Market Regional Report

Channel, Baltic and North Sea

WP 1 : Market Observation

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Introduction

With more than shortsea 1,25 billion of tons (in 2011, source Eurostats), the Channel, North Sea and Baltic Region[1] is the most important for Europe. It stands for 51% of the total European Shortsea market (in tons).

If we have a closer look at the main countries involved in shortsea trade with ports in this maritime region, United Kingdom represent 20% of the North Sea & Baltic shortsea, Germany is the second country (with 14%) followed by Netherlands (14%), Sweden (13%) and Norway (11%).

It is not surprisingly UK that is major contributor to the shortsea in the northern seas due to its insularity and the fact that major part of its external trade is imported by sea.

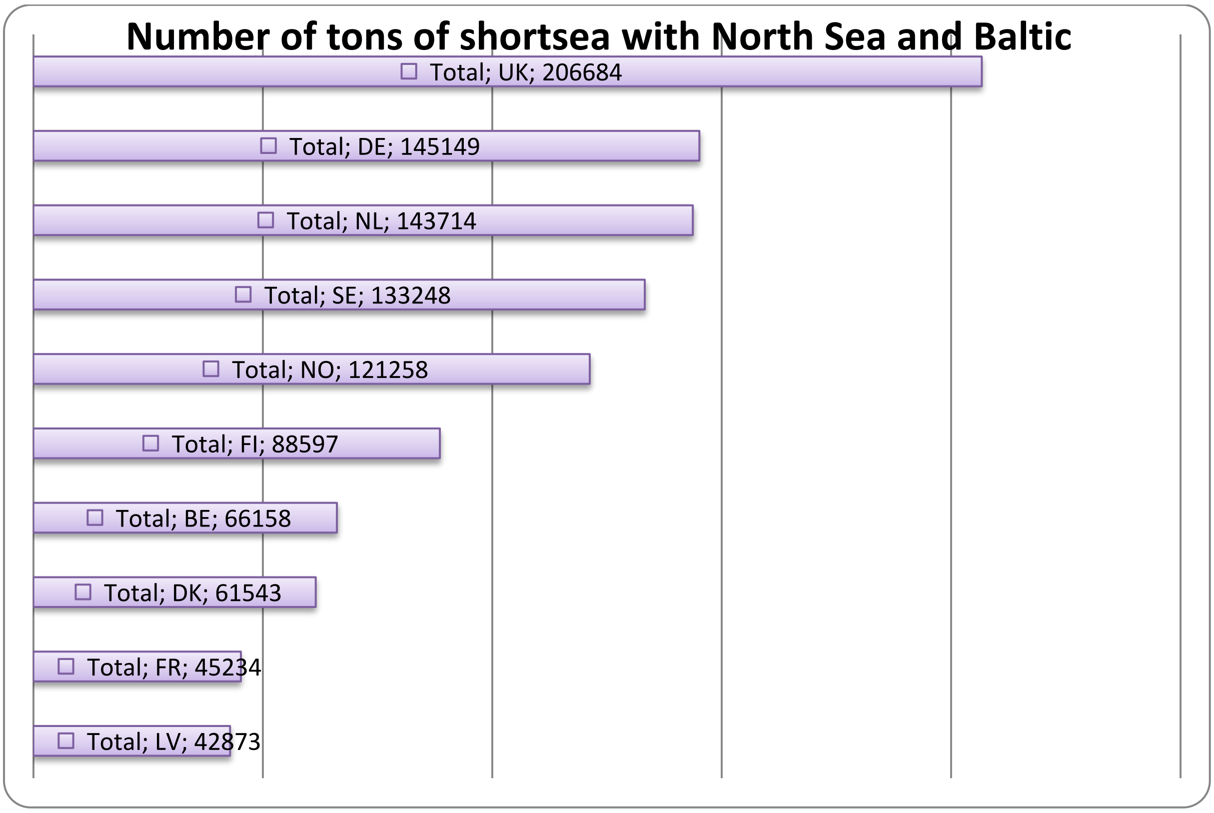

Figure 1: Traffic by countries in the shortsea in North Sea & Baltic

As it is in the whole shortsea around Europe, Liquid Bulk and Dry Bulk represent more than 65% of the shortsea in this region. Containers (more than 20') are accounting for 13% and Ro-Ro 12%. These figures are important to keep in mind because these are the cargo which will suffer the increase of cost due to the Sulphur Directive and will be probably sent back to the already congested European road network.

[1] Due to Eurostats data, Channel is not counted in the following figures.

Type of goods	Tons
Others	73 145 000
Ro-Ro	115 579 000
Container	127 990 000
Dry bulk	216 699 000
Liquid bulk	412243

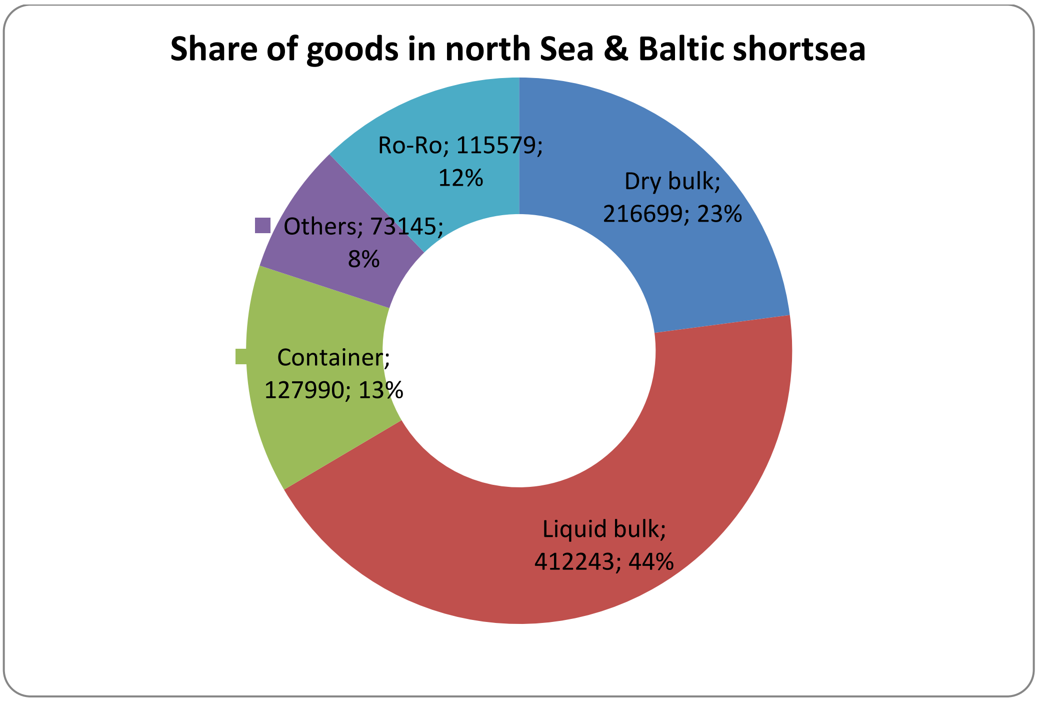

Figure 2: Share of each type of cargo in the North Sea & Baltic shortsea

Figure 3: Top five of countries involved in shortsea with Baltic & North Sea

Specifics of Baltic Sea shipping

The Baltic Sea ports handled altogether 839.0 million tonnes of cargo in 2011. This was 3.7 per cent more than in the year 2010. Both the international imports and exports increased; the amount of import increased by 5.8 % and exports increased by 2.0 %. According to Baltic Port List 2012, container traffic experienced a notable 18% growth in 2011 compared with figures of the year 2010 in the Baltic Sea area.[2] (Baltic Port List, University of Turku Centre for Maritime Studies).

[2] Baltic Port List, University of Turku Centre for Maritime Studies).

1. New services

The Channel, North Sea & Baltic region is very dynamic and many shortsea services have been created in the past month.

After three years of indirect services via Gdynia by Finnlines, the line between Helsinki and Rostock will be operated as a direct traffic in both directions. The ship operator has thought the service and the schedule in order to ideally integrate it into the European railway network. The new service will have two weekly roundtrips, operated by the ro-pax Hansa-Class ship Transeuropa.

Length	183 m
Beam	30 m
Year built	1995
Capacity	3200 linear meters

Figure 4: Transeuropa Ro-Pax ship

Finnlines also created a line between Rostock, Zeebrugge and Bilbao ro-ro that will be operated once a week, offering a "safer, economical and more environmentally friendly" alternative to the land route connection from Rostock to Benelux and northern Spain.

In order to cope with the growing need of fresh fruits and vegetable in Russia, CMA-CGM has created a new service between St Petersburg, Dunkirk and Agadir. The Dunkrus Express relies on the growing containerization of refrigerated products that were transported to Europe almost exclusively by reefer trucks four years ago[3]. Two container vessels of 1 000 EVP capacity are now deployed on the service linking Russia with Dunkirk with Russia in less than 11 days. Transshipment of fruits/vegetables in Dunkirk to Russia is made only 4 day after the departure from Morocco.

CMA-CGM has launched another service in the region (only one vessel), the FAS Norway Feeder between Rotterdam, Moss, Oslo and Gothenburg. The MV Jana (974 TEU of capacity) will be used in this second weekly service from the Benelux for Göteborg. Swedish cargo is also feedered via Zeebrugge with the Femex service between northern Europe and the Mediterranean area.

The container company, OOCL started a third loop on its service between Bremerhaven & Saint Petersburg. It is served by two 1,000 TEU container ships sailing on a fixed schedule between Hamburg and St. Petersburg. This additional loop for the Baltic network will

[3] Source : CMA-CGM

complements OOCL's existing services between Belgium, the Netherlands, Poland, Russia, Lithuania, Finland and Sweden.

The company Transatlantic[4] has created a new container weekly service (project cargoes can also be accepted) connecting Szczecin and Hull. The new line is served by three proprietary, modern container vessels with high ice classification and capacity of "only" 304 TEUs. Eurocontainer 33 pallets are, of course, welcome aboard these ships.

Figure 5: Map of the new service

The APL company has started a new weekly service between Bremerhaven, Hamburg and Gdynia with a single ship of 1 000 TEU capacity. This service will be usable by APL customers to join its global network.

Hapag-Lloyd has launched its new Finland Express Service, directly connecting German hubs with ports in the Gulf of Finland and the Gulf of Bothnia in the Baltic Sea. The service will extend port coverage in the Baltic and provide a second weekly sailing to and from Russian and Finnish ports, in addition to the existing Russia Express Service. The fixed-day weekly service has the following rotation: Bremerhaven and Hamburg in Germany; St. Petersburg, Russia; Kotka and Rauma in Finland; Gävle, Sweden; and back to Bremerhaven. It seems that an additional call at Ust-Luga is currently under consideration. The service will be operated with two vessels.

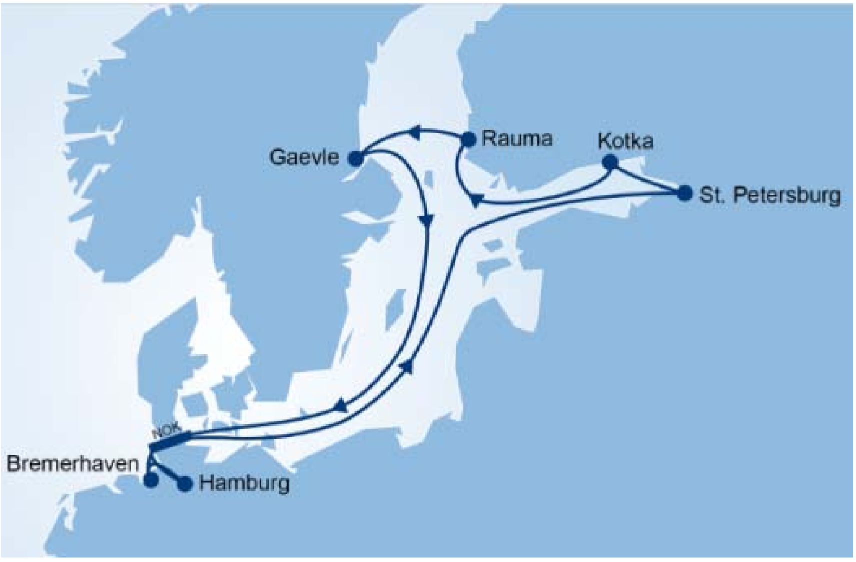

Figure 6: Map of Hapag-Lloyd new service

[4] See http://www.rabt.se/en/

2. Changes in services

As is already exists many services in the Channel and North Sea creation of services is rarest than in other part of Europe. However, there is more changes in existing services.

The CMA-CGM's Dunkrus Express service is being complemented by a reconfiguration of the Agadir Express service, with a new weekly service linking Morocco, Portsmouth, Rotterdam and Le Havre.

The Wilhelmshaven container terminal has been added to the schedule of the Russia Express Service of feeder shipping company Seago Line, part of Danish group AP Moller-Maersk. The first ship deployed on the line is the 1,350-twenty-foot equivalent unit Maersk Venice, with a length of 180 m and a width of 28 m. The Russia Express Service is the third one which involves a port call at the Wilhelmshaven terminal and it offers connections from Wilhelmshaven to the Baltic States.

Figure 7: The Maersk Venice, a baltic feeder

Transfennica is greatly improving the capacity on its Baltic services. Indeed, they will add two pure freight con-ro ships on its Baltic Service. The weekly departures take place from Antwerp. The ports of Tilbury, Rauma and Gdynia are called at once a week, Paldiski, Kotka and Saint-Petersburg twice weekly and, finally, Hanko three times a week. Saint Petersburg is now called at directly, instead of transshipment via Finland. This improvement is a capacity increase of more than 65% on the service. These vessels can take various types of cargo, including mafis, cassettes and containers. Flexibility of ships is a very good asset and it makes it very easy to answer request from shippers. Each ship has a capacity of 640 TEU and 2 900 linear meters.

The Russian port of Ust Luga has been included in the Loop D schedule fo CMA-CGM. It means that now the service is now direct with Zeebrugge on a weekly basis. Antwerp cargo is taken to Zeebrugge by rail. The Ust Luga container terminal boasts 440 metres of quays and is fully equipped with rail tracks and marshalling yards. The port has a direct link to the main transport corridors, so the containers can be taken swiftly to their final destination. According to declarations, Ust Luga has the ambition to become the main Baltic container hub[5].

DFDS also created a service Moss-Zeebrugge-Immingham-Moss. This line has been integrated in its schedule of regular line services. The ships ensuring the weekly service to Norway are handled at the ZIP terminal (Zeebrugge International Port).

DFDS Seaways reduced capacity between Gothenburg and Immingham. They have switched the 4,650 lane metre vessels with smaller 3,830 lane metre ships previously deployed in our operation between Gothenburg and Ghent in Belgium. That move followed the arrival of increased competition in the Sweden-UK ro-ro sector with North Sea RoRo’s (with a three times a week service between Gothenburg and Killingholme) at a time when the Sweden-UK ro-ro freight market has declined by 10-12. The ships the cnew comer use each offer 2,600 lane metres of capacity able to accommodate up to around 170 trailers.

On the Irish market, DFDS stopped its last own operated lo-lo service. It was connecting Rotterdam, Waterford and Cork. CLDN Ro-Ro also stopped its lo-lo service connecting Rouen-Radicated with Dublin.

Cobelfret (part of the CLdN group) has withdrawn its daily Ipswich-Rotterdam freight service, blaming “current conditions”. The company was the only freight ro-ro service calling at Ipswich. In January, CLdN took delivery of a new ro-ro vessel. The 152 m-long vessel is known as an "Ipswichmax" and was built for the Ipswich-Rotterdam trade. The ship, with capacity for 160 trailers and containers, was the first of four vessels of this class being built for CLdN. The company continues to operate ro-ro services out of Belgian hub Zeebrugge to Dublin, Purfleet and Killingholme.

The ships used on the service Ipswith - Rotterdam of CLdN have been chartered to Stena Lines for the line Harwich-Rotterdam. By using these ships, Stena Line reduced capacity on the line but say keep the same quality of service. It seems that bigger ships were not used enough in term of capacity to be profitable.

Figure 8: Map of Ipswich/Harwich region

[5] See: analysis

TransEuropa Ferries will greatly increase capacity on its line between Ostend-Ramsgate. By only adding one ship (MS Ostend Spirit, formerly Pride of Calais), the company will bring the number of daily departure from eight to twelve. The Ostend Spirit has a capacity of 85 accompanied lorries.

3. Analysis

The Channel, North Sea & Baltic market has been more subject to capacity cuts and halts of services than real growth. Of course, this is not the case in every market and we can see that Russia is still a very dynamic market. Russia has the main share, 22.1%, of all the cargo transported in the Baltic Sea area. The share of Swedish ports is slightly less, 21.1%. In 2011, the cargo volumes increased in all Baltic Sea countries except in Sweden and Poland. [6]

3.1. Russia, a dynamic market for northern shortsea shipping

In the Baltic Sea area, there are six Russian ports which handled in total 186.8 million tonnes of cargo in 2011. This was 5.4 % more than in 2010. Out of this, 3 million tonnes was transported domestically. Major part of the cargo transported is liquid bulk, which consisted of 112.9 tonnes in 2011. However, also altogether 2.7 million TEUs were handled in the Port of St. Petersburg. [7]

Trade in the Baltic Sea area is growing, in particular between Russia and Germany.

As an example, Russia is the second-most important trading partner for the Port of Hamburg in terms of container handling. With a total volume of 675,000 TEU handled between Hamburg and the Russian ports, the volume of container traffic was up by 13.3% in 2012. Alongside St Petersburg, the Russian Baltic Sea ports of Kaliningrad and Ust-Luga as well as Archangelsk und Murmansk on the Arctic Ocean are called at by ships sailing from Hamburg.

Another example is the signature of a global strategic partnership agreement between the port of Rotterdam and Summa Group (a leader of the Russian ports and logistics sector). The new agreement aims to expand the scope of cooperation beyond Russia and the Netherlands, the statement said.

Zeebrugge also took part in this partnership move via a collaboration with the port of Ust Luga Both companies have signed a letter of intent to develop a sustainable logistic chain which will convey RoRo cargoes from Europe to the Russian market. From Zeebrugge, it is the stevedoring company International Car Operators (ICO) which signed the agreement. The agreement between ICO and Ust-Luga Company primarily involves the shipping of new factory cars and high & heavy cargoes from Zeebrugge to Russia. Goods will be shipped with feeder ro-ro vessels to the port of Ust-Luga.

We have also seen numerous new services created between northern Europe and Russia (St Petersburg or Ust Luga)[8]. St Petersburg itself handled roughly 2.53 million TEU in 2012, equivalent to an increase by 6.7 per cent year-on-year.

This positive trend can be attributable to Russia's decision to join the WTO, resulting in associated simplifications in commercial law as well as the dismantling of trade barriers. We thus see that as soon as there is administrative simplification for maritime transport, the traffic is growing. This is why Blue Belt is a "must have" for SPCs.

[6] [6] Baltic Port List 2012, University of Turku Centre for Maritime Studies

[7] Baltic Port List 2012, University of Turku Centre for Maritime Studies

[8] See : new services

3.2. UK and Ireland are suffering

In the past month, we have seen that United Kingdom and Ireland have been hardly hit by the economic crisis and consequently, shortsea serving these ports have also seen decrease of traffics. Services have been shut down or rearranged to cope with this new market conditions. In 2011, the decrease of ro-ro traffic was of about -1%.

Sterling experienced a strong depreciation since 2007 and 2008 and that have not helped export to the UK.

3.3.Concentration is part of the game now

In order to be ready for the 2015 deadline, ship-owners are working more closely together and we have experienced on the northern shortsea market a firm concentration move. It is clear that these moves are made in order to resist the current decrease of traffic and prepare the upcoming regulation on sulphur.

As an example, DFDS Seaways (from Denmark) and Louis Dreyfus Armateurs (from France) have created a joint venture to rationalize their cost on several routes across the Channel. By creating this new company, the ship-owners are able to add some crossing on the Calais - Dover line to reach ten departures daily. Lines between Dunkirk - Dover, Calais - Dover, Dieppe - New Haven, Le Havre - Portsmouth and between Marseille and Tunis are part of the agreement. The consortium will deploy nine ships for a total capacity of 11 700 linear meters. The new company expands route network in line with the strategy of creating European shipping and logistics network. By combining the capabilities and operations of LD Lines and DFDS, the two operators confirm their strategy to create a European leader in the Channel ferry business.

P&O Ferries said that its new UK feeder offering in collaboration with Transfennica's Bilbao service would offer exporters to Spain a "cheaper and greener" shortsea alternative to current road haulage solutions. The two companies announced that they are to co-operate on a new offering for both accompanied and driverless trailers between Spain and the UK. The grouping will offer more than 40 sailings per week to and from P&O's Zeebrugge terminal. On the one hand, Transfennica has been operating a Bilbao to Zeebrugge shortsea service for a number of years. On the other hand, P&O Ferries has daily sailings connecting Teesport, Hull and Tilbury with Zeebrugge. The idea it also to streamline operations with common EDI system for invoices. Transit time between Spain & UK is very similar or faster than by road.

Samskip has entered into an agreement with SCA Transforest and now will be able to use SCA's 'N. Sweden-Rotterdam' short sea service. The rotation covers Rotterdam, Stockholm, St. Petersburg, Sundsvall and Umeå. The link between Stockholm and St. Petersburg is currently the only regular container connection between these two ports on the Baltic market. The weekly service is operated by two 1,000 TEU vessels and Samskip has an allocation on these ships SCA Transforest uses.

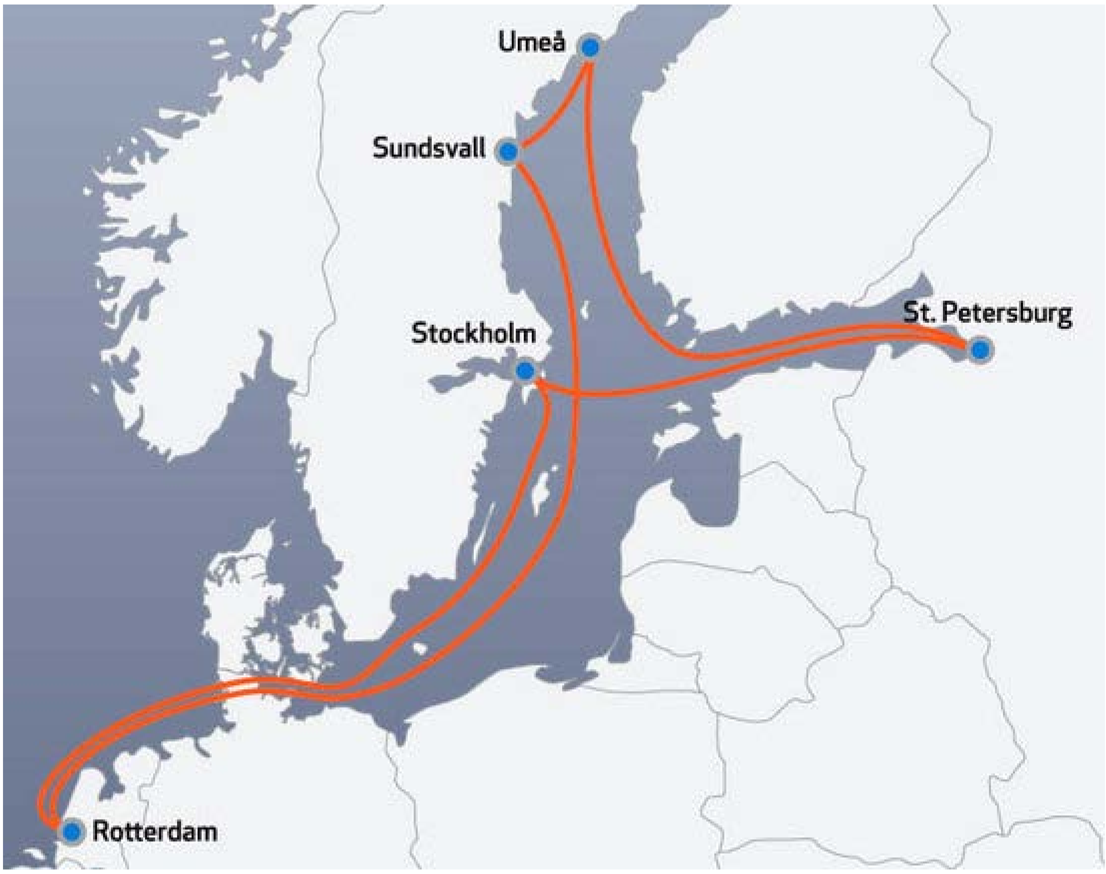

Figure 9: Samskip & SCA Transforest cooperation.

Car carriers Mitsui OSK Lines (MOL) and Höegh Autoliners have also decided to consolidate their shortsea and feeder operations with the creation of a 50-50 joint venture, Euro Marine Logistics, which integrates the existing European shortsea and logistics activities of both companies. EML will join the Euro Marine Carrier and Nissan Motor Car Carriers networks (entities in which the two companies are shareholders). EML operates 13 vessels in the Channel, North Sea & Baltic region with a mixture of pure-car and pure-car-and-truck carriers. The new "player" will also be involved in the feeder activities on behalf of the considerable deep-sea activities of its owners. By teaming up, MOL and Höegh have created a ship operator among the top three vehicle short-sea in Europe. It a consolidation in the European short-sea industry as well as a deeper cooperation between the two companies that are already the joint shareholders in NMCC as well as its subsidiary, EMC, whose operations have now been absorbed by EML. According to the Höegh Autoliners, the decision to form a joint company rather than ‘going it alone’ was influenced by the volatility in the market. The combined service is showing the tough competition seen not only within the shortsea sector, but of its competition with road and rail transport.

> *“European short sea is an extremely competitive environment in which carriers don’t only compete against each other, but also against the other modes of transport. Setting up this company must be seen as an exercise of consolidation and rationalization to cope with the challenges of the European short sea.”*

Additionally, in the container sector (although there is a backdrop of fewer containerized cargos transported to Europe from Asia), saw Unifeeder, acquire Feederlink, from Irish Continental Group. The move aimed to create a more competitive joint network for the intra-European cargo market. This scheme is will enable the two companies to reach the economies of scale enjoyed by deepsea lines and highlighting the importance of creating “enough critical mass” in the feeder sector, according to DP World Southampton head of commercial.

3.4.Development of the 45pw container

Since several years, the eurocontainer 33 pallets is very well developed in the Channel, North Sea & Baltic region (with however some disparities).

The type of container is very well known in Denmark, Belgium and Netherlands but less used in other countries. Nevertheless, since months, there is a clear increase in the use of the intermodal loading unit in the region.

As an example, an agreement has been reached in the Benelux to authorize the cross-border transport of this multimodal tool.

In France, a research project has been launched under the PREDIT framework. It will create tools for precise and concrete work of an eventual project leader that want to launch a new 45’ PW container. Support will also be given to shippers involved in this project. Some use case will be drafted.

Samskip Multimodal Container Logistics, Visbeen Transport Group and Post-Kogeko Logistics have transformed Coolboxx into a 45ft reefer container rental company “only”. With this change of identity, the three partners aim to accelerate reefer volumes in their own specialized markets according to demand. The grouping will enlarge the business which is more complementary to their own specialized transport of temperature-controlled goods by road, sea and rail. They chose this solution due to the fact they have seen an increasing demand and opportunities for transport of fresh and frozen goods in 45ft reefer containers.

WimBosman started, some time ago, a high quality container transportation system over sea from Antwerp via Finland to Russia. By using euro pallet wide (PW) containers and due to short transit times, the system is in competition with land transportation by truck from the Benelux to Russia. The company believes that introduction of a similar service from Rotterdam to the port of St. Petersburg will also be successful. It was known that rate advantages only (Rotterdam/St. Petersburg is a cheaper route than Antwerp/Finland) are not enough compensation for the longer transit times it takes via Finland. In order to achieve this project, WB and partner Baltic TransmodalCenter have established a joint venture. This organisation will make use of 45' PW curtain side containers and 45' PW reefer containers, to move cargo from truck to sea.

Further to these “out of the market” details, numerous lines have now slots available for eurocontainer 33 pallets around north Europe.

3.5.Ecobonus scheme are on the track

Since the Ecobonus initiative from Italy has been revealed as a great success, several countries have begun to think creating an own “ecobonus like” system.

SPC France and the shortsea industry have proposed to french maritime authorities a scheme based on the Italian one with many differences. It is based on external cost from the Marco Polo calculator. The scheme assumes that a share of the difference of external costs between all modes of transport can be reinvested directly in the logistics chain to support modal shift or green investment.

Norway has prepared in its budget for 2014 an ecobonus initiative for trucks shifting goods to sea. The scheme is financed by a levy on trucks coming/going abroad. The Government plans to strengthen the competitiveness of shortsea shipping by “establishing an incentive scheme that encourages the choice of shortsea shipping”. This is the eco bonus that has been proposed by the Shortsea Promotion Centre and a united shortsea industry. The proposed 10 year budget for the incentive scheme is NOK 3 billion (EUR 400 million).

Currently more than 60% of imported and exported containers destined for the North of the UK actually enter the country through ports in the South and South East, resulting in 150 million unnecessary road miles and 20 million tones of damaging CO_2. The cost to the UK economy because of this is huge – an estimated £225m with infamously serious congestion caused to roads – an issue which is badly in need of redress[9]. This is why UK has recently launched a kind of ecobonus. At the beginning, this scheme was only for rail but since few months it has been transformed to cover also the shortsea shipping. Small and medium sized companies are supported to make the switch from road with a dividend offered of up to 30% capped at £75 for up to 90 container movements. The project has received additional funding to support another 45 SMEs to move 3,700 containers more away from the road and onto coastal shipping. This type of ecobonus is very interesting because it aims at SMEs.

3.6. Feedering is important in the region

The more than 160 intra-Europe shipping services carrying containers call at total 134 ports large and small spread all over seaboard North Europe. Combined, these services offer nearly 1,000 sailings per week, an average of one departure every day from each port. Variations in this sailing frequency are huge, ranging between less than one call per month at Archangelsk (Arctic Russia) to over one-hundred per week at Rotterdam.

Baltic and North Sea areas are very important region for feeder traffics. Indeed, there is several top 25 world’s container port in the region (Rotterdam, Hamburg, Antwerp and Bremen). This explains why the feedering is fiercely competitive, as many European operators target the same cargo. According to container trades statistics, imports of containerised goods from Asia fell 10.8% year on year. For feeder operators, there are simply fewer cargoes to go round.

[9] According to a press release.

It seems that the trend now is to seek economies of scale. Operators need to move toward bigger units that can produce a lower per unit transportation cost. Pressure from larger vessel sizes will bring further scrapping in the feeder sector. Some 3.3m TEU of 4,250 TEU vessels are cascading, replacing 3,000 TEU tonnages that tends to be idled. Another changing fact is that feeder operators cannot counteract fuel costs with the slow steaming. Feeders must move goods from A to B as quickly as possible (regarding truck transit time.

However, all is not black, between 2011 and 2014, the maritime deepsea industry will see some 200 container vessels with capacities of 10,000 TEU or more enter service; some 50 ships a year. Bigger ships making fewer port calls will make feeder services will surely help the development of feeder operations.

Appendix

New Finnlines Rostock-Zeebrugge-Bilbao service

With its new weekly Rostock-Zeebrugge-Bilbao Finnlines wants to offer a safer, environmentally-friendlier and economically more attractive alternative to the road transport between Germany, the Benelux and Northern Spain. The rotation is as follows: Rostock (Friday 4 pm) - Zeebrugge (Sunday 6 am – departure 1 pm) - Bilbao (Tuesday 8 am)

www.finnlines.com

CMA-CGM launches service between Morocco and Europe

Morocco exports more citrus fruits and early vegetables to Europe. CMA CGM accompanies this development by launching a new line between the Moroccan ports of Agadir, Casablanca and the North European ports of Dunkirk (France) and Antwerp (Belgium).

It will be operated by two containerships of 1,000 TEUs (twenty foot equivalent). Meanwhile, the world's third largest shipo-owner reconfigures the "Agadir Express" (Agadir Casablanca, Portsmouth, Rotterdam, Le Havre) and strengthens the line Agadir Port-Vendres (France).

After transhipment, the Moroccan tomatoes will connect Agadir with St Petersburg in 10 days.

www.cma-cgm.be

TransAtlantic adds Polish link

TransAtlantic has started weekly sailings between Szczecin, Poland and Hull, England on its established TransPal Line container service. The service also adds a link from south Sweden to Szczecin

Chief Commercial officer at Transatlantic's Industrial Shipping division, Klas Eskilsson, said:

"Szczecin is an excellent alternative for our customers to reach the Polish, German and the European markets combined with the connection to the UK. Szczecin is a strategic inland port and we are convinced we can offer various industries competitive transportation solutions through this new service," adding: TransAtlantic will continue to expand its Baltic network."

FBJ 05/11/2012

Changed services

Seago Line to call at Wilhelmshaven weekly

The Eurogate Container Terminal Wilhelmshaven has been included in the feeder network schedule of Seago Line.

Container terminal is now port of call for the “Russia Express Service”, which will call at Wilhelmshaven once a week on Sundays. The first vessel in this feeder service is the MAERSK Venice with a length of 180 m, a beam of 28 m and a transport capacity of 1,350 TEUs.

Transfennica increases its capacity on the Baltic

From 2013 onwards Transfennica will deploy 5 instead of 3 ships on its Baltic service. The weekly departures from Antwerp are carried out by the ro-ro sister vessels Kraftca, Pulpca, Trica, Plyca and Timca. The ports of Tilbury, Rauma and Gdynia are called at once a week, Paldiski, Kotka and Saint-Petersburg twice weekly and, finally, Hanko three times a week. Saint Petersburg (Petrolesport terminal) is now called at directly, instead of transhipment via Finland. The ro-ro vessels can take various types of cargo, including mafis, cassettes and containers (20’/40’/40’, pw/hc).

www.transfennica.com

P&O Ferries and Transfennica collaborate

On 8 January P&O Ferries and Transfennica jointly launched a Landbridge solution for accompanied and unaccompanied trailers and containers between Spain and England. In this, the port of Zeebrugge acts as a hub, as Transfennica’s ro-ro vessels are handled on P&O’s 105-113 terminal. P&O Ferries provides daily departures from Zeebrugge to Teesport, Hull and Tilbury and vice versa, and each Tuesday and Thursday Transfennica provides a link between Zeebrugge and Bilbao, Spain. This cooperation also means that from now on transport companies can book for passages between Bilbao and the UK.

www.poferries.be

www.transfennica.com

CMA CGM links Zeebrugge to Ust Luga

The Russian port of Ust Luga has been included in the Loop D schedule, which means that of late CMA CGM links the port’s container terminal directly with Zeebrugge on a weekly basis (transit time 7 days). Antwerp cargo is taken to Zeebrugge by rail.

The Ust Luga container terminal boasts 440 metres of quays and is fully equipped with rail tracks and marshalling yards. The port has a direct link to the main arteries, so the containers can be taken swiftly to their final destination. Ust Luga has the ambition to become the main Baltic container hub.

www.cma-cgm.be

Container link Zeebrugge-Moss via DFDS Logistics

Some weeks ago DFDS Logistics has included the Moss-Zeebrugge-Immingham-Moss route in its schedule of regular line services. The ships ensuring the weekly service to Norway are handled at the ZIP terminal (Zeebrugge International Port).

www.dfdslogistics.com

Euro Marine Logistics offers ro-ro from Zeebrugge to the Mediterranean

Euro Marine Logistics is a joint initiative of Mitsui OSK Lines Ltd and Hoegh Autoliners SA (each 50%), in which their shortsea and feeder activities are brought together. The service was launched in June 2011 and was gradually built up from mere feeder services to a combination with purely intra-European traffic. For the ro-ro transport of cars, lorries and 'high & heavy' material both own and chartered ships are used. In principle, containers are not taken on board. Project cargo on mafi is considered on a case by case basis.

The weekly service with 5 ships to the Mediterranean has the following rotation: Derince - Yenikoy - Borusan - (Sagunto) - Barcelona - Tangiers - Le Havre - Zeebrugge - Tyne - Bristol - Tangiers - (Sagunto) - Barcelona - Livorno - Piraeus - Derince.

www.euro-marine.eu

Other

Cobelfret halts Ipswich-Rotterdam run

Belgium-based shortsea operator Cobelfret has withdrawn its daily Ipswich-Rotterdam freight service, blaming "current conditions" in a letter to customers.

Cobelfret, part of the CLdN group, is the only freight ro-ro service calling at Ipswich, a port owned by ABP. In January this year, CLdN took delivery of the ro-ro vessel Capucine from the Kyokuyo yard in Japan. The 152 m-long vessel was built for the Ipswich-Rotterdam trade. Capucine, with capacity for 160 trailers and containers, was the first of four vessels of this class being built for CLdN. A second vessel of the "Ipswichmax" class, Severine, also operated on the Rotterdam route.

CLdN continues to operate ro-ro services out of Belgian hub Zeebrugge to both Purfleet and Killingholme in the UK.

TransEuropa Ferries fleet extension

TransEuropa Ferries has included the MS Pride of Calais in its fleet under the new name MS Ostend Spirit. This brings the number of vessels in the fleet back to three. The Ostend Spirit has a capacity of 85 accompanied lorries, 250 cars and 1,400 passengers. She will increase the frequency on the Ostend-Ramsgate route from eight to twelve departures daily.

www.transeuropaferries.com

Agreement reached over transport of 45 feeters in the Benelux

Mid-January an agreement has been reached within the Benelux concerning the transport of 45 ft containers. Possibly the new legislation will come into effect at the beginning of the summer season. A previous regulation between Belgium and the Netherlands already made cross-border transport possible using slider chassis.

Coolbox, a multimodal future

Samskip Multimodal Container Logistics, Visbeen Transport Group and Post-Kogeko Logistics have announced that Coolboxx has been transformed into a 45ft reefer container rental company.

With this change of identity, partners aim to accelerate reefer volumes in their own specialized markets following demand.

Visbeen Transport Group and Post-Kogeko Logistics will enlarge their business which is more complementary to their own specialized transport of temperature-controlled goods by road, sea and rail. They also see an increasing demand in and opportunities for transport of fresh and frozen goods in 45ft reefer containers.

Multimodal 19/11/2012

Sharp Surge in Russian Traffic via Hamburg

Russia is the second-most important trading partner for the Port of Hamburg in terms of seaborne container handling. With a total volume of approx. 675,000 TEU handled between Hamburg and the Russian ports, the volume of container traffic was up by 13.3% in 2012. This positive trend is also attributable to Russia’s decision to join the WTO, resulting in associated simplifications in commercial law as well as the dismantling of trade barriers.

Just under 95% of the total direct traffic between Russia and Hamburg are handled via the seaport of St Petersburg. This Russian Baltic Sea port itself handled roughly 2.53 million TEU in 2012, equivalent to an increase by 6.7 per cent year-on-year. Alongside St Petersburg, the Russian Baltic Sea ports of Kaliningrad and Ust-Luga as well as Archangelsk und Murmansk on the Arctic Ocean are called at by ships sailing from Hamburg.

The most important commodities exported from Russia in seaborne container traffic via Hamburg include hard coal, Diesel oil, crude oil, paper, copper and chemical substances. Imports to Russia predominantly comprise meat, motor vehicles, fruit preserves, electrical appliances and paper. Russia is also one of the key trading partners of the Hanseatic port in conventional general cargo handling, e.g. for iron, steel and other metals, as well as machinery.

In particular, Russian customers appreciate the high quality standards in Germany’s biggest universal port and the immense density of over 150 weekly feeder sailings to the Baltic Sea region as well as the numerous overseas liner services connecting Hamburg with virtually every port in the world. In order to extend and reinforce contacts with Russian and international transport sectors, the Port of Hamburg will be present at the TransRussia trade fair in Moscow from 23 – 26 April 2013. “This means that we will already be represented with a joint stand at Russia's premier transport trade fair for the fourteenth time,” emphasises Natalia Kapkajewa, Head of the Port of Hamburg Marketing Representative Office in St Petersburg. “The growing number of co-exhibitors and the repeated attendance of Port of Hamburg Marketing member company representatives who have been travelling to Moscow for many years now exemplify the importance of Russia in foreign trade for Hamburg as a logistics and industry location," adds Kapkajewa.

4 Facts, figures and reports

Special Report: Ro-Ro

01/11/2012 Lloyd's Loading List

The most recent service developments in the sector have involved capacity cuts or adjustments, rather than expansion.

This trend was highlighted most recently in August when CLdN announced the closure of its North Sea ro-ro freight service between Ipswich and Rotterdam, citing economic conditions as the reason.

A couple of months earlier, DFDS Seaways reduced capacity between Gothenburg and Immingham.

"We switched the 4,650 lane metre vessels which had been operating that route with slightly smaller 3,830 lane metre ships previously deployed in our operation between Gothenburg and Ghent in Belgium," explains Kell Robdrup, the line's Senior VP, Head of North Sea Business.

That move, he admits, followed the arrival of increased competition in the Sweden-UK ro-ro sector at the beginning of the year in the form of North Sea RoRo's new three times a week service between Gothenburg and Killingholme at a time when the overall Sweden-UK ro-ro freight market has declined by 10-12% compared with a year ago.

"Retaining the larger vessels on the Sweden-UK route at a time when traffic as a whole has declined and a new operator has come in would have meant there was too much capacity in that market," says Robdrup.

The increased competition between Sweden and the UK looks unlikely to diminish in the near future, with North Sea RoRo confirming its intention to remain in that trade by recently concluding an agreement with the owner of the two vessels currently deployed to continue on charter through to the end of 2013. Those ships, Longstone and Beachy Head, each offer 2,600 lane metres of capacity able to accommodate up to around 170 trailers.

Dan Ericsson, North Sea RoRo MD, says: "We have no plans to increase the frequency of the service, but we are evaluating whether we could add certain other ports, the ships currently pass. No decisions have been made, though."

Meanwhile, DFDS Seaways claims that the switch of its larger former Gothenburg-Immingham vessels to the Gothenburg-Ghent operation is proving "useful" for the latter, notably in providing capacity for growing volumes of traffic the line is carrying for Swedish automotive giant Volvo.

Elsewhere on the European shortsea ro-ro scene, United European Car Carriers (UECC) introduced several new services at the beginning of this year, notably Emden-Sheerness, Cuxhaven-Southampton and Southampton-Zeebrugge-Drammen, Norway.

However, with much of the overall European new car market now under apparently growing pressure, the line has no plans for any additional such developments, says Craig Jasienski, UECC's CEO.

New car sales across the EU have declined from 2011 and this clearly continues the pressure on manufacturers and carriers alike," he says. "No further changes are planned in UECC's port coverage, only adjustments to capacity as and when volume demand changes."

Competition hots up in European feeder sector

Feedering is fiercely competitive, as European operators target the same cargo.

Against a backdrop of fewer containerised cargos transported to Europe from Asia, saw Unifeeder, acquire Feederlink, from Irish Continental Group.

The move aimed to create a more competitive joint network for the intra-European cargo market, mirroring the economies of scale enjoyed by deepsea lines and highlighting the importance of creating "enough critical mass" in the feeder sector, according to DP World Southampton head of commercial.

Container Trades Statistics data shows that European imports of containerised goods from Asia fell 10.8% year on year in August, having slipped more than 13% in July. For feeder operators, there are simply fewer cargoes to go round.

The Unifeeder acquisition also aimed at future opportunities. BG Freight chief executive called it "a very strategic takeover", which aimed to secure rate increases in potential market niches.

In addition, in volume terms, Feederlink's liftings will only boost Unifeeder's annual throughput by around 5%-8%, using exclusively chartered ships. The advantage is adding direct services: "*We need to offer more direct services and that is the main reason for this acquisition*," he said.

The trend now is to seek economies of scale. According to him, this is simply a necessity: "*We need to move toward bigger units, because if we have a more comprehensive system, we can produce a lower per unit transportation cost for the deepsea container lines.*"*The large container lines have been forming alliances to achieve synergy, so we have to achieve it too*."

Agility is therefore key to feeder operators' survival, says Mr Kristensen.

Meanwhile, the demise of the German KG investment volume has also slashed investment in smaller tonnage, says Mr Roach. The feedership fleet is not growing, due to high scrapping levels this year, especially in the 1,000 teu-4,000 TEU range.

Exclusive data from Lloyd's List Intelligence also offers a snapshot of idling in the feeder sector. The Mediterranean coast's share was 3.8%, or eight vessels at 16,617 TEU. It also showed that vessels of 499 TEU and under had the highest share of global idle fleet, at 24.7%, and that the second highest was the 1,000 TEU-2,999 TEU bracket at 7.2%.

The third highest was the 500 TEU-999 TEU bracket at 4.7%.

Pressure from larger vessel sizes will bring further scrapping in the feeder sector. Some 3.3m TEU of 4,250 TEU vessels is cascading, replacing 3,000 TEU tonnage that tends to be idled.

Feeder operators cannot counteract fuel costs with the slow steaming that deepsea lines introduced in 2007. Feeders must move goods from A to B as quickly as possible: slow steaming would damage crucial commercial relationships.

Between 2011-2014, the industry will see some 200 container vessels with capacities of 10,000 teu or more enter service; some 50 ships a year. Bigger ships making fewer port calls will make feeder services a pressing operational issue for liner operators. "*I think feeders are in a good position*" says Mr Roach.

Lloyd's List 14/11/2012

British maritime traffic increased very slightly in 2011

According to official figures released by the Ministry of Transport in late September, 519 million tonnes of cargo passed through British ports in 2011.

In Britain, sea freight is dominated by traffic of crude oil (23%), petroleum products (16%) and the ferry traffic (16%). Note that ro-ro traffic showed a slight decrease in 2011 compared to 2010 (-1%).

Journal de la Marine Marchande 08/10/2012

Advisers appointed for $1.8bn Scandlines sell-off

Goldman Sachs and ING have been appointed to advise the planned sale of Baltic ferry operator Scandlines by owners Allianz Capital Partners and 3i Group.

Scandlines, which is based in Rostock and Copenhagen, could be sold as early as next year.

First rumours about the plans emerged in September, although no public confirmation has been given to date by any of the parties involved. The ferry operator is thought to be worth around €1.4bn ($1.8bn).

The sale follows a revamp of Scandlines, which sold a total of six freight-based routes to Swedish operators during the summer in order to focus on short-distance passenger transport.

Initially, Scandlines had denied plans to shed routes and merely spoke of a restructuring in order to cope with increasing competition and fuel costs.

Last year, Scandlines generated a net profit of €10m, down from €22m in 2010.

Lloyd's List 25/12/2012

Another Failed Privatization of Polferries

Poland's Ministry of Treasury has dropped the third attempt to privatize the Polish ferry operator. The negotiations with the potential buyer Polen Line, a consortium led by the company Swedish House, has been ended. The Ministry wants to re-appraise Polferries as the financial results of the company have improved. However, Polferries is still in the red (with losses of EUR 1.92 m in 2011 and 2.23 m in 2010).

The privatization process of Polferries drags on from the end of the 1990s. Both DFDS and Polsteam (the owner of the ferry operator Unity Line) declined to take over the company. Nonetheless, the privatization hasn't been withdrew from the Ministry's plans for years 2012-2013. Currently Polferries operates three ro-paxes sailing on two routes between Poland and Sweden: Gdansk-Nynäshamn and Swinoujscie-Ystad.

Baltic Transport Journal 25/10/2012

4. Table of figures