

The

UNCONTAINED

Breakbulk, Project and Energy Transportation News

Spring 2023

**CROWLEY'S
HUMBOLDT BAY
OFFSHORE WIND OPS**

**AAL'S SUPER
B-CLASS MPV**

**BRAZIL STEPS UP
STEEL EXPORTS**



Foreword



George Lauriat,
Editor in Chief
George joined what would become the American Journal of Transportation in 1986, and has been Editor in Chief since 1988.

As the articles contained in this Spring 2023 edition of The Uncontained [our digital magazine] amply illustrate, there is a lot happening in shipping that isn't about containerized freight. For example, "project" cargo moves buoyed by wind power projects have become a mainstay of the multi-purpose vessel/heavy lift (MPV/HL) sector. And while there is optimism with the global, and particularly the U.S., rise in offshore wind power projects, the business is facing some "headwinds," as Ed Bastian, Director of Global Sales for BBC Chartering explains in his article on [page 32](#). Wind power projects are also the subject of a number of other stories in this edition. Chris Barnett, in his story on the breakbulk facilities at the Port of Vancouver USA – Breakbulk is the Port of Vancouver USA's Calling Card, ([page 18](#)) – highlighted how important the location of the port was to moving wind power project shipments into Alberta, Canada. Speaking of Canada, Montreal-based Leo Ryan in his article Wind Energy Projects On Strong Growth Trajectory Across Canada ([page 4](#)) writes that Canada will have to add 5 GW of wind and solar power annually every year to meet its commitment to net zero by 2050 – that goal translates into a great deal more wind power business...and shipping for both onshore and offshore projects in the immediate future.

Of course, it isn't just Canada that is powering up with wind power. Stas Margaronis in his coverage, writes about the emergence, on potentially a grand scale, of offshore wind power in California, in his article on Humboldt Bay's launch of a new offshore wind farm project ([page 30](#)).

Of course, it isn't all about wind power. Steel is a critical product for breakbulk shipping both in the steel-making commodities and the finished steel products.

In an insightful article, Brazil Step Into Vacuum Left By Reduced Steel Exports From Russia and Ukraine, ([page 6](#)) Peter Buxbaum delves into how Brazil's steel exports have boomed as a result of the conflict.

And when it comes to steel and steel markets, everything starts and ends with China. In his article, Peter Buxbaum takes a deep dive into China's steel industry in his article China's Steel Production Spikes After Lockdowns End ([page 28](#)).

And for connoisseurs of the breakbulk industry, the recent movement of the sector into the mainstream, with new investment and construction of "non-containerized facilities, is a satisfying development. Recently it was announced that PSA Breakbulk was launching the first Project Cargo Ecosystem in the Port of Antwerp, a story that appears on [page 26](#). In that same vein, New York-based AJOT international correspondent Manik Mehta, in his article, Bremen's Neustadt Port Aggressively Pushes Breakbulk Traffic, on [page 34](#), examines the German breakbulk hub Neustadt port – a rising competitor to Europe's breakbulk king the Port of Antwerp.

Every week The Uncontained reports on breakbulk news from around the globe. Enjoy reading this Spring edition of The Uncontained and follow breakbulk industry every week at TheUncontained.com.

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AAL's Super B-Class MPV.
See the full interview with Henrik Hansen on [Page 14](#).

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WIND ENERGY PROJECTS ON STRONG GROWTH TRAJECTORY ACROSS CANADA



By Leo Ryan, AJOT
February 2023 | Published in AJOT Issue #750

The second largest country in the world after Russia, Canada benefits from vast areas offering abundant wind resources with significant potential for the expansion of wind-generated power. While some of the highest quality areas are along coastlines and offshore, none of the estimated three dozen offshore projects today have reached the approval or build phase. The development of coastal wind farms on the Great Lakes and elsewhere has been deterred especially by environmentally influenced regulatory issues and legal proceedings. For the present, only Nova Scotia, on the Atlantic Coast, is seriously poised to become an important player in offshore energy.

Optimistic Outlook for Onshore Wind Projects

But in the case of inland onshore projects, the outlook is highly positive - with wind farms spreading from the eastern and western regions to the Far North. More is on the horizon with reports that the 2023 federal budget being unveiled soon will accord major priority and investments for accelerating Canada's energy transition.

Offering, meanwhile, a good overview of the evolving landscape is the Canadian Renewable Energy Association (CanREA), who's recently released year-end data confirmed that Canada's wind and solar

energy sectors grew markedly in 2022.

"I am happy to see that, across Canada, the sector grew by an impressive 10.5% this year," said Phil McKay, CanREA's Senior Director, Technical and Utility Affairs. "Canada now has an installed capacity of more than 19 GW of utility-scale wind and solar energy, having added more than 1.8 GW of new generation capacity in 2022."

Western Canada accounted for 98% of Canada's total growth in 2022, with Alberta adding 1,391 MW and Saskatchewan adding 387 MW of installed capacity this year. Quebec contributed 24 MW to the total growth for 2022, Ontario 10 MW, and Nova Scotia 2 MW.

The 2022 growth of 1.8 GW was significantly larger than in 2021, although it does not meet the growth rate called for in CanREA's 2050 Vision, Powering Canada's Journey to Net-Zero, which states that Canada needs to deploy more than 5 GW of new wind and solar energy every year to meet its commitment to net-zero GHG emissions by 2050.

Western Canada Capacity Growing

Wind energy alone grew by 7.1% (1 GW) in 2022 to a new total of more than 15 GW of installed capacity. In this regard, Western Canada blew ahead of the pack, thanks to big growth in Alberta (nearly 605 MW) and Saskatchewan (377 MW), as well as some (24 MW) of new wind

capacity in Quebec.

Across Canada: As of December 31, 2022, Ontario had more than 5.5 GW in total installed wind capacity, powering nearly 1.5 million homes. Quebec had nearly 4 GW. Alberta had a new total of 2.6 GW, Saskatchewan had 804 MW of installed wind capacity, and Nova Scotia had 616.

Among Canadian ports, the Port of Thunder Bay on the tip of Lake Superior, is continuing to develop its special vocation as a strategic gateway to handle import wind energy components destined for wind farms in Western Canada. "Our abundant laydown area is an asset for cargo staging and storage, as is direct on-dock access to the CN and CP railway network and the Trans-Canada Highway," said Chris Keikkinen, director of business development.

"Wind continues to be a leading opportunity for our marine business in 2023," he told the *American Journal of Transportation*. Adding, "Keep an eye out for some oversized shipments at the port this year."

St Lawrence Connection

Interestingly, located in the heart of the St. Lawrence/Great Lakes shipping corridor, one finds at Trois-Rivières (midway between Montreal and Quebec City) a leading manufacturer of wind towers in North America: Marmen Inc. A subcon-

"This is a market that will continue to expand."
- Mathieu Giroux

Looking North East where the St. Lawrence River narrows, between Quebec City (left foreground) and Lévis (seen at right). The Île d'Orléans appears in the central distance.

- Photo by Joël Truchon

tractor for original equipment manufacturers (OEM) specializing in high-precision products, this enterprise operates two plants in Trois-Rivières and Matane in Quebec and one plant in Brandon, South Dakota which facilitates transportation through the central United States by truck or rail.

In an interview, Mathieu Giroux, director of purchasing and supply for Marmen Inc., enthusiastically noted: "We consider ourselves very lucky to be in a port-city on the shores of the St. Lawrence River. The St. Lawrence is one of the most important waterways of the world because it offers access to many markets. The port allows us to penetrate markets when the components involved are very heavy or ultra-dimensional."

Marmen's chief client base in Canada and the United States covers diverse markets from wind and hydropower to steam and gas turbines.

In Canada, the provinces of Alberta, Saskatchewan, Ontario, and Quebec are important wind energy markets. "We have been in the tower market for 20 years," Giroux recalled. "This is a market that will continue to expand. The towers we manufacture here are transported on all modes depending on the client. Much is moved by truck or by rail via the Quebec Gatineau Railway (QGRY). For certain markets, the latter is the most practical since there can be more weight and dimensional con-

straints."

Looking at some recent wind projects in the works across Canada, the Canadian government, through its Arctic Energy Fund, has invested in the Haeckel Hill Wind Project in Whitehorse, Yukon where four wind turbines are slated to be operational by November 2023.

At Inuvik in the Northwest Territories, a 3.5MW wind turbine and other components delivered by barge last fall is destined to reduce local diesel consumption by 30% when the Inuvik Wind Project is scheduled to become operational later this year.

\$6 Billion Green Energy Project in Nova Scotia

But elsewhere in Canada, as mentioned earlier, Nova Scotia has commanded considerable attention on both the offshore and inland fronts.

Early in February, EverWind Fuels Company of Halifax received environmental approval for the initial phase of its planned C\$6 billion, 1 million tonnes per annum green hydrogen and green ammonia production complex located in Point Tupper, Nova Scotia. It is touted as the first such industrial-scale project in North America.

EverWind acquired the Point Tupper terminal in early 2022. Its existing, operational marine terminal is the deepest

ice-free berth on the East Coast of North America. The site has capacity to produce more than 10 million tonnes per year of green ammonia. The site, with approximately \$1 billion of existing storage and logistics assets, is regarded as an ideal hydrogen hub and is connected via critical infrastructure including rail, road, and pipelines, in addition to its port facility.

EverWind remains on track to deliver green ammonia to German off takers, E.ON and Uniper, by 2025, achieving the goals outlined in the historic Canada-Germany Hydrogen Alliance signed in August of 2022.

The environmental approval from the provincial authorities is a significant milestone for start-up EverWind and its First Nations equity partners, Member-tou, Paqtnkek (Bayside Development Corporation) and Potlotek. It paves the way for construction to commence in the first half of 2023. Last December, EverWind was the successful proponent in a Provincial request for applications for Crown land and is now exclusively applying for leases on 137,000 acres of land to develop a 2GW onshore wind farm in northeast Nova Scotia. The onshore wind farm is expected to power the second phase of its green hydrogen production facility by 2026.

BRAZIL STEPS INTO VACUUM LEFT BY REDUCED STEEL EXPORTS FROM RUSSIA AND UKRAINE



By Peter Buxbaum, AJOT
March 2023 | Published in AJOT Issue #751

Increased domestic construction and infrastructure spending, and a positive economic outlook for 2023, could mean increased steel consumption at home.

The war in Ukraine, and the sanctions imposed by western nations on the Russian steel industry, has compromised global steel supplies. Among other measures, the United States imposed sanctions against two of Russia's largest steel producers, Severstal and MMK. The United Kingdom implemented a total ban on iron and steel products from Russia and the European Union (EU) banned supplies of several Russian rolled steel and pipe products. And the production and exporting of steel from Ukraine has been disrupted as a result of the hostilities.

New Steel Sourcing – The Rise of Brazil

This state of affairs has led steel-consuming companies, especially in Europe, to look for other sources of supply. Judging by the growth in its export volumes, Brazil has entered this vacuum to make up some of the shortfall.

According to Worldsteel, Russia produced 7.2% less steel in 2022 than in 2021. Russia's Ministry of Industry and Trade reported that sanctions affected the export of 4.8 million tons of finished steel, semi-finished steel, and steel pipe. In January 2023, Worldsteel reported that production in Russia and Ukraine was down 24.9% for the month, while Brazil's was up 12%.

The war-related supply restrictions prompted Brazil, the world's eighth-largest steel producer, to increase exports to Europe, which grew by no less than 710% in the first half of last year, according to data from the national steel association Aço Brasil. The U.S. remains Brazil's largest export market for steel, and, although volumes dropped in 2022, that trend may be due for a reversal, if January 2023's numbers are any indication.

Brazil's growing importance in global steel markets is

highlighted by another recent development. In January 2023, Brazilian antitrust authorities approved the acquisition of the Brazilian steelmaker Companhia Siderúrgica do Pecém (CSP) by ArcelorMittal, a multinational steel producer headquartered in Luxembourg, for \$2.2 billion. There are several rationales behind the acquisition, including a Ukraine war connection.

Last year, noted Aditya Mittal, ArcelorMittal's CEO, "was overshadowed by the outbreak of war in Ukraine, where we have steel and mining operations. The conflict is impacting growth."

CSP, Mittal added, "is one of Brazil's lowest-cost slab producers," a key Russian steel export, and "over the longer-term there is the option to significantly increase its slab capacity." In other words, the CSP acquisition provides ArcelorMittal with the opportunity to mitigate losses in Ukraine and capitalize on shrinking Russian steel slab sales.

Another factor to consider is that the CSP acquisition "enhances [ArcelorMittal's] position in Brazil," said Mittal, providing the company with the opportunity to satisfy local demand, which is set to skyrocket. While global economies, including Brazil's, face economic uncertainty, Brazil's economic prospects appear to be relatively rosy, which, along with expected spending increases in Brazil's infrastructure and housing sectors, will likely increase domestic demand for steel. That raises the question to what extent Brazil can supply export markets to make up for contracting Russian and Ukrainian steel production going forward.

Europe represented 13.4% of total share of Brazil's exports in 2022, as compared to 2.2% in 2021, according to a report from S&P Global. "The U.S. remained the main destination of Brazilian steel products, but this figure was down 9.4%," the report noted.

Restrictive Measures Remove

Aiding Brazil's position in global steel has been the removal of restrictive measures against Brazilian exports of cold-rolled steel products (CRC) by the U.S. and the UK. The U.S. removed anti-dumping and countervailing duties of up to 46% in on imports of CRC from Brazil, while keeping the measures on the same products from other origins, including China, India, Japan, South Korea, and the UK. The UK excluded Brazil from a 25% surcharge on steel sheets and CRC. The termination of those measures by the U.S. may have contributed to a spike in Brazilian imports of 711% in January, according to numbers supplied by the American Iron and Steel Institute (AISI), part of an overall increase of 18% in U.S. steel imports for the month.

In Europe, 2022 showed a 4.6% drop in demand for domestic steel product. This year's outlook is for a 1.6% decrease, while 2024 is expected to usher in a modest recovery of 1.6%, according to numbers from the European Steel Association (EUROFER). Axel Eggert, EUROFER's director general, blames the situation on "massive cheap imports from third countries" as well as inflation, supply-chain issues, decarbonization costs, and "Russia's war in Ukraine and its impact on inflation and global supply chains."

It remains to be seen whether Brazil will be in a position to supply Europe with increased volumes of steel in the longer run. "Brazil's steel consumption should double within the next 10 years," reported Bloomberg, with increased spending foreseen in housing, renewable energy, ports, and oil-and-gas projects.

Impacts on Brazil's Economy

The Brazilian economy's gross domestic product grew a surprising 2.9% in 2022, defying some earlier predictions of much more meager growth, a level that may be equaled this year, according to the country's Economy Ministry. Inflation, which ran in the double digits for the first seven months of 2022, ended the year at 5.79%. The annual rate reported for core inflation came in at just 2.5% annual growth during the last four months of the year and January 2023 showed a gain 5.77%. The data service Statistica projects 4.68% annual inflation this year, and some observers project that the Brazil's central bank will soon begin to lower interest rates.

The Economy Ministry is optimistic for 2023's prospects, supported, it says, by greater private investment, capital goods imports, and a healthy rate of jobs creation. "External demand for Brazil's goods has held up better than it has for its peers," noted one economic report, with goods export growth reaching 5.5% in the fourth quarter.

With economic uncertainty a given, optimism for Brazil's economy in 2023 is running better than in some other corners of the globe. If projections hold up, and additional investments in construction and infrastructure come through, it's probable that Brazil's steel sector will not be able to continue to supply markets with products they are unable to buy from Russia and Ukraine to the same extent as it has over the last year.

Steel cutting process at a Brazil steel mill.



The BBME 2023 called for greater female participation in the industry.

BREAKBULK MIDDLE EAST HIGHLIGHTS SIGNIFICANCE OF THE GULF PORTS

Event underscored women's empowerment, education, digitalization and connectivity.



By Manik Mehta, AJOT
March 2023 | Published in AJOT Issue #751

Thanks to the Gulf ports' commanding position in sea trade with the rest of the world, driven by massive oil, gas and petroleum-based exports, and burgeoning transit traffic, the region's ports are also an important conduit for the breakbulk segment which was the central theme of the Breakbulk Middle East 2023 exhibition-cum-conference, held at the Dubai World Trade Centre on Feb.13 and 14, 2023.

According to the BBME 2023 organizers, the region's most important breakbulk exhibition recorded 6,496 visitors – a 94% surge over 2022 – that included project owners and industry-dedicated professionals from sectors such as freight forwarding, logistics solutions, ports, terminals, etc. from the Middle East and North Africa (MENA) region

The BBME 2023, enjoying the patronage

of the UAE Ministry of Energy and Infrastructure, called for greater female participation in the industry and for attracting qualified young talent to build up next workforce generation. "These are important objectives for the industry, given the inadequate female representation and the dearth of skilled and managerial workforce in this sector," a UAE businessman told the American Journal of Transportation.

The industry is trying to reach out to students at top universities and academic institutions and motivate them to embark on careers in the cargo and logistics sector. The Education Day, held at the BBME, featured industry speakers who highlighted the opportunities for young career-seeking people in the cargo and logistics sector.

Former students, now professionally

involved in the field, used another session "Career Opportunities" to narrate their "success stories" and their work-related experiences.

The sessions received support from several education institutes, including Abu Dhabi Maritime Academy, Aries International Maritime Research Institute, Birla Institute of Technology, Higher Colleges of Technology, Jordan Maritime Academy, Lloyd's Maritime Academy, London American City College, Middlesex University Dubai, Murdoch University, etc.

Razor-sharp Efficiency

While ports in many parts of the world, including in the U.S., faced disruptions and congestion, the UAE ports operated with "razor-sharp efficiency", as John Fleming, a U.K. based logistics operator put it.

In his BBME inaugural remarks, Hassan

Mohammed Juma Al Mansouri, Undersecretary for Infrastructure and Transport Affairs at the Ministry of Energy and Infrastructure, stated that the world had faced significant challenges in the past three years due to supply chain disruptions caused by the pandemic and geopolitical unrest. "However, the UAE and its maritime sector emerged resilient and responded swiftly to overcome challenges and satisfy global needs. Despite the unprecedented crisis, our ports demonstrated exceptional resilience to ensure a smooth flow of goods from one part of the world to the other, ensuring economic stability locally, regionally, and internationally."

He noted that in addition to ranking third in transport services trade and bunker supply index, the UAE was also re-elected to the Executive Council of the International Maritime Organization (IMO), under Category B, further consolidating its role in the global maritime spectrum. He reinforced his ministry's goal to "constantly innovate and improve our capabilities in order to cement our position as a leading logistics and shipping hub".

Hessa Al Malek, advisor to the Minister for Maritime Transport Affairs, UAE Ministry of Energy, and Infrastructure, also referred to the global situation during a press conference in Dubai. "While ports across the globe suffered from congestion, our ports showcased their excellent capabilities by handling huge amounts of cargo to keep trade through the country and the region flowing. This enabled the industry in the UAE to generate over Dirham 90 billion (approx. US\$ 24.5 bn), a value that none of us could have imagined considering the difficulties that surrounded us," he said.

Top representatives from the Ministry, DP World, Abu Dhabi Ports Group, DSV Solutions Abu Dhabi, and other UAE organizations, underscored the BBME's commitment to facilitate the industry's expansion in new markets, and work towards the sector's progress across the globe.

The BBME's opening session, "MENA Project Review", provided insights into major projects in the pipeline. Led by Ryan McPherson, Director, Middle East, Africa, Russia & CIS, EICUK

Middle East (Branch), the session assessed the possible economic impact of projects such as the NEOM and King Salman Energy Park in Saudi Arabia, as well as the North Field East LNG expansion project in Qatar, followed by discussions on the opportunities in markets such as Africa for the breakbulk and project cargo sector's expansion during the "Africa as a Region of Opportunity: Outlook, Projects and Entering the Market" session.

Abdulla bin Damithan, CEO & Managing Director, DP World UAE & JAFZA, emphasized that his group recognized the project cargo and breakbulk industry as the backbone of many businesses, from energy to construction and "everything in between". "As a leading smart trade enabler, we continually invest in technological solutions like Dubai Trade and CARGOES and upgrade our infrastructure to cater to the increased demands. Our investments allowed Jebel Ali Port to handle over 40 million metric tonnes of breakbulk cargo in the last 10 years. In 2022 alone, the port handled more than 4 million metric tonnes, up 11 per cent year-on-year and marking one of our most successful years in this sector."

Other important sessions and initiatives at the BBME included the Women in Breakbulk Networking Breakfast; End-to-End Logistics: Artificial and Business Intelligence Driving Efficiency in Ports; and Wind Energy in the UAE: Transportation, Installation, and Lessons Learnt.

The breakbulk shipping and port services division of the Wilhelmsen Group in the Middle East was upbeat about robust growth in 2023. The group's Dubai-based vice president, Frederic Fontarosa, maintained that with project activity levels returning to normal and the industry recovering, the sector was now at almost the same pre-pandemic level.

His group was targeting a double-digit growth for 2023, given its involvement in several initiatives ahead of the COP28 (the UN Climate Change Conference) to be hosted by the UAE.

The next BBME event will be held in Dubai on 12-13 February 2024.

The Breakbulk Middle East 2023 exhibition-cum-conference was held at the Dubai World Trade Centre.



CANADIAN BREAKBULK MARKET POISED FOR NEW DEVELOPMENTS



By Leo Ryan, AJOT
March 2023 | Published in AJOT Issue #751

Two significant developments – one already announced and the other to come soon – will have an impact on a bustling breakbulk market in Canada.

Industry watchers will be reviewing with particular attention the contents of the federal 2023 budget to be unveiled in Ottawa on March 28 by Chrystia Freeland, Deputy Prime Minister and Minister of Finance. Until recently, government officials were paying considerable lip service to expanding infrastructure investments and accelerating the “green transition” of the Canadian economy.

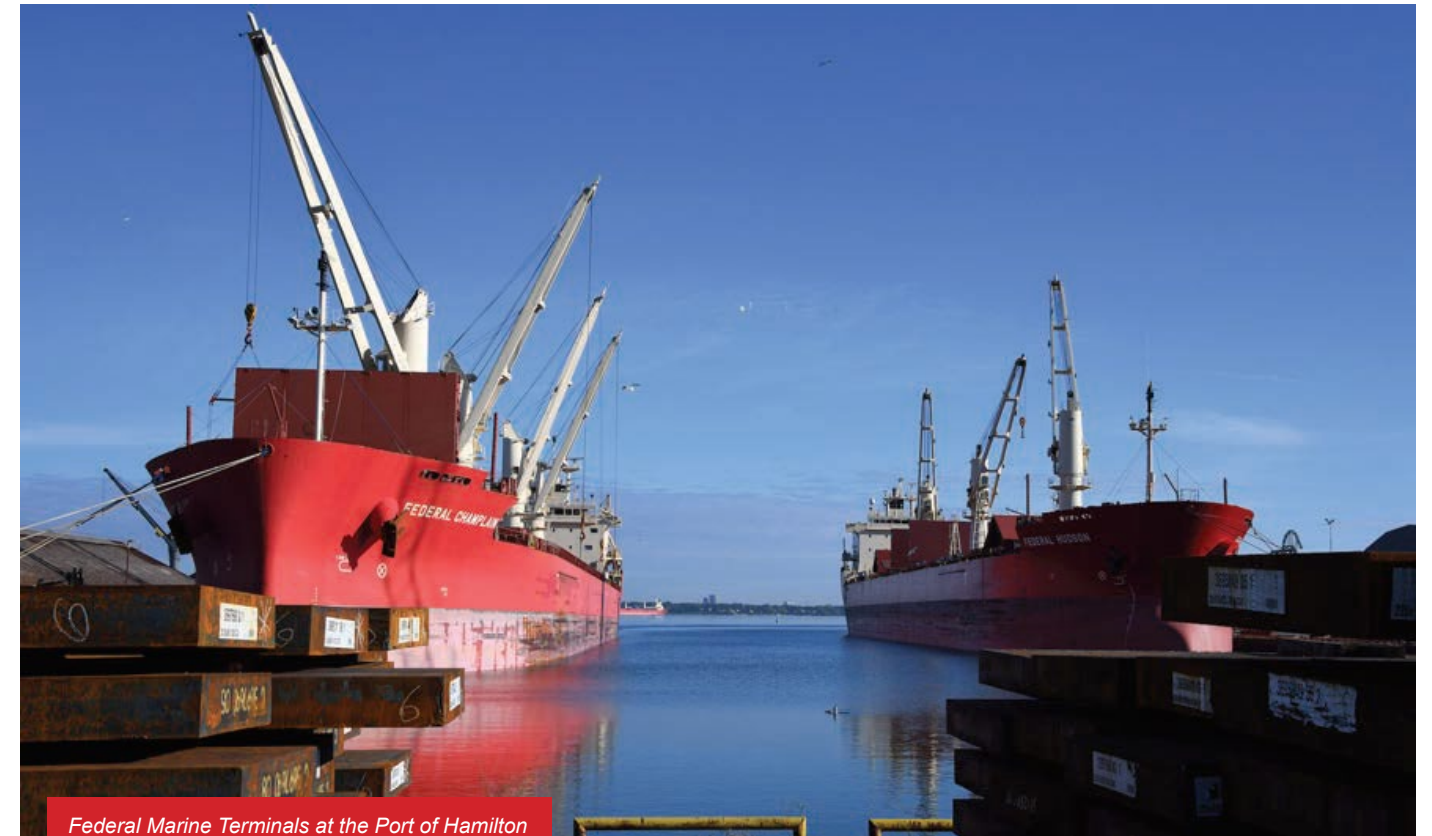
How much such objectives retain their importance remains to be seen in light of the minister’s latest cautionary message of “prudent fiscal restraint.” Moreover, many Canadian business interests feel that Canada must respond effectively to the bold multi-billion-dollar Inflation Reduction Act recently outlined by President Biden for markedly boosting low-carbon energy.

Otherwise, there seems no holding-back approach to be found in the announcement of Logistec Stevedoring acquiring the Canadian and U.S. marine terminal business of Montreal-based Fednav Ltd., notably Federal Marine Terminals which for five decades has provided stevedoring, handling, and warehousing services for bulk, containerized, project and general cargo.

“As part of Logistec’s ambitious strategic plan to expand its marine services both geographically and operationally, this acquisition will allow us to gain a footprint in new markets in Canada and the USA,” commented Rodney Corrigan, President of Logistec Stevedoring Inc, when the C\$105 million acquisition was made public. “Our customers will benefit from a large and efficient network, as well as strong expertise from the FMT team, and together, we will continue to offer quality service to contribute to a safe, reliable supply chain.”

“The project and heavylift market is now again very interesting”

- Guy Tombs



Federal Marine Terminals at the Port of Hamilton is part of the network bought by Logistec.
Photo credit: Fednav Ltd.

Major Expansion of Logistec Network

The addition of 11 terminals represents a major expansion of Logistec’s network, bringing its total to 90 terminals in 60 ports across North America. The combined network will provide strategic gateways for existing and future customers, allowing Logistec to gain an important foothold in the Great Lakes region and access prime locations in the U.S. Gulf and East Coast regions.

In a recent interview, Mr. Corrigan stressed that Logistec’s focus on the safe and efficient handling of oversized cargos continues in the ever-evolving wind energy, mining and oil and gas sectors.

Among other moves, Corrigan cited Castaloo USA, a Logistec owned company, which has continued its growth and handled oversized wind components. “This included 74-meter blades through the ports of Oswego and Buffalo, New York as well as Erie, Pennsylvania, and are currently managing 6 wind projects at these strategically located terminals.

“Additionally,” Corrigan added, “they continue to handle massive project cargo units weighing upwards of 96 MT in Kitimat destined for a future LNG plant in British Columbia as well as managing on-going project handling of 37-ton steel slabs daily in Brownsville, Texas through their GSM subsidiary.

“Logistec’s specialized handling capabilities have been developed and honed over their 70-year history, with a highly versatile, process-driven and focused, safety mindset, throughout its network of ports and terminals.”

At the Port of Montreal, breakbulk activity has rebounded strongly from the COVID-19 world onslaught in 2020. Several terminals operated by Logistec, and Empire Stevedoring (Bickerdike Terminal) can handle all types of breakbulk, general and project

cargo, including out-of-gauge pieces. After declining to just over 64,000 metric tons in 2020, breakbulk volume climbed to 211,082 tons in 2021.

Logistec’s Laurier terminals in several sections of the port are specialized in handling bulk, breakbulk, project cargo and heavy lift. Warehouses offer ample storage for such products as mineral concentrate, gypsum, fertilizer, and other commodities. The Logistec terminal in Section 98 provides a large laydown area for out-of-gauge project cargo near off-dock facilities.

Offering some candid but fundamentally optimistic thoughts on the current forwarding market was veteran freight forwarder Guy Tombs, president of Montreal-based Guy Tombs Limited.

“The project and heavylift market is now again very interesting,” he said. “I say this with a few caveats – the project and heavylift sector is in many ways general freight writ large.

“Over the past three years there have been new supply-chain headaches – some of which we had not experienced before: Marine terminals closing suddenly without notice, no trucks being available on certain trade-lanes, over-reliance on automated systems that cannot keep up.

“There are multiplier effects from confusion, delays and increased costs. Shortages of personnel or less present, less attentive or unavailable staffs have meant that complicated problems have too often added up and not been resolved promptly.”

“To me,” Tombs stressed, “this simply underlines the necessity for an in-your-face approach and for ‘being there’, being on-site – to sort out project logistics problems oneself, where possible.

“Another way of putting it – we must unmask the problem causers and problem neglectors – to force through smooth, successful operations for our vital shipments.

Great Lakes Activity

On the Great Lakes, the Hamilton-Oshawa Port Authority (HOPA) has seen its finished steel imports from Europe and South America have remained brisk since they were first triggered by American tariffs. “We’re also paying attention to steel and other components required for the auto industry that normally come out of Ukraine or Russia,” said Ian Hamilton, president, and CEO of Canada’s biggest Great Lakes port.

“We believe there’s already a pent-up North American demand for automobiles, household appliances and other steel-related items,” Hamilton stated.

A trio of tunnel boring machines (TBMs) recently arrived by ocean carriers in Ontario’s Greater Golden Horseshoe, destined for Metrolinx’s Eglinton Crosstown West Extension and Scarborough Subway Extension projects. Following a two-week journey last year across the Atlantic, the boring machines, one 12 metres in diameter and the other two both 6.5 metres in diameter, arrived at the Hamilton-Oshawa Port Authority’s facilities.

All manufactured by Herrenknecht in Germany, the larger Scarborough Subway Extension TBM was delivered to the Port of Oshawa, and the other two for the Eglinton Crosstown West Extension project were delivered to the Port of Hamilton from the Federal Delta vessel and were handled at Fednav’s FMT terminal.

With construction in Canada’s largest city showing no signs of slowing down, the Port of Toronto in 2022 moved 717,855 metric

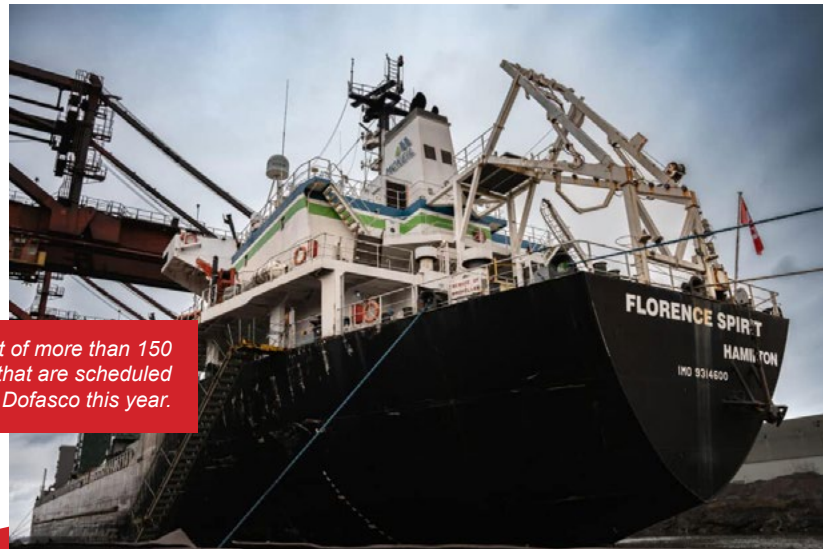
tons of cement, 106,533 metric tons of aggregate, and nearly 160,000 metric tons of steel products, including coil, pipe, and rebar, which transited through the port to construction sites throughout the Greater Toronto Area.

As Atlantic Canada’s largest seaport (in volume terms), Port Saint John (PSJ) in New Brunswick handles a diverse cargo base which includes breakbulk. “Located within an FTZ, recent projects have included windmills and transformers arriving via both container, and breakbulk specific vessels,” said Jane Burchill, communications, and sustainability specialist.

“On terminal, we offer a number of different weight bearing capacity piers depending on the project needs, 35 acres of open area for laydown, and over 550,000 square feet of dry warehousing options,” said Birchill.

“Come 2023, a new 2000 lbs. per square foot pier will be open, providing additional options for breakbulk cargo owners. Coupled with three stevedoring options, an experienced unionized labor force, and access to competitive ancillary support services (including two Class I rail providers) PSJ ensures break bulk owners receive a one-stop service,” she said.

Meanwhile, on the West Coast, the Port of Vancouver serves as the Pacific Northwest’s major consolidation centre for breakbulk cargo such as forest products, steel, and machinery. Available statistics show breakbulk cargo decreasing by 3% to 9.6 million tons in the first six months of 2022. While log and pulp volumes declined, basic metals surged by 18%.



The MV Florence Spirit was the first of more than 150 vessels carrying key raw materials that are scheduled for delivery to ArcelorMittal Dofasco this year.

STEELMAKERS CONTINUE DECARBONIZATION INVESTMENTS

Green steel attracts investment. But clean electricity remains the key.



By Peter Buxbaum, AJOT
March 2023 | Published in AJOT Issue #751

In January, ArcelorMittal, a multinational steel producer headquartered in Luxembourg, announced that it had invested \$36 million in Boston Metal, helping the green steel company raise \$120 million in a third private investment round. The Woburn, Massachusetts-based company previously raised \$50 million in 2021 from investors that included the Brazilian multinational mining giant Vale S.A., to scale up its molten oxide electrolysis (MOE) technology.

MOE reduces iron ore with the use of electricity, enabling a steel production process that eliminates CO2 emissions. It’s part of an effort among steel producers around the world to reduce their carbon footprints for both environmental and economic reasons. Besides international mandates like the Paris Agreement, the steel industry also faces “growing demand for carbon-friendly steel products” and “growing investor and public interest in sustainability,” according to a McKinsey report. The steel industry is among the biggest industrial producers of carbon dioxide globally, accounting for about 8% of emissions.

XCarb Innovation Fund

ArcelorMittal’s XCarb Innovation Fund, launched in March 2021, targets technologies that could play a role in decarbonization. The Boston Metal transaction is the fund’s largest single initial investment to date. ArcelorMittal is also retrofitting some of its operations, such as the Dofasco plant in Hamilton, Ontario, with a \$1.3 billion investment to transition that plant to direct reduced iron-electric arc furnace (DRI-EAF) steelmaking, which will lower its carbon footprint by removing coal from the ironmaking process.

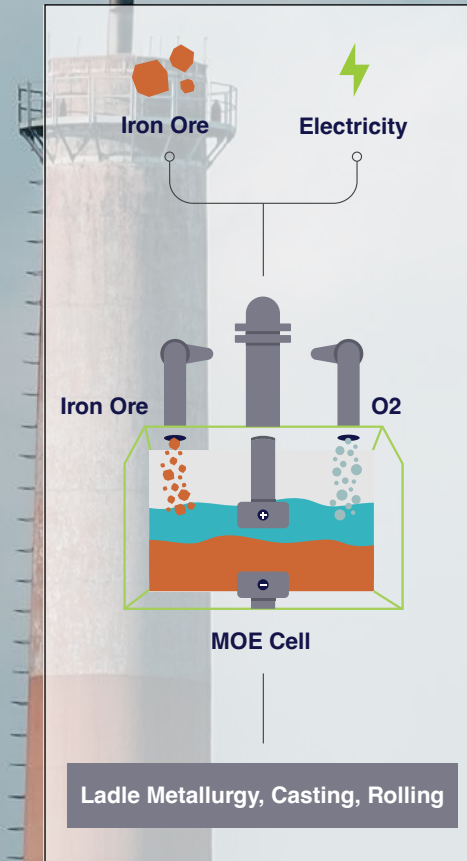
Boston Metal’s MOE method offers an alternative to low-carbon steel production techniques that use scrap or direct-reduced iron, both of which have supply limitations. “If you have scrap available, that’s unbeatable, and that’s the best way to do it,” said Tadeu Carneiro, Boston Metal’s CEO. But the low supply of scrap and high-quality iron ores limit the scalability of scrap-based and DRI steelmaking.

Scrap-based steelmaking accounted for about 30% of the total global steel production in 2021, a proportion expected to reach only 40% by 2050. Relying on iron to produce steel requires access to higher-grade ores, which are not in abundant supply; MOE, by contrast, can use lower-quality iron ore for steelmaking.

Since MOE uses electricity to manufacture steel, access to clean electricity is essential to eliminating CO2 emissions from the process. The transportation, building, and infrastructure sectors are all moving in that direction, noted Carneiro. Quebec, Scandinavia, Australia, and Brazil, he added, are among the regions where MOE could be readily implemented with renewable electricity.

Last October, ArcelorMittal broke ground on the DRI-EAF project in Canada, in partnership with the governments of Canada and Ontario, which together kicked in half the costs, in a project that is targeting a reduction in the plant’s carbon intensity by 25% in 2030. The new 2.5 million-ton capacity DRI furnace, initially to operate on natural gas, will be constructed to be hydrogen ready so it can make the transition to that zero-carbon fuel when supplies become available.

The project will “lay strong foundations for near-zero steelmaking,” said Lakshmi Mittal, ArcelorMittal’s chairman. Project construction will be complete in 2026 and the transition to DRI-EAF will be by 2028.



Boston Metal’s MOE Cell technology using electricity, removing carbon heavy processes in steel production.

- Graphic courtesy of Boston Metal.

AAL'S HANSEN EXPLAINS THE SUPER B-CLASS MPV

AAL's Henrik Hansen, General Manager, AAL Americas is excited about the company's new orders for the third generation Super B-class multipurpose vessels.



By Chris Barnett, AJOT
May 2023 | Uncontained Exclusive

AJOT: AAL Shipping is taking a page out of Hollywood's movie industry releasing a short film 'introducing' its mega-size 32,000 DWT Super B-Class heavy lift vessel, the AAL LIMASSOL, a year before its actual introduction to the global carrier marketplace. Is the goal to trigger word of mouth, excitement, advanced bookings? Or is there a different pre-debut marketing strategy?

Henrik Hansen: We are proud and excited of our new building program, which was announced in autumn of 2022, with the new building program of six MPP Dry Cargo ships, third generation heavy lift vessels, the Super B-class. All six vessels are planned for delivery during 2024-2025 and will become part of the existing fleet of AAL. The newbuilds will have a crane capacity of 700 tons, cargo capacity of 60,000 FRT, two long-length box-shaped holds with adjustable pontoons and no centerline bulkheads, which enables the ships to load a variety of commodities from dry bulk, heavy lift, and out-of-gauge cargo to general break bulk cargo.

The MPP segment and the whole technical scope continues to evolve.

Tonnage is growing bigger with a demand for increased capacity and efficiency, considering the cargo requirements, and designs are changing (to be bigger and with heavier modules).

AAL is one of the largest MPP carriers. We operate in the bigger end of the multipurpose segment and our current fleet accounts for about 688,000 DWT, with a heavy lift capability of up to 700 metric tons.

The design is new and exciting with many new features, which the current fleet does not possess. We wanted to share our excitement for these new additions to our existing fleet and, just as importantly, to reconfirm our continued/ future commitment to our clients and marketplaces. Our motto is "Powered by Partnership" which is the message we are relaying with the newbuilding announcement.

AJOT: What are the primary benefits and features the Super B-Class will offer compared with existing MPV vessels? For example, how does AAL's ECO DECK work?

Henrik Hansen: The Super B-Class will offer flexibility and capability of handling complicated modules in combination with dry-, bulk, steel commodities, etc.

It will feature:

- 3 x 350 tons crane capacity / combined 700 tons lift - compared to current fleet with 2 x 350-ton cranes. Three cranes will allow for better stowage/outreach onboard the vessels, improving flexibility and cargo intake.
- 2 x long-length box-shaped cargo holds with adjustable bulkheads, which enable the vessels to load long length/ out-of-gauge cargo under deck. The current under deck capability of about 37.00 meters cargo length is almost doubled on Super B Class.
- Tween deck levels for holds # 1 and # 2 / flexible pontoons allow for adjustable height and cargo segregation in the cargo holds.
- Total hold capacity of 41,500CBM (14,400CBM respectively 27,100CBM)
- Weather deck length of about 150 metres equivalent to 3,880 SQM of cargo capacity INCLUDING expandable deck on S/B adding an extra 3.5 metres in width. Super B Class is a strong contender to commodities, traditionally carried on deck, e.g., wind blades (renewables) and the trend of building longer and longer blades for offshore windmill parks.

These are just some of the new, improved features and capabilities we will be able to offer to our clients in the near future.



AJOT: It appears that the Super B-Class vessels have three 350-ton heavy lift cranes along the port side and that two can be combined to a 700-ton tandem lift at each end of the deck. What is the lifting capacity for what appears to be a 540-foot vessel and how does that compare with older earlier class vessels?

Henrik Hansen: AAL operates in the bigger segment of the global MPP fleet with tonnage size up to 32,000 DWT. The Super B Class, compared to our current A Class, is by 14 metres (45 feet) shorter in length, yet her intake is about 2,000 CBM more than that of the A Class (under deck).

As outlined, lifting capacity is 700 tons (2 x 350 tons combined) but with a third crane that will provide better outreach and capability of loading more heavy lifts than the A Class.

AJOT: In researching this Super B-Class MPV, there are claims this vessel has more flexibility and options, again, than earlier vessels, and that it can call on smaller ports. Can you please amplify on these claims briefly?

Henrik Hansen: Length overall of 180 metres and a max draft by 1 metre less than that the A Class will enable the Super B-Class to call at some ports, which in the past were restricted to AAL. Granted there are and will continue to be ports with strict restrictions, even for smaller tonnage, which we will not be able to consider. For such ports, in most cases there is always an alternative, for example another port close by and/or discharge at anchorage into barge etc. Referring to the Asia-America trade lane and service structure, it includes ports which are all suitable and able to accommodate our tonnage. Deploying the Super B Class in this specific trade lane will not cause new challenges, on the contrary.

AJOT: Furthermore, AAL promotional material states that “overall, the Super B-Class will meet the highest possible automation and emission standards as well complying with IMO (International Maritime Organization) regulations on emissions and sustainability.” Can you explain how that is possible?

Henrik Hansen: AAL, obviously, operates in compliance with the IMO 2020 regulations. Some operators decided to equip their tonnage with scrubbers; we decided to consume bunker with max sulphur content of 0.5% to reduce the air pollution (emission) for the benefit of the environment and future generations. The next big step in an improved and healthy society is the implementation of IMO 2023 and the goal to reduce the emission by 40% by 2030.

The Super B Class will consume low sulphur fuel, but the main engines are designed to burn methanol. The global requirement/goal is clear: “clean, green and no fossil fuel consumption”. Sustainability is high on the AAL agenda and something we take seriously. As technology advances and adapts to these new requirements, so will AAL and AAL tonnage.

AJOT: On a more recent front, during the pandemic, when there was a severe shortage of container liner capacity and virtually unprecedented congestion at major ports, box shippers were turning to breakbulk, project and multi-purpose vessels for transport. Was AAL similarly impacted and, if so, has that traffic worked its way through the system?

Henrik Hansen: Post pandemic we were faced with the collapse of the supply chain which, for MPP operators, presented new challenges and opportunities by catering to commodities traditionally shipped in containers or large scale of commodity specifics shipped on open-hatch box-shaped tonnage.

For the MPP segment, what followed was an exciting 18 months with a cargo mix never seen before, sailings being fully booked months in advance, and freight earnings the industry has not witnessed in recent times.

China’s continuous struggle with COVID-19 continued to affect vessel operation in main Chinese ports by means of extensive port congestion as a result of lack of labour and not only related to stevedoring but also other vital services for the industry, such as Pilots, trucking, and manufacturing (plant shut down). Similar trends also applied for main ports in North America.

The challenges surrounding the supply chain meantime have been addressed and resolved. Commodities are now back with the container operators, except for Rolling stock which continues to be catered to MPP operators as the current RO/RO fleet not able to meet the demand.

AJOT: Interestingly, while near chaos was strangling the supply chain during that COVID time, AAL was named Best Shipping Line-Project Cargo at the 2022 Asian Freight, Logistics and Supply Chain (AFLAS) Awards for the second year in a row. Did the company engineer a particular strategy to cope with or overcome situations that would have jolted other project cargo carriers? Please explain.

Henrik Hansen: AAL’s strategy from the outset of our operations in 1995 has always been to support the breakbulk and project heavy lift market no matter what the challenges – providing seamless service and capacity on those long-haul trades in which we operate. During COVID, we harnessed our local port relationships and on-the-ground partnerships to ensure that potential disruption to our sailing schedules – due to global COVID restrictions and congestion – were mitigated. In fact, during COVID,

We actually increased our footprint and fleet. After COVID, and entering the container boom, this single-minded approach to serve our longstanding breakbulk, project and bulk commodity customers stood us in good stead with the market, who had been let down by many other carriers, which had opted to take container dollars over their existing commitments to MPP customers.



In advance of the launch of the first of AAL Shipping’s (AAL) mega size 32,000 deadweight (DWT) Super B-Class heavy lift vessels, the ‘AAL LIMASSOL’, the global carrier released a short film highlighting the design and technical innovations and specifications that will make the highly anticipated third generation MPV fleet the most advanced in the multipurpose cargo sector.

AJOT: Can you describe the corporate campaign that has generated two AFLAS awards in a row. In fact, AAL has won a number of awards in recent years---at least one major project cargo global accolade in the last seven years. Are awards something the company purposely seeks and can be leveraged into new customers and traffic?

Henrik Hansen: We do not use awards for business development purposes, but rather to showcase those aspects of our service and the people that deserve a platform – crew, engineering, operations, chartering – colleagues on the front line, who ensure that the execution of our services are seamless. Such awards also give us an opportunity to highlight some of the existing projects that we have worked on – a tribute to not just our operations, but to all our partners in the supply chain.

AJOT: Is AAL targeting the elusive and complex US offshore wind market in 2023 and beyond and how do you plan on attacking it? Clearly, you are well positioned with facility and staff at the Port of Houston, the US energy epicenter. But do you have a strategy beyond that for cracking US offshore opportunities such as facility expansions for renewable energy and can you be specific?

Henrik Hansen: The launch of the Super B-Class is a manifestation of our intentions to actively pursue and participate in the US offshore wind market as it finally comes alive.

AAL has a history and track record in the global onshore wind market, and we want to maintain and boost this to also include the offshore market. Houston is ‘an’ if not ‘the’ energy epicentre for North America, but more so with focus on fossil fuel and less on renewables. Renewables, no doubt, is the future to ‘save our planet’ but we must also be realistic and accept the fact of the incubation, acceptance, and transformation time.

While constructing the Super B Class, which by far was a product and a result of our very skilled engineering department with more than 30 years’ track record in the renewable sector, we also consulted the market leaders for their input on future needs and requirements. We believe the Super B Class to be a welcome and competitive tool moving forward in the renewable sector.

AJOT: AAL markets, as part of its corporate identification, its relations with “partnerships.” Can you give us several examples on how AAL’s “powered by partnerships” have succeeded, flourished, and paid dividends for both or all partnered participants?

Henrik Hansen: AAL is an advocate for transparency in the supply chain – planning early, open discussion, transparency of operations and looking forward at future needs of our customers. Relationships built on trust and collaboration are always the strongest.

Transportation from point A to point B is not just a matter of the execution but also, with mutual agreement with client, to seek the most economical, safe, and environmentally friendly solution.

We work, and we perform by our motto “Powered by Partnership”. Our client base is partners and the tasks presented are to be overcome and performed by mutual efforts. We do believe it is important and beneficial to all parties to include our partners in as many solutions as possible for cargo transportation by sea, whether small – semi or full ship loads of drybulk, general, or project cargoes. We are only as good as our partners allow and enable us to be.

AJOT: AAL is no stranger to global expansion and has planted its familiar heavy lift flag logo in far flung lands with proven economic strength long term. Earlier this year, the company celebrated the 25th anniversary of AAL China with staffs and facilities in Beijing and Qingdao plus a regional headquarters in Singapore and a representative office in Shanghai. Despite the upheavals in Southeast Asia in recent years, what is the outlook for AAL China for 2023/2024 as well as the region’s imports and export?

Henrik Hansen: AAL’s 25 years of own operations in China has seen us establish offices and teams of shipping professionals in Beijing and Qingdao, apart from our regional HQ in Shanghai. This development has coincided with the country’s economic rise. From the start of its period of reform and opening in 1978 until 2019, China saw an average annual growth of 9.5%, almost doubling the size of its economy every eight years and becoming the second-largest economy in the world in 2011.

With the world economy so dependent upon geo-political stability, China faces challenges in depending solely on exports in 2023. As a result, China’s Central Economic Work Conference has emphasised the need to increase domestic demand, boost market confidence, shore up its export partner relationships, and stabilise employment, growth, and prices. In 2023, institutional and market economists have varied forecasts for the size and timing of the Chinese economic rebound, but there is a very clear pattern. The Chinese National People’s Congress recently set a 5% economic growth target for this year, close to the 5.2% predicted by Morgan Stanley, 5.2% by PwC, 4.9% by Bloomberg, 4.9% by JP Morgan and 4.5% by the IMF. China’s trade surplus also grew to US\$877.6 billion in 2022, with an increase in both exports and imports.

BREKBUK IS THE PORT OF VANCOUVER USA'S CALLING CARD



Wind blades being unloaded at the Port of Vancouver USA



By Chris Barnett, AJOT
May 2023 | Uncontained Exclusive

In one of the geographical ironies of marine shipping, the most efficient way of moving massive wind blades and other project cargoes into the energy hungry Canadian markets is through the Port of Vancouver — Washington, that is, not British Columbia.

"It's the only way for us to really access the Alberta Province, Canada and the Northwest markets with breakbulk vessels." Andreas Knudsen, logistics sourcing manager for wind component manufacturer Nordex USA in Chicago, told the American Journal of Transportation (AJOT).

Wind towers are so huge they require partial shipments through several ports of entry into North America. "The towers themselves come in through the Gulf ports but the blades and other components such as nacelles, drive trains and hubs move through the Port of Vancouver, Washington," he noted.

Marketed as Port of Vancouver, USA, the port itself is 105 miles inland from the Pacific Ocean on the Columbia River with a 43-foot deep channel starting at the mouth. "We are the farthest inland deep channel port on the Columbia, we are the largest gateway for wind, and we hold the record for the biggest wind blades imported into the U.S," said Casey Bowman, the port's director of communications.

More importantly, the Port of Vancouver USA, which set volume and revenue records in 2021 and 2022, will "return to those historical highs in 2023," Bowman predicted in an interview with the AJOT.

Wind energy towers will be a major driver, he added, with auto-

mobile volume closely behind.

Knudsen said the Nordex blades shipped upriver have reached 77 meters (or 253 feet) long, but Bowman said the port is "anticipating" wind blades that are 84 meters (or 275.5 feet) long this year. They will originate from China, India, and South Korea, he added.

Wind component ocean carriers calling on the port are G2Ocean, Oldendorff and PACC Line. "We expect 15 to 20 vessels carrying wind energy components in 2023," said Bowman who added the shipments began at the very end of Q1 in 2023 and will go through the end of Q3.

"We're not just a river and rail port but our terminals are right next to Interstate 5, the West Coast's main north-south highway from Canada to Mexico," said Bowman. "We get them (wind blades) unloaded and put them on the barge or on the road to multiple sites in Alberta and Saskatchewan."

As a breakbulk port, Vancouver USA is the number one US import gateway for Subaru automobiles. In 2022, over 82,000 Subaru vehicles entered bound for US dealerships and the port expects to handle between 87,000 and 89,000 Subarus in 2023, according to Bowman.

As this is written, the port is undergoing some small but not drastic changes in its fundamental structure. "We're proud to be one of the most experienced and well equipped ports on the US West Coast for break bulk and heavy lift," said Julianna Marler, port chief executive officer, in a statement to AJOT. "From steel,

to wind, liquid, dry bulks, transformers, generators and more, we're known for handling goods within incredible efficiency and successfully taking on new challenges. We've built our reputation thanks to our incredibly skilled longshore workforce, our state-of-the-art facilities, our proximity to river, road and rail access and our experience handling a diverse range of cargo."

The change today is witnessed in some terminal restructuring. Of the five terminals, the original terminal one dating back to 1920, which was the number one export gateway for locally grown and harvested prunes, is being "deconstructed," said Bowman. Vintage wooden pilings are being replaced with "environmentally friendly" pilings. The old Red Lyon hotel on the Terminal 1 waterfront site near I-5 is gone, and a new AC Hotel, a 150-roomer managed by Marriott, has been built nearby.

Terminals two, three, four and five are marine industrial facilities, with two, three and four used for wind components and Subaru vehicle imports. Terminal five, which is also being reconstructed, has 82 acres of laydown space adjacent to the terminal

building. The port itself owns 500 contiguous acres so there is "plenty of room" for expansion and modernization, Bowman maintains.

It has already started. The City of Vancouver, Washington is "redeveloping" its waterfront to become a big retail shopping and entertainment destination for locals and tourists. Meantime, while the port's industrial sites are "still actively looking for tenants," said Bowman, it is 99% leased.

In 2018, the West Vancouver Freight Access Project was completed which was a decade long effort to "vastly improve rail access." Today, the port is transited by the BNSF Railway, Union Pacific Railroad, Canadian National and Canadian Pacific Railroads and has connections to all seven Class I railroads in North America," reported Bowman. It has 42 miles of track on port land itself and is also a major hauler of wheat and grain exports.

Meanwhile, port officials have a strong appetite for more commodities that it has familiarity handling. Said Bowman: "We would certainly welcome more automobiles."



Wind components being unloaded at the Port of Vancouver USA



Steel coils being unloaded at the Port of Vancouver USA

OFFSHORE WIND INSTALLATION VESSELS: A COMING SHORTAGE

As turbines grow in size, few vessels in the worldwide fleet can accommodate them



By Peter Buxbaum, AJOT
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Havfram Wind rendering of their state-of-the-art Wind Turbine Installation Vessel (WTIV) GustoMSC NG20000X Jack-Up vessel.

- Photo courtesy of Havfram Wind

Large wind power installations offshore the United States and around the globe are growing in size and scope. Also growing is the size of the turbines being used to power renewable electricity. This state of affairs may soon pose a problem, unless the fleet of vessels capable of installing these giant offshore wind turbines grows substantially.

In the U.S., the passage of the Inflation Reduction Act (IRA) last year represented “a game changer” for the U.S. wind industry, said Marcelo Ortega, a renewables analyst at Rystad Energy, a research firm headquartered in Oslo. “The tax credits in the bill for capital investments and production are designed to build and strengthen a domestic supply chain by encouraging domestic manufacturing and raw material sourcing from the U.S. or countries with a free trade agreement.”

Bigger Blades and the Supply Chain

But one supply-chain element not addressed in the IRA involves the growing size of offshore wind turbines being deployed and its impact on the required

capabilities for installation vessels. According to a Rystad Energy report, the average capacity of wind turbines globally, outside of China, has grown from three megawatts in 2010 to 6.5 megawatts now, with 10 megawatts being the largest in current operation. Turbines larger than eight megawatts accounted for 3% of global installations between 2010 and 2021; Rystad forecasts that proportion will surge to 53% by 2030.

Today’s offshore wind projects are increasingly calling for 15-megawatt turbines. In the U.S., Empire Wind, located offshore Long Island, will be generating a capacity of over two gigawatts with the installation of 138 15-megawatt wind turbine generators. In the United Kingdom, the Hornsea 3 project, 75 miles off the coast of Norfolk, will have a capacity of nearly 3 gigawatts, and will consist of 231 15-megawatt offshore wind turbines. The Nordseecluster project, in the German North Sea, with a capacity of 1.6 gigawatts, will require the installation of 104 offshore wind turbines, also of 15-megawatt capacity.

“As operators continue to favor larger turbines,” the Rystad report said, “a new

generation of purpose-built vessels is required to meet demand.”

Only a handful of vessels worldwide can currently install turbines of over ten megawatts. According to Rystad, the demand for offshore wind will outpace the supply of capable vessels as early as next year, as “demand for offshore wind turbine installation vessels worldwide, excluding China, will rocket from 11 vessel years in 2021 to almost 79 vessel years by 2030. The need for installation vessels for turbines larger than 9 megawatts, which was nonexistent in 2019, will grow significantly by the end of the decade and reach 62 vessel years in 2030.”

The turbines at both Hornsea 3 and the Nordseecluster will be installed by Havfram Wind, an offshore wind construction company headquartered in Oslo, which will, in both cases, be using a newly built NG20000X Jack-Up Wind Turbine Installation vessel with a 3,250-ton crane. The NG20000X has the capability of installing offshore wind turbines with a rotor diameter of nearly 1,000 feet, as well as monopiles weighing up to 3,000 tons at water depths of up to 230 feet.

Patrick Harnett, a vice president at

Ørsted, the Hornsea 3 project developer, said that use of the NG20000X brings a “cutting-edge vessel to the offshore wind market.”

Maersk Supply Service

Maersk Supply Service, which has the contract to install the turbines for Empire Wind, has designed and commissioned a new and patented wind installation vessel that, it says, will make the installation of bottom-fixed offshore wind turbines up to 30% faster than the conventional jack-up method. Maersk Supply’s plan is to have the installation vessel stationed permanently at a wind farm to carry out successive installations, while two new-built tugs and barges will ferry the turbine components to the installation site. Construction on the first such vessel began late last year and is expected to be delivered in 2025.

The fact that the installation vessel stays on-site for assembly, while the tugs and barges shuttle back and forth with the turbine components, is the key to the efficiency that the Maersk Supply design is promoting, according to Jonas

Munch Agerskov, the company’s chief commercial officer. “The new feeder solution equips Maersk Supply Service with a methodology that ensures a radically more efficient installation,” he said, “which will, in turn, enable developers to release their supply chains more quickly and lead to faster revenue generation from their wind farms. All of this will contribute to bringing down the costs of offshore wind.” “This methodology enables the installation vessel to be deployed solely for the purpose of the turbine installation,” Agerskov added, a characteristic which also makes the operation compliant with the Jones Act, since the vessel won’t be transporting cargo between two U.S. locations. The tugs and barges for the Empire Wind project will be built in the U.S. and operated by Kirby Offshore Wind, a Houston-based company.

In April, Maersk Supply Service announced it had entered a cooperation agreement with GustoMSC, a Dutch engineering firm specializing in offshore units, to design wind installation vessels for the European market. The process for its design, which will be built on the same characteristics as the feeder concept for

the U.S. installation, is expected to be completed this year.

“Against the backdrop of growing turbine sizes,” said Nils van Nood, GustoMSC’s managing director, “we aim to further improve installation efficiencies and development economics in the bottom-fixed offshore wind market.”

Since the installation vessel does not sail into ports, added Agerskov, “this can solve some of the bottlenecks we currently see in Europe, where only a few ports are large enough to handle the growing wind turbine sizes.”

Van Nood’s comment shines a light on the logistics problem identified by Rystad facing the global offshore wind industry, while Agerskov’s identifies yet another potential challenge. It remains to be seen whether the fleet of installation vessels will grow sufficiently to meet the burgeoning need—Havfram Wind recently ordered only its second NG20000X—and whether ports will be able to efficiently accommodate increased offshore wind installation activity and the increasing size of its components.



LOGISTEC SEES STRONG OUTLOOK FOLLOWING FMT ACQUISITION



By Leo Ryan, AJOT
March 2023 | Published in AJOT Issue #751

FMT large terminal at Port of Hamilton on Lake Ontario, part of LOGISTEC's acquisition. Photo courtesy of Fednav.

The recent acquisition of the Canadian and U.S. terminal business of Fednav Limited has added a major new dimension to the operations of Montreal-based LOGISTEC Corporation that Madeleine Paquin, president, and CEO, regards as a building block to a strong future in the North American marine industry.

It was on April 3 that LOGISTEC Stevedoring, a subsidiary of the parent company, completed the purchase for US\$105 million of Federal Marine Terminals, thereby acquiring 11 terminals on the U.S. East Coast, the Great Lakes and Gulf handling bulk, breakbulk, container and project cargo. With the biggest transaction in its history of more than 70 years, LOGISTEC has expanded its total network to 90 terminals in 60 ports. These include former FMT terminals in such ports as Hamilton, Burns Harbour, Milwaukee, Eastport (Maine), Port Manatee, Tampa, and Lake Charles.

While commenting on Q1 2023 financial results from the company's marine and environmental services, Madeleine Paquin indicated that the acquisition allowed LOGISTEC "to gain a significant foothold

in key markets. We will leverage the strength of our terminal reach to support reliable supply chains for our customers and continue to drive growth."

During the first quarter of 2023, consolidated revenue totalled \$158.9 million, an increase of \$17.5 million or 12.3% over the same period in 2022. Revenue from the marine services segment reached \$121.5 million in 2023, up \$9.8 million or 8.7% compared with \$111.7 million for the comparative period of 2022. Revenue from the environmental services segment was \$37.4 million, up \$7.7 million or 25.8% in the first quarter of 2023.

The marine services segment continued to see strong demand in the energy sector in the U.S. Gulf Coast region, which compensated for the slower start to the year in other ports.

In terms of containers, LOGISTEC noted its terminals suffered from lower volumes, which could be explained by substantial inventories in the retail market. These are largely being depleted and the company expects volumes to resume at more normal levels in the coming quarters.

With respect to bulk and general car-

goes, LOGISTEC said it was "confident with the remainder of the year given the diverse nature of the products we handle and the breadth of our network reach, we are able to adjust to market fluctuations and are optimistic about sales volumes going forward. With 11 additional terminals from our FMT acquisition, we are well prepared to deliver operational excellence to marine shippers across North America."

"The outlook for 2023 is positive with good momentum for both our marine and environmental segments," concluded Madeleine Paquin. "We will be focusing on a smooth integration of our FMT acquisition, while offering new options to customers and connecting them to broader markets. As mentioned, although we are seeing a slowdown in containers during the first quarter, we do expect volumes to return to more stable levels, albeit with substantially reduced storage revenue. The strength of our activities in the U.S. Gulf is expected to continue and should make up for some expected shortfalls in other general cargo and bulk terminals."

2023 THE YEAR OF THE AUTO INDUSTRY COMEBACK?

Is 2023 the Comeback Year for the Auto Industry?
Is it the real deal or a post-pandemic teaser?



Tesla emerged as a major exporter from its factory in Shanghai starting last year.



By George Lauriat, AJOT
February 2023
Published in AJOT Issue #750

Is 2023 the real Comeback Year for the global auto industry? Or is this year simply a teaser – a year of unfulfilled promise.

With the COVID-19 pandemic's lockdowns and the idling of auto plants, 2020 was the "Lost Year" for the auto industry. The following year, with the pandemic's impacts lessening, and the auto plants around the globe returning to production, auto sales again ramped up. And the auto sales built into Tsunami 2022, as pent up consumer demand drove up prices both for new and used vehicles. Throughout 2022 global automakers struggled to maintain inventory to keep up with the surge in demand.

Still, even with historic high average prices for autos in 2022 – which left U.S. car dealerships awash in much needed cash – the question lingered over the sales recovery, was this the *real deal* or simply a post-pandemic consumer buying spree?

After all, over 17 million light vehicles

were sold in the U.S. in 2017, 2018 and 2019 compared to the "surge" of 13.4 million units in the 2022 rebound. And it isn't a question solely being asked in the U.S. In Europe in 2019 auto sales tallied 15.66 million units and only 10.15 million units in 2022, the lowest since 1993.

So, is this the beginning of a return to "normal" for the global auto industry or something else altogether?

Spinning Wheels: Finding Context in the Auto Industry

Throughout 2021-2022 there were a number of issues that dogged automakers as the plants returned to full production. From the sales side, inventory couldn't keep pace with the surge in demand. Part shortages, especially microchip shortages, hamstrung auto production, leading to long lead times for deliveries, while other supply chain disruptions exacerbated the dealers' inventory calamity. This combination led to higher auto prices, "In 2022,

supply constraints have led to long lead times for new vehicles, and in the process ensured that transaction prices are well above historical norms," as MarkLine, an auto industry portal wrote describing last year's conditions.

The microchip shortage was particularly damaging. To handle the chip (and parts) shortage, GM pioneered a strategy tagged "build-shy" or "shy-built" which involved assembling some of its vehicles – generally the lower priced models – "just shy" of all its parts. So, rather than delivering "complete" vehicles to the dealerships, the unfinished models were set aside in nearby lots...awaiting parts. In some cases, the "parts-shy" vehicles were sold to consumers and the "missing" parts fitted later at the dealership.

However, the chip shortage has eased, and the acres of vehicles are now moving off the storage lots to dealers and customers.

While supply chain disruptions and part shortages have lessened, other aspects of the fourth quarter of 2022 have spilled

into the new year. For example, J.D. Power & Associates expects the average new vehicle price for the month of January 2023 to be \$46,437 an increase of 4.2% over January 2022, although the consultant believes the average transaction price will moderate as more inventory hits car dealers' lots.

Other contradictory factors could also impact auto sales. On the one hand, inflation, higher gas prices, a strong US dollar and a potential recession certainly are factors,

while low unemployment figures and new jobs act as an economic counterbalance – elements of “Shrinkflation” as the contradictory economic indicators are popularly tagged.

In January 2023, The Consumer Confidence Index (CCI) fell to 107.1 [1985=100] from 109.0 in December. Ataman Ozyildirim, Senior Director, Economics at The Conference Board that produces the CCI wrote in the January survey, “Consumers were less upbeat about the short-term

outlook for jobs. They also expect business conditions to worsen in the near term. Despite that, consumers expect their incomes to remain relatively stable in the months ahead. Meanwhile, purchasing plans for autos and appliances held steady, but fewer consumers are planning to buy a home—new or existing.”

Cox Automotive, a company that specializes in reporting on the auto industry, in their January forecast [updated in February], wrote, “Our forecast called

for a sales pace of 15.6 million [note: units sold during the year expressed as a monthly “pace”], and indications are the market came in slightly higher, closer to 15.7 million. Either way, new-vehicle sales in January were solid and likely a sign that improved inventory levels are having the expected positive effect. We [Cox Automotive] also believe that fleet sales increased significantly for the fourth straight month. With interest rates for auto loans elevated and heading higher and inflation pressures impacting many households, our team expects the major automakers to pivot to fleet sales to offset slowing retail demand.”

When Cox says “fleet” sales it refers to a market composed of rental companies and other corporate entities that buy fleets of vehicles for either their own use or lease, rather than consumers that make up the retail side of the business.

The National Automobile Dealers Association (NADA) takes a similar view of the forces shaping the auto market, but overall has a less rosy view of 2023, largely based on rising interest rates, “The Fed increased the targeted range of the Fed Funds Rate by 25 basis points at its first meeting of 2023. This increase will push vehicle-financing rates higher in coming months, and we [NADA] believe that the Fed will increase rates a couple more times before pausing later this year. For the rest of the year, we expect that inventory levels will continue to build slowly, giving consumers more choice on dealer lots. With fewer supply

constraints, OEMs should also be able to deliver more vehicles to fleet customers. *Our forecast for new light-vehicle sales in 2023 is 14.6 million units* [Editor's Italics].”

Bottom line is whether it is a 15.7 million unit pace or 14.6 million unit pace, auto sales clip, is far short of the 17 million unit pace of pre-pandemic auto sales.

Is this the new ‘normal’ or a springboard to a more robust auto market over the next decade? Right now, it's hard to determine which way the wheels are spinning but there are some clues.

Breaking the ICE – EVs Gaining Ground

According to NADA's numbers (derived from Wards) 86.4% of the light vehicles sold were powered by internal combustion engines (ICE). That's an overwhelming market share but electric vehicles (EVs) are gaining ground and becoming a major and rising contributor to auto sales. On a percentage basis EVs are the fastest growing segment of the auto industry, albeit starting from a much lower base point. Data, from Statista estimates that EV sales will hit \$450 billion in 2023 and expect that number to rise to \$850 billion by 2027 - a mere four years from now. It's easy to see with these projections how EV sales might lift auto sales back to the pre-pandemic threshold.

Of course, at this stage the EV market is fragmented and small in relation to ICE sales. In 2022, pure electric vehicles also

called battery electric vehicles or BEVs, accounted for 6.4% of sales, while hybrids hit 5.7% and plug-in-hybrids 1.4% of sales. While there is a wider public interest in EVs with the rise in environmental, social and governance (ESG) initiatives – especially in states like California – the main barrier is price. For most consumers that means EV price and ownership parity with ICE vehicles. Right now, EVs are pricier, whether measured by sticker price or ownership operating costs. But that may be changing. Tesla and Ford are reducing the prices of their EVs to encourage consumers to go-electric now.

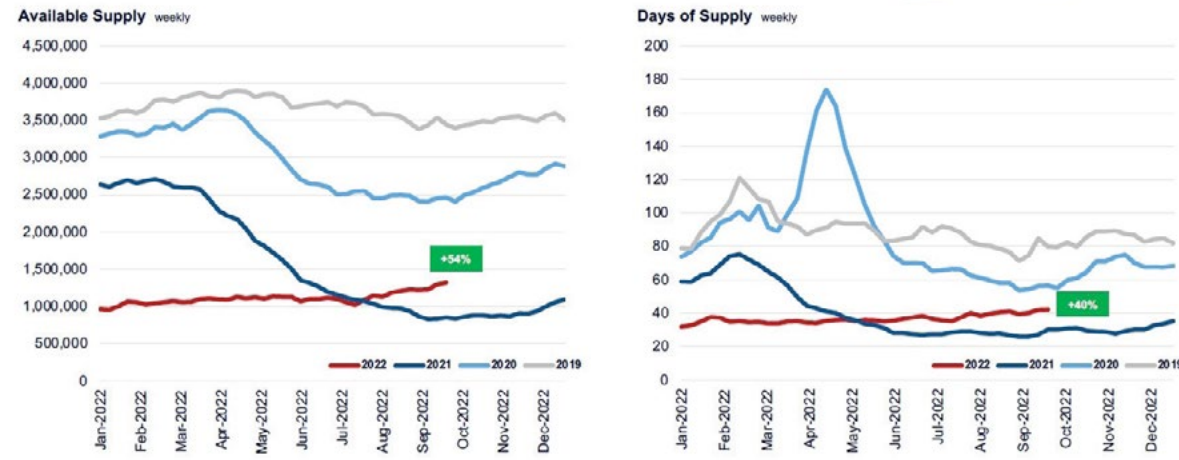
But other EV OEMs, like GM are for the moment content to sit on the sidelines of the EV price-war and wait for the auto market [and the global economy in general] to rally.

That might not be a wise strategy. John McElroy, president of Blue Sky Productions which produces Autoline Daily, recently wrote an opinion piece for WardsAuto, that pointed out the potential danger of OEMs sitting on the sidelines during the coming EV wars, “This is not a time for automakers to wait and see how things develop. It's going to be very difficult for those who arrive late to catch up. There is a finite universe of BEV buyers right now, and whoever gets them first will leave everyone else struggling to find customers.”

Fig. 1

New Vehicle Inventory | Now Up 54% From Last Year

Supply situation slowly improving – now nearly 465K more vehicles than in 2021



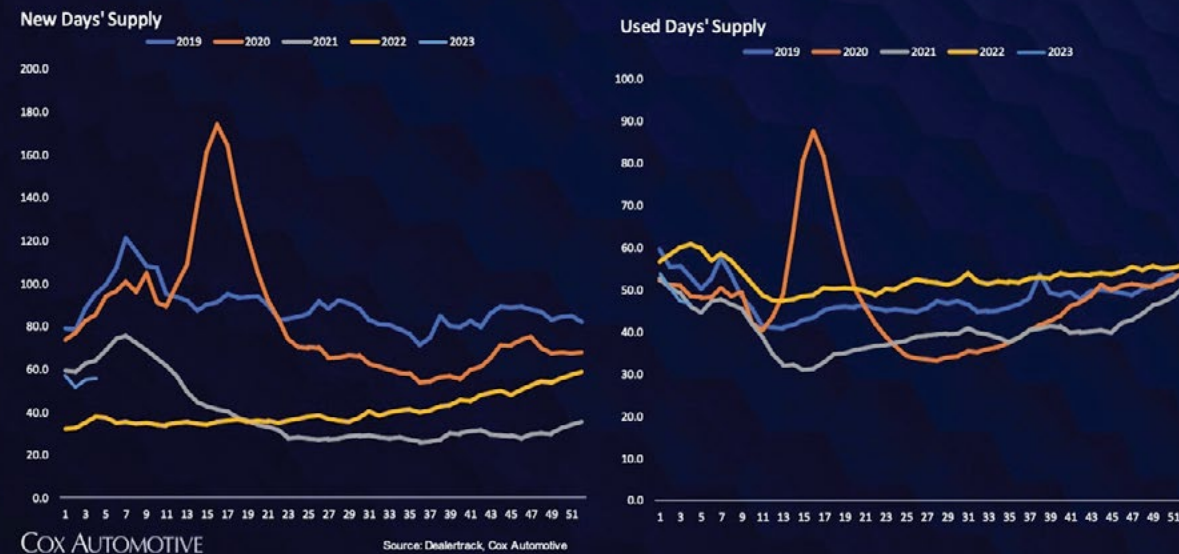
COX AUTOMOTIVE

Source: Cox Automotive - vAuto

Fig. 2

Supply Tighter to Start 2023

New supply up 18 days y/y but down 3 days from Dec; used supply down 14 days y/y and down 9 days from Dec

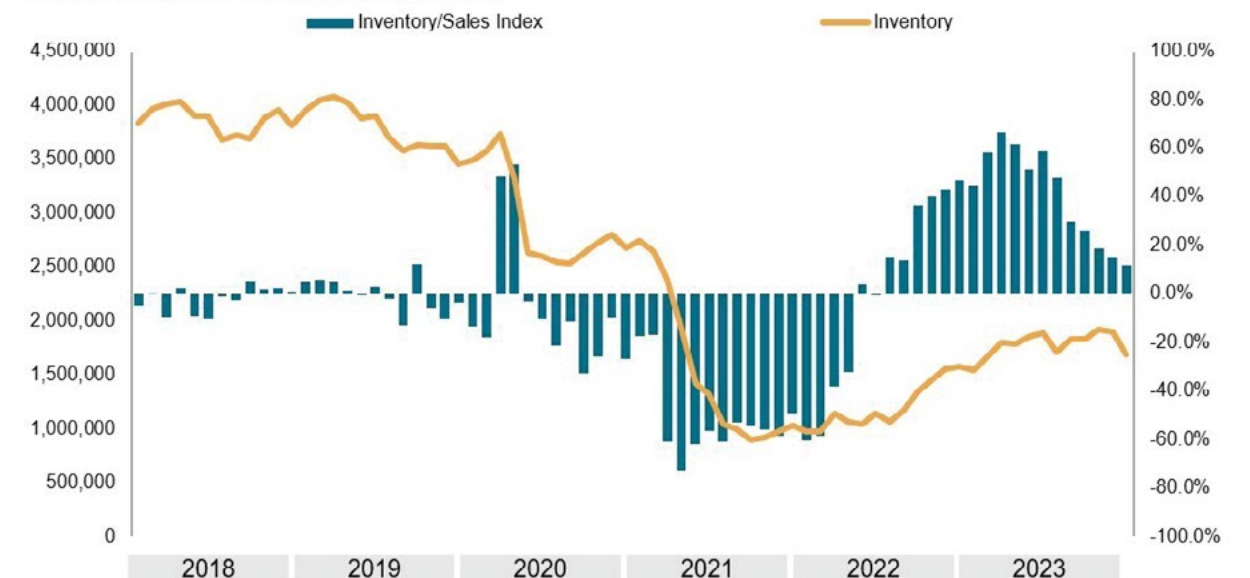


COX AUTOMOTIVE

Source: Dealertrack, Cox Automotive

Fig. 3

US Light Vehicle Inventory-to-Sales Index



The inventory to sales index measures the difference between the growth rate of US inventory compared to the growth rate of US light vehicle sales. Source: S&P Global Mobility © 2023 S&P Global.

PSA BREAKBULK LAUNCHES FIRST PROJECT CARGO ECOSYSTEM IN THE PORT OF ANTWERP

PSA Breakbulk officially launched the Port of Antwerp's first Project Cargo Ecosystem (PCE) in Belgium. The opening event was attended by partners, clients, representatives of the Port of Antwerp-Bruges and other stakeholders.



Being the first of its kind in the Port of Antwerp, the PCE is a one-stop shop breakbulk terminal facility located behind the locks on the south side of Churchill Dock. It offers infrastructure, equipment, and value-added services for industrial partners to load and unload, store, package, consolidate and build-up their high-end project cargo within one dedicated location.

One-Stop Shop

Since the establishment of the joint venture between PSA, Haeger & Schmidt Logistics and Felbermayr in 2021, PSA Breakbulk has invested millions of Euros in repurposing the facility at the Churchill dock into a fully-equipped heavy cargo

facility.

With direct tide-free access to the sea and the hinterland, the PCE offers the infrastructure, equipment, and space to load, unload, store and handle all types of project cargo. The terminal features a quay length of 550 meters, a draught of 13 meters and a 140,000 m2 yard. Currently, it is equipped with Self-Propelled Modular Transporters (SPMTs) with up to 40 axle lines to move heavy and bulky cargo around.

A permanent heavy lift crane with a lifting capacity up to 750 tons was also recently installed, setting the record for having the highest quayside lifting capacity in the entire port.

With sustainability being a key priority, PSA Breakbulk has also invested in electrifying its equipment and installing a wind turbine, targeted to be operational by 2025.

Strategically located near the NextGen District, the PCE is well-positioned to facilitate cargo flows requiring turnkey operations for the circular business in this area and to serve as marshalling and lay down areas for the petrochemical cluster in Antwerp. This investment demonstrates PSA's commitment to develop world-class port ecosystems and deliver innovative cargo solutions to better cater to the needs of cargo stakeholders.

Dennis Verbeeck, the general manager

of PSA Breakbulk, explains: "We strongly believe in the added value of this Project Cargo Ecosystem for the industry in and around the Port of Antwerp and for the development of the Port and Flanders itself. By offering a one-stop shop concept, we make the entire process more transparent, visible and convenient for our customers."

Heiko Brückner, CEO of Haeger & Schmidt LogisNcs says: "We are pleased to have been able to strengthen the project and heavy lift expertise at PSA Breakbulk since we established our joint venture two years ago. As result of the investments in specially equipped hauls and the Felbermayr heavy lift crane, we can now offer

our customers a one-stop-shop at the PSA Breakbulk Terminal. This is unique in Antwerp. Our joint venture partners' complementary services enable us to design new integrated transport solutions under the label of the Project Cargo Ecosystem." Annick De Ridder, the Vice-Mayor of the City of Antwerp, responsible for the port and President of the (board of directors of the) Port of Antwerp-Bruges says: "With this very first Project Cargo Ecosystem in Antwerp PSA Breakbulk launches a very innovative one-stop shop breakbulk terminal facility. Strategically located near the NextGen District this PCE offers infrastructure, equipment, and value-added services for industrial partners within one

dedicated location. This innovative state-of-the-art project makes an important contribution to the main ambition of our port: sustainable growth."

Name-Giving Ceremony

During the ceremony, PSA Breakbulk officially inaugurated its newly installed heavy lift crane at the PCE and revealed its new name "BIG FELB" after the joint venture partner Felbermayr that provided the crane. This name was selected from the many suggestions that guests made when registering for the event. Joris De Mondt, an operational supervisor at PSA Breakbulk, thought of the name and received a memento in appreciation.

CHINA'S STEEL PRODUCTION SPIKES AFTER LOCKDOWNS END

But with global economies slowing, where will it end up?



By Peter Buxbaum, AJOT
May 2023 | Published in AJOT Issue #753

China's zero-COVID measures placed severe restrictions on the country's economic activities. But late in 2022, faced with growing public demands to end the lockdowns, the government did an about face and reopened the economy.

That risky reversal led to increased levels of COVID infections and deaths, in the short run, and additional localized lockdowns, but the spread of the virus was reported to have abated relatively quickly. Another result of the policy change was a jump in steel production in China, thanks to the reopening of factories. It still remains to be seen, however, whether those increased volumes of steel will be able to be absorbed domestically and or internationally.

Steel: Mixed Results

Many economists are insisting that a global economic downturn is in store, which would depress steel demand, although the data have been mixed. Reading the tea leaves when it comes to China's economy and its steel industry, on the other hand, yields a decidedly negative outlook.

The World Steel Organization (WSO) reported that China's steel production in March was up 6.9% compared to March 2022 and 6.1% year to date. Those figures grew on February's numbers, which showed a 5.6% increase over February 2022, and the same year to date. Global production increased by 1.7% in March and decreased by 1.0% in February.

China's March performance outpaced other major steel pro-

ducers by a long shot. India's steel production was up 2.7%, as was Italy's, while Russia's and Germany's output remained flat. Japan, the United States, Brazil, and Turkey were all down, the latter two by 8.7% and 18.6%, respectively.

Steel rebar futures traded in Shanghai have been plummeting of late, by over 15% as of late April, from a recent high in mid-March. The late-April figure of \$528 per ton was the lowest in over five months, according to Trading Economics, reflecting "deepened concerns over weak demand in China."

"The recovery of construction and infrastructure activity in China failed to materialize," Trading Economic commented, "despite the country's reopening and a round of government stimulus and liquidity injections."

New construction starts in China dropped by over 20% during the first quarter of 2023, government data show, and property investments decreased by 5.8%. An April survey showed iron ore inventories in Chinese ports up 1% over a week, "pointing to limited demand from steel producers," Trade Economics said. A Chinese steel industry group is urging producers to cut output, and reports indicate that the government could reduce production by 2.5% this year.

China Steel Demand

According to Worldsteel, China's total steel demand declined by 3.5% in 2022, is expected to grow by 2.0% in 2023, and to stay flat in 2024. By contrast, global demand will see a 2.3% rebound

this year and 1.7% growth in 2024.

"In 2024, demand growth will be driven by regions outside China but faces global deceleration due to China's anticipated 0% growth, overshadowing the improved environment," said Máximo Vedoya, CEO of the Luxembourg-based steel manufacturer Ternium, and chair of the Worldsteel economics committee. "As China's population declines and moves to consumption-driven growth, its contribution to global steel demand growth will lessen."

The property sector in China is a major consumer of steel, but "all key real estate indicators are in deeply negative territory," noted a recent Worldsteel report. Floor space of newly started projects and total real estate investments are showing steep declines, "the first year-on-year decline in 25 years." The organization expects "a slight pickup" in the real estate sector this year "due to government support measures," with a "moderate" recovery expected to continue in 2024.

At the macroeconomic level, the Chinese economy saw 3% growth in 2022, well short of the government's 5.5% goal. And, according to a report in Foreign Affairs, "the real rate may have been worse," as "official statistics are increasingly dubious."

Long-Term Prospects

Long-term prospects for economic growth under any scenario, according to the report, will not match China's growth rates since it embraced economic reforms in the late 1970s. As a United Nations population report noted, China's population is aging, and its working-age population is shrinking.

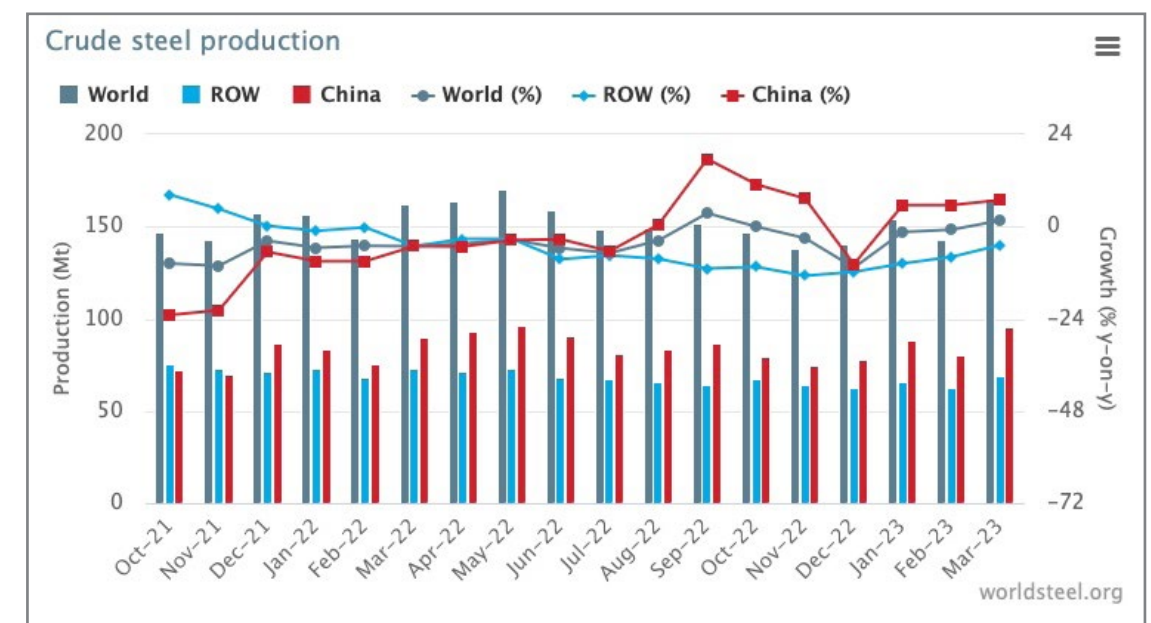
In addition, "a rash of business and bank defaults, fiscal shortfalls for heavily indebted local governments, and falling returns on investment," according to the Foreign Affairs report, all point to slower growth in capital investments.

Besides all that, Chinese government policy is now moving in the wrong direction. "Chinese officials sanctioned more state control and more administrative intervention in the allocation of capital," the Foreign Affairs report stated. "If leaders remain fixed on statism, the growth rate might rise somewhat for a year or two, but then it will fall to potentially 2% or lower in the second half of this decade. If China re-embraces reform, growth would drop even lower through the medium term but could then climb back to potentially 4% as 2030 approaches."

In either case, the report concluded, China's "days of super-high growth are over."

If there is a silver lining for China's steel industry, it is that global steel demand is expected to grow this year and next. Worldsteel expects steel demand in developed economies to increase by 1.3% in 2023 and 3.2% in 2024. Demand growth in the U.S., at 1.3% in 2023, will match global growth, but the expected growth rate of 2.5% in 2024, will fall short. The 2021 infrastructure law, the Inflation Reduction Act, and "expanding energy production" are all expected to contribute to demand growth in the U.S., according to Worldsteel.

China's neighbors in Asia represent better potential export markets. The Indian economy, according to Worldsteel, will see "healthy growth" thanks to government infrastructure spending, stronger residential housing demand, investments in renewable energy, and spending on automobiles and consumer durables. Worldsteel expects demand in India to grow by 7.3% in 2023 and 6.2% in 2024. The ASEAN nations also represent bright spots, where steel demand is expected to increase by 6.2% in 2023 and 5.7% in 2024, fueled by major projects such as building Indonesia's new capital in East Borneo, development of long-distance railways in the Philippines, and infrastructure spending in Vietnam.



CROWLEY SPEARHEADS OFFSHORE WIND OPERATIONS AT HUMBOLDT BAY



By Stas Margaronis, AJOT
May 2023 | Published in AJOT Issue #753

Jeffrey Andreini, Vice President, Crowley Wind Services said the company's supply chain experiences with wind farm operations on the East Coast will help it accelerate Northern California operations at Humboldt Bay.

In opening up the new Crowley Wind Services office at Eureka, California on April 19th, Andreini told elected officials and maritime stakeholders that Crowley's development of supply chain services for wind operations owes a great deal to the leadership of Thomas B. Crowley Jr. Crowley has served as Chief Executive Officer and Chairman of the Board of Directors for Crowley Maritime since 1994: "Tom told me three years ago, 'Jeff, I want our offshore wind business to be more than chartering tugs and barges.' He has inspired us to be the leading supply chain provider for the offshore wind business in the United States. Without his mentoring, we would not be the leader that we are in this space."



Jeffrey Andreini, VP, Crowley Wind Services

chain provider for the offshore wind business in the United States. Without his mentoring, we would not be the leader that we are in this space."

Scope of the Humboldt Wind Farm Project

Last November, Andreini spoke to AJOT and described the scope of the wind farm effort at Humboldt Bay: "I do not think that many people ... realize the momentum that is building for offshore wind that is going to become evident in the second half of this decade. The opportunity in California affords us the ground floor opportunity for us to make a difference not just in California, but also on the U.S. West Coast to structure a supply chain and a workforce."

If permits for the project are approved in 2024, then he expects "shovels in the ground thereafter and start up middle of 2026. In 2026, you will be seeing a marshalling area where you will be seeing components. Vessels as well. Anchor handling vessels

to tow the turbines out, the floating turbines. You will also be potentially seeing a manufacturing site, but I don't want to get anybody's hopes up as of yet. There will be tugs and barges transporting pre-assembled components. In addition, heavy lift ships will be used for the construction of the terminals. There will be heavy lift cranes that will ... be doing the actual construction of the turbine. So, the terminal will do the construction of the floaters. The floaters will actually be built in Humboldt Bay and not in a foreign country. There might be materials that come from Asia, but the pre-construction will potentially (take place) in either San Francisco or Los Angeles and would be shipped to Humboldt Bay where the actual buildout will take place."

Andreini explained Crowley's role: "Crowley will be responsible for hiring the stevedores and the crane companies that will do the actual construction of those turbines ... These things are gigantic, they dwarf anything from a fixed component standpoint. The (wind turbine) towers are as high as 300 meters (nearly 1,000 feet)..."

Employment for the Project

As regards to employment, Andreini said, "we're looking at about 3,200 people. You're going to need technicians, you're going to need workers to work on the terminals, mariners working on the vessels themselves, stevedores. We have a relationship with Cal Poly Humboldt to begin that relationship regarding employment and also with Redwood Community College There's going to have to be outreach, we are going to have to find the men and women to work because there's not enough people available. So how do you reach out to Sacramento and San Francisco to find workers to bring out to Eureka (in Humboldt County, California) to work in the program? You are talking about two different classes of workers, blue collar workers coming from Redwood Community College. Those are the people who will be running through a welding program or carpentry program or the skills trades that will be needed. The mariners will be coming from California Maritime Academy in Vallejo. And then thirdly,

the workers who are strong in the sciences and math and in the STEM (Science, Technology, Engineering and Mathematics) skills will be coming through Cal Poly Humboldt to work in tandem to be successful... We will also be using apprentice programs provided by the California Building Trades to provide qualified workers who have been trained in those apprenticeship programs."

Andreini said that drug testing will be a hurdle to potential applicants: "We have not explored the drug testing issue but that may pose a problem in terms of being able to find qualified workers."

Humboldt's Wind Leadership

Andreini was followed by Larry Oetker, Executive Director, Humboldt Bay Harbor District, who said: "I was just in a meeting with (the ports of) San Diego, San Francisco, LA, Long Beach, and Oakland. We are a couple of years ahead of these ports and this will be enhanced by our relationship with Crowley."

Oetker went on to explain: "Crowley is the leader in the development of offshore wind on the East Coast and they will bring their supply chain expertise to our region. We are looking towards a long-term relationship with Crowley. California has a goal of generating 25 gigawatts of wind power and Humboldt is poised to do half to two-thirds% of that wind power. I want to thank Jeff and Crowley. They challenged the Harbor District and the community of Humboldt to be better."

Oetker told the audience that the Humboldt Bay Harbor District has focused on its relationship with the U.S. Army Corps of Engineers to provide "steady dredging in Humboldt Bay."

This dredging will improve the infrastructure for offshore wind

developers coming to Humboldt Bay.

Oetker told the audience that he is hopeful that permit approvals for the project will be completed by 2024 setting the stage for subsequent facility and wind turbine assembly and construction.

Oetker told AJOT that he expects that: "The EIR (Environmental Impact Report) will be released in the next two months just to regulatory agencies and not the public. The release of the EIR to the public will happen around November or December and then there will be three months before we start the hearing process on the EIR."

Impact on Fishing

Oetker noted that one of many issues that needs to be resolved is the impact of wind farm operations on local fishing. He said assembly and construction of wind turbines will compete in Humboldt Bay with space that has been utilized for fishermen and that there may be times when wind turbines are being floated out to sea that will block access for fishing boats entering and leaving the harbor.

Harrison Ibach, President, Humboldt Fishermen's Marketing Association and Josh Mims, Del Norte Sea to Market Project Manager, told AJOT that they are concerned that wind farm developments will create more congestion in Humboldt Bay and complicate their efforts to fish in the Pacific Ocean at a time when both the crab and salmon seasons have been under considerable stress.

Ibach said: "The wind farm project is going to take up a lot of ground that we use for fishing. It's a large area and a crucially important area."

However, Ibach expressed the hope that fishing operations and wind farm operations could co-exist: "There is a middle ground here somewhere. We want to avoid impacts as much as possible and then minimize impacts as much as possible. Inevitably, there are going to be impacts. We're going to have to find our middle where we can all work together."



Larry Oetker, Executive Director, Humboldt Bay Harbor District

MULTIPURPOSE SECTOR FACING SOME HEADWINDS, BUT LONG-TERM OUTLOOK REMAINS BULLISH



By Ed Bastian, Director of Global Sales for BBC Chartering USA, Special to the AJOT May 2023 | Published in AJOT Issue #753

What a difference a year makes in the topsy turvy world of shipping. A year ago, the MPV [multi-purpose vessel] and container sectors were riding a wave of optimism resulting from pandemic related issues including a supply chain crisis like we'd never seen before. Now the end of the pandemic has brought back some sense of normalcy in our lives. However, at the same time life as we once knew it will never really be the same.

I must admit, myself and colleagues have had numerous chuckles about how much the term "supply chain" became the topic of the day for most consumers and news personalities during the pandemic. While most had no idea of the definition of supply chain until it had an impact on their daily lives and the shelves started to become sparse.

TMI and MPV Sector Volatility

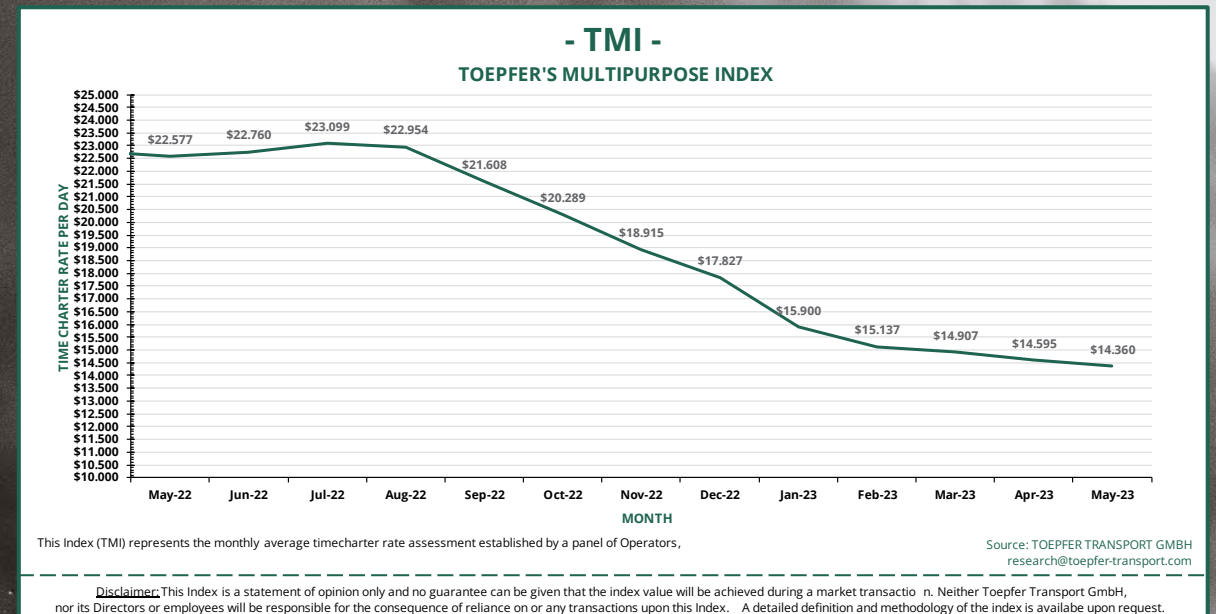
To any that follow the Toepfer Multipurpose Index (TMI), a forecast of daily charter rates for 12,500 dwt MPV vessels, the last two years has seen tremendous volatility in the index. For the period of April 2021 to April 2022 the index rose a staggering 121% reaching an all-time record in July. We experienced the same type of increases on many commodities during the same period along with significant inflationary pressures. When the supply chain pressures eased and container rates dropped back to historical norms, this is when we experienced a sharp pullback in the TMI. Even with the sharp drop in the TMI since August 2022 the index remains at a healthy level well above both its 10 and 5 year moving averages.

While the current condition of the MPV sector is a bit choppy at the moment the longer range outlook remains quite favorable. Gone are the huge volumes of containers that MPV operators

lifted over the last few years. They have made their way back to the containers vessels for the most part and container rates have returned back to more normal levels historically speaking. Inevitably, with lower rates there will be some "poaching" by containership and ro/ro operations — but this is really just the low hanging fruit as rigid schedules, and a lack of operational flexibility (in the case of containerships) precludes any real market penetration. The biggest obstacle moving forward is capacity utilization as the industry will be receiving massive numbers of newbuilds over the next few years.

The same cannot be said about the MPV sector as lack of vessel capacity vs. cargo demand remain challenging. The global fleet over the past decade has experienced a lack of external investment and insufficient internal capital which has stymied growth and fleet renewal. Most MPV and Heavy-lift operators are expected to remain stagnant in respect to overall fleet growth over the next few years. The current MPV fleet for vessels with a combined 100 ton lift capacity is starting to show its age. Less than 5% of the current fleet is from 0-5 years of age. For vessels exceeding 20 years of age the number is almost 17%. This disparity points to the lack of fleet replenishment over the past decade. Once a vessel surpasses 20 years of service it basically becomes unemployable by most project forwarders, shippers, and EPC's. It is expected that the current capacity shortfall will continue for the foreseeable future and that project cargo freight will not experience the same drop that containers have experienced.

Focusing our attention on the US project market we find a market that is surging. A recent poll of major project freight forwarders found a consensus opinion that business is clicking on all cylinders.



Wind seems to remain at the forefront due to global green initiatives. The North American continent is literally surrounded by ongoing and planned wind projects for both onshore and land-side installation. It remains interesting that windpower was once considered to be our salvation toward a cleaner and healthier planet. However, questions still remain about the actual contribution wind makes to the overall power grid. Global power demand is only forecast to grow in the next couple of decades, so it will require multiple energy sources with LNG, hydrogen and nuclear making up a high percentage of the total resources required to fuel the world. As such a wide range of energy projects could pop up in the near future.

New oil and gas projects are also starting to heat up. This is not just about exploration. Many projects on the books have to do with conversion and upgrades of existing plants. New breakthroughs in carbon capture technology are helping industry to become a better steward for our future. Many of the world's major oil and energy companies have contributed to these new scientific discoveries on how to convert CO2 into a clean and

marketable product.

It's also important not to overlook the impact that the mining industry has in the project and heavy-lift segment. The carbon neutral world we are now pursuing will require massive amounts of metals and minerals to achieve a net zero world. In addition to the actual extraction of materials we are also seeing the beginning of efforts toward the electrification of mining trucks and other equipment. We are at the very early stages of a complete transformation and need for new replacement equipment.

Finally, the Journal of Commerce recently held their annual Breakbulk Conference in New Orleans. Attendance was in excess of 800 registrants to hear global industry leaders discuss the current health of the Breakbulk and Project sector. What was unique about this conference was how many presentation segments contained the words energy security, vessel emissions, low carbon, no carbon, new ship designs, sustainability, decarbonization, hydrogen, AI, the list went on.

Like it or not the world is changing, and the train has already left the station, so enjoy the ride!

BREMEN'S NEUSTADT PORT AGGRESSIVELY PUSHES BREAKBULK CARGO TRAFFIC



Port of Bremerhaven's auto terminal



By Manik Mehta, AJOT
March 2023 | Published in AJOT Issue #751

BremenInvest, the investment and business promoting agency of the North German city of Bremen, touts Bremen's ports – a cluster of ports in Bremen and Bremerhaven together make up Bremenports - as the "region's engine for trade and industry", creating thousands of jobs in the handling of ships, transport and transshipment of goods, repairs, logistics and other services. The two ports handle a wide range of cargo: containers, bulk goods, automobiles, project cargo, and hazardous goods. The Port of Bremerhaven handles about 80% of the cargo, including containers.

After Antwerp, Bremen is the second most important transshipment hub in Europe for forestry products, steel products and machinery. Bremen's Neustadt port is home to Europe's largest terminal for breakbulk and heavy-lift cargo, providing more than a million square meters of warehouse space and outdoor storage, and ships. Neustadt Port, located on the left side of the Weser River, handles, primarily, breakbulk/project cargo, iron and steel products, forest products, etc.

"Non-containerized breakbulk cargo is shipped from the Neustadt port ... the cargo includes steel products such as pipes, timber, machinery and machine parts, etc. Components for wind turbines and massive paper rolls for the paper industry are brought ashore here, though a small volume of containers also passes through Neustadt port. Its proximity to the Bremen Cargo Distribution Center means that goods do not have to be transported far," says Rainer Schaefer, a senior manager with a logistics company near Hamburg.

The Neustadt port remains an important breakbulk hub in Europe, with a large volume of shipments destined for North America. According to Sven Riekers, the sales director at Neustadt Port, about 1.5 million tonnes of breakbulk cargo was handled by Neustadt Port in 2022. Furthermore, the so-called High & Heavy Terminal in Bremerhaven handled about 1.2 million tonnes (of equipment such as construction machines, buses, cranes, etc. as well as other breakbulk goods).

The terminals at Neustadt port have,

meanwhile, specialized in the conventional handling of breakbulk cargo arriving on regular liner services and distributed from there to customers throughout Germany. Neustadt port also handles transshipment by floating crane of containers and heavy goods with unit weights of up to 650 tonnes. Increasingly, large components for onshore wind farms are also transhipped through the port, and natural gas liquefaction plants, which arrive in large individual parts in Neustadt port where they are assembled into finished plants, are loaded onto large ships or pontoons for onward transport.

Breakbulk Europe

Breakbulk Europe 2021, an important event for the project cargo and breakbulk industry, scheduled to take place in Bremen in 2021 was cancelled because of the COVID lockdown and other restrictions imposed on visitors. It had been held prior to that in Bremen; the 2022 edition was held in Rotterdam.

Nick Davison, Portfolio Director Breakbulk & CWIEME, Hysve Group PLC, had

called the event, held in Bremen during the earlier two years, as "tremendously successful". He stated that many new companies had benefited from Breakbulk Europe as they identified new business opportunities amid a global gathering.

The move to Rotterdam was part of Breakbulk Europe's previously announced plan to rotate the event among leading maritime cities. Breakbulk Europe 2023 will be held at the Rotterdam Ahoy, adjacent to the Port of Rotterdam, from June 6 to 8. "We intend to hold the event at this location for two years, and then consider other options for 2024," Davison had said. Bremen and Bremerhaven are jointly setting up a huge booth at the forthcoming Breakbulk Europe event in Rotterdam.

ESPO Conference in Bremen

Bremen is also gearing to play the host city for an important European maritime event, the European Sea Ports Organization (ESPO) Conference from June 1-2, 2023.

The conference is the biggest annual event of the European port industry and community as ESPO represents port authorities, associations, and administrations of the seaports of 22 Member States of the European Union and Norway at EU political level.

Albania, Iceland, Israel, Montenegro, Ukraine, and the United Kingdom have observer status with the ESPO.

Together with Bremenports – the com-

pany that manages the ports in Bremen - ESPO is putting together a program which aims at "combining the broadening-the-lens sessions with hands-on debates", as Bremenports has been saying.

Meanwhile, Bremen's mayor Andreas Boyenschulte has asked for more funding from the Federal German Government, saying that the money was needed for the ports. Bremen itself is investing some 500 million Euros in its ports in the next 10 years. With an eye on the upcoming 13th National Maritime Conference on September 14 and 15 in Bremen, Bovenschulte said: "Because the ports, as the pandemic and the energy crisis have shown, are of national importance, we consider a greater participation of the federal government in the port funding to be only fair." Presently, the federal government pays annually 38 million Euros for all German ports; Bremen receives 10 million Euros.

The Port of Bremen and the Port of Bremerhaven, as a rule, jointly compile cargo statistics. More than 3,700 container ships and 1,200 general cargo ships call here each year; together, these two vessel types represented 70% of all arriving vessels and 66% of all cargo (in gross tonnage). The remaining vessel types included roll-on/roll-off ships and ferries (777), bulk carriers (544), car ships (379), tankers (244), and passenger ships (27).

Major cargo items handled at the Port of Bremen and the Port of Bremerhaven

included ores and metal waste, iron, steel, and non-ferrous metals; solid mineral fuels; petroleum products, and minerals and building materials. Other non-containerized cargo included agricultural products, foodstuffs, animal fodder, chemical products, and fertilizers.

Neustadt Port's Breakbulk Expertise

Neustadt Port representatives have been highlighting the "high-quality breakbulk expertise". "We have crane and horizontal transport capacities for heavy cargo of more than 200 tonnes, backed by adequate forklifts and reach stackers to handle heavy cargo, making Neustadt Port the ideal site for the breakbulk traffic. Besides loading onto ships sailing on the high seas, our terminal also offers other services for the conventional loading," a Neustadt Port official tells the American Journal of Transportation. "Neustadt Port offers quality environmental and security services, complying with the regulatory standards."

There is also plenty of "good land" to support the port's breakbulk traffic. The quays at the Port of Bremen's Neustadt Harbor total 2600 meters (8.5 thousand feet) with alongside depth of 11 meters (36.1 feet). Neustadt Harbor offers almost 52 acres (210 thousand square meters) of warehouse space and over 111 acres (450 thousand square meters) of open storage for both temporary and long-term storage.

Bremen's Neustadt Port



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