

CORONAVIRUS BITES AS BALTIC DRY INDEX PLUMMETS

In our previous newsletter, we reported that BDO's Shipping and Transport Partner Richard Greiner saw a number of reasons to be cheerful as we entered a new decade.

How things can change in little over a month.

Due to the impact of the coronavirus epidemic in China and consequent restrictions on economic activity, the lows that the Baltic Dry Index (BDI) has now reached have not been seen since early 2016.

As London-based Capital Economics said: "Given that China accounts for about 40% of global seaborne trade, it is not so surprising that freight rates have tanked" and that the BDI is in "free fall". The reasons Capital Economics give will come as no surprise to bulk colleagues: "Power generation in China has dropped and steel mills are reportedly cutting capacity utilisation which, respectively, point to lower demand for coal and iron ore," impacting the throughput of terminals, especially for countries like Brazil and Australia.

Will this be a short, temporary blip?

Lars Bastian Ostereng, Arctic Securities AS analyst, suggests not. The outbreak has led to "full stops in many ports in China", which account for "approximately 35% of all seaborne dry bulk imports in the world," he says. Given the number of deaths and the continuing lockdown of much of China – albeit that recent reports hint at an easing of restrictions – Ostereng predicts demand could suffer for months ahead.

Not all owners agree. In recent conversation with Maritime CEO, John Michael Radziwill of Monaco based GoodBulk predicted that "once things normalise after the coronavirus, the world will play catch up with iron ore and also coal".

Moving on to internal matters. As part of our commitment to represent the interests of the bulk terminal industry at the highest level, ABTO co-operates with other industry organisations to ensure that our members' voices are heard at an inter-governmental level.

Recently, ABTO and ICHCA International signed an MoU for collaborative working between the two organisations. Head of ICHCA International Richard Brough says: "By working together, we strengthen the negotiating position of both bodies to improve safety regulations in the industry. Our two organisations have a wealth of combined knowledge and expertise and we are confident that we will achieve more for our member businesses by working together on industry responses to key areas." Sentiments with which I fully concur.

While the MoU puts things on a formal basis, the support we receive from ICHCA is not new – for which I would like to express my thanks. Since ABTO's inception Ian Adams, our Technical Advisor, has joined the ICHCA delegation at IMO when deliberations concerned the bulk industry.

Both ICHCA and ABTO have a remit to educate and encourage wider information exchange.

Continued...

FREEPORTS PUSH

Both ABP and Peel Ports have recently hosted Secretary to the Treasury –now Chancellor – Rishi Sunak to celebrate the launch of the UK government's consultation on freeports, which gives industry experts the chance to provide input before April 20.

The aim is to use freeports to boost trade and economic growth in regions around the UK. Several ABP ports offer large areas of development land close to deep water, ideal for facilitating the efficient import of raw materials, components and export of finished products. Freeports can enhance these advantages, ABP believes, making the sites even more attractive for investment in new manufacturing.

Sunak commented during his visit to ABP at Southampton that: "Freeports will unleash the potential in our proud historic ports, boosting and regenerating communities across the UK. They will attract new businesses, spreading jobs, investment and opportunity to towns and cities up and down the country.

"This is all part of being an open, outward-looking country, championing global free trade with vibrant freeports that work for all of the UK. I urge Southampton and other all ports across the country to start preparing their freeport applications, ready for the competitive process that will follow our 10 week consultation."

For further information
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Our Port and Terminal Operations for Bulk Cargoes 2020 short course is being held in collaboration with The Wolfson Centre for Bulk Solids Handling Technology, at the University of Greenwich, Chatham, UK. The ICHCA International Spring 2020 Meeting will be held next month from 6-8 April in the English spa town of Buxton. Partnering with the UK Health and Safety Executive, the meeting will focus on safety threats to workers. In

October, ABTO plans to go to Riga in Latvia for the fourth annual Bulk Terminals Conference.

Achieving increased operational efficiencies, improving safety, security and ensuring environmental protection are the themes that run through every Bulk Terminals conference. So put Riga, 6-8 October in your diary!

Simon Gutteridge
Chief Executive, ABTO

ROAD THEFTS REMAIN TOP THREAT TO CARGO

Theft of cargo on the road remains a dominant threat, according to a new report on cargo theft worldwide issued by insurer TT Club.

TT Club and global provider of supply chain intelligence BSI confirms an overwhelming targeting of cargo trucks compared to all other modalities. The consistency of this trend year-on-year is also reflected in the 2019 data analysis of top commodities stolen — food and beverages represent 28% of all reported thefts, in comparison with 19% in 2018.

The BSI and TT Club Cargo Theft Report 2020 analyses data from BSI's supply chain security country risk intelligence tool, SCREEN, and TT Club's insurance risk management and loss prevention insights.

Mike Yarwood, TT Club's managing director loss prevention, says: "Thefts either of, or from road vehicles most frequently occurred while in transit, in rest areas or an unsecured parking location. These accounted for 60% of those thefts reported. Interestingly, our infographic gives more detail from the regions with confirmed thefts from unsecured parking areas.

"The median value of losses from these incidents ranges from \$100,000 in South America to just over \$11,000 in parts of Asia. We are particularly keen to draw attention to the dangers of such informal parking and encourage the provision of more secured truck stop facilities," he concludes.

NFU TOURS PORT OF AYR

BP's Port of Ayr recently welcomed members of National Farmers' Union (NFU) Scotland — Ayrshire's regional group — for its annual general meeting and a port tour to highlight the vital role it plays in supporting the local agricultural industry.

Christine Cuthbertson, Ayrshire regional manager, says: "It was very interesting to see and understand the scale of operations at the port of Ayr. About half of the total tonnage handled would be agriculture-related in the form of fertilisers and animal feed and shows the importance of farming to the broader economy in south west Scotland.

The investments made by ABP in handling and storage facilities at Ayr are very impressive and bode well for the future of all the firms operating there. The hospitality shown to Ayrshire NFUS members on their visit was much appreciated."

MSI MODEL ASSESSES CORONAVIRUS RISK TO INDUSTRY

Maritime Strategies International has recently published analysis assessing how coronavirus is currently affecting shipping sectors and what the future implications of a further escalation might be.

Each sector has been affected to a different degree by the crisis so far, and each has a different set of vulnerabilities to escalation or prolonged disruption, says MSI managing director Adam Kent.

"Vessel earnings in the tanker segment have already seen a negative impact and are exposed to continued disruption to oil demand, while for dry bulk the coronavirus has worsened an already-challenging environment," he says. "The impact on the container trades has been different until now, with relatively small movements in markets, but

major disruption to trade. In each case, the downside risks from escalation and further disruption are extensive."

The MSI risk matrix depicts how different segments were affected in February and has modelled a moderate escalation scenario in which disruption continues into March, with some restriction on port activity over that period of time, which again implies further downside risk to vessel earnings.

MSI has also modelled a severe escalation scenario in which the impacts last well into Q2, forcing a continued shutdown or increased shutdown of Chinese factory output or significant disruption to Chinese port operations. In that case, the market should expect double-digit downside risk to vessel earnings in the different segments. [The full article can be downloaded from www.msilt.com]

MARTIN ENGINEERING CALLS FOR MORE CARE TO PREVENT CONFINED SPACE FATALITIES

An estimated 7% of the US fatalities recorded by the Mine Safety and Health Administration between 1995 and 2011 occurred in a confined space. To reduce that number, conveyor operators should understand exactly how a confined space is defined and consider what they can do to prevent serious injuries, according to Martin Engineering.

Many factors can cause bulk materials to adhere to the sides of chutes, silos and hoppers – including humidity, moisture content, size/texture of the raw material or increased production volume – resulting in lost capacity or clogging. Ongoing accumulation reduces flow and eventually stops production in order to address the issue, causing expensive downtime and requiring extra labour to clear the obstruction.

“Clearing extensive build-up often involves confined space entry, but the consequences of untrained staff entering a chute, silo or hopper can be disastrous, including physical injury, burial and asphyxiation,” says Martin’s product engineer Daniel Marshall. “Without proper testing, ventilation and safety measures, entering vessels containing combustible dust could even result in a deadly explosion.”

“Systems designed to minimise permit-required confined spaces can provide a significant return on investment. The best time to reduce the amount of confined-space entry for component maintenance and replacement is during the specification and design stages of a project,” Marshall continues. Many manufacturers offer systems and products that can reduce

the need for confined space entry.

“Over time, well-designed access improves safety and saves money,” he says. “Safe access that is carefully located and adequately sized will increase dependability and also reduce the downtime and associated labour required for maintenance.”

He advises that companies consider equipment designs that minimise the need for confined space entry, including improved access doors, vibrators, air cannons or silo cleaning services. “Conveyor systems that are properly outfitted with appropriate cleaning and material discharge equipment create a safer workplace, while experiencing longer life and less downtime,” he says.



IPSWICH GRAIN SURGE

ABP’s Port of Ipswich has more than doubled its grain export volumes this harvest season, reporting 500,000 tonnes exported from the port in the months of June to November 2019.

This represents more than a twofold increase in tonnage volumes when compared with the figures in 2018, which saw the port export around 200,000 tonnes of grain. In addition, the month of October 2019 saw 161,885 tonnes of grain exported via the port, representing the highest traffic in 11 years.

October was also a strong month for ABP’s customers Clarksons Port Services, which reported record-breaking volumes, having exported 68,809 tonnes and beating its previous record held since September 2008 at 64,186 tonnes.

ABP customers COFCO International also reported a strong month. Speaking about the increased volumes, Tim Capey, COFCO International chief operating officer, says: “We were pleased to handle a record tonnage through Ipswich Grain Terminal during the month of October.

“The business handled 140,000 tonnes of grain and animal feed, the highest monthly tonnage since the facility opened in 1983. This high level of activity reflects the leading role that COFCO International and Ipswich Grain Terminal play in the food and feed supply chain.”

HSFO SALES DROP

The final quarter of 2019 marked a massive decline of high sulphur fuel oil (HSFO) sales, as the industry transitioned into compliance of the IMO 2020 Sulphur Cap (IMO 2020), BIMCO said in a recent commentary. In Singapore, the world's largest bunkering hub, the bunker sale landscape changed dramatically as the sale of HSFO dropped sharply in a matter of months. In contrast, the sale of low-sulphur fuels skyrocketed in the final quarter.

"Preliminary estimates from The Maritime and Port Authority of Singapore indicates that a total of 4,465 000 tonnes were sold in December 2019, a 4% increase compared with December 2018 and the highest sale of bunker fuel sold in Singapore since January 2018. Sales of low-sulphur fuels, including low sulphur fuel oil (LSFO) and marine gas oil LS, rose by 51% month-on-month in December to 3,127 thousand tonnes, compared with the 1,271 000 tonnes of HSFO sold in the same month," BIMCO says.

"The shipping industry has been riddled with market uncertainty in recent months, but bunker sales in the port of Singapore provide one of the first readings as to how the industry has transitioned into compliance with the IMO 2020 regulation," says BIMCO's chief shipping analyst, Peter Sand.

We have now surpassed the first wave of IMO2020 and hopefully the accompanying market uncertainty will diminish as we proceed into 2020."

ACCC RAISES CONCERNS OVER AUSTRALIAN GRAIN ACCESS

Grain growers and exporters continue to raise concerns about the fairness and transparency of access to Australia's bulk grain export supply chains, including ports — despite the country experiencing its lowest annual grain production since 2007-08 and lowest bulk grain exports since at least 2011-12.

The Australian Competition and Consumer Commission's (ACCC) latest bulk grain ports monitoring report found that while grain exporters could generally access Australian ports during the 2018-19 shipping year, they remained concerned about the fairness and transparency of their access, especially at facilities operated by CBH and Viterra.

Australian bulk grain export port terminal services remain dominated by three port terminal service providers: CBH, Viterra and GrainCorp. Each has export trading arms that compete for port access with third-party exporters.

"The level of competition between port terminals varies significantly among different regions. The entry of new service providers has provided competition in some regions, but western and south Australia remain serviced by vertically integrated near-monopolies," ACCC Commissioner Cristina Cifuentes says.

"Even though many port terminals had excess port capacity this season, exporters and grower groups

were still worried about the quality and fairness of port access.

"In particular, they were concerned about their limited ability to negotiate favourable terms with the dominant port operators," Cifuentes continues.

"While some new port terminal service providers have recently entered the market many of them exported very little or nothing at all this season and their ability to compete with and impact the behaviour of dominant providers remains unclear."



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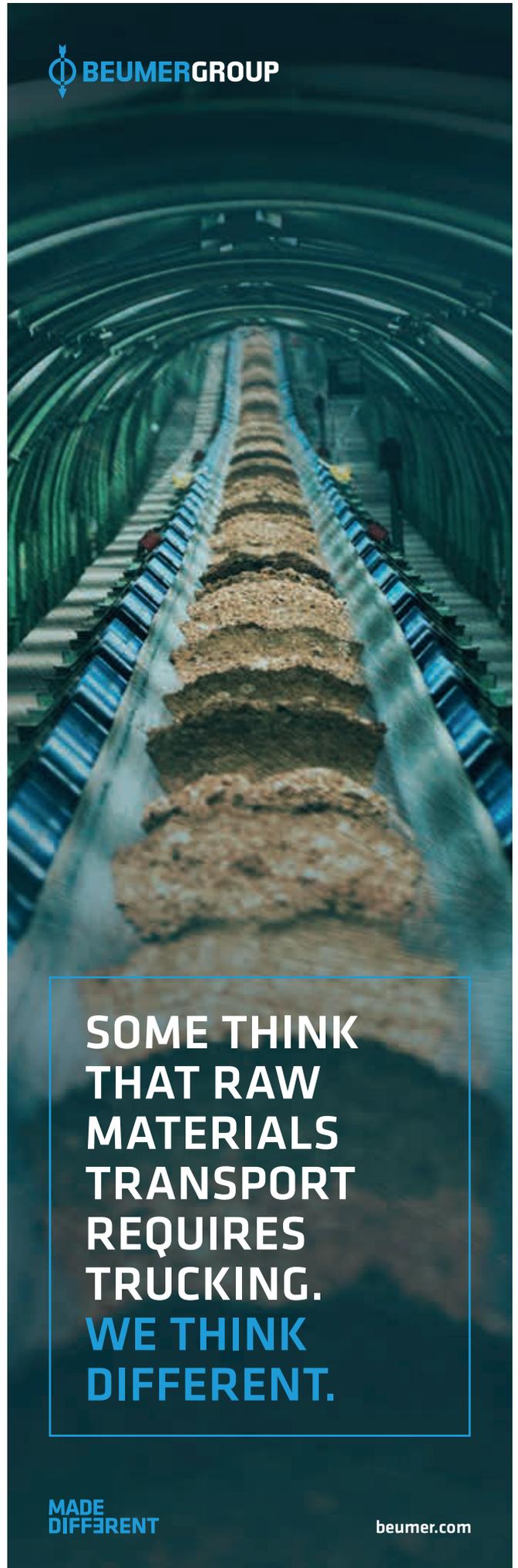
Sichuan Yadong Cement Co, Ltd. in Pengzhou, China, has been relying on a 12.5 km overland conveyor from BEUMER Group in order to convey limestone from their quarry to their silo. When constructed in 2009 it was the longest belt conveying system in BEUMER history (BEUMER installed a longer system in 2016). The troughed belt conveyor runs through hilly terrain and nature reserves, over streams and unstable ground. The second project includes two additional overland conveyors, with an overall length of 13.7 kilometres, transporting limestone to the cement plant. Unlike the first project, the task here was to build the conveyor across inhabited areas. Noise emission limitations set forth by the government also needed to be considered.

The route of the overland conveyor was coordinated between BEUMER Group and the cement manufacturer. The system supplier calculated the tractive forces of the belt considering the eight horizontal curves with radii of 1,000 to 5,000 metres. The routing was checked for its feasibility on site. The complete route was checked by employees on foot, passing through rough terrain, in order to reliably check the predefined positions for the 460 supports for their suitability directly on site. Whenever technically possible, the routing of the conveyor was adapted to the topography. Height differences of up to 100 metres had to be overcome within shortest distances, so several sections were equipped with bridges of up to 55 metres. One section was realised with a 130 metre long tunnel.

Both overland conveyors have four horizontal curves with radii of 1,200, 1,500 and 1,800 metres. "We provided the engineering and the individual parts such as pulleys, motors, drive and control technology and the entire automation," describes Dr. Echelmeyer. The installation was monitored by a BEUMER Group supervisor and the wiring of the system was supported by a BEUMER electrical engineer. The system supplier was also in charge of the commissioning in May 2016. The troughed belt conveyor is now supplying three kiln lines, a fourth line is planned.



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