon. The company added disclosures in its annual filing about the extent to which Amazon is developing in-house delivery capabilities that may make it a competitor. This could be an attempt to put Amazon in its place.

Just as traditional media companies were all too happy to pad sliding DVD sales with licensing fees from Netflix Inc. for years, FedEx and rival United Parcel Service Inc. have enjoyed the revenue fruits of the booming demand for e-commerce shipments ushered in by Amazon. But now, FedEx seems to be waking up to the fact that this relationship likely was never a two-way street. Like the media companies who are pulling their content from Netflix and launching their own streaming services, FedEx appears to no longer be keen to give Amazon a valuable base on which to build a rival logistics service. The question is whether it's too late to turn the tables on Amazon.

While Amazon has been moving aggressively to open fulfillment centers, build up a local delivery workforce and rent cargo planes, its network isn't quite ready for prime time. The company last month said it ended up spending more than the $800 million it had planned in the second quarter to set up one-day delivery for Prime members. The push for speedier shipping was a "shock to the system" for its distribution and transportation network, and there had been some inventory and productivity setbacks, Chief Financial Officer Brian Olsavsky said on a call with analysts. The company also has to contend with the risk of pilot shortages and strikes at the third-party carriers it relies on to support its burgeoning air-cargo operations. Without FedEx as a backstop, the reliability of Amazon's home-grown logistics operations will be put to a greater test.

That said, it's still unconvincing that Amazon really wants or needs to develop a network on the scale of

*(**WARS** – continued on page 16)*

Intermodal & Logistics News

RoadOne IntermodaLogistics adds new drayage brokerage service

RoadOne IntermodaLogistics, a leading single source intermodal, distribution and logistics services company throughout North America, announces the launch of RoadOne LogisticSolutions (ROLS), a full-service drayage brokerage division. With its headquarters in Tampa, ROLS will provide end-to-end drayage brokerage and related logistics services enabling RoadOne to continue its national intermodal network expansion efforts and better serve its customers' supply chain requirements.

Josh Harris will head up this new, neutral brokerage division along with a knowledgeable, highly capable team with over 20 years of experience building national transportation brokerage companies. ROLS will enhance RoadOne's 2,000 truck assets with unlimited capacity from the company's trusted, high-quality partner carrier network in North America. Today, changing market dynamics due to e-commerce makes it critical for shippers to have timely logistics services to reach customers more quickly and reliably.

ROLS will be backed by an industry-leading technology platform that provides real-time visibility to shipments including geofencing and analytics, so customers and internal teams know the status of their cargo at any given time.

"The introduction of ROLS is critical to serving the changing needs of our customers' supply chains that require speed to market, flexibility and ease of business," said Ken Kellaway, CEO of RoadOne IntermodaLogistics. "ROLS strengthens our position as a single source provider with increased capacity and comprehensive intermodal logistics solutions."

"Launching ROLS is an important step in delivering greater reliability, transparency and visibility to our customers' drayage and related logistics needs in an environment fraught with ongoing market and infrastructure challenges," said Kendall Kellaway, VP, Commercial at RoadOne IntermodaLogistics.

CN and CSX announce new intermodal service offering

CN and CSX announced a new intermodal service offering between CN's greater Montreal and Southern Ontario areas, and the CSX-served ports of Philadelphia, New York, New Jersey and the New York City metropolitan area.

"Over the long term, the freight market will increasingly depend on demand driven by the consumer economy and the rail industry must create new intermodal services that can successfully rival the over the road options," said JJ Ruest, president and chief executive officer at CN. "This interline service fits perfectly with our strategic focus on feeding our unique network through organic and inorganic growth opportunities, including extending our reach into new geographic markets."

"This new intermodal offering aims to convert long-haul trucks to interline rail services," explained Keith Reardon, senior vice-president of consumer product supply chain at CN. "Trains will run directly into the heart of the metropolitan markets of Toronto and Montreal via CN intermodal yards, making this partnership a natural opportunity for both railroads."

"CSX is pleased to work with CN to deliver superior all-rail intermodal service into the Montreal and Toronto markets," said Jim Foote, president and chief executive officer at CSX. "Answering a need expressed by our customers, this new service positions us to capture market share from trucks and increases capacity in these expedited lanes, as larger container ships call at the Port of Philadelphia and Port of New York and New Jersey."

Mark Wallace, CSX executive vice president of sales and marketing said, "At CSX, we're continually evaluating our network to increase efficiency and improve the quality of the service we offer to customers. Offering all-rail intermodal service from the East Coast to Montreal and Toronto aligns with our objectives for providing faster, more efficient service while positioning both CSX and CN for future growth."

The intermodal service agreement will come into effect on October 7, 2019.

*(**FRIEND** – continued from page 12)*

installing a system that optimally meets a specific warehouse's requirements takes some planning and collaboration with the vendor.

"Many people think you can take pallet flow rack off the shelf and ship it out the door," says Wachsmuth. "But, it must be designed to accommodate your specific requirements: pallet types, pallet weights, forklift capacity, facility layout and any other restrictions."

According to Wachsmuth, some racking distributors are willing to supply a price quote without fully understanding the requirements of the application.

"Not every vendor asks questions to find out what the user needs," says Wachsmuth.

The process ideally begins by understanding the facility's dimensions, obstructions, types of inventory and forklifts, as well as truck loading and shipping requirements.

"It is vital to build the flow rack to take advantage of your warehouse's full height, width, depth, and floor plan," says Wachsmuth. "Obstructions like low ceilings or the location of sprinklers, building columns, doors, lights, and vents must be built around."

It is also important to consider the brand, lift height, and weight capacity of the forklifts used at the facility. In general, a forklift's lift and push/pull capabilities diminish the higher it raises a pallet.

"A forklift can cost as much as $100,000," says Wachsmuth. "So you want to be sure your new pallet flow racks work with the ones you have, or you could have to acquire new forklifts."

In terms of tailoring a pallet flow system to an application, it is necessary to plan for efficient flow storage, loading/unloading, and transport.

"Forklift travel distance can be minimized with proper pallet flow planning," says Wachsmuth. "You don't have to travel hundreds of feet to pick a pallet. If you install the pallet flow rack in the ideal location, you may only have to travel twenty feet to pick a pallet. When you return, the next pallet is waiting."

Similar planning should be applied to storage depth. Just because the system can be designed 20 pallets deep, doesn't mean it should be. Instead, it should be designed and grouped to simplify loading/unloading, as well as optimal product rotation.

Even some aspects that might seem like smaller details, such as the type of pallet, are important because they affect how pallets "flow" in the system.

"There are too many types of pallets with different dimensions today and it could affect the type, and cost, of the pallet flow rack required," says Wachsmuth. "So, it's not enough to design on the assumption that a standard 40" or 48" pallet will be used. If the actual pallet has different dimensions, it could increase costs significantly."

With all the aspects that must be considered to get the best results from your flow rack, Wachsmuth adds that it can be helpful to work with a vendor that provides one point of contact for planning, coordination, answering questions, troubleshooting, and resolving any issues. This is far simpler than interacting with a separate pallet flow manufacturer, rack manufacturer, as well as dealer and installer.

"Given sufficient planning and coordination, pallet flow rack can be one of the most space efficient and cost effective forms of material handling for warehouses and distributors," concludes Wachsmuth.

*(**WARS** – continued from page 14)*

UPS or FedEx. It's already disrupted the way those companies do business, forcing them to spend billions to retrofit their networks to handle ever-faster delivery times for a surge in e-commerce packages. While Amazon's logistics operations aren't ready to stand alone, the company can still lean on UPS and the Post Office. As FedEx itself is so quick to point out, Amazon only accounts for about 1.3% of its revenue.

FedEx can't give up on the e-commerce game entirely, though, and it's highly skeptical that with Amazon breathing down their necks, Walmart Inc., Target Corp. or anyone else is going to be that much easier of a customer when it comes to pushing for lower pricing and faster delivery times.

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SMC³ holds Connections Conference in Colorado Springs

The SMC3 held its annual Connections Conference at the Broadmoor in Colorado Springs on June 24-26 2019. The three-day event featured Olympic speed skating champion Apolo Ohno as the keynote speaker and a "Whiskey and Wolves" networking dinner. Besides the regular supply-chain sessions, the event included global and U.S. economic updates.

(L to R) Ed Burns – Burns Logistics Solutions, Nick Strober – Lean Staffing Solutions, Hunter Bell – Lean Staffing Solutions

(L to R) Eric Osen – Ryder, Joe Tirone – Forward Air, Bill Bence – Forward Air

(L to R) Steve Hartmann – Lynden Transport, Bryan Curtis – Flat World Supply Chain, Greg White, Donna Kintop – EXL Services

(L to R) Sam Ely – uShip, Jimmy Vaughan – Transportation Impact, Bob Amon – Mettler Toledo, Steve Huntley – Resource Logistics Group

(L to R) Spencer Askew – Teknowlogi, Steve Gast – Wilson Trucking Corp., Kevin Springer – SMC³, Adam Sattterfield – Old Dominion

(L to R) Lindsey Graves – Sunset Transportation, Kendra Miller – SMC³, Ellen Voie – Women in Trucking Association

(L to R) Lars Kasch – PITB, Tiffany Kelley – UPS Capital, Hunter Bell – Lean Staffing Solutions

(L to R) Andrea Eiting, Sarah Friedrich (both from Schneider Logistics

(L to R) Steve Gast, Sue Gast (both from Wilson Trucking)

(L to R) Steve Hartmann – Lynden Transport, Eddie Sorg – ArcBest

(L to R) Randy Mullet – Mullet Strategies, Meg Schmidt Duncan – Koch Logistics

(L to R) standing: Art Zipkin, Malcom Conway, Chad Crotty, seated: Amy Zipkin, Madison Conway, Marissa Crotty (all from DDC FPO)

(L to R) TJ O'Connor – YRC Worldwide, Randy Mullet – Mullet Strategies

Mississippi commerce needs US investments to defend against future flooding

By Stas Margaronis, AJOT

Maritime commerce along the Mississippi River is slowly recovering after 2019 rains and floods disrupted port operations, shipping, tug and barge services, roads and farming, but the region cannot fully recover without a dramatic increase in federal spending for expanded levels of flood control that must be made along with federal spending for other long-neglected infrastructure investments, according to Sean Duffy, executive director of the Louisiana-based Big River Coalition.

In an interview with *AJOT*, Duffy, whose organization supports maritime commerce along the Mississippi River, says that flood waters may not recede to manageable levels until September and that the region's commerce remains at risk:

"The competitiveness of our maritime commerce is at risk because we have experienced unprecedented rains and flooding that have undermined shipping, tug and barge operations not to mention towns and farmland in Oklahoma, Missouri, Nebraska, Iowa, Mississippi and Louisiana."

Sean Duffy, executive director of the Louisiana-based Big River Coalition

Duffy says the US needs to make major new investments in its infrastructure that have been neglected for decades.

"We have not been investing in our infrastructure since the 1970s and so we are living off the investment made by our forefathers…We cannot just talk about spending to recover; we have to invest for the future in anticipation that 2019 will happen again if not in 2020 then maybe 2021…We need a multi-generational maritime infrastructure approach to support more barge traffic and bigger and bigger ships…We have to make the investment in ship channels, dams, locks, barge channels but also we need to invest in bridges, roadways and rail. It's a stiff price tag."

He noted that three Mississippi port communities suffered minimal flooding damage during 2019 because they had benefitted from updated flood control investments. They were: Memphis, Tennessee; Arkansas City, Arkansas and Vicksburg, Mississippi.

If the United States does not make the investment, other countries will: "If we don't make the investments…our foreign competitors will take advantage of the situation to take away markets and commerce."

As a measure of how unprecedented 2019 rains and flooding were, Duffy noted that the U.S. Army Corps of Engineers (USACE) had only recently closed the Bonnet Carré Spillway. The flood control structure,

*(**DEFEND** – continued on page 23)*

PMSA says New York/New Jersey is now nation's second busiest port

By Stas Margaronis, AJOT

For the first time since 1992, the Port of New York and New Jersey has overtaken the Port of Long Beach to become the second busiest port in the United States, according to the July Pacific Merchant Shipping Association (PMSA) West Coast Trade Report.

New York/New Jersey is #2

In the report, PMSA states: "It's now the Port of New York/New Jersey… we have drawn attention to the possibility that PNYNJ might regain a status it hasn't enjoyed since 1992, that of being America's second busiest container port (after the Port of Los Angeles). So, here's the latest tally. Over this year's first five months, Long Beach reported handling 3,008,468 total TEUs (loaded + empty) or 192,275 fewer TEUs than in the same period last year. PNYNJ, by comparison, reported a May YTD (Year-To-Date) count of 3,041,814 TEUs or 33,346 more TEUs than its Southern California rival."

PMSA said this situation is not expected to change soon: "The reshuffling in ranking is not expected to change when

*(**SECOND** – continued on page 23)*

(*FOOTPRINT – continued from page 14*)
temperature facilities in New York. We have the CEIV (Centre of Excellence for Independent Validators) certification for handling pharmaceuticals and we are also GDP (Good Distribution Practice) compliant in Zurich.

"Our priority is to transport such shipments in the shortest possible transit time starting, for example, from Mumbai through Zurich to the final destination in Europe or America. We have warehouses at New York's JFK airport for exclusive handling of Swiss WorldCargo shipments. Pharmaceutical transportation requires collaboration of all stakeholders, including shippers, airline and other players," Wellauer noted.

Susanne Wellauer, head of pharmaceuticals and healthcare division for Swiss WorldCargo

While Hyderabad in South India has built up an image as the "world's generic factory" – Lufthansa Cargo maintains a large presence in Hyderabad – Swiss WorldCargo lifts a lot of pharma shipments out of Delhi and Mumbai destined for U.S. cities.

According to Swiss WorldCargo, the carrier handles over 575,000 shipments per year and over 225,000 tons of freight annually, with over 1,000 tons of freight palletized daily in Zurich. The carrier transports more than 40,000 pharma shipments annually. Swiss WorldCargo contributes to over 10% of the total Swiss revenue.

Swiss will add two more passenger aircraft of the B-777-300ER type to its existing ten B-777-300ER aircraft; delivery of these additional aircraft is expected by 2019 end or early 2020, increasing the total number of this aircraft type to 12. This aircraft type has a belly-hold capacity of 24.5 tons. Bhat said that the additional aircraft will considerably bolster the carrier's global outreach.

Swiss also has built up a network with its associate Swiss group member Edelweiss, the leisure travel airline, which deploys A340-300 and A330-300 aircraft, depending on the routes it takes. Vancouver, Calgary, San Diego, Orlando, Tampa and Havana are the destinations it flies to. Edelweiss' belly-hold capacity is marked by Swiss WorldCargo. Edelweiss provides strong outreach support to Swiss WorldCargo's global network.

Swiss WorldCargo, as Bhat put it, has been constantly "improving its services to give to customers the best pharma transport services and strengthen its position as a leading cargo airline". This was not "just a slogan" but a fact reflected in the recognition accorded to the carrier, for the fourth time, through the DHL Care Award, for "excellence in handling and safe shipment of temperature-sensitive life-science products".

Swiss WorldCargo, together with Worldwide Flight Services (WFS), recently launched New York's first GDP-compliant pharma facility after achieving certification 66 at New York's JFK Airport.

The GDP certification confirms WFS' compliance with World Health Organization (WHO), IATA, and Parenteral Drug Association (PDA) quality standards for handling pharmaceutical and life science products, as well as with Service Level Agreements signed with individual airline customers in New York.

WFS has also invested in a new cooler for the 1,000 sq. ft. pharma facility at JFK in support of the GDP requirements. With three daily flights from Zurich and Geneva, JFK is an important North America-gateway for Swiss WorldCargo.

Pharma transport is important for cargo carriers because it is predicted to maintain a continuous growth trajectory. Meanwhile, WFS has signed a 15-year lease on a new state- of-the-art, 346,000 square feet cargo terminal at the airport to improve cargo flows with reduced transfer times, shorter truck waiting times and the latest security and screening systems and procedures. It will also house dedicated facilities for temperature-controlled pharmaceutical products and perishables cargo when it opens in 2020/21.

Daily flights SWISS to the Americas:
New York JFK (2x daily from Zurich, 1x daily from Geneva) – Airbus A330-300
Newark EWR (1x daily from Zurich) – Airbus A330-300
Los Angeles (1x daily from Zurich) – Boeing 777-300ER
San Francisco (1x daily from Zurich) – Boeing 777-300ER
Miami (1x daily from Zurich) – Airbus A330-300, seasonally 2nd flight a day Boeing 777-300ER
Montreal (1x daily from Zurich) – Airbus A330-300
Sao Paulo (1x daily from Zurich) – Airbus A330-300
Boston (1x daily from Zurich) – Airbus A340-300, seasonally 2nd flight a day Airbus A330-300
Chicago (1x daily from Zurich) – Airbus A330-300, seasonally 2nd flight a day Boeing 777-300ER
Flights Edelweiss to Americas, deploying Airbus A340-300 or Airbus A330-300, depending on route: Vancouver, Calgary, San Diego, Orlando, Tampa, Havana. San Jose, Punta Cana, Rio de Janeiro, Buenos Aires

(*WIGGINS – continued from page 12*)
Wiggins' potential.

The role of the Wiggins family business developed with a partnership formed between Mike Wiggins and Jack McDowell. Today, the families are intertwined after Michele married Jack's son. Micah McDowell, Dr. Marcus McDowell, Michele's son and Mike Wiggins' grandson, oversee Global Sales and Business Development.

Michele's role as CEO has not been a "boss' daughter so she gets the job" sort of progression. Prior to entering college, she held a number of menial jobs at the factory including janitorial, parts runner and purchasing. After attending college at Abilene Christian University in Texas, Michele returned to Oxnard, California to assume the role of Director of Purchasing and then Chief Financial Officer. With the retirement of Mike Wiggins in 2014, Michele became CEO as the third-generation leader of the company.

Sometime after her return from college, Michelle worked as Director of Finance. Coming out of this period, Michelle indicates that she gained a great deal of respect for the Wiggins people that demonstrated an extraordinary loyalty, as well as insight into what it takes to lead a company. She also indicated a great deal of respect for Wiggins' vendors who stood-by the company during this period.

Under her leadership, Michele has guided Wiggins Lift with a unique insight into the business of building and selling forklift trucks. Wiggins has also built a stronger relationship with Taylor Machine Works' dealership network for the marina business. Wiggins also awarded a dealership, located in California, headed by former Marketing Manager, Michael Marzhal. His company, XLifts, markets and supports Wiggins Lift trucks working closely with the factory.

Oakland A's Kaval offers partnership but PMSA & ILWU are skeptical

By Stas Margaronis, AJOT

Dave Kaval, president of the Oakland Athletics, wants a "partnership" with the Port of Oakland maritime industry so as to build the new A's ballpark and "preserve and protect jobs on the waterfront."

Speaking to the Harbor Safety Committee of the San Francisco Bay on August 8th, Kaval said that the A's have pledged to:

• Reserve 10 acres from its proposed Howard Terminal ballpark property on the Oakland Estuary to be ceded for widening of the Port of Oakland Turning Basin. The Basin is part of the Estuary and adjoins Howard Terminal. The widening of the Basin would allow the Port to handle 18,000 teu and larger ships to be turned and docked at the Oakland International Container Terminal (OICT) at the western end of the Estuary. Currently the Port can handle ships up to 14,000 teus.

• Develop a transportation plan for ballpark fans that "will not impede" harbor trucking and rail access to and from the Port. This will include special pedestrian walkways so that fans can walk to the ballpark from parking lots and public transportation without crossing rail lines and truck lanes.

• Support "new infrastructure investments" that will increase spending on transportation access both for Port of Oakland tenants and for fans attending Oakland A's baseball games.

• Situate the proposed ballpark on the eastern end of the Port's Howard Terminal site as far away as possible from OICT. At night, this will minimize ballpark lighting obstructing the pilots and mariners who maneuver ships in and out of OICT at the western end of the Estuary. The stadium's eastern placement also keeps pleasure boaters attending the games as far as possible from commercial vessel operations.

Unlike at the San Francisco Giants ballpark, the proposed A's stadium is designed to prevent baseballs leaving the ballpark and landing in the Oakland Estuary where boaters and kayakers looking for souvenirs might pose a hazard to container ships sailing in and out of the Estuary.

Kaval projects groundbreaking on the site by 2021 and opening the ballpark by 2023.

Nevertheless, Kaval's assurances still drew criticism from representatives of the Pacific Merchant Shipping Association (PMSA) and the International Longshore and Warehouse Union (ILWU).

The two organizations' opposition to the A's ballpark reflects a new unity on the Oakland waterfront forged by two organizations that have not always worked together in the past. The two organizations say they are fighting to protect the Port of Oakland's maritime future including the longshore, trucking, warehousing, freight-forwarding, brokerage, marketing and rail jobs that they say are under attack by real estate developers and their political allies.

Aaron Wright, business agent for ILWU Local 10, spoke out against the A's proposal arguing that the A's already had plenty of land at the current Oakland Coliseum site to build a new ballpark and for new condominiums.

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

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

global trade scene, that I wanted a voice in that conversation.

Part of the voice I'd like to bring out is that I think shipping and logistics and all the things that make shipping and logistics possible are unfortunately pretty much underappreciated by the general public. That's probably because it generally functions pretty well and doesn't get much mainstream media attention But, of course, when something breaks, you hear a lot of noise.

There's so much good out there and it's such an exciting and cool industry that, to have this seat and be able to be a voice in the industry, it was the tipping point for me to say, "Let's go for this."

This is a trade association, unlike anything I've ever been involved with, and there's a big difference between a trade association and a global shipping company. But I do believe, at the end of the day, there's one common denominator and that is customers. In this case, the customers are ports and port authorities.

They have needs and desires and requirements. It's our job to tap into those things and work like hell to deliver on those things.

Having lived all over the world, are you looking forward to relocating to the Washington/Northern Virginia area?

We've never lived there and plan to relocate there. My wife and I are pretty excited, at this stage of our lives, to do the urban experience thing, so our intention is to live in Washington. We're all in on this thing, planning to enjoy it not just professionally but personally as well.

Who has most influenced your life?

Well, when you're in this business for 38 years, you meet a lot of people. With some, you learn things you really want to emulate and, from others, you learn things you definitely do not want to emulate.

Let me name two guys professionally who really had an impact on me.

One was the late, great Doug Lewis [who died in 2010 at age 67]. He was the sales training champion at United States Lines. He eventually became my boss when he moved out to Asia to run Asian sales. He had a huge impact for me at a pretty tender age. I'll never forget the guy. He was an absolute gem of a man.

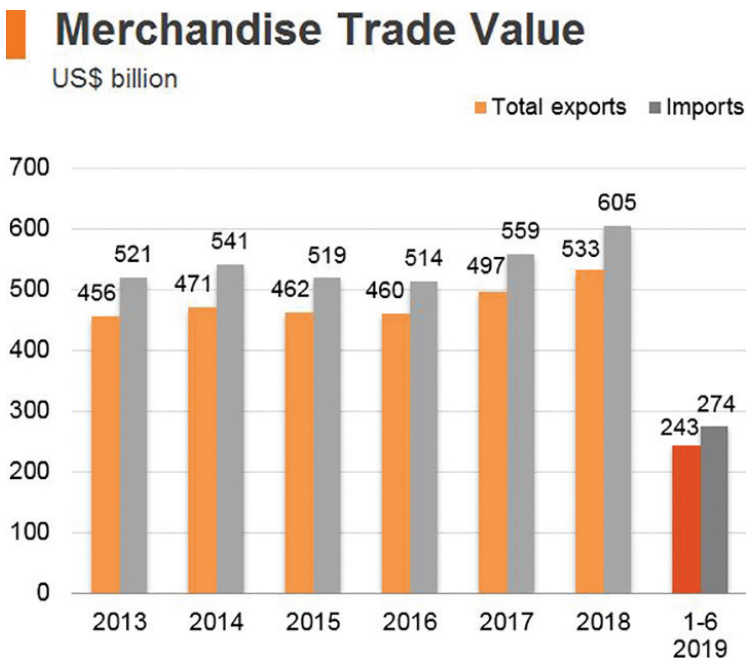
The other guy who had a big impact, particularly on the way I approach things commercially, is Dennis Derby from Crowley Maritime Corp. [formerly vice president of business development, now retired], who was a tough, hard-driving boss but who made me appreciate at the end of the day that it's about getting results – and he was real good at getting results.

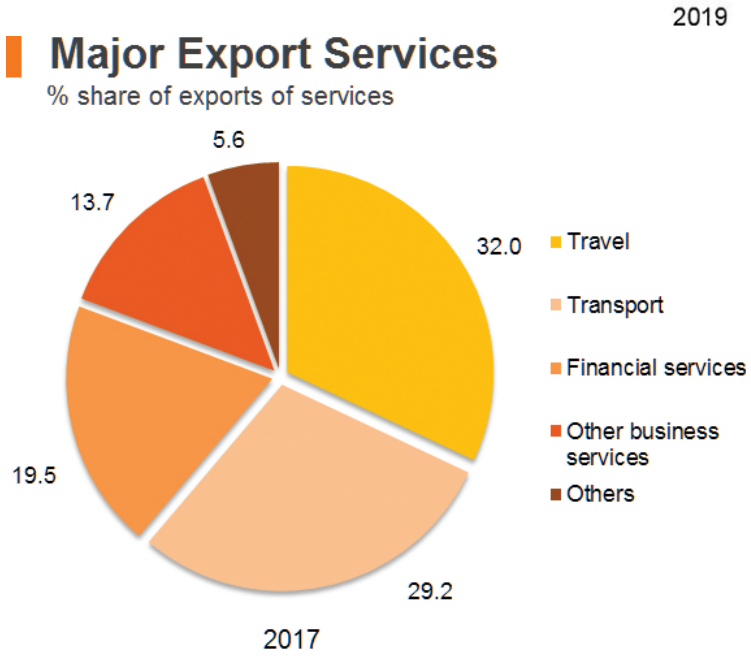
What do you pursue for fun and relaxation beyond the workplace?

I'm kind of a golf junkie. I love golf. I don't get to play it enough, because, as you know, it takes too damn long.

We have three adult sons – now 30, 28 and 24 – so my wife and I spend a lot of time trying to bring the family in the same place at the same time. It's a whole different ballgame when your kids grow up and become men or women, as the case may be. To have an adult relationship with your kids is just awesome. No grandkids yet. No pressure on the kids, but that'll happen at some point and be a whole new dimension.

Having lived in Europe as long as I did, about nine years, one great perspective you get is the importance of the work-life balance. I think Europeans have that a little better dialed in than the Americans. There are some lessons I learned there that have been and will remain of chief importance down the road.





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

in the world in terms of market capitalization. There were 2,315 companies listed on HKEx and the total market capitalization of Hong Kong's stock market reached US$3.82 trillion.

The City is also the Asian home for many multinationals…particularly from the U.S. According to the Hong Kong Trade Development Council (HKTC) over 18% of the "parent" firms are coming from the U.S. with Japanese companies ranking second at 16.8%.

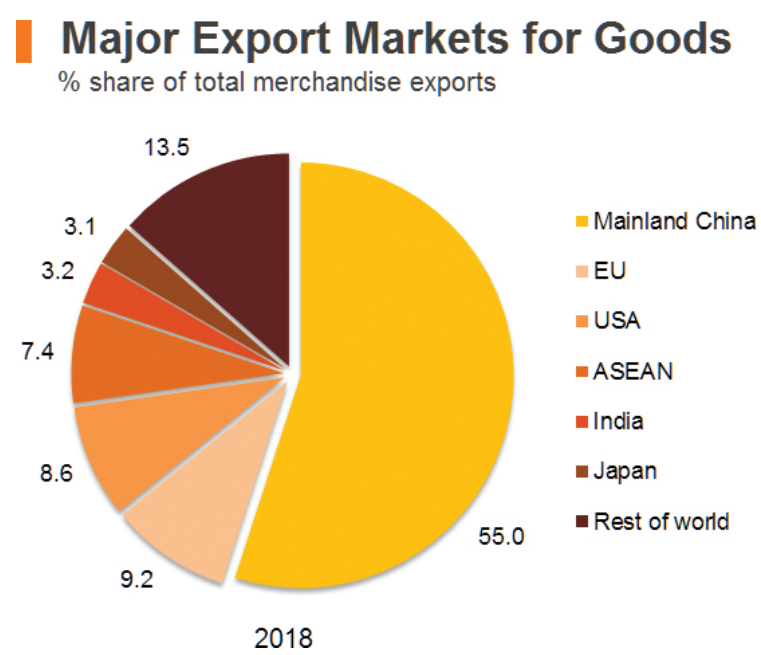
Even with a population approaching 7.5 million confined to 427 sq./miles the unemployment is at a healthy 2.8%. The region's GDP in 2018 was 364.8 (US$ bn) up from 2017 GDP figure of 341.4 (US$ bn). The per capita GDP is also a healthy 48,958 (US$) compared to 46,180 (US$) in 2017. [As a point of comparison, the US per capita GDP in 2018 is estimated at 53,500 (US$).]

Besides the turmoil in the streets, Hong Kong is stuck in the middle of the tariff war between China and the U.S. This economic struggle between global heavy weights has taken its toll on an economy built on being a turnstile to the China marketplace. This is the caveat in any economic analysis of Hong Kong – the close ties to the China market can act both to the benefit and the detriment to the fortunes of the City.

According to the Hong Kong government statistics, in 2018, 57% of re-exports were of China origin and 55% were destined for China. For the PRC perspective, Hong Kong is the fourth largest trading partner of China after the US, Japan and South Korea, accounting for 6.7% of its total trade in 2018. Even more importantly, Hong Kong is the largest source of overseas direct investment in China. According to Hong Kong estimates, in 2018 of all the overseas-funded projects approved for the PRC, 46.3% were tied to Hong Kong interests. With such an exposure to the China market, unlike other Asian states, there is little economic cover for Hong Kong.

The Hong Kong Trade Development Council (HKTDC) in their report issued the statement on the impact of the trade war:

In view of the threat posed by prolonged trade disruption and slowing growth in some of the world's major economies, the HKTDC made a downward revision to its forecast for Hong Kong's export performance in 2019, from 5% to 2%. Exporters are advised to be more proactive in diversifying their markets and enhancing product competitiveness…



Wider Issues

In an August 7th meeting with the media at the ninth meeting of the *Financial Leaders Forum*, Financial Secretary Paul Chan in answering a reporter's question said, "Our [Hong Kong's] second quarter economic data indicates that, on a quarter-to-quarter basis, the GDP has decelerated in the second quarter, and in fact has come down to negative 0.3 per cent. The economic situation, both externally and domestically was challenging in July. Domestically we are still struggling with our own social issues and externally there are increasing external uncertainties caused by escalating US-China trade conflict as well as other geo-political situations. For the third quarter of this year, if we were to have a negative growth again, then we would be technically in recession…"

Of course, the economics of Hong Kong are tied to the much wider issues facing the community. With recent protests closing the Hong Kong airport, Lam in an interview in the South China Morning Post said, "From what happened in the past week, I am afraid that Hong Kong's reputation, as a safe society that respects the rule of law, will be in a very dangerous [situation]," she said. "Hong Kong, as an open, free, inclusive, and economically stable city, will also suffer from all kinds of problems."

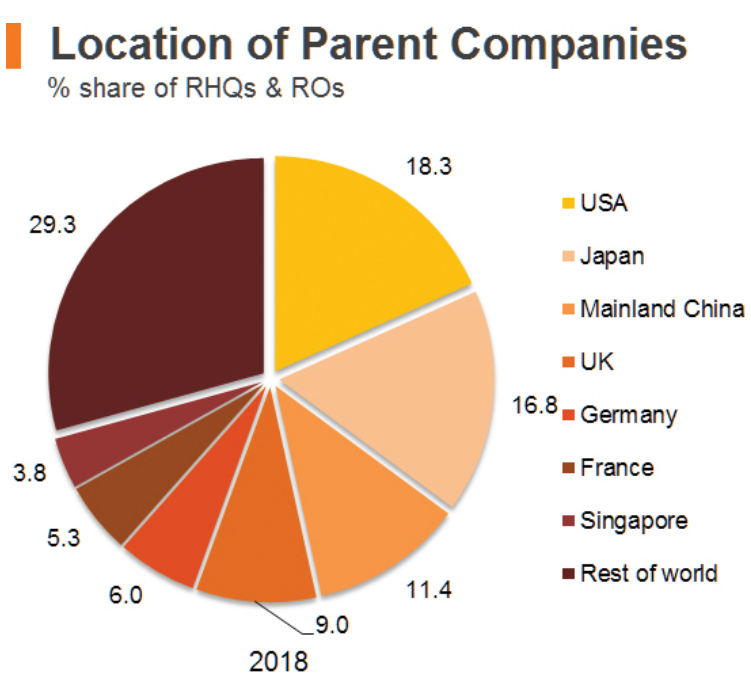
The "reputation" of the City could be collateral damage in the overall wrestling match between the protesters and PRC interests. Hong Kong ranked 1st in the Heritage Foundation's annual "economic freedom score" with a 90.2 tally. On the other hand, China ranked 100th with a 58.4 score just behind Namibia and ahead of Papua New Guinea. If Hong Kong was to become more like any other Chinese city, it is highly likely the ranking would correspondingly fall. Some cracks have already appeared in the distinctiveness of Hong Kong as the City's ranking in World Press Freedom Index has fallen from 18th in 2002 to 73rd. China is 177th out of 180 nations.

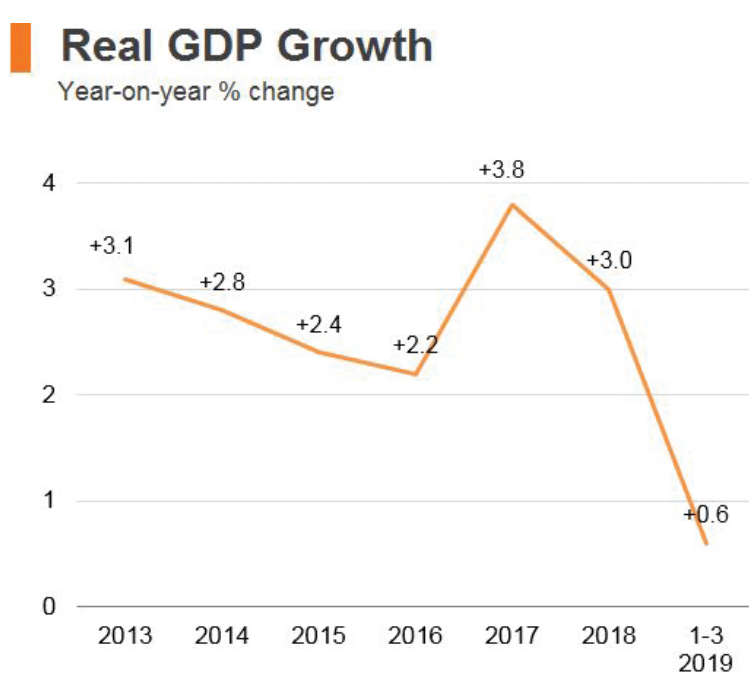
A recent update on the Hong Kong situation from SVA (Steve Vickers Associates), a Hong Kong based company specializing in risk mitigation, corporate intelligence and risk consulting, pointed out that it was unlikely that the PRC would allow the protest to continue past the "70th anniversary celebrations on 1 October 2019. This date may be a "drop dead" deadline."

How, and indeed *when* the protests will end is an open question at this writing.

Hong Kong has had to reinvent itself many times and weathered many storms from

(***ROCK*** *– continued on page 23)*





*(**BOOST** – continued from page 7)*

PortMiami's Asia trade is dominated by imports from China, which in fiscal 2018 reached a total value of more than $2.6 billion, up nearly 14 percent from just two years earlier. Key imports from China include electronic goods, machinery, furniture, plastic items, toys and games, leather goods and footwear. By comparison, exports from PortMiami to China totaled less than $118 million in fiscal 2018.

The Miami port's trade with Japan ($174.8 million in imports and $32.1 million in exports in fiscal 2018) and South Korea ($147.7 in imports and $46.3 million in exports), while certainly substantial, is overshadowed by the China activity.

*(**SKEPTICAL** – continued from page 21)*

Wright's concern is that, in addition to the ballpark, the Oakland A's are proposing to build condominiums next to the planned Howard Terminal ballpark.

"The overall picture is they want to put residential on this site right next to ….container operations. You have overweight trucking and rail running through here…. No multi-million condo owner is going to accept that at all…. Show us the overpasses. Show us the parking. Show us how this is going to work."

Wright said he fears the result will be that maritime business and jobs will be driven away.

He urged Harbor Safety Committee members to support the ILWU's effort to persuade the Oakland City Council to require the Oakland A's build the new ballpark at its current site in East Oakland.

*(**ROCK** – continued from page 22)*

the initial handover in 1997 and the Asian Financial Crisis in 1998 and the Great Recession in 2009. But the current crisis is a great deal more about how the community measures itself – an existential crisis - than one of any economic event.

It all begs the very large question of what will be the post-crisis *new normal* in Hong Kong, as the space between a rock and hard place can become suffocatingly narrow.

*(**CHARGING** – continued from page 12)*

"California at the state and local levels has the most robust public funding and incentive ecosystem in the Americas for the development and deployment of advanced clean energy and transportation technologies and is also supported by periodic investments by the federal government," emphasized Ms. Bernie. These include CEC, California Air Resources Board, California Department of Transportation and the federal departments of Energy, Transportation, Maritime Administration and Environmental Protection Agency. At the local level there is important funding and incentive opportunities presented by utility investments.

Gibbons explained that "there are state incentives to drive down these costs." For example, the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) provides a voucher of $150,000 towards the purchase of a BYD truck. Also, San Diego Gas and Electric has a Senate bill 350 application into the California Public Utilities Commission (CPUC) to include covering certain costs of the installation of electric vehicle charging equipment.

Finally, SDPTA is also responsible for administering the ARFVTP grant toward an Intelligent Transport System (ITS) component. The original scope of work (SOW) from CEC was to include both platooning and Freight Signal Priority (FSP) technology. Platooning is to enable freight trucks to synchronize their cruise control for trucks to follow other trucks closely enough to reduce air resistance and save on fuel. However, the SOW has been amended since "commercial deployment for the platooning is no longer feasible in the originally scoped area and the focus is now solely on the FSP." The FSP project will install technology into approximately 15 intersection signals along Harbor Drive connecting the Tenth Avenue Terminal with the National City Distribution Center. Four Seasons Trucking is partnering on this aspect of the project to coordinate the fleet demonstration and STC Traffic is the major subcontractor facilitating the installation and implementation of all technology and infrastructure.

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

June's figures are all counted. We already know that Long Beach had another off month in June as total container traffic through the port fell 10.0% (-75,021 TEUs) from June 2018. But we will have to muster the patience of Job to await the arrival of PNYNJ's June statistics."

PMSA noted, "Recapping the year-over-year gains in inbound loads across the nation, New York/New Jersey (+38,599 TEUs), Savannah (+19,437 TEUs), Virginia (+11,000 TEUs), Houston (+6,734 TEUs), Maryland (+5,848 TEUs), Charleston (+2,732 TEUs), and Oakland (+3,499 TEUs) all saw their inbound traffic in May grow, while the number of inbound loaded TEUs handled in San Pedro Bay (Los Angeles & Long Beach) fell 51,506 TEUs from a year ago."

Declining California Trade with Asia

The PMSA report said the Ports of Los Angeles and Long Beach registered a decline in the value of East Asian Container Import Value. The two ports saw a decline from 56.3% of the import value of East Asian container trade in May, 2018 down to 51.7% of the container import value in May, 2019.

In an interview with *AJOT*, Jock O'Connell, PMSA senior economist, noted that "the two Southern California Ports of Los Angeles and Long Beach are bearing the brunt of the impact of tariffs and trade tensions between the United States and China. There is also a shift in the trade from higher cost manufacturing in China and East Asia and toward lower cost manufacturing in the Indian Ocean that includes India, Pakistan, Bangladesh and East Africa. These countries have shorter shipping routes to U.S. Atlantic Coast ports such as New York/New Jersey, Charleston, Savannah and Gulf ports such as Houston."

O' Connell emphasized that the Ports of Los Angeles and Long Beach function as a unit and container handling figures that show up as a decline at Long Beach for the first part of the year could easily evaporate for the second half of the year: "The shipping lines and terminals at Los Angeles and Long Beach are constantly moving boxes from one terminal to another and so it is best to understand volumes as the sum of both ports and not just one. Realistically, these two San Pedro Bay ports are a unit."

The Challenge from Prince Rupert

Another threat to the U.S. West Coast ports, O'Connell said, is coming from the Pacific Coast Port of Prince Rupert in British Columbia, Canada. Despite negative trade trends for the United States with China, this Canadian port "saw a 9% increase in imports for the first six months of 2019 compared to 2018."

The situation is complicated by the fact that the Port of Vancouver, British Columbia did not do as well. The PMSA report says: "The two British Columbia ports we track had starkly mixed results in May. At Vancouver, inbound loads were down by 10.4% (-15,252 TEUs), while Prince Rupert posted an 11.2% (+5,819 TEUs) gain from a year earlier. Combined, the two ports were down 4.8% (-9,433 TEUs)."

O'Connell said that Prince Rupert is picking up market share from U.S. West Coast ports for three reasons:It has shorter rail links to the U.S. Midwest including Chicago

There is no U.S. Harbor Maintenance tax raising the cost of handling containers so Canadian ports have a cost advantage.

The Northerly shipping route between Prince Rupert and East Asia is shorter than the U.S. West Coast ports, especially Los Angeles and Long Beach.

Of course, a fourth reason might be that Canada, unlike the United States, is not in a trade war with China.

Climate Change Will Hurt WC Crop Yields

O' Connell said that climate change "is beginning to have a negative impact on crop yields in the San Joaquin Valley of California as well as for growers in the Pacific Northwest due to higher temperatures, shorter growing seasons and growing number of pests."

In commentary that accompanied the PMSA report, O'Connell cited a University of California, Merced study that warns of long-term losses to California agriculture from climate change warning "of changes in rainfall patterns that could lead to a greater likelihood of drought conditions throughout the state. In addition, warmer temperatures could reduce yields of such crops as wine grapes, strawberries and nuts, while shorter chill seasons will make for conditions less favorable to growing cherries, apricots, apples and pears. Worse still is the likelihood of an invasion of plant diseases and pests not seen before.

The U.C. Merced report concluded that almost all of California's crops, together valued at more than $50 billion a year, would be placed at risk by rising temperatures and unstable weather patterns caused by climate change. The state will face wildly fluctuating precipitation patterns, leading to severe droughts and flooding, warming temperatures, more heat waves, and shorter chill seasons. The researchers wrote that the increased rate and scale of climate change 'is beyond the realm of experience for the agricultural community'."

Thus, U.S. West Coast ports have a problem, O' Connell believes: "the growth of agricultural exports from Los Angeles, Long Beach, Oakland and Seattle/Tacoma is likely to decline."

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

located about 33 miles upriver from New Orleans, diverts water from the Mississippi River to Lake Pontchartrain and onward to the Gulf of Mexico. The Bonnet Carré is designed to prevent high levels of water flowing down the Mississippi and flooding New Orleans.

In order to protect New Orleans, the Bonnet Carré had to be opened twice in 2019. By comparison, the spillway was used three times in the 1970s.

TURKISH CARGO MAINTAINS ITS SPEED OF OPERATION.

Turkish Cargo continues its operations both at Ataturk and at Istanbul Airports maintaining its consistency for quality and care. Its "on-time performance", defined as planned arrival/departure hours, reached an even higher level this year than in the first quarter of 2018. According to WACD (World Air Cargo Data), the company maintained its 7th position in the rankings, with a tonnage in the first quarter of 2019 amounting to 11.6%. When all phases are complete, Turkish Cargo will comprise a total area of 300,000 m^2, giving it the capacity to handle four million tons of cargo at the terminal every year. Freighter operations will continue to be carried out from the existing terminal at Ataturk Airport.

TURKISH CARGO

turkishcargo.com