
Market Regional Report

Atlantic Arc

WP 1 : Market Observation



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Introduction

As far as shortsea is concerned, the Atlantic Arc is very important. Indeed, according to Eurostats 2012, this maritime region represents more than 12% of the total EU shortsea, reaching 311 millions of tons (in 2011, source Eurostats). It is the third maritime region in terms of shortsea tons.

In terms of countries involved in shortsea trade with major ports of the Atlantic Arc, the United Kingdom is the main contributor with more than 103 millions of freight tons exchanges with Atlantic Arc. The second is France (with 45,4 millions) and the third Spain (with nearly 35 millions of tons).

Country	Tons to/from Atlantic Arc
UK	103 278 000
FR	45 469 000
ES	34 914 000
NL	28 842 000
IE	19 547 000
BE	18 167 000
NO	13 854 000
PT	13 483 000
TR	8 667 000
DE	8 366 000

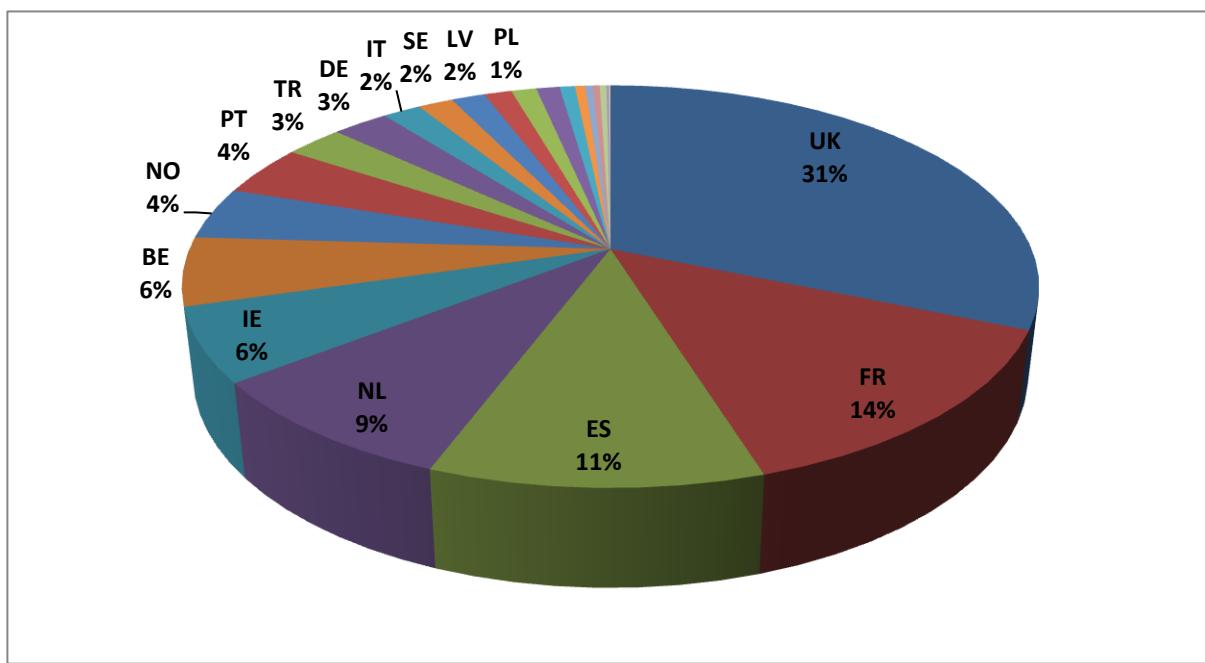


Figure 1: Share of countries in the Atlantic Arc shortsea shipping

In this area, major trades are south-north and many traffics concerns fruits and vegetables from Spain, Portugal and North Africa. Currently, in the case of Spain, the majority of exports of fruits and vegetables uses the road mode not the shortsea shipping.

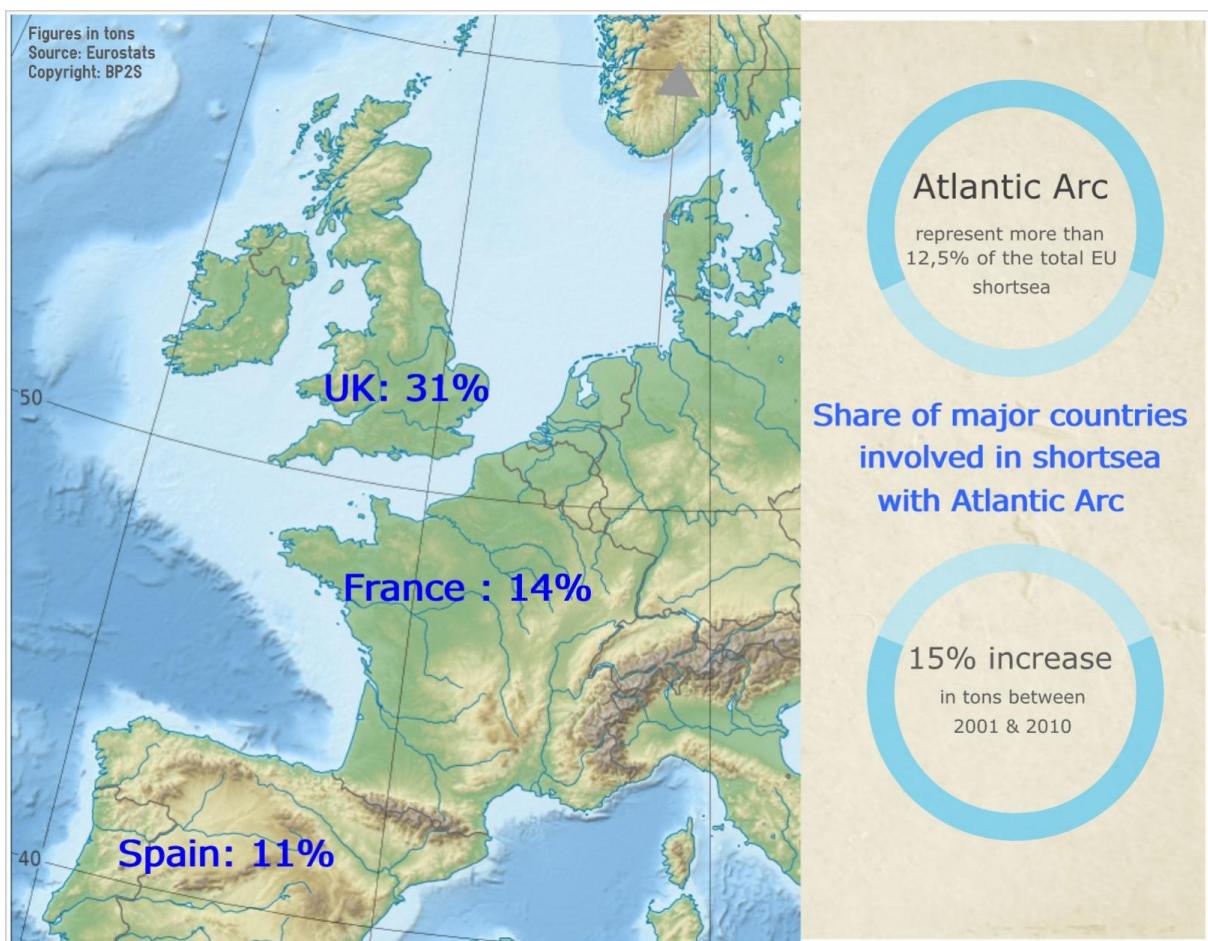


Figure 2: Share of major countries trading in shortsea with Atlantic Arc

Bulk cargo is very important in the Atlantic Arc. Indeed, it represents more than 58% of the total Atlantic Shortsea¹. Liquid bulk is nearly reaching 95 millions of tons in the area while Dry bulk accounts for 55,8 millions.

The break-bulk cargoes are supposed to reach a share of 7%² and represent 20 millions of tons.

If we sum the self propelled and non self propelled ro-ro cargos it is one of the major trades (mainly for fruits and vegetables northbound). This kind of transport unit is 21% of total shortsea in the Atlantic. We can easily understand this figure with the importance of motorways of the sea.

¹ Eurostats figures in tons

² Statistics from Eurostats are not precise for breakbulk cargo

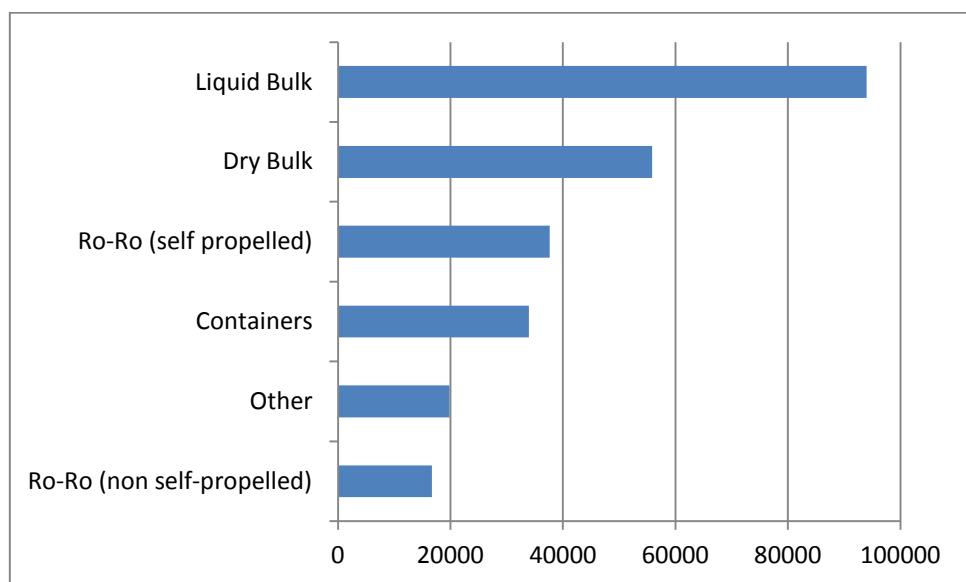


Figure 3: Share of each type of cargo in Atlantic shortsea

Further to this importance in terms of tons transported, the EC included the promotion of shortsea in its “Action Plan for a Maritime Strategy in the Atlantic area”. Indeed, in this report to the European Parliament, the council, the European Economic and Social Committee and the Committee of the Regions, the Commission recommends promoting “port networks and short-sea shipping routes between European ports, within archipelagos and to the coast of Africa through initiatives such as Motorways of the Sea to increase seaborne traffic”³.

³ COM(2013) 279 final, page 8

1. New services

Several new shortsea regular services have been created since a few months in the Atlantic Arc.

One of these services links Ireland with Libya for the transportation of livestock between Waterford and Tripoli. This service aims at transporting 150 000 live cattle during the year. The transit time is around ten days with a stop in Ceuta. This service was stopped when Libya has banned Irish meat due to the Bovine spongiform encephalopathy epidemic seventeen years ago. In order to be able to cope with this new service, the ship has been transformed from car carrier to live stock carrier (meeting highest standards). The ship is 100m long and 17m wide and can handle up to 3 000 cattle.



Figure 4: The ship Mahmoud Express 1

The container sector on the Atlantic has been very active in terms of launching new lines.

Alveis Iberica⁴ (Alveis Shipping Group) has resumed its weekly line between Huelva and Rotterdam. The company focuses on intermodal door-to-door cargo. The cargo basis of this line will be citrus from southern Spain but other containers will be accepted. As from the beginning, the ship owner has stated that, if traffic is there, they plan to raise the capacity by adding another ship. The company aims to transport the horticultural products from Spain

on Wednesday to reach Northern European consumers and market on Monday.



Figure 5: Services of Alveis Shipping, a typical shortsea operator of the Atlantic Arc

⁴ <http://www.alveis-iberica.com/en/>

WEC Lines, has also expanded its network toward North Africa. The company had created a new service between northern Iberia and Casablanca. The two ships will call at ports of Gijón (Thursday), Bilbao (Friday) and Vigo (Sunday), to get to Casablanca every Tuesday. The company already serves the port of Casablanca since 2007 but it was through Las Palmas, Tenerife and Fuerteventura. This new service will thus add two calls a week to the Morocco port. Two container ships will be deployed: the WEC Goya and the WEC Velazquez. These two vessels are very similar (see below figures).

WEC Goya	
Built	2008
Flag	Cyprus
Net Tonnage	6006 tons
Length over all	134,44 mtr
Width	22,50 mtr
Draught	8,71 mtr
TEUs capacity (Nominal)	868 teus

BG Freight Line has created a weekly service from Algeciras to Lisbon, Leixoes, Vigo and Bilbao. The shortsea operator will use two full containerized ships of 1 500 TEUs capacity for this “butterfly traffic” line. This move is directly coming from request of customers to have a line on this trade.



Figure 6: The WEC Goya, a shortsea container ship

In a less industrialized way, several new services have been created using sailing boats to transport goods in the Atlantic Arc. These new services can load up to 10 tons of break-bulk freight and are mainly used for high value good and organic products (wine, rum, beers, etc.). Presently, the services are more tramping than regular lines but it is improving each crossing.



Figure 7: One of the ships used to transport organic products between France and UK.

2. Changes in services

According to information we got from the market, some shortsea regular lines have been modified in order to better cope to the market's needs.



Figure 8: The Suar Vigo, a shortsea car carrier

more than 44 000 new cars for PSA, nearly 10 000 trailers and more than 15 000 new cars for Renault. Operator is thinking to increase the frequency by adding a ship on the line if traffic continues to grow.

P&O Ferries and Transfennica are now calling together to Zeebrugge to offer more than 40 sailings a week between Spain and the UK. The two operators (unaccompanied trailers, containers and driver-accompanied trucks) will their customers access to network of P&O and Transfennica services via Zeebrugge to Bilbao, Tilbury, Hull and Teesport. Transfennica offers two departures a week between Zeebrugge and Bilbao, with a crossing time of 38 hours. P&O Ferries has daily sailings connecting Teesport, Hull and Tilbury with Zeebrugge. This co-operation provides a one-hub operation at Zeebrugge with a feeder service to the UK.

P&O Ferries sales director Ronny Daelman said:

We have been closely watching the development of service to and from Spain. With pressure on road hauliers as it is today with the economic situation, fuel prices, the working time directive and congestion on expensive French motorways, this service is a perfect alternative to the road.

From the beginning of the year, Suardiaz has restarted its line between Montoir-de-Bretagne and Vigo. The line is built around a three year contract between the ship operator and a car manufacturer (PSA). The ship Suar Vigo will call twice a week in Montoir to unload new cars (Peugeot & Citroën) built in Spain. Trailers of spare part also use this service. In order to move more cargo, the line transport new car for Renault coming by

sea from Turkey after transshipment in Vigo. In 2012 the service has transported

Transfennica director Michael van den Heuvel said:

On a daily basis large numbers of trucks drive between the UK to Spain and Portugal. Today the vast majority is going driver-accompanied. We hope that more and more companies will use our joint concept. UK and continental trailer operators are also used to unaccompanied solutions so they can really start making savings today. We always recognized that the Iberian Peninsula has great potential for freight. Truck drivers can get round that massive road journey, taking a ship directly to Zeebrugge for a ferry to the UK from a variety of routes.

WEC Lines also made some changes in their lines. Indeed, further to creating new lines, the company has started to use more and more 45' PW containers on its entire routes Rotterdam / Moerdijk to Portugal and Spain. This move comes from the increasing demand from the market to have access to this "semi-trailer like" container which can hold up to 33 euro-pallets. The demand for this environmental friendly container comes from both importers and exporters. This shows the real interest for the euro-container 33 pallets and the need for easing its utilization.

3. Analysis

3.1. Development of 45' PW containers



Figure 9: Two 45' PW containers stacked into a ro-ro ship

unloading procedure but with the ability to be handled as a container and thus saving lots of handling and transport charges⁵. In the end, two 45' PW containers can be stacked to be loaded together on a mafi-trailer into a ro-ro ship.

One of the major points to note on the shortsea market of the Atlantic Arc is the increasing development of the use of 45' PW container (euro-container 33 pallets) both southbound and northbound. This can be explained because of the ability of this container to accommodate 33 euro pallets. It is important for customers because many importers/exporters of the Atlantic Arc are using the type of pallets. Furthermore, it is an equivalent of the semi-trailer in term of capacity, loading and

⁵ For two ship of the same size, a container ship can load three times more intermodal loading unit than a ro-ro ship. Operational costs are also less for container ships.

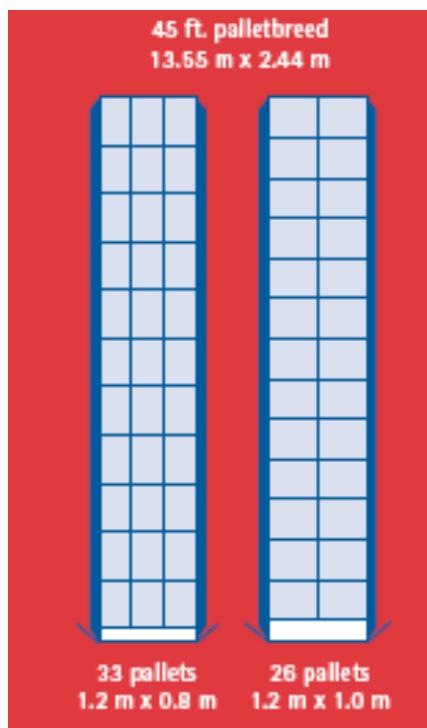


Figure 10: Loading plans of 45' PW containers

Development of the eurocontainer 33 pallet can be understood due to the competition between road & rail network and maritime services. Indeed there are many motorways of the land parallel to the motorways of the sea (and a rail motorway is planned on the same link). This means that the shippers and freight forwarders now have the choice between several solutions and the only ILU that is optimal for the three is the 45' PW container.

3.2. Iberian Peninsula is a dynamic market

In these tough times for the ship-owners, it has been clearly noticed that the Spanish Market is the one to reach in order to stay competitive.

Brittany Ferries, LD Lines, P&O, Transfennica, Alveis Shipping, etc. are all now more involved in shortsea with Spain and/or Portugal. As another example, a second motorway of the sea is under consideration between Spain and France (Vigo - Nantes) with potential enlargement to Algeciras and Le Havre. This new MOS will bring the number of motorways of the Sea in the Atlantic Arc to three. We can say that Atlantic Arc is the busiest zone for MOS.

One success story: Brittany Ferries' MOS

If we look only to Brittany Ferries' lines between United Kingdom and Spain, the freight traffic has been multiplied by six between 2005 & 2012. The company has now a departure each and every day (both ways) between Spain & UK.

Some key for the success:

The total transport chain between UK and Spain is reduced by 230km in average by using this Motorway of the Sea.

With a single driver, and the fact that he can sleep aboard, the total time is also reduced by 12h.

In the end, it seems that the cost of the total trip by approximately 550€.

These maps show the lines between Spain/Portugal and UK for a container operator (Mac Andrews). It also clearly shows that Spain is very important for the Atlantic Arc shortsea market.



Figure 11: Map of Mac Andrews' services between Portugal and UK



Figure 12: Map of Mac Andrews services between Spain and UK

3.3. Smart logistics choice

The Atlantic Arc is very important for shortsea trades because geography and shortsea operators in this area allow shippers and freight forwarders to make smart logistics choices.

Firstly, most ship operators are now selling door-to-door services and less port-to-port only. This can be explained by the need for shipping companies to help small exporters to organize their logistics chain without having too many partners.

There is a big difference between ro-ro services and containerized services. Indeed, ro-ro services (where the driver is on board) need to be quicker to cope with the road competition and cost of time. Furthermore, the frequency also has a role in the logistics chains. Container lines are mainly weekly services whereas ro-ro services are more daily services.

Although it is a cost for the trucking companies, in the case of a driver accompanying its truck on the ship, the lines are used to overcome the week-end truck ban on French road so it allows markets and shops to be delivered beginning of the week without letting goods in the truck on in a warehouse. Besides, the time spent in the ship can be considered as resting time for the driver. He can thus drive straight out of the ship and continue to its final destination.

With the increasing need for protection of the goods due to the rise of theft even on the motorways, the ship is seen as a safe place where drivers and cargo are traveling without any problem.

We have noted a change in the share of accompanied/unaccompanied ro-ro cargo on ships along the Atlantic Arc. There are more and more non-accompanied goods to cross by ship⁶.

The below graphic clearly shows the predominance of food products in the trade between Spain and Northern part of France.

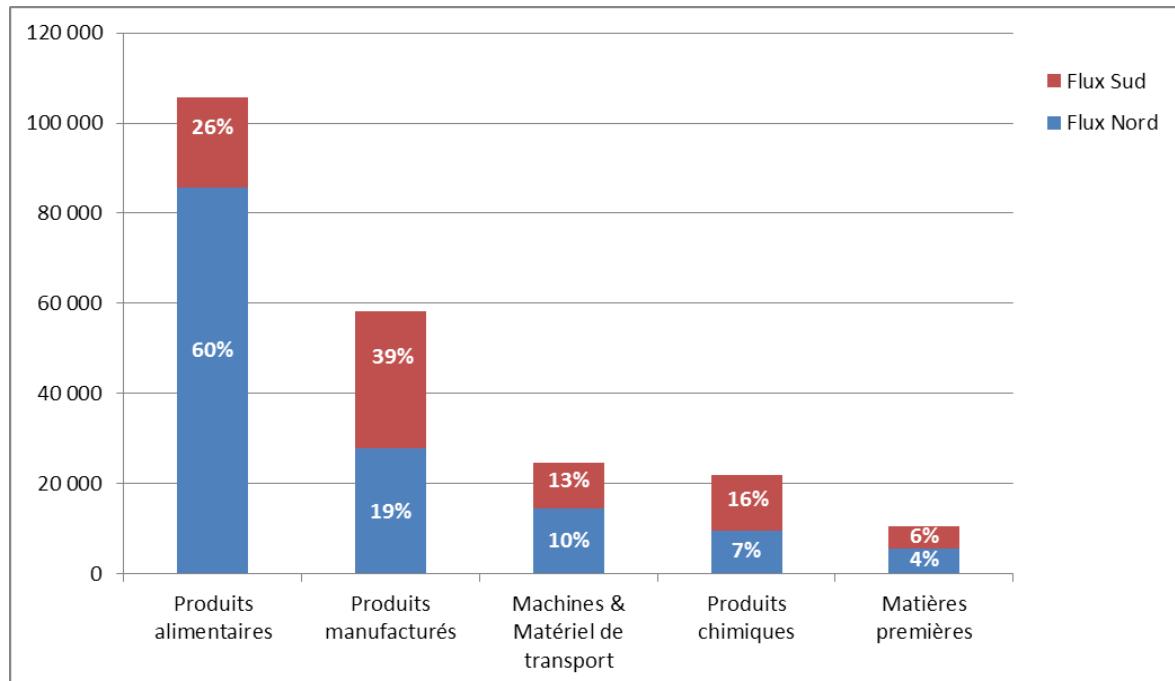


Figure 13: Type of goods on the Atlantic shortsea market (source Brittany Ferries)

⁶ Lines gave us the figure of 25% unaccompanied cargo in average.

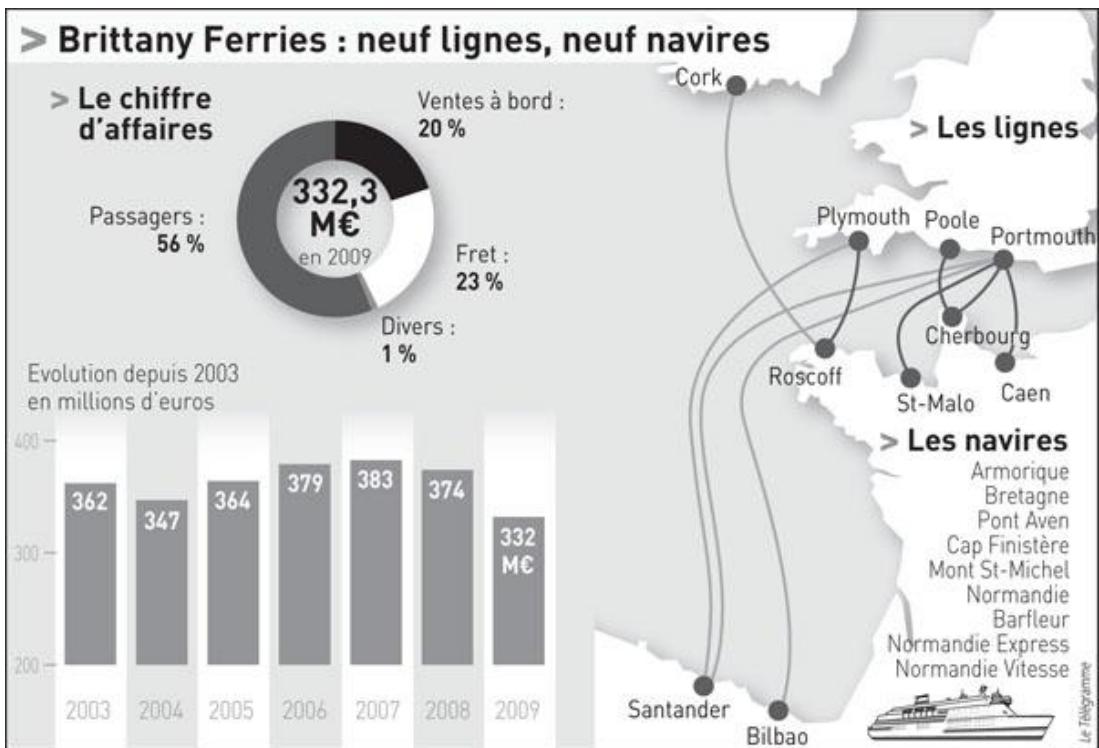


Figure 14: Brittany Ferries' lines on the Atlantic Arc

As we can see it in introduction⁷, most part of the traffic is intra-Atlantic arc cargo.

In this region we have three major lines that have very different operational systems:

- Brittany Ferries: pure freight ro-ro service (accompanied & unaccompanied trucks)
- GLD Atlantique: ro-pax service (accompanied & unaccompanied trucks)
- MacAndrews: container service
- Transfennica: combined service (ro-ro and lo-lo)

These differences allow to better coping with the very different needs of shippers and cargo in terms of loading unit, schedule, transit time, etc.

⁷ See page 4

4. Appendix

Livestock carrier to restore trade with Libya

A livestock-carrier docked in Waterford Port yesterday, to restore the trade with Libya.

Together the Department of Agriculture and the IFA have been working strenuously to have live cattle exported to North Africa.

Mr Kinsella expressed the hope that the live trade will also resume shortly to Egypt and Lebanon.

In this first shipment to Libya, up to 2,900 live cattle are to be transported to Tripoli. It is estimated the passage time will take 10 days, with an en-route call to Ceuta, the Spanish enclave which neighbours Morocco. The cattle kill is likely to be up by up to 150,000 this year, and with this additional outlet will help to keep upward pressure on prices.

The Al Mahmoud Express, was previously a 700 capacity vehicle-carrier that regularly called to Irish ports. As the Autoline, the 1983 built vessel ran for United European Car Carriers (U.E.C.C.) and up to several years ago she included calling to Rosslare, before been sold.

Afloat 20/02/2013

Shipping line Alveis resumes Huelva-Rotterdam service

Shipping line Alveis restarts the Huelva-Rotterdam with a weekly service for intermodal transport service on a door to door basis, reports ecodiario.eleconomista.com.

Shipping Alveis, the Iberian subsidiary of the Dutch shipping company, will restart Huelva-Rotterdam line with the deployment of a weekly ship, and provide exporters and companies in general intermodal door to door transport services. The service is expected to be operational in mid to late November, although the final date will depend on cargo availability.

The ship, with a capacity for about 200 containers, set sail from the port of Huelva on Wednesday, arriving in Rotterdam (Netherlands) on Sunday. The mainly horticultural and dry cargo would be in the European market on Monday.

The company can provide an intermodal service using trucks, collect the merchandise at the exporters, delivery to the vessel and once in Rotterdam, transports it to the importer, on a door to door basis.

Ports and shipping magazine (P & N)



WEC Lines opened a new direct service between northern peninsular and Casablanca

The WEC Lines shipping Spain, SLU, will start from October 2012, a new service that will connect on a weekly basis northern Iberia and Casablanca (Morocco).



This new weekly service, with ships "WEC Goya" and "WEC Velazquez" sails between the ports of Gijón (Thursday), Bilbao (Friday) and Vigo (Sunday), to get to Casablanca every Tuesday.

WEC Lines Spain thus reinforces with this service its commitment to the market in the north, which has been linked from the beginning, continuing its regular service to Las Palmas, Tenerife and Fuerteventura since 2007, which will continue with their usual regularity.

BG Freight Line expands service

Weekly departures from Algeciras to Lisbon, Leixoes, Vigo and Bilbao

The shortsea operator BG Freight Line is expanding its network to weekly departures from Algeciras to the Portuguese ports of Lisbon and the Spanish ports and Leixos Vigo and Bilbao. Since early September, two 1500 TEU vessels operate in the "Butterfly traffic".

Shortsea.de

Suardiaz back to Montoir

Since January 2, the shipping company Suardiaz Spanish Flota has resumed since three years, the service between Montoir-de-Bretagne and Vigo.

With two calls per week at Montoir terminal Ro-Ro, Tuesday and Saturday, the ferry Suar Vigo whose capacity is adjustable from 110 trailers and 250 cars loaded simultaneously (or if VL 1400 cars only), primarily carries GEFCO trailers and cars

manufactured within the PSA Vigo. The shipping company is currently working on the possible establishment of a second motorway of the sea France / Spain.

A Montoir Somaloir company is the owner and ensures handling operations through its subsidiary MANOCEAN / MSO.

Port Atlantique Nantes Saint-Nazaire 12/02/2013

P&O Ferries and Transfennica join forces at Zeebrugge

EUROPEAN ro-ro companies P&O Ferries and Transfennica have linked operations at Belgian hub port Zeebrugge to offer more than 40 sailings a week between Spain and the UK.

The two operators have signed an operational agreement to shift Transfennica's Zeebrugge-Bilbao ship calls to the neighbouring P&O Ferries' terminal at the North Sea port.

In March 2011, Transfennica announced it had moved its Iberian operations in Zeebrugge to PSA ZIP Terminal Wielingendok. That agreement has now ended.

Transport operators with unaccompanied trailers, containers and driver-accompanied trucks will be able to access a network of P&OF and Transfennica services via Zeebrugge to Bilbao, Tilbury, Hull and Teesport.

P&O Ferries, owned by Dubai World, will provide stevedoring for Transfennica, which is controlled by Dutch shipowner Spliethoff.

Transfennica offers two departures a week in each direction between Zeebrugge and Bilbao, with a crossing time of 38 hours. P&O Ferries has daily sailings connecting Teesport, Hull and Tilbury with Zeebrugge.

P&O Ferries sales director Ronny Daelman said: "We have been closely watching the development of Transfennica's service to and from Spain. As part of our strategy, we are always looking for ways of expanding our portfolio of solutions to our clients.

"With pressure on road hauliers as it is today with the economic situation, fuel prices, the working time directive and congestion on expensive French motorways, this service is a perfect alternative to the road. We are confident that the market will welcome our co-operation."

Transfennica director Michael van den Heuvel said: "On a daily basis large numbers of trucks drive between the UK to Spain and Portugal. Today the vast majority is going driver-accompanied.

"In future, we hope that more and more companies will use our joint concept as it simply makes sense. UK and continental trailer operators are also used to unaccompanied solutions so they can really start making savings today."

A spokesman for P&OF said: "This co-operation provides a one-hub operation at Zeebrugge with a feeder service to the UK.

"P&O Ferries used to have a service between Portsmouth and Bilbao, which was never a big freight route. We always recognised that the Iberian peninsula has great

potential for freight, and we have tried to capture Iberian traffic up the coast, at Calais.

"Truck drivers can get round that massive road journey, taking a ship directly to Zeebrugge for a ferry to the UK from a variety of routes."

Lloyd's List 10/01/2013

Significant increase in the 45 'container equipment HC PW containers

W.E.C. Lines is adding additional 45 'pallet wide high cube containers on their service Rotterdam / Moerdijk to Portugal, Spain. (Including the Canary Islands) and Rotterdam and is responding to the increasing demand from the import and export market for sustainable transport solutions company

Shortsea.de

OPDR invests in Spain and Portugal

The Short Sea Shipping Specialist and Logistics Provider OPDR opened seven offices in Spain and Portugal.

"It is the right time to invest in our core markets in Spain and Portugal", explains Till Ole Barrelet, Managing Director of OPDR. "Despite the currently very difficult market situation in both countries we expect a consolidation of the Spanish and Portuguese market in the medium term. The need of logistics solutions will further grow. Especially Short Sea Shipping is a reliable, cost-effective and independent of the seasons alternative to truck." Beside the transport of goods in pallet-wide containers OPDR sees potential in the transport of temperature-controlled goods in refrigerated containers, which can be shipped within a few days from Spain and Portugal to Northern Europe and Russia.

"We will further boost our door-door traffic", says Simon Uhrlau, Director Business Development of OPDR.

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