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# Baltic Transport Journal

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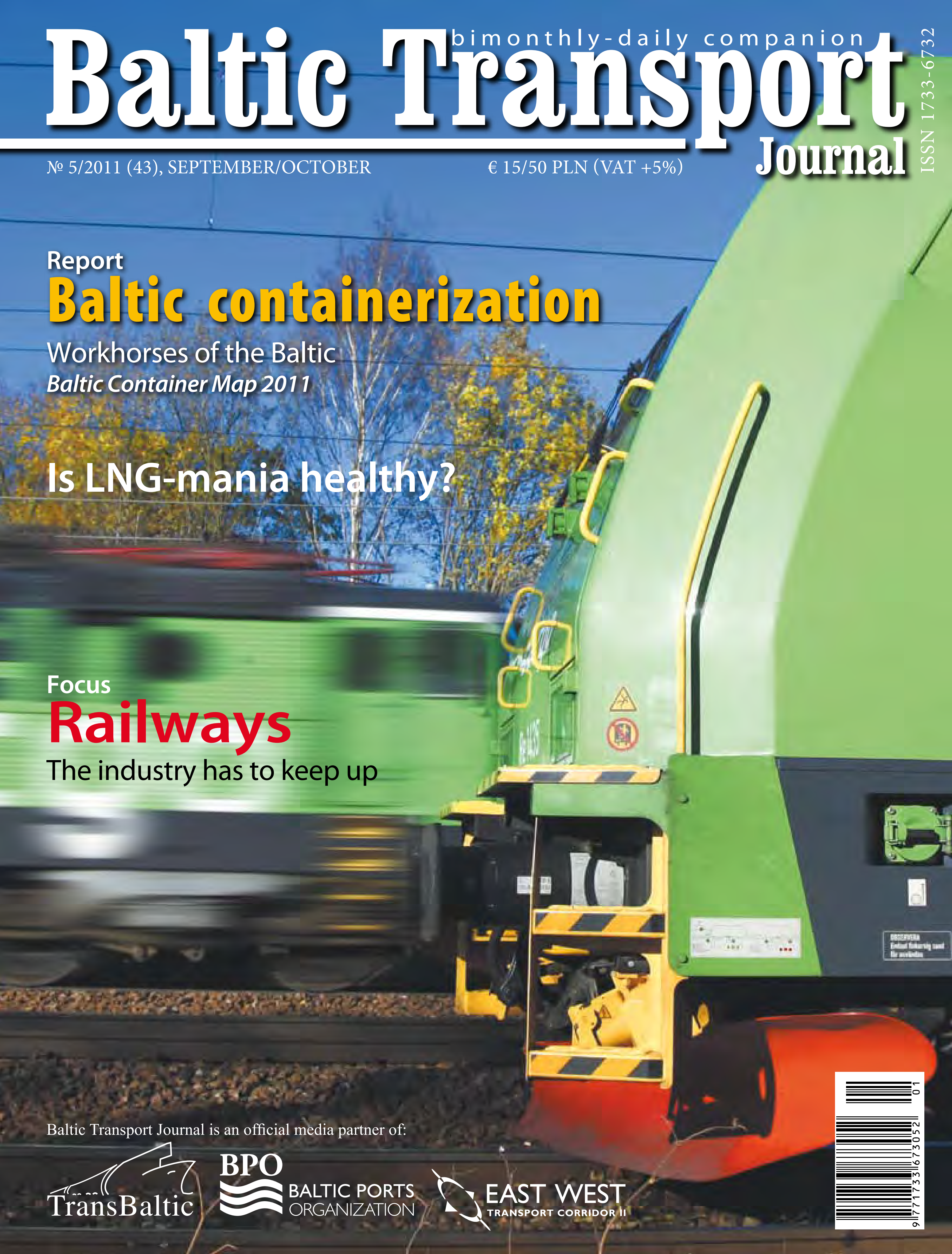


Report

## Baltic containerization

Workhorses of the Baltic

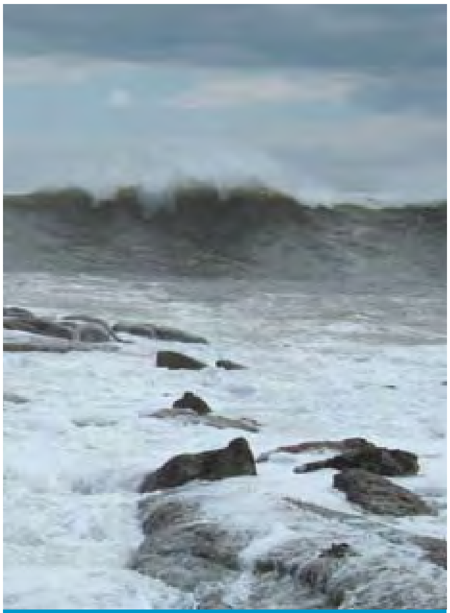
*Baltic Container Map 2011*

## Is LNG-mania healthy?

Focus

## Railways

The industry has to keep up



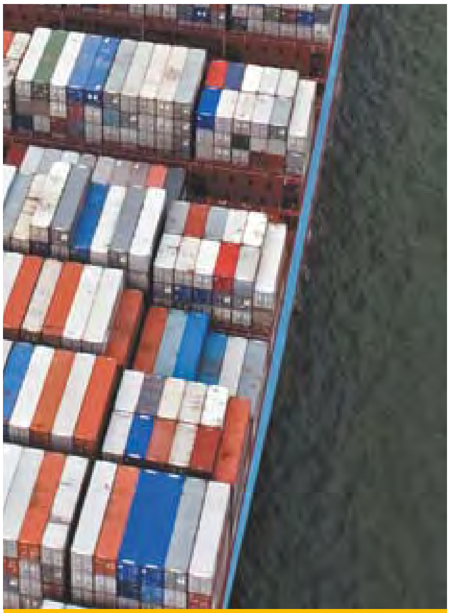
# 3
## Regular columns



# 14
## Maritime



# 36
## Newsletters

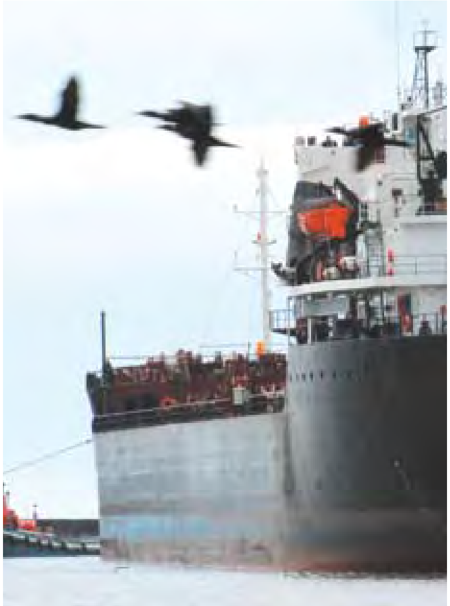


# 25
## Report



# 43
## Focus





# 52
## Logistics



In this issue

**It is very difficult to quantify the exact risk of modal backshift, nevertheless, we will continue to monitor possible impacts on the shipping sector, to ensure adequate policy response in case of distortions in the logistic chain.**

Siim Kallas, Vice-President of the European Commission

Read more in the interview devoted to IMO's SOx regulations, entitled: We will monitor the shipping sector, p. 18-19

## **BTJ 5/2011** (Sept.-Oct. edition)

**Special:** Baltic Container Map 2011 | **Report:** Baltic containerization | **Focus:** Railways

*Issue distributed at:*

**European Transport Conference 2011**, *10-12 October, UK/Glasgow, www.aetransport.org*
The European Transport Conference is the annual event for transport planning professionals organized by the Association for European Transport. ETC is a forum for transport practitioners to come together and debate on policy issues, research findings and best practice across their sector. Besides the professional discussion sessions the conference's structure also gives an opportunity for informal meetings.

**TRAKO International Railway Fair**, *12-14 October 2011, PL/Gdańsk, www.mtgsa.com.pl/title,lang,2.html*
The most important rail meeting in Poland and one of the largest in CE Europe, giving the opportunity to promote agglomeration rail transport, freight forwarding and logistics, present the latest technology and hold business meetings. The exhibition is organized in partnership with Polish National Railways (PKP) together with a number of seminars, conferences and presentations.

**28th International Port & Terminal Technology Conference 2011**, *19-20 October 2011, DE/Hamburg, www.millenniumconferences.com*
An impressive technical and well-structured programme of industry experts and market leaders will explore the latest developments, issues, trends and technology affecting ports and terminals around the globe. The conference will provide delegates an invaluable learning opportunity as well as an excellent platform for discussion, debate and networking.

**International Supply Chain Conference 2011**, *19-21 October, DE/Berlin, www.bvl.de/iscc*
For the 28th time the ISCC will bring together experts from the industry, trade and service sector as well as scientists from over 40 countries. This year participants will share their knowledge and experiences in the supply chain under the keynote: "flexible – secure – sustainable" and topics will include risk management in supply chains, brands and marketing in logistics, agility-focused strategies and supplier integration in global markets. The meeting is a perfect occasion to exchange ideas on up-to-date supply chain resolutions.

**Baltic Development Forum Summit 2011**, *24-27 October 2011, PL/Gdańsk, www.bdforum.org*
For the first time Poland will host the annual BDF Summit. Baltic Development Forum will work closely together with the Polish government during its EU-presidency and the European Commission in an effort to demonstrate how to combine top-down political guidance with bottom-up enthusiasm and entrepreneurship.

**Europort Rotterdam 2011**, *8-11 November 2011, NL/Rotterdam, www.europort.nl*
A bi-annual event gathering over 30,000 professionals from all segments of the shipbuilding/shiprepair industry, giving an overview of the latest technologies in the maritime industry. Construction of vessels, dredging, fishery, inland navigation, mega yachts, naval specials, offshore, sea shipping, workboats, and much more is waiting for you at the four-day exhibition and its assisting conferences.

**Port Finance International London**, *09-10 November 2011, UK/London, www.portfinanceinternational.com*
Port Finance International will be organized for the 3rd time in London. The event attracts professionals involved in port development and port finance. Some of the key topics to be covered at this year's conference include: global trends in port finance and development, market overview, financing challenges for ports, port financing, safe harbours in a financial storm, etc. This conference will provide all those who attend with the chance to hear from industry experts, learn about development plans, debate, identify risks, meet potential business partners and reconnect with industry friends.

**Port Development UK**, *28-29 November 2011, UK/London, www.port-development.com*
Port Infrastructure Development UK is the first meeting focusing specifically on the challenges and opportunities surrounding UK port infrastructure development. Given the increased demand for offshore renewable energy, now is the time to focus on marrying the needs of ports with the requirements of the renewable energy industry. The topics will include, inter alia, ports secure investment, development opportunities as well as the requirements of green energy.

**Marine Propulsion Strategies**, *7-8 December 2011, DE/Hamburg, www.propulsionstrategies.com*
Marine Propulsion Strategies will bring together representatives from across the global shipping industry. The aim of the conference is to learn about technological innovations and projections for investment, in order to make critical strategic business decisions to develop a long-term and enduring marine propulsion strategy. During the two-day event approaches to drive operational efficiency, meet environmental targets and understand viable next generation propulsion options will be explored.

## **BTJ 6/2011** (Nov.-Dec. edition)

**Report:** Bulk transport | **Focus:** Road traffic

*Issue distributed at:*

**Rail Revenue and Customer Management 2011**, *7-9 November, NL/Amsterdam, www.terrapinn.com/2011/rail-revenue*
The conference gathers high speed, non-high speed and metro rail operators from all over Europe. The main theme of the event is maximizing revenue opportunities from increased customer engagement. During the three days Europe's leading rail operators will present case studies, take part in panel discussions, brainstorm sessions and debates. The main topics include increasing revenue by creating customer-centric rail solutions, using customer analytics and taking advantage of new ticketing platforms. Maximizing ancillary revenue and the growing rail market share are also key issues to be discussed.

**Smart Stations & Terminals World 2011**, *8-10 November 2011, NL/Amsterdam, www.terrapinn.com/2011/rail-stations*
The conference is dedicated to station and terminal owners and operators to discuss new revenue and development strategies, meet with investors, property developers, operators, infrastructure managers, designers and technology solution providers in order to deliver Smart Terminals of the future. The event will be divided into three sections: "Rail Terminal owners and operators come to Rail Stations & Terminals World and learn", "World class solution providers attend" and "The Rail Stations & Terminals World focus."

**7th International Airports Conference 2011**, *16-17 November, PL/Warsaw, www.actiaconferences.com*
This two-day conference is split into three sessions with diverse lectures, discussion panels and a think-tank on the first day. The opening day is going to be dedicated to "Airports and their surroundings". The day will end with a special event, the Awionetka Gala 2011, which includes the 3rd aviation business meeting, the Baltic Ballroom, and awards presentation. The second day will feature "Non-aviation revenues" and "Air cargo" sessions.

**TRANSLOG Connect Congress 2011**, *22-23 November 2011, HU/Budapest, www.translogconnect.eu*
The event is going to offer the possibility for solution providers (limited to 100 delegates) to present their products and services directly to around 500 decision makers of target clients throughout Central and Eastern Europe. During two days, service providers will meet with the leading directors through a number of pre-arranged one-to-one business meetings. Several weeks before the Congress, participants will receive individualized passwords to access the website, where they can select key presentations, pre-schedule one-to-one meetings and confirm their presence at additional networking activities, an option which will greatly help them to create their own itinerary prior to the Congress taking place.

**Intermodal Europe 2011**, *29 Nov.-1 Dec. 2011, DE/Hamburg, www.intermodal-events.com*
After a 3-year break the Intermodal Europe exhibition and conference will again be hosted in Hamburg. The world's leading event for all associated with the container and intermodal industries dates back to 1976 (at first named CTC – the Container Technology Conference). Intermodal Europe is organised by IIR Exhibition, a part of the Informa Group. The conference will host the Baltic Transport Journal session.

## – continued

*Issue distributed at:*

**3rd Annual Tanker Economics**, *5-6 December 2011, UK/London, www.platts.com/ConferenceDetail/2011/pc163/index*
The event represents an opportunity to discover what strategies are being adopted by the shipping industry and other organizations to deal with challenges faced by the liquid tanker industry. The conference will focus on the assessment of today's tankers market and the supply and demand situation, bunker fuels and their alternatives along with a discussion on how to minimize the risk of piracy.

**4th International Ports & the Environment Seminar**, *8 December 2011, NL/Amsterdam, www.millenniumconferences.com*
Scheduled to take place in Amsterdam in December 2011, the one day seminar will deliver a varied, in-depth and informative programme, ensuring delegates an invaluable learning opportunity and platform for discussion, debate and networking. MCI Media Ltd is committed to delivering an event of the highest calibre, not only in-depth and informative, but also stimulating and enjoyable.

## BTJ 2012 partnerships

*Issue distributed at:*

**Transport Week 2012**, *6-8 March 2012, PL/Gdańsk, http://www.actiaconferences.com/transport-week-2012.html*
Actia Conferences invite you to the 2nd edition of International Transport Week 2012 which will be held in the Polish Baltic Philharmonic in Gdańsk. The event is a discussion platform for representatives from the maritime, railway and intermodal sectors. Transport Week 2012 will be accompanied by conferences, exhibition areas, discussion panels, seminars and topped with an evening gala dinner.

**TransRussia 2012**, *24-27 April 2012, RU/Moscow, www.transrussia.ru*
Being focused primarily on cargo transportation services, the TransRussia Exhibition & Conference demonstrates a full range of industry solutions – from transport and forwarding services to software and equipment for cargo handling. The exhibition attracts leading professionals from Russia, the CIS and the Baltic Sea countries, among others. The event will discuss the most important issues in the development of the Russian transport system and new information systems, which are developed for interaction between different modes of transport.

**RORO 2012**, *22-24 May 2012, SE/Gothenburg, www.roroex.com*
The only dedicated exhibition to the roll on-roll off industry is returning to Gothenburg. The meeting will gather professionals from over 50 countries, who will analyze the newest threats and opportunities accompanying the ro-ro industry, i.e. the upcoming regulations such as the Emission Control Areas (ECA) and Marpol Annex VI.

**Posidonia 2012**, *4-8 June 2012, GR/Athens, www.posidonia-events.com*
In 2012 Posidonia relocates to the Metropolitan Expo Centre situated within the Athens International Airport complex. It is expected to attract more than 1,800 exhibiting companies from over 80 countries, highlighting the position of Greek shipping and its commitment to renewing and upgrading its fleet. The exhibition will host conferences and shipping association gatherings, chaired by industry leaders, debating and shaping the challenges facing the industry. Apart from business meetings, the event will also hold the Posidonia Cup yacht race and the Posidonia Shipsoccer Tournament.

**Transfairlog**, *12-14 June 2012, DE/Hamburg, www.transfairlog.com/en*
The event will concentrate on optimization of local and global international freight transport and logistics. At the Trade Fair Centre Hamburg decision-makers, experts and companies from the logistics and transport industries will participate in the showcase of products, services and solutions for day-to-day operations of present and future logistics.

# Simplicity of daily cut-offs

My favourite Albert Einstein quote, apart from "Any fool can make things bigger, more complex, and more violent. It takes a touch of genius – and a lot of courage – to move in the opposite direction," is "Make everything as simple as possible, but not simpler."

Seven centuries before Einstein, William of Ockham created "Ockham's razor" – the idea stating that in trying to understand something, getting unnecessary information out of the way is the fastest way to the truth. I wouldn't be myself, if I didn't add somebody from the jazz side of life: Charles Mingus also supported "making the complicated simple, awesomely simple", what he considered a true creativity.

The world we meet every morning is more and more complex – we cannot just let things flow and see what comes up. Facts and figures strike us every minute in real time; no one waits for one's proper answer; the chance to get a contract presents itself twice: the first and last time. Information has gained power over the world and modern treasure hunters are relentlessly seeking every snatch of inside stories to reach the top. One of the most vital and visible examples of such behaviour is the specialization making everyday maritime transport and seaport routines a countless sequence of questions, answers, offers and unit prices leading to the longed-for destination. Conclusions must be made almost at the moment of enquiry and decision-makers must remember: some is not a number, soon is not a an interval of time. Otherwise you may hopelessly call to Houston, Texas, USA.

Can anyone specify the limits of this, I dare to say, crazy, unbalanced and very often absurd rally? Is there any logical or straightforward answer? I can think of one daily proposal, following the latest global example coming from Denmark through London.

The answer is… simplifying. Yes, in my opinion simplifying can make us more productive. Doing less than more. Get rid of all the inessential stuff on your to-do list. Get rid of all the clutter on your desk and computer. Focus on one task at a time. No one can do everything that has to be done – it is not possible. You cannot read everything, write everything, listen to everyone or meet everybody. Time is running consecutively, always in only one direction, and – the biggest drama for all workaholics – it cannot be saved; every second is valid and may be utilized in one second only. That's why the art of choice is becoming the most precious advantage, also in the transport industry. Even when the best and only strategy remains "trial vs. error", execution of inevitable activities. The art of choice and the willpower to change goes hand in hand leading to a successful finish line – the port of expected destination.

**The art of choice is becoming the most precious advantage, also in the transport industry.**

Let's go global, as simplicity is also the core message of the new A.P. Møller-Mærsk plan of reinventing and redefining its Far East-Europe connection. The concept is called "Daily Maersk". Even though this column is not created for in-depth coverage and analysis of such a story, I will enumerate the most important facts and figures,, as they were presented by Maersk's CEO Eivind Kolding on September 12th, 2011, at Millbank Tower in London.

The project will consist of 70 vessels, including the Emma Maersk series, four ports in Asia: Shanghai, Ningbo, Yantian and Tanjung Pelepas and three ports in Europe: Felixstowe, Rotterdam and Bremerhaven. The service will start on 24th October, 2011, and the first call in Europe is planned for 19th of November, 2011. The main issue is the offer of the "conveyor belt approach" – cargo can be shipped immediately after production without the need for storage, with cut-offs performed every day. The transit time parameter is going to be replaced by transportation time value; Maersk will pay penalties in case the agreed values are neglected. Kolding emphasized its simplicity, beneficial to all present and future customers, and the absolute reliability of the service, presenting this transparent shipping model as the most unique solution of the 21st century.

There is one fact which is undisputable – we may witness another original service pattern in ocean shipping, which most probably will change a lot. What will the competition do? What impact will new sailing schedules have on inventory policy and warehousing business in logistics and distribution services? Will shippers save millions on their supply chains? Will storage providers lose the same amount?

We are living in interesting times, and more and more often, crisis means a chance rather than a loss. Simplifying has a bright future too, no doubt. So, let's all make something, even relatively small, on a daily basis in our office, with an eye focused on the big game which starts this month on the world's sea routes. ■

**Krzysztof Urbaś**

Baltic Transport Journal
bimonthly-daily companion




A guide to the Baltic Sea Container Map 2011

# Workhorses of the Baltic

**BTJ's 2006 report lists 124 ships feedering in the Baltic with a total nominal capacity of 83,500 TEU. Now, five years on, the census shows 160 feeders and 157,000 TEU – almost twice the amount in the main term of productivity.**

Five years ago, in our first report on container shipping in the Baltic Sea, we compared this business to "a bunch of parsley tied to the Kiel Canal". Its roots are ingrained in a few hubs on the North Sea, while stems and leaves reach the northernmost ports of the Gulf of Bothnia. Although some ocean and transatlantic container services have started to call in Gdańsk and St. Petersburg since the beginning of 2010, this general picture has not changed. Against all odds, feeder shipping now has stronger roots and richer greens.

Our first report, published at the end of 2006 (BTJ 6/2006), lists 124 ships feedering in the Baltic with a total nominal capacity of 83,500 TEU. Five years later the census shows 160 feeders and 157,000 TEU – nearly twice the amount. But to precisely compare past and present we should diminish the newest numbers, because our first ranking didn't include Norway, the UK, Iceland and the Faeroe Islands' short sea services (minus 14 ships and about 12,300 TEU). Nevertheless, the growth in capacity is enormous – almost 80%, but in terms of the number of ships it is only 20%. The difference between the latter numbers informs that a ship's average capacity has grown significantly – from 675 to 981 TEU (+45%). In 2006 operators had 13 vessels which could carry nominally over 1,200 TEU, now they have 43 such ships (to be exact, 41 serve the BSR and two are employed on an Icelandic service).

## Large and small operators

Today 24 operators are involved in the container business and this number is larger than in 2006, even though some names have disappeared from the list in the meantime. For example, in 2007 Baltic Container Lines merged with IMCL, which was later acquired by Unifeeder (2009). Also in 2007 Kuršių Linija merged with Containerships while Saimaa Lines ceased its shipping activities. In fact, almost all companies listed in 2006, except overseas operators like MSC or OOCL, were transformed during the period in focus: they changed ownership without changing their names (i.e. Containerships, Unifeeder) or have a new owner and a new brand (i.e. ESF Euroservices since 2006 has been FESCO-ESF). The Baltic has seen 'veteran' operators grow and expand geographically; Team Lines has opened a service to the Iberian Peninsula, Unifeeder – to

Photo: Port of Gothenburg

## The railways from an insurance point of view

# The industry has to keep up

**The theme of insurance is still a fairly recent focus of interest in the railway industry, only arising since the liberalisation of the rail transport sector in Europe, which has been and in some cases still is being implemented at different speeds since the start of the 1990s in the various countries belonging to the EU.**

Since the 1990s insurance has been growing steadily in importance for the railways. In general, state-owned railways were not insured, and there are still considerable differences between the levels of insurance in place for publicly-owned rail operators. It can be said with certainty, however, that the further the state withdraws from its role as shareholder in the old public railways, the more important it becomes to deal with this matter. For private railway companies insurance has always been vital, simply to guarantee their survival. There are also legal provisions requiring insurance to be taken out, in particular to cover public liability.

The following is an outline of how insurance cover for rolling stock can be provided. The intention is also to examine the question of liability to third parties from a liability insurance point of view. This type of insurance is obligatory for anyone wishing to operate in the railway sector and/or to even obtain a licence to operate a business in a specific country. Our observations on this subject are limited to insurance cover for rolling stock and coverage for liability to third parties.

**Insurance of rolling stock**

Railway companies and decision-makers for leasing companies or the banks which provide finance for leasing companies have to ask themselves to what extent the risk of loss or damage to rolling stock equipment can be transferred to third parties, e.g. to insurers. Their aim here is frequently to have available the broadest possible insurance cover, either by finding their own solutions (the lessor takes out the insurance himself) or by means of solutions supplied by lessees in order to limit their financial risk in the event of a claim.

In developing and constructing an insurance package, the first task is to clarify the risk structure of the business model concerned. The architect of the insurance cover, e.g. the insurance broker, must first of all establish what risks the parties concerned want to purchase it for, i.e. what risks they wish to transfer to insurers.

In a modern, internationally structured insurance concept the following aspects are of particular importance:

- Will the insurer pay in advance, regardless of where the liability lies? For example, will this be the case even if the damage is caused by a workshop or by defective parts? Example: Was the defective vehicle component even technically appropriate for the purpose it was used for?
- Will any payout be on a new-for-old basis?
- Are out-of-service risks covered? For example, a locomotive is not earning, but leasing instalments have to be paid and a replacement locomotive obtained.
- Does the cover automatically apply Europe-wide?
- What recourse options are granted to the insurer? Does the policyholder have any say as regards recourse action?
- Does the level of premiums take into account corrective (preventive) maintenance? The policyholder should not pay premiums for costs incurred for the purpose of preventive maintenance.
- Obligations on the part of co-insured parties?
- What is the situation as regards the underinsurance waiver?
- For the purpose of the insurance contract, who is regarded as the representative? The aim should be to ensure that e.g. railway traffic or operating managers/fleet managers are not regarded as representatives.
- Rights conferred by any other contractual agreements, e.g. national insurance

# Dear Readers,

***Fall forces us to prepare for its chilly days and gloomy aura. Perhaps at present it corresponds well with the condition of the European and global economies, which are still lacking colours. This is a matter of concern for the whole transport sector in our region, but perhaps shipping is the mode which stands on the most unstable ground, since due to the upcoming new SECA regulations, it will very soon face increased fuel and logistics costs as well as a vast need for large investments into low-emission technology and infrastructure. In this issue we bring to your attention the picture of a possible future of the BSR's shipping industry after 2015. More and more voices share a fear of the negative impact of the new IMO rules on the region's short sea shipping, its competitiveness as well as on the European logistics chain's patterns. As always, there will be winners and losers in this situation, but for now it seems to tip the scales in favour of land transport. At the moment, however, feeder shipping on the Baltic is stronger than ever. Read our report on the BSR's containerization, to learn more, find out about the current trends visible on the market and see the whole Baltic Sea container network in the magazine, on the map and CD, and remember we very much welcome your feedback. We have a plateful of information here for you from the rail sector as well – go to the Focus section to find out what is new there.***

***Meanwhile I wish you a substantial dose of resilience – from the weather as well as from the pessimistic prognosis. As Krzysztof Urbaś writes in his feuilleton (p. 12), "We are living in interesting times, and more and more often, crisis means a chance rather than a loss." Hopefully things will turn out brighter than expected.***

**Lena Lorenc**

Company index



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