

## CONFERENCE EXAMINES CHINA'S IMPACT IN COVID TIMES

China is stockpiling every kind of commodity at a “mind-blowing” rate, with the country’s imports propping up an overall fall in trade volumes globally, bulk terminal operators and shippers were told at a virtual conference organised by the Association of Bulk Terminal Operators (ABTO).

“The Impact of covid-19 on Bulk Markets and Terminal Operations” webinar was held on 28 and 29 October. In an introductory presentation to kick off a series of, BIMCO’s chief shipping analyst, Peter Sand, said: “There is one nation at the centre of the universe [for the bulk shipping industry] and that country is China.

“If you see the impact of China and its stocking up of basically every kind of commodity, but for coal, it is mind blowing. And it is not only the volumes; it is also the distances. China is basically grabbing whatever it can from all over the world.”

Sand said that China’s “craving for agribulks”, in particular, is having a “very positive” effect on the dry bulk sector, which is shifting short haul trades to long haul trades. “If we go by Suez Canal transit numbers, we have seen a 26% increase in the first three quarters of the year,” Sand said. “That is mind blowing in many ways. It also illustrates the purchasing power of China. We know China has the muscle, but from the stimulus packages they have, it did not look as if the dry bulk sector would benefit to this extent. It is absolutely second to none.”

However, the dominance of one country can be problematic. Sand warned that some bulk terminal operators and shippers may not benefit from the growth in trade volumes as China looks to establish what he called the “Chinese conveyor belt” – China’s own fully formed supply chain.

Commenting on trade relations with China, he said: “After three years of the trade war, the US has seen the highest export of soya beans in its trading history. Following years of disruption, the first seven weeks of the 2020/2021 marketing year, which runs from 1 September to 31 August, have seen the strongest exports ever.”

The US is now exporting 80% of its entire soya bean production to China. In the 2018/2019 marketing year, not one bean was shipped to the country.

In the day’s second presentation, Rahul Sharan, analyst at shipping consultant Drewry, informed ABTO members and delegates that dry bulk growth rates over the next five years could be similar to that recorded over the previous period, depending on how individual countries responded to covid-19, but also emphasised China’s importance in keeping bulk trades moving.

“China is going to lead everything. We are expecting some growth in China’s food production and expecting improvements in iron ore imports to feed China’s steel mills and build up inventories,” he said.

However, coal trades will decline. Commenting on the trade between Australia and China, Sharan said the completion of the rail network between Mongolia and China in 2021 “threatens to bring the trade down”.

“The second phase of the railway will expand to Khorloogiin Choibalsan in east Mongolia, establishing a direct connection with Russia, thus reducing the cost of coal trade between Russia and China.”

Russia exports around 30m tonnes of coal a year to China, almost 80% of which is

## CRANE COLLISIONS

The TT Club has put together information on crane collision and allisions, which gives ports and operators advice on how to minimise the risks. Given the imports of cranes to ports’ operations, the club warns that “2020 has seen its share of crane wreckage caused by inadvertent ‘nudging’ of the superstructure as a ship berths”.

For further details see <https://www.ttclub.com/news-and-resources/news/tt-talk/2020/tt-talk---crane-collisions-and-allisions/>

For further information  
about ABTO

Email: [info@bulkterminals.org](mailto:info@bulkterminals.org)

Phone: +44 (0) 7546 978020

transported by sea from the port of Vostochny, (about 1,000 miles from Qingdao). The move from sea to rail is expected to reduce the shipping demand by 25-30bn tonne miles from 2025.

In the final presentation of the day, Basil Karatzas, CEO, Karatzas Marine Advisors & Co, said that given the number of permutations of how life, business and, ultimately, shipping will be affected [by the covid pandemic], “we have to hope for the best but be prepared for the worst”.

“When combined with ‘trade wars’ and ‘re-shoring’, covid-19 has the potential to impact negatively on the shipping industry because of the lower demand. It is a driver for re-thinking supply chains as a ‘just-in-time inventory’ is not a panacea anymore. Covid-19 is accelerating ESG and tough regulations, which will further increase the financial burden on shipowners, and favour large companies. Certain shipping segments, such as cruise ships and offshore drilling, may be facing an existential crisis.”

Recent incidents involving ammonium nitrate and other products were also highlighted during the webinar by Richard Brough, head of ICHCA International. Since 1916, there have been over 34 major incidents involving ammonium nitrate and more than 2,000 deaths, he told delegates – one of which in Tjanjin resulted in 170 deaths and damage totalling \$2bn, with death sentences handed out to some of the people involved. “This kind of thing should not be happening,” Brough said.

ICHCA has launched an initiative regarding considerations when storing chemicals. The issue of storage has once again been tragically highlighted in Beirut recently.

Other issues facing the bulk industries include the rise of digitalisation and the need to be more energy efficient to reduce the industry’s carbon footprint, he said. He believed the developing world would struggle with these concepts.

While there is a lot of automation in the bulk sector, in the developing world the idea of automation is less popular because of the effect it might have on workforce numbers. However, Brough believes, jobs will, in fact, increase if port and hinterland activities are boosted by more efficient operations.

Another aspect of the “new normal” has been remote working and remote diagnostics to support maintenance. New initiatives are being brought about by the need to respond to the pandemic. Frank Robertson, VP operations at Logistec, which operates in the North American market, told ABTO members that a key aspect of the company’s response to the pandemic had been protecting its employees and obtaining the right PPE had been a struggle at the start. Another aspect he highlighted was the need to work more with electronic documentation.

The role of the ship’s agent was vital in order to do the job while stevedoring companies were also essential parts of the strategy, he said. Shifts of personnel had to be deployed in port with washing stations and clothes changing just two of the issues. Covid had changed customer patterns, he maintained, particularly with regard to sectors such as the automobile trade.

He had also noticed a sudden decline in coal handling imports and the energy sector had been hit hard, against rising Canadian grain handling volumes. Sugar demand also increased sharply, with record tonnages to Canadian refineries. Meanwhile, road de-icing salt volumes have slowed.

Meanwhile, Captain Ben van Scherpenzeel, chairman of International Task Force Port Call Optimization, said that since covid, a lot of people are seeking to improve digitalisation in shipping. Data sharing is very important, but data owners have problems in sharing because operators have their own formats and want information at different times.

Global standardisation is needed for data sharing, he told delegates. One key focus right from the start was to be compliance with IMO and BIMCO requirements. “Investments require robust standardisation bodies,” he stressed. There was a need to understand the “complete scope of data, data ownership and how the actors work together”.

The aim, he said, is to process the ship through the port more effectively with input from all the parties, including the master, port authority and terminals. “Things can go fast if we work together.” Operational data has never had a custodial body, but it was decided to bring it within the remit of the IMO FAL committee, he said. Agreement needed to be reached on the business process of port calls, the scope of data, the road map going forward and incentives for data owners.

According to Mike Bradley, director of the Wolfson Centre for Bulk Solids Handling Technology, individuals should not kid themselves that there was a quick fix for covid – people would have to learn to live with it. He said he was not convinced that it would have an effect on the bulk trade similar to that of the container trade, which will obviously be affected by the move to online shopping, among other changes.

He also said that while home working meant no time wasted travelling to work, many people were starting to feel less visibility as far as management was concerned and it was harder for managers to coordinate their teams. One point he stressed was the “loss of water cooler moments” because there was no social interaction in less formal circumstances than meetings. It was important not to underestimate the fact that a lot of things that make businesses tick are said when meeting at the water cooler – as well as things that make individuals feel human. “Work alone does not engage us with each other,” he told delegates. “The really important thing is the creative ideas and silly questions which come out around the water cooler”. In the longer term he explained that while people were starting to blend home and workplace working, the problem was the cross over between the two.

Brough agreed that home working can be very efficient, but “your thoughts are not being provoked” and a “blended” approach was needed. In terms of ports, best practice did not function in the same way as maritime because the former does not come under the remit of IMO, although the countries that operate them are represented there.

On the question of localisation of supply chains, Bradley said that the same goods still needed to be traded to the same places and “it takes decades for the place where things are manufactured to move”. It was difficult to see how one could localise a supply chain when commodities were being sourced from diverse countries. Localisation might work with food, he said, but consumers still wanted the same products. “We still like our kiwi fruit in England in the depths of winter”.

All speakers highlighted the importance of maintaining

personal contacts and social events going forward, with Robertson warning that a lack of bonding due to remote working would make it “very challenging for the new generation”.

He added that digitalisation and artificial intelligence are becoming very important. “We still have to move product and we need to try to find cargo. The supply chain is a world chain and we are at the mercy of that.”

Building relationships between people in an organisation is vital. Without that “nothing else will happen”, he concluded.

## VALE JOINT VENTURE

**Commodities giant Vale has recently announced plans to set up a joint venture with Ningbo Zhoushan Port Company to build, own and operate the West III Project in Shulanghu Port, Zhoushan City, Zhejiang Province, China.**

The West III Project will see an expansion in Shulanghu Port facilities, developing a stockyard and loading berths with additional 20m tonnes per year capacity. By participating in the Project, Vale will secure a total port capacity of 40m tonnes per year in Shulanghu, which will help Vale to optimise its overall supply chain costs, the company says. Investment in the project is US\$ 624m and it includes acquisition of land rights and the development of port capacity. Vale will own 50% of the joint venture. Construction, which is expected to take up to three years, will start after both parties obtain anti-trust and other regulatory approvals in China.

The project secures strategic port capacity for Vale in China, as Shulanghu Port berths valemaxes and allows Vale's shipping and distribution costs optimisation, the company says.

Vale launched its Brazilian Blend Fines product a few years ago, with fines produced at the Teluk Rubiah Maritime Terminal in Malaysia and at 17 ports in China, including Shulanghu. This process reduces the time needed to reach Asian markets and increases Vale's distribution capacity.

## TT CLUB ADDS BREXIT ADVICE

**TT Club has launched a webpage resource in an attempt to bring clarity to the issues surrounding Brexit and the freight supply chain after the end of this year.**

TT's aims to collate, in a single accessible location, a wide variety of available information that is likely to be of importance to those in the freight supply chain. It will develop practical guidance and advice in relation to the complex challenges that have already arisen and will continue to emerge in the wake of Brexit.

The end of the current transition period on 31 December 2020 before the UK leaves the EU is fast approaching, after which import and export declarations will be required, regardless of whether a trade deal is agreed between the UK and the EU, the club says.

“As a result, there will be significant changes to the current processes of moving goods between the UK and the EU. However, Northern Ireland will be subject to a different regime under the NI Protocol”, states Mike Yarwood, managing director of loss prevention at TT. “All stakeholders involved in the cross-border movement of goods will need to be aware of the changes, make appropriate decisions and adjust systems and processes at the earliest opportunity to avoid unnecessary disruption.”

The changes will inevitably have an impact on the operations of diverse stakeholders in the supply chain to a greater or lesser degree, the club says, and further information is available through its webpage.

<https://www.ttclub.com/products-and-services/loss-prevention/brexit/>

## CYBER SECURITY GUIDE

**ICS has just published the second edition of the *Cyber Security Workbook for On Board Ship Use*, produced by BIMCO, ICS and Witherby Publishing Group.**

It uses detailed, step-by-step checklists and also gives guidance on how best to detect, respond and recover in the event of a cyber attack.

The Guide is available to order pre-order directly from Witherby or maritime booksellers and costs £195. For further information please visit **Witherbys**.

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## ORGANISATIONS UNITE FOR HUMAN RIGHTS INITIATIVE

The Sustainable Shipping Initiative (SSI) and the Institute for Human Rights and Business (IHRB), along with SSI members have launched of a new project focusing on seafarers' labour and human rights.

Delivering on seafarers' rights will be a joint project to develop a human rights code of conduct for charterers, and a roadmap for tackling systemic challenges that create human rights risks for seafarers – a widely-recognised gap in catalysing industry-wide policy and practice.

Co-led by SSI and IHRB, the project brings together SSI members the China Navigation Company, Forum for the Future, Louis Dreyfus Company, Oldendorff Carriers, RightShip, South32 and Standard Chartered Bank.

The challenge of protecting and respecting seafarers' rights has been highlighted in recent months because of the 300,000 plus seafarers stranded at sea due to crew-change restrictions as a result of the covid-19 pandemic.

"Charterers are also increasingly under scrutiny with regard to the sustainability of their supply chains, not only in terms of their commodities, but also the vessels that transport their cargo," the group says. "However, there is currently a lack of guidance on how labour and human rights risks should be identified and mitigated. Plugging this gap is key to strengthening both chartering-related decision-making and due diligence processes.

"This project will see charterers play an active role in raising the industry's bar through the development of an industry code of conduct for actors joined together across the shipping value chain. Based on international labour and human rights standards and principles, this work will bring charterers, shipowners, and operators together for collective action, increasing transparency and driving positive change."

The work will also look at ways in which seafarers' rights can be addressed by demanding transparency on labour and human rights risks, for example through contractual terms and chartering provisions.

### NEW PRESIDENT TAKES THE HELM AT IHMA

**The new president of the International Harbour Masters' Association (IHMA) is Captain Yoss Leclerc of the Port of Quebec. He succeeds Captain Allan Gray, President and CEO, Halifax Port Authority, Canada.**

Captain Leclerc has pledged to help the Association meet the challenges facing harbour masters to ensure the sustainability of ports in the future. "There are many challenges ahead of us, including environment (climate change, air emissions, ballast water), technology (digitalisation, automation) and health (pandemics) that we will need to grasp and tackle together in order to ensure our ports' sustainability," he says.

"At the international level, IHMA has worked very hard to acquire its standing and ability to influence decisions regarding many aspects that have considerable impact on our operations and we will continue to consolidate our position."

## FRESH PAIR OF EYES

Beumer has developed Beumer Smart Glasses, which allow its support technicians to look virtually over the shoulder of a customer's service technician when solving a problem, such as a machine malfunction or standstill.

"With Beumer Smart Glasses, our customers can have live contact with our service experts anywhere and at any time," says Christopher Kirsch, team leader of BG.evolution.

If there is a problem during operation, this may easily result in production bottlenecks. In the worst case, this results in delays of day-to-day operations. "If a machine suddenly breaks down, the problem must be solved as

fast as possible," says Kirsch. "This is the only way for the users to save time and money."

The employee at the machine puts on the glasses and starts the Beumer Support app via voice command. He or she then transmits a service number and a pin code to the hotline and a connection with image and sound is established.

The Beumer technician receives the same image as the customer. The technician can directly give instructions and display all relevant information in the field of vision. The employee has both hands free to follow the instructions of the expert and carry out the necessary actions and faults can be solved quickly and precisely.

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**Course Leader:** Mike Bradley, Professor of Bulk and Particulate Technologies and Director of The Wolfson Centre, University of Greenwich

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## BEUMER GROUP PIPE CONVEYOR ENSURES DUST-FREE TRANSPORTATION OF ORE CONCENTRATES WITHOUT POLLUTING THE ENVIRONMENT

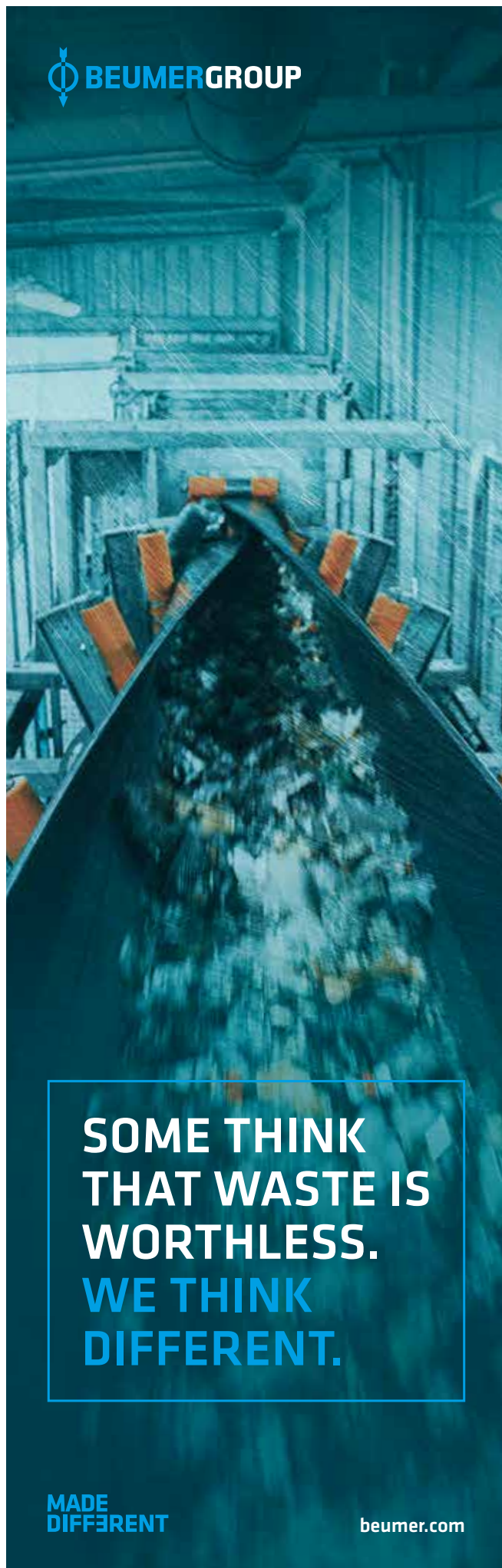
Transportadora Callao S.A., the logistics operator of a special cargo terminal in the port of Callao/Peru, relies on a BEUMER Group Pipe Conveyor for the transportation of zinc, copper and lead concentrates of different mining companies from the warehouse to the terminal. With its ability to navigate curves in three dimensions, the conveyor can be optimally adapted to its routing course of approximately 3,000m. What is even more important: the conveying system prevents the concentrates from coming in contact with the environment and ensures dust-free transport to the ship's holds. BEUMER Group was responsible for engineering and supply, including the steel structure, supervision of the installation and putting the Pipe Conveyor into operation.

Due to the system design and the required system capacity, BEUMER designed it with a diameter of 400 millimetres. The conveyor transports 2,300 tons per hour, at a speed of 4.5m/s and is driven by three motors with a capacity of 650 kW each. BEUMER Group equipped the system with filters, strippers, a dedusting unit and a control system and was responsible for engineering and automation, and supplied the steel structure and the necessary components. The site managers supervised the installation and put the system into operation.

The process is practically free of faults and, above all, safe: trucks or trains transport the mining commodities from the mines to the ore storages, from where they are transported to the open access station. Here, the concentrates are received by a feeding 43m belt conveyor that transfers it to the Pipe Conveyor at a height of 6m. A dedusting unit ensures that no material is emitted during this process. BEUMER Group equipped the feeding belt conveyor with a metal detector and an electric magnet. This prevents damage of the downstream Pipe Conveyor by metal parts. At the end of the route, the conveying system runs along the seaside in the naval port of Callao to the transfer tower. Here, the belt opens automatically. It transfers the material to another belt conveyor that conveys the ore to the ship loading system.



*View from the pier: The last section of the Pipe Conveyor runs along the sea to the transfer tower.*



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