

China-Europe transport & logistics

ISSN 2449-6022

03. red-hot port matters

07. market sms

11. short stories

- The 'salmon train'
- Belarusians work on digitalising the New Silk Road
- The Middle Corridor launches a service over the Black Sea
- Nearly all westbound New Silk Road trains now laden
- UTLC ERA New Silk Road partnership with Lanzhou Anting PIL Logistics
- Yantai-Moscow rail service opens
- Hupac trials the Milan-Xi'an route
- A new rail freight connection between China and Belgium
- Budapest-Xiamen train
- First test-run between China and Serbia
- From China to Slovakia to CEE
- New Silk Road goes blockchain
- Marmaray Tunnel now open to freight trains
- Ghent and Xi'an – linked
- Duisburg to have a brand-new New Silk Road terminal
- The 'liquor train'
- Logistics hub Venlo on the map in China
- From China to Germany 40% faster

featured article

16. When dragons and eagles go to war

– Are China and the US on a one-way trip towards the point of no return?

Andrzej Urbaś

21. editorial

21. upcoming issues

21. partnership events

Experience the progress.



Mobile Harbour Crane

- Manoeuvrability and versatility – for all areas of application in the harbour
- 360° mobility – absolute outstanding in the MHC market
- Stepless hydrostatic power transmission for smooth and sensitive operation
- Extensive range with load capacities of 42 tonnes to 308 tonnes
- Proven Liebherr quality and full support for our products and services

mobile.harbour.crane@liebherr.com
facebook.com/LiebherrMaritime
www.liebherr.com

LIEBHERR

red-hot port matters

Photo: all-free-download.com

Scandlines to mount a sail on one of its ferries

The ferry line has decided to install **Norsepower's** Rotor Sail Solution, a spinning cylinder that uses the Magnus effect to harness wind power to thrust a ship, on-board the company's hybrid diesel-electric ro-pax *Copenhagen*. When wind conditions are favourable, the rotor enables the electric propulsion thrusters and centre propel to be throttled back, reducing emissions – while providing the power needed to maintain speed and voyage time. The route between **Gedser** and **Rostock**, across which *Copenhagen* sails alongside her sister ship *Berlin*, is almost perpendicular to the prevailing wind from the west, giving favourable conditions for using rotor sails, says **Scandlines**. Preparations for the retrofit will take place in November 2019, with the installation of the 30 m-tall and 5 m-diameter single rotor sail scheduled for Q2 2020. "By installing a rotor sail, we can reduce CO₂ emissions on the Rostock-Gedser route by 4-5%," **Søren Poulsen**, CEO, Scandlines, highlighted.

Gdynia secures EU aid for modernising its intermodal terminal

The **Port of Gdynia** and the Warsaw-based **Centre for European Union Transport Projects** have signed an agreement thanks to which the former will get approx. €4.6m (PLN 20m) for upgrading its **Intermodal Rail Terminal**. The project, worth in total around €16.2m, will cover the electrification of the terminal's siding (2.5 km of tracks), the setup of a new track and junctions (12 in total, out of which four will be brand-new, while eight – first demolished and then rebuilt), and the installation of a new rail traffic management system. Thanks to these works, there will be no need to change the traction from diesel to electric any more, while the entire traffic will be automatized. The investment will have been completed by end-January 2021.

Norsepower receives €8m support, plus partners with Wärtsilä

OGCI Climate Investment, along with current investors, has led the latest investment round aimed at bringing **Norsepower's** Rotor Sails solution onto the global markets. The investment will enable the Finnish company to scale up production at its manufacturing facilities as part of the next phase of commercialisation triggered by demand for its renewable wind energy propulsion systems. "The increased take-up comes at a time when the international shipping industry looks to offset expensive fuel costs – that are likely to increase following the IMO's 2020 global sulphur cap – and prepare for IMO GHG emissions targets in 2030 and 2050," Norsepower wrote in a press release. **Tuomas Riski**, CEO, Norsepower, added to this, "Importantly, this partnership will also allow Norsepower to deliver cleaner solutions for the oil tanker market as it strives to increase sustainability and decarbonise in its role as a critical vehicle for the world economy." In addition, Norsepower and **Wärtsilä** have signed an agreement, according to which the former will use the latter's global supplier network to service its equipment. **Jukka Kuuskoski**, CSO, Norsepower, commented, "Due to the rapid rise of demand for modern wind propulsion in shipping, Norsepower Rotor Sails are expected to be installed on multiple vessels in the near future. We are therefore delighted by this partnership and the ability it gives us to support our customers no matter where they are sailing and operating our technology." Norsepower's Rotor Sails have been to date installed on-board three vessels, **Bore's** ro-ro *Estraden*, **Viking Line's** cruise ferry *Viking Grace*, and **Maersk Tanker's** *Maersk Pelican*. One of **Scandlines'** hybrid diesel-electric will get one in the near future, while Viking Line's cruise ferry newbuild, currently under construction in China and scheduled to set sail in 2020, will have two rotors mounted on her.

Södertälje's first LNG bunkering

On 12 September, **Nauticor's** bunker vessel *Kairos* filled up the oil products tanker *Ternsund*, currently on charter by the Finnish fuel supply company **NEOT**, with 150t of liquefied natural gas (LNG). According to the parties involved, not only was it the first LNG bunker operation in the Swedish **Port of Södertälje** but also the first simultaneous bunkering-cargo unloading operation (SIMOPS) done in the Baltic Sea. NEOT and Nauticor have entered into an agreement due to which the latter will deliver LNG to the former's fleet of time-chartered gas-run oil products tankers.

The world's largest gas-run container ship

The 400 m-long, 61 m-wide, and 23,000 TEUs-big **JACQUES SAADE**, named after **CMA CGM**'s founder, has been launched at the **Shanghai Jiangnan-Changxing Shipyard**. The vessel is the first in a series of nine French-flagged carriers to run on liquefied natural gas (LNG) and which will become CMA CGM's new flagships. The 9x23k TEUs fleet will be deployed next year across the company's French Asia Line network that connects Far East Asia with northern Europe. The vessel will be equipped with a set of IT solutions aimed at making navigation more efficient and safer. Specifically, **JACQUES SAADE** features a tactical display offering enhanced map views for more dynamic navigation briefings; a path prediction system optimised to display the ship's predicted position in the following three minutes; a smart eye system projecting a bird's-eye view of the ship's surrounding area, coupled with augmented reality screens offering the crew precise information on the ship's rate of rotation, distance from the wharf, and transverse speeds. The carrier's hardware has been optimised, too. The bulb has been seamlessly integrated into the hull profile, and the bow is straight. The propeller and rudder blade have been improved as well, along with the Becker Twisted Fin. A smart system has been installed to manage ventilation for the reefer containers carried in the hold.



Photo: CMA CGM

P&O Ferries invests €260m in two newbuilds

The 230 m-long, double-ended, hybrid battery ro-paxes, designed by **OSK-ShipTech**, will be delivered by the Chinese **Guangzhou Shipyard International (GSI)** and will have entered operations by 2023. The newbuilds will feature a suite of solutions aimed at making them as environmentally-friendly as possible. Specifically, all surplus energy generated by the engines will be stored in the battery pack. This will enable the engines to be run at the optimum level, with the battery charging when excess energy is being created and discharging when the ship requires peaks of power. Second, a heat recovery (steam) system will be used to provide heating for ultra-low sulphur fuel oil fuel heaters, fuel tanks, fuel oil/lube oil purifier heaters, and for reheating the heating, ventilation, and air conditioning (HVAC) system. In addition, a heat pump will be used for HVAC system preheating, domestic hot water, machinery rooms, and technical spaces below deck 8. Third, while during the peak summer season each ship will carry as many as 1,500 people, throughout off-peak sailings, it'll be possible to close up to two-thirds of the ferries – the power management system will turn off the lighting and ventilation in empty areas as well as optimise the utilisation of engines, batteries, and energy recovered from waste heat. Fourth, thanks to the double-ended design and two bridges, there will be no need to turn the ferries around. The captain and senior officers will walk to the other end of the ship and navigate from the second bridge on the return leg. According to **P&O Ferries**, this will save seven minutes of time on both the outbound and return journeys and one tonne of fuel (a sixth of the amount used on the entire 21-mile crossing). Apart from these, the two will have built-in observation windows, and each will have a 1,550 m²-big deck area (three-quarters of the size of Trafalgar Square). The passenger decks 8 and 9 have been designed with double-height windows running around the entirety of the middle of the ship. The deal with GSI includes an option to build two more vessels by 2024.

Vordingborg launches Stage 4 of its expansion project

The port council has unanimously recommended the initiation of the next phase of developing the Danish seaport, a decision also approved by the municipal council of Vordingborg. As such, the tender business is expected to commence in autumn 2019, with an expected start of the actual construction work in 2020. In detail, Stage 4 will be an extension of the Storstrøms Bridge construction site (on the southwest side of the Masnedø Island towards Falster). Stage 4 is a land reclamation project that will expand the port area by approx. 200k m², effectively more than doubling it (180k m²). Vordingborg will also gain around 150 m of quay wall. "The project is to contain the area, and subsequently fill it up with soil and recycled products from other construction projects. Today, huge amounts of soil and other industrial residual products are generated from the many construction projects around Denmark. By establishing a recovery project in South Zealand, companies in the municipality and in the area will have easier access in terms of getting rid of soil close to their construction projects," the **Port of Vordingborg** wrote in a press release. Since the costs of establishing Stage 4 are covered by payment for receiving the soil, the port does not have to raise loans. Both Danish and foreign companies have expressed an interest in both building the plant and handling of the soil. The press release underlined in this context, "Vordingborg Port has an extensive experience within recovery projects, as the port has been a partner in the EU Interreg project DUAL Port. Stage 4 is part of the original master plan and is, therefore, a natural extension of these experiences. In the recently completed port expansion, a number of recycled products were also used."

North Sea Port broadens its rail network

The Dutch-Flemish/Belgian port – comprising **Vlissingen**, **Terneuzen**, and **Ghent** – has joined forces with the Brussels-headquartered rail haulier **Lineas** to launch 12 new connections. These will link the Interface Terminal Ghent and Lineas' hub in **Antwerp** with **Madrid**, **Granollers**, **Tarragona**, **Hendaye**, **Schkopau**, **Lovosice**, **Curtici**, **Malmö**, **Milan**, **Wels**, **Vienna**, and **Basel**.

Kotka's new terminal

The **Port of HaminaKotka** and **Steveco** have set up the **Baltic Sea Pulp Centre**, a brand-new terminal in the D-area in the western part of Kotka's **Mussalo Harbour**. The port has invested almost €40m in erecting the necessary infrastructure across approx. 30 ha, while Steveco has built a 20,000 m²-big facility which will take care of the volumes delivered by UPM's Kaukaa and Kymi pulp mills. In addition, the Port of HaminaKotka has signed a letter of intent with **Finnlulp**, according to which the transports of the production of the company's pulp mill in Kuopio, which is currently under construction, will be handled at the Baltic Sea Pulp Centre.

Autonomous e-trucks to be tested in Helsingborg

The **Port of Helsingborg** has partnered with **Einride**, a Swedish tech company, to develop an autonomous, electric transport system within the seaport's premises. "Einride's solution for self-driving, electric trucks is based on a variety of technologies, for example, advanced safety systems and sensors like lidars, radars, and cameras, used to position the vehicle and observe its surroundings. Self-driving technology for Einride is not an end itself but is an important enabler for future sustainable transport. Vehicles without cab are naturally lighter and can be developed and designed for electric propulsion," the company wrote in a press release. **Mats Fernebrand**, Purchasing Manager, the Port of Helsingborg, highlighted, "In the third quarter of 2021, we hope to have a pilot in place to transport containers between two different parts in our port area. As the last level and step three, the vehicles should be able to drive 4-5 kilometres outside the port." The project kicked off on 1 October with an analysis of the transport flow in the port area.



Photo: Einride

Damen celebrates keel-laying of new dredging vessel

Damen Shipyards Galati hosted a celebration marking the keel-laying of a **Damen Marine Aggregate Dredger (MAD) 3500** for **Hanson UK**. The MAD is a new design from Damen that can dredge material at depths of up to -55 m.

Esbjerg adds another machine to its mobile harbour crane fleet

The Danish port has received a 48 m-tall **Liebherr LHM 800** crane, with a boom length of 66 m and a lifting capacity of up to 308t. It's the sixth Liebherr mobile harbour crane in **Esbjerg's** fleet, which means, according to the manufacturer, that the port is the owner of the biggest Liebherr mobile harbour crane fleet in Scandinavia.

World's largest cruise ship battery pack

Corvus Energy will deliver a 10 MWh energy storage system to **AIDA Cruises** to be installed next year on-board the company's 3,300 passenger capacity **AIDAperla**. **Geir Bjørkeli**, CEO, Corvus Energy, said, "This first contract for **AIDAperla** is also very special. It is not only the largest battery pack ever ordered; it is also the first regular cruise vessel with battery on board. The cruise industry is seeing the potential in energy storage as the benefits are numerous – not only for emission reductions but also for comfort and safety reasons."

MSC Gate Bremerhaven orders 25 rows-reach STSes

Liebherr will deliver the 135 m-tall, 73 m of outreach, and 51.2 m below the spreader lifting height ship-to-shore (STS) cranes in individual parts throughout 2020 for on-site assembly in **Bremerhaven**. The gantries will be able to handle ships with 25 rows of containers on deck without restrictions. The new machinery is set to be put in operation by end-2020.

CMA CGM launches the BSMAR service

The new weekly short sea loop, served by four 2,500 TEUs-big vessels, links a number of Black Sea and Mediterranean ports with Morocco's **Casablanca**. The service connects the ports of Odessa, Constanța, **Ambarlı**, **Gebze**, **Aliağa**, **Piraeus**, **Malta**, **Valencia**, **Algeciras**, and **Casablanca** through a voyage that takes 28 days to close the loop.

ABB to bring autonomous technology to the Port of Singapore

ABB, together with **Keppel Marine** and **Deepwater Technology** (KMDTech), will retrofit a 32 m-long harbour tugboat. The vessel will be equipped with digital solutions, enabling autonomous vessel operations by the end of 2020. Upon project completion, the vessel is anticipated to be South Asia's first autonomous tug.

UECC inks third battery-LNG PCTC

The subsidiary of **NYK** and **Wallenius Lines** has entrusted **China Ship Building Trading** and **Jiangnan Shipyard** with the delivery of another hybrid pure car & truck carrier (PCTC). The 169 m-long and 28 m-wide vessel, a sister ship of two other PCTCs to run on liquefied natural gas (LNG) with the support of battery power, will offer a carrying capacity of 3,600 units (up to 5.2 m-tall) on ten cargo decks, of which two will be hoistable. All three ships will have a side and quarter ramp, of 20t and 160t of safe working load, respectively. The first hybrid PCTC is to be delivered in 2021, while the latest purchase – in the following year.

Tallinn opens the refurbished part of Terminal D

First travellers have walked through the renovated parts of the ferry terminal, which will have been completed in full by the summer of 2020. "On the first floor of the building, the passengers arrive in a spacious atrium, and this is also where the store is located; from there, ramps bring them to the second floor with ticket desks and the check-in area. The third floor of the terminal is where only ticketholders are allowed. The windows provide beautiful views over the Old Town and the territory of the port, and the passengers now have significantly larger waiting and lounge areas at their disposal alongside a café and a store. Arriving passengers will from now on be able to reach the first floor directly from the third floor along a ramp," a press release from the **Port of Tallinn** read. The terminal building also received a new glass façade, with background lighting and covered with large wall panels and decorative mesh. "[...] visitors of the Port of Tallinn will be able to enjoy modern and well-lit room appropriate for Estonia's largest sea and tourist gate. The interior design of the terminal features advanced materials, natural wood and a light colour scheme," **Peeter Nõgu**, Head of Infrastructure Development, the Port of Tallinn, commented. **Marek Sööt**, Project Manager, **Nordecon AS** (the company in charge of carrying out the renovation), added, "The process of building the new part of Terminal D was rather challenging, mainly because the terminal remained operational and kept providing daily services to passengers at the same time." He furthered, "Still, any contractor would consider a project of such weight and importance, which sees millions of visitors pass through every year, to be a fascinating opportunity. The first stage has been completed, and approximately half of the old building has been renovated with further construction works to follow." As works are still in progress, Nõgu explained, "We cannot say that absolutely everything has been finished in the new terminal and part of the old terminal. A temporary solution for passengers' movement to and from the ship will have to be used in the area completed by now. Old furniture will also remain in the renovated part for a couple of months, and the fact that the old part of the terminal operational so far will be separated from the new one with temporary partitions will have to be taken into account. A third of the terminal is still in need of reconstruction, so there will be some noise inside while people will still see construction materials and structures to be taken down around the terminal." **Konsult**, led by **Irina Raud**, has authored the architectural solution and interior design of the building. The structure and special parts of the building were designed by **SWECO Projekt AS**, while the electricity, low current, and automation systems by **Rausi OÜ**. The reconstruction of the Terminal D has been co-financed by the European Union under the Connecting Europe Facility project **TWIN-PORT 2**.

Maersk Pelican's rotor sail test successful

Two 30 m-tall **Norsepower** Rotor Sails Solution installed on-board the tanker have matched the initial fuel and associated CO₂ saving expectations of 8.2%. This is equivalent to approximately 1,400t of CO₂. The savings were confirmed by comparing detailed performance information to a baseline established with full-scale measurements and computational analysis done for the vessel prior to the installation of the sail.

Trelleborg flirts with solar energy

The solar park in the **Port of Trelleborg** can become a reality next year. The port's authority has decided to build a 2,700 m² solar park. The goal is to meet at least half its own electricity demand through in-house energy production. No potential date for the construction of the solar park exists as of today, but the plan is to begin works in 2020.

Ports of Antwerp and Zeebrugge initiate merger negotiations

The decision is based on the findings of a complementarity and robustness study carried out by the consultancy firms **Deloitte** and **Laga**. The research concluded that current collaborations have limited impact because of the traditional competition between the two ports, a scope that's too narrow, and a lack of commitment. The report also stated that **Antwerp** and **Zeebrugge** are highly complementary and face the same challenges. Both port authorities are willing to formally start negotiations in view of a possible (phased) merger. The entire process is expected to take around two years.

Viking Line's new vessel to top climate-friendly charts

Viking Line's new cruise ferry, *Viking Glory*, will boast a high number of environmentally friendly solutions. It is estimated that the ship will consume up to 10% less fuel than the operator's other vessel, *Viking Grace*, which is smaller and was hailed as the world's most eco-friendly ship of its time. Launching into service in 2021, *Viking Glory* will be the first ship in the world to be equipped with **Wärtsilä 31DF** dual-fuel engines, running on liquefied natural gas (LNG). The vessel will have the ability to switch to biogas once it becomes a viable alternative in the future. It will also recover and recycle the waste cold from the use of LNG. Additionally, the ship will be equipped with a **Climeon** energy recycling system that harnesses and converts waste heat from the engines into electricity. The system can generate up to 40% of the electricity required by passenger functions. Moreover, dynamic air conditioning and lighting system will be installed on-board, which will have a direct effect on energy consumption. Finally, *Viking Glory* will feature **ABB's** Azipod propulsion unit. The system facilitates faster turns in the ports and a hull design with approximately 8% less water resistance than with a traditional propeller system.

market sms

Photo: Pixabay

TALLINK:

7.54m passengers served in I-IX 2019 (+1.1% yoy)

The line also carried more passenger-vehicles, up by 2.2% on the result from January-September 2018, altogether 886,017 units.

Tallink's volumes

Route	Q1 2019	Yoy	Q2 2019	Yoy	Q3 2019	Yoy	I-IX 2019	Yoy
Passengers								
Estonia-Finland	1,025,036	+2.8%	1,378,594	-0.5%	1,533,573	+2.0%	3,937,203	+1.3%
Finland-Sweden	522,945	-7.4%	760,584	-1.5%	881,948	-0.1%	2,165,477	-2.4%
Estonia-Sweden	227,279	+46.1%	279,699	+3.1%	302,147	-1.3%	809,125	+10.4%
Latvia-Sweden	155,189	+12.2%	212,449	-4.9%	257,122	+0.7%	624,760	+1.2%
Total	1,930,449	+4.0%	2,631,326	-0.8%	2,974,790	+0.9%	7,536,565	+1.1%
Ro-ro cargo units								
Estonia-Finland	58,376	-2.3%	64,538	+0.8%	59,958	-2.3%	182,872	-1.2%
Finland-Sweden	16,145	-17.9%	19,744	-0.4%	18,679	+2.3%	54,568	-5.5%
Estonia-Sweden	12,258	+27.2%	12,866	+11.7%	10,527	-7.3%	35,651	+9.6%
Latvia-Sweden	3,908	-3.5%	3,924	-6.9%	4,165	+6.0%	11,997	-1.6%
Total	90,687	-2.6%	101,072	+1.5%	93,329	-1.7%	285,088	-0.9%
Pax cars								
Estonia-Finland	174,110	+1.5%	231,719	+3.7%	237,073	-2.5%	642,902	+0.7%
Finland-Sweden	18,219	-6.3%	42,548	-1.3%	69,554	+1.9%	130,321	-0.4%
Latvia-Sweden	15,545	+21.7%	19,084	+19.3%	22,400	+14.1%	57,029	+17.8%
Estonia-Sweden	14,496	+39.8%	17,989	+6.5%	23,280	+3.2%	55,765	+11.9%
Total	222,370	+3.9%	311,340	+4.0%	352,307	-0.4%	886,017	+2.2%

THE PORT OF ST. PETERSBURG:

1,436,830 TEUs handled in I-VIII 2019 (-4.6% yoy)

Out of the total, refrigerated containers totaled up to 185,799 units, an increase of 2.2% on the result from January-August 2018. Overall, the Russian port took care of 39.40mt in the reported period, less by 1.9% year-on-year. General cargo turnover amounted to 27.56mt (-0.3% yoy), out of which 17.32mt was containerised freight (-5.4% yoy), followed by 6.04mt of liquid (-7.1% yoy) and 5.80mt of dry bulk (-4.0% yoy).

VIKING LINE:

100,026 cargo units carried in I-IX 2019 (+5.2% yoy)

On the other hand, the company's ferries were boarded by fewer passengers, a decrease of 1.4% year-on-year to a total of 4,897,632 travellers. Jan Hanses, CEO and President, Viking Line, commented,

"Results for the first three quarters of the financial year were better than the same period last year. I am especially pleased with the increased sales and improved sales contribution per passenger as well as the lower operating expenses. The favourable trend from the second quarter continued during our peak season, which is the year's most important period economically. The positive trend for sales and the sales contribution per passenger continued."

THE PORT OF SZCZECIN-ŚWINOUJŚCIE:

24.41mt handled in I-IX 2019 (+/-0% yoy)

The port's main trade, general cargo, dropped by 2% year-on-year to altogether 13.24mt, out of which freight brought on-board ferries toted up to 10.40mt (-2.1% yoy).

The Port of Szczecin-Świnoujście's volumes

	I-IX 2019	Yoy
General cargo (excl. timber), out of which	13,242.6kt	-2.0%
Ferry cargo	10,403.1kt	-2.1%
Liquid bulk	3,121.3kt	+6.8%
Other dry bulk	2,624.2kt	+8.3%
Coal	2,323.8kt	-2.5%
Ores	2,044.1kt	-13.8%
Grains	879.7kt	+14.3%
Timber	173.8kt	+662%
Total	24,409.5kt	+/-0%
Container traffic		
TEUs	54,337	-12.1%

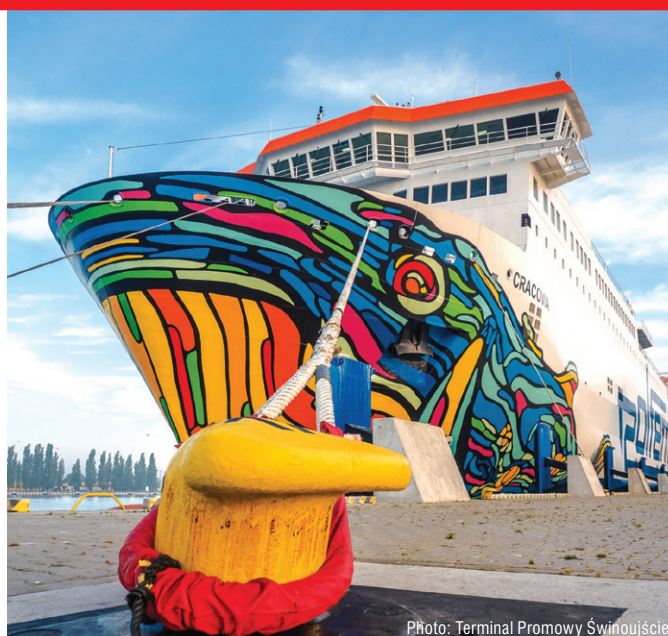


Photo: Terminal Promowy Świnoujście

THE PORT OF BREMEN-BREMERHAVEN:

36.09mt handled in H1 2019 (-1.2% yoy)

Out of the total, 29.52mt were handled in Bremerhaven (-5.0% year-on-year), while the remaining 6.57mt in Bremen (+20.5% yoy). The turnover of general cargo amounted to 31.22mt (-4.7% yoy), of which containerised freight accounted for 26.84mt (-5.7% yoy). The throughput of bulk goods went up by 29.7% yoy to a total of 4.86mt. A total of 2,486,121 TEUs was taken care of, a decrease of 8.6% on the result from H1 2018. Fewer vehicles were handled, too, a downtick of 2.5% yoy to altogether 1,090,781 units.

THE PORT OF TALLINN:

169,636 TEUs handled in I-IX 2019 (+2.7% yoy)

When measured in tonnes, however, the port's containerised freight traffic noted a slight decrease of 0.8% year-on-year, to over 1.39mt.

The Port of Tallinn's volumes

	I-IX 2019	Yoy
Cargo traffic		
Liquids	5,161kt	-25.0%
Wheeled (ro-ro)	4,038kt	-0.2%
Dry bulk	3,202kt	+15.9%
Containerised	1,395kt	-0.8%
Break-bulk	485kt	-1.0%
Non-marine	4.0kt	+473%
Total	14,284kt	-8.3%
Passenger traffic		
Tallinn-Helsinki	6,747k	-0.1%
Tallinn-Stockholm	715k	-9.8%
Cruise	641k	+2.7%
Muuga-Vuosaari	78k	+195%
Tallinn-St. Petersburg	59k	-6.0%
Other	57k	+31.6%
Total	8,297k	-0.1%

UK PORTS' FERRY TRAFFIC:

19.57m passengers served in 2018 (+0.6% yoy)

With 11.78m guests going through its quays last year (+0.7% year-on-year), the Port of Dover alone served 60% of the country's ferry traffic.

UK ports' ferry traffic (thousand passengers)

Port & region	2018	2018/2017
Thames & Kent		
Dover	11,783.3	+0.7%
London	10.0	-9.1%
Ramsgate	0.04	-22.0%
Total	11,793.31	+0.7%
South Coast		
Portsmouth	1,847.5	+0.1%
Plymouth	433.3	+0.6%
Newhaven	379.6	+1.2%
Poole	208.4	+3.4%
Total	2,868.9	+0.6%
West Coast		
Holyhead	1,913.7	-0.4%
Milford Haven	325.6	-4.5%
Fishguard	294.6	-2.8%
Liverpool	115.5	-4.6%
Other	1.7	-27.0%
Total	2,651.2	-1.4%
East Coast		
Hull	850.7	+1.5%
Harwich	676.5	+1.4%
Tyne	621.1	+4.2%
Grimsby and Immingham	98.0	+1.0%
Felixstowe	9.2	-7.5%
Other	2.2	-28.0%
Forth	0.05	-89.1%
Total	2,257.7	+2.1%
GRAND TOTAL	19,571.1	+0.6%

THE PORT OF TURKU:

79,449 trucks & trailers handled in I-IX 2019 (+8.9% yoy)

The Finnish port also took care of more containers, up by 11.1% year-on-year to a total of 3,105 TEUs. Passenger traffic noted an increase, too, of 1.2% yoy to altogether 2,426,467 travellers. On the other hand, the port's total freight turnover noted a downtick of 1.2% yoy to a total of 1,719.2kt, out of which international traffic amounted to 1,640.7kt (-0.6% yoy) while domestic – 78.5kt (-12% yoy).



Photo: Jouni Saaristo/Port of Turku

THE PORT OF ANTWERP:

178.9mt handled in I-IX 2019 (+1.1% yoy)

Containerised freight led the charge with 104mt (+5.7% year-on-year), while break-bulk noted the sharpest drop of 12.9% yoy to altogether 6.6mt.

The Port of Antwerp's volumes

	I-IX 2019	Yoy
Containerised	104mt	+5.7%
Liquids	54.1mt	-6.1%
Dry bulk	10.2mt	+9.5%
Break-bulk	6.6mt	-12.9%
Wheeled (ro-ro)	3.8mt	-2.1%
Total	178.9mt	+1.1%
Container traffic		
TEUs	8.87m	+6.4%

THE PORT OF ROTTERDAM:

353.48mt handled in I-IX 2019 (+1.0% yoy)

Throughput in two of the three major cargo groups continued to grow – general cargo by 5.4% year-on-year to a total of 138.1mt and liquids by a modest 0.1% yoy to 159.49mt. Dry bulk noted a drop of 1.4% yoy to 353.48mt.

The Port of Rotterdam's volumes

	I-IX 2019	Yoy
Liquids (thousand tonnes)		
Crude oil	77,248	+2.8%
Oil products	52,594	-10.6%
Other	24,157	+11.2%
LNG	5,487	+46.4%
Total	159,486	+0.1%
General cargo (thousand tonnes)		
Containerised	114,759	+3.3%
Wheeled (ro-ro)	18,430	+1.5%
Break-bulk	4,913	+4.4%
Total	138,102	+5.4%
Dry bulk (thousand tonnes)		
Iron ore & scrap	22,529	+2.0%
Coal	16,809	-11.4%
Other	9,377	+12.2%
Agriculture goods	7,177	-0.8%
Total	55,892	-1.4%
GRAND TOTAL	353,480	+1.0%
Container traffic		
TEUs	11,193k	+3.8

HHLA'S SEA CONTAINER TERMINALS:

3,770k TEUs handled in H1 2019 (+3.8% yoy)

Additionally, the company's intermodal arm took care of 782k TEUs (+9.6% year-on-year), of which 610k TEUs (+9.3% yoy) were carried by rail and 172k TEUs (+10.8% yoy) by road. Commenting on the results, Angela Titzrath, Chairwoman, HHLA's Executive Board, said, "The results achieved in the first half of the year confirm our expectations of reaching the targets forecasted for 2019." She then went on, "However, these results only represent one step in our strategic plan to secure the success of HHLA in the mid- and long-term future. It goes without saying that, in addition to the continued development of our core business and tapping into further business fields, sustainability and climate protection are integral elements of our business model. We are aware of our responsibility – not only for HHLA's economic development but also towards society – and have already done a lot of work in this area."

THE PORT OF RIGA:

23.91mt handled in I-IX 2019 (-10.5% yoy)

All major cargo groups noted a decrease – dry bulk by 12.8% year-on-year down to 15.04mt, general cargo by 3.2% yoy to 6.15mt, and liquid bulk by 12.2% yoy to 2.72mt. Passenger traffic marked a downtick, too, of 1.6% yoy to altogether 687,140 travellers. Out of the total, the ferry and cruise segments accounted for 619,273 (-0.7% yoy) and 67,867 (-9.1% yoy) passengers, respectively. On the other hand, container traffic rose in the reported period. Containers totaled up to 345,582 TEUs (+0.9% yoy)/3.61mt of containerised freight (+0.2% yoy). Ro-ro traffic, counted in trucks and trailers, dropped by 11.4% yoy to 59,168 units. However, measured in tonnes, the wheeled cargo sector advanced by 4.2% yoy to 402kt.

UK PORTS:

235.83mt handled in H1 2019 (+1.7% yoy)

Despite Brexit looming on the horizon, or maybe thanks to it, more goods passed the English, Welsh, Scottish, and Northern Ireland's ports over the course of this year's first six months.

UK ports' volumes in H1 2019 (million tonnes)

No.	Port	H1 2019	H1 2019/H1 2018
1	London	26.37	+1.9%
2	Grimsby and Immingham	25.93	-5.7%
3	Milford Haven	17.41	+16.2%
4	Liverpool	17.14	+14.5%
5	Southampton	16.69	-1.8%
6	Tees and Hartlepool	13.73	-2.1%
7	Forth	13.44	-3.6%
8	Dover	12.29	-3.5%
9	Felixstowe	11.89	-18.3%
10	Belfast	9.32	-4.5%
Total Top 10		164.20	-0.7%
		Share of total: 69.63%	-1.68pp
11	Medway	6.81	+54.1%
12	Rivers Hull and Humber	5.21	+8.3%
13	Hull	4.69	-3.3%
14	Clyde	4.07	+1.4%
15	Bristol	4.03	-3.0%
16	Manchester	3.70	+12.6%
17	Sullom Voe	3.43	+38.6%
18	Glensanda	3.32	+13.7%
19	Port Talbot	3.17	-0.6%
20	Holyhead	2.69	+3.2%
21	Tyne	2.46	+21.4%
22	Heysham	2.35	-0.1%
23	Harwich	2.22	+10.9%
24	Aberdeen	2.07	+6.9%
25	Portsmouth	1.86	-0.9%

No.	Port	H1 2019	H1 2019/H1 2018
26	Warrenpoint	1.74	+1.0%
27	Orkney	1.46	-17.9%
28	Larne	1.43	-1.2%
29	Cairnryan	1.39	-2.1%
30	Newport	1.30	-5.5%
31	Loch Ryan	1.28	+0.1%
32	Plymouth	1.23	+0.7%
33	Shoreham	1.03	+0.9%
34	Londonderry	1.03	+7.2%
35	Ipswich	1.01	+1.6%
36	Cardiff	0.90	+1.6%
37	Peterhead	0.74	+28.5%
38	Goole	0.66	-10.2%
39	Great Yarmouth	0.59	-1.3%
40	River Trent	0.54	-2.0%
41	Sunderland	0.43	-5.2%
42	Cromarty Firth	0.40	+345%
43	Newhaven	0.40	+12.2%
44	Boston	0.39	+9.7%
45	Poole	0.37	-8.5%
46	Fishguard	0.27	+29.5%
47	Dundee	0.26	-11.9%
48	Kilroot Power Station Jetty	0.23	-35.3%
49	Swansea	0.23	-6.7%
50	Fowey	0.18	-16.6%
51	Ramsgate	0.05	+18.0%
Total		235.83	+1.7%

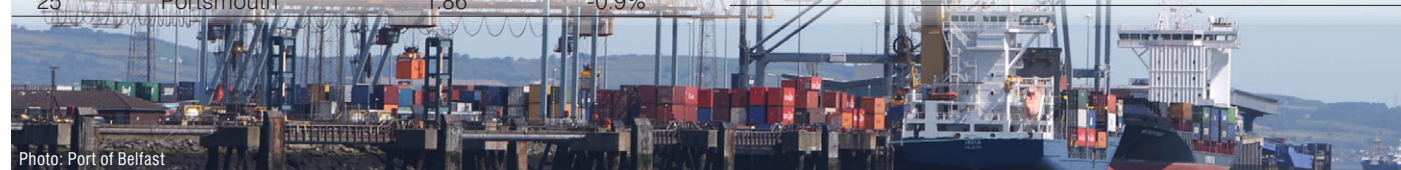


Photo: Port of Belfast

COSCO SHIPPING PORTS:

92.17m TEUs handled in I-IX 2019 (+5.3% yoy)

The Hong Kong-based terminal operator, handling containers over 206 berths worldwide, noted increases across all the regions in which it's active. Specifically, its main market, the Greater China region, rose by 3.2% year-on-year to a total of 25,208,454 TEUs, followed by the Bohai Rim sub-market (+4.4% yoy to 10,634,378 TEUs), Pearl River Delta (+1.1% yoy to 7,399,838 TEUs), Overseas (+12.9% yoy to 7,196,552 TEUs), Yangtze River Delta (+3.1% yoy to 5,287,580 TEUs), Southeast Coast (+0.5% yoy to 1,453,456 TEUs), and Southwest Coast (+27% yoy to 433,202 TEUs). In Europe, COSCO's container terminal in the Greek Piraeus advanced by 15.1% yoy to altogether 1,342,395 TEUs. At the same time, CSP Spain's volumes contracted by 6.1% yoy down to 886,065 TEUs.

THE PORT OF LIEPĀJA:

31,159 ro-ro cargo units handled in I-VIII 2019 (+7% yoy)

At the same time, however, the Latvian seaport's total freight throughput contracted by 6.5% on the result from January-August 2018, down to 4.65mt. Dry bulk lost 6.2% year-on-year, totalling 3.53mt. General cargo marked a decrease, too, of 14.8% yoy to 780.2kt (here, among other things, the handling of wheeled cargo amounted to 461.1kt, -7.7% yoy, while of timber to 270.1kt, -18.5% yoy). On the other hand, the turnover of liquid bulk rose in the reported period, by 16.1% yoy to 346.7kt. Passenger traffic decreased by 23.7% yoy to altogether 26,415 travellers.

short stories

Photo: Rawpixel

The 'salmon train'

The Norwegians and Finns are working together towards launching a container train service which would carry fish to China. The planned route would connect the Norwegian **Port of Narvik**, where containers would be loaded with salmon bred in fish farms off the coasts of Northern Norway, to the Swedish-Finnish border crossing in **Haparanda-Tornio**, via the junction in **Boden**, from where the now broad gauge set would head for Kouvola, which has already a 12-14-day transit time link to

the Chinese **Xi'an** – the final destination point of the 'salmon train'. As of today, a yearly volume of around 30kt of salmon is air-shipped from Helsinki to China. The project is a result of a decision recently taken by the Russian authorities to lift the ban on transit traffic of certain products, including agricultural goods and foodstuff. The country has opened a special department to oversee transit traffic, meaning that interested parties will have to receive approval in order to dispatch their shipments.



Photo: Railgate Finland

Belarusians work on digitalising the New Silk Road

After the successful introduction of electronic documents for the transit of empty wagons between the country and its Russian, Latvian, and Lithuanian neighbours, **Belarusian Railway** wants to do the same across the entire New Silk Road. "We work in a large area from China to the EU market. On this stretch, the cargo passes through several borders with completely different laws. The shipping documents follow the cargo; they are passed from hand to hand, reprinted and translated from language to language," **Gennady Glevicky**,

Deputy Chief Engineer, Belarusian Railway, explained. He then went on by saying, "We are faced with the task to replace the paper documents within the transportation process with electronic ones. The digital document created at the departure station should pass all the borders and be delivered to the consignee in the same form without transforming into paper." Back in 2015, the company launched Electronic Transportation, an IT system that made it possible for customers to use electronic documents while operating within Belarus.

The Middle Corridor launches a service over the Black Sea

The company, previously known as the **International Association of the Trans-Caspian International Transport Route**, has launched a regular short sea service between the ports of **Batumi/Poti** in Georgia and **Constanța** in Romania in order to smoothen the flow of containers along the southern

leg of the New Silk Road (however, the service is also open to third parties interested in intra-Black Sea traffic). It takes five days to cross the route in one direction. The service is operated with the use of a vessel owned by the **Azerbaijan Caspian Shipping Company**.

Nearly all westbound New Silk Road trains now laden

According to the data provided by seven Chinese rail hubs, altogether responsible for handling about 73% of China-to-Europe freight trains, the loaded container ratio reached the level of 98% in the first half of this year. "In September last year, the Chinese government issued a new restriction on Eurasian rail freight traffic. Only fully loaded trains could depart China to the west. A train with 40 full containers and one empty would not be subsidised. Although the rules had been in place since 2017, they were not actually applied till then," **RailFreight.com**, a Dutch online media outlet, reported. The **China Railway Corporation (CRC)** has commented on the issue in an interview with *Global Times*, a state-run Chinese

newspaper, "In 2018, the ratio for outbound trips was 94% while that for return trips was 71%. During the first half of this year, the ratio for outbound trips improved further to 98% with an 82% ratio for return trips." The CRC also explained, "When localities were competing for hub status years ago, the issue of empty containers was serious. However, as the service has grown in scale, and industry players learned to discipline themselves, and the concept of high-quality development took root, the phenomenon has become a thing of the past." However, exemptions apply, including for the movement of reefer containers as well as when empty boxes are relocated as cargo.

UTLC ERA New Silk Road partnership with Lanzhou Anting PIL Logistics

The two have signed a memorandum of understanding aimed at increasing the volume of goods shipped between China and Europe. Specifically, **UTLC ERA** (a joint venture set up by the railways of Belarus, Kazakhstan, and Russia) will take care of terminal-to-terminal transportation on the broad 1,520 mm gauge, while **Lanzhou Anting PIL Logistics**

will focus on attracting Chinese customers to use rail instead of other transport modes and, as such, contribute to the development of the Lanzhou New Area, the so-called new state-level district brought to life by the Chinese State Council back in 2012 (the first established in North-West China) with the aim of developing the country's hinterland.

Yantai-Moscow rail service opens

RZD Logistics and **Far East Land Bridge (FELB)** have started trialling container transports between the two cities via Mongolia. The first train set – consisting of 42 containers loaded with consumer goods, equipment, spare parts, and electronics – left **Yantai** on 28 June. The parties intend to

turn it into a regular, weekly, 16-18-day transit time service as of August. In the future, cargo traffic will also be channelled through **Zabaykalsk**, in addition to the current setup that uses the crossings in **Erlian** and **Naushki**.

Source: *RailFreight.com*



Hupac trials the Milan-Xi'an route

The Swiss intermodal operator has partnered with the **Xi'an International Port Area** to test rail shipments between the **Terminal Busto Arsizio-Gallarate** and the Chinese city located in the **Shaanxi Province**. The trial will see the 18-day transit time service being operated on a monthly/bimonthly basis. The long-term goal of **Hupac** is a weekly frequency. To that end, the company has, among others, added broad gauge rolling stock to its fleet.

A new rail freight connection between China and Belgium

The eastern Chinese city of **Yiwu**, home to the world's leading small commodities market, has opened a new, twice a week, rail freight route to Belgium's **Liege**. Loaded with 82 boxes, the train arrived in Belgium after 20 days of journey. The new service is part of the cooperation between **Yiwu City** and the **Electronic World Trade Platform (eWTP)**, an organisation proposed by **Jack Ma**, the founder of **Alibaba**. In June this year, **Alibaba** signed a cooperation agreement with the government of **Yiwu** to set up eWTP's global innovation centre in the city. According to the agreement, the two sides will innovate new trade modes in imports and exports, jointly build smart logistics

hubs, and develop new types of trade financing. **Yiwu** has been dubbed the "World's Supermarket," with approx. 15,000 active foreign traders from over 100 countries situated on the spot. The volume generated by the express delivery business in **Yiwu** accounts for about one-fifteenth of the nation's total. Since the first China-Europe train service was launched from **Yiwu** in November 2014, cargo trains have made nearly 900 journeys and carried more than 70,000 standard containers. The new service has brought the total China-Europe train routes originating from **Yiwu** to 11, connecting the city with 37 countries and regions across Eurasia.

Budapest-Xiamen train

Metrans, **DBO Bahnoperator**, and **Trans Eurasia** have launched a new weekly rail container service between the Hungarian capital and the Chinese port city situated in the Fujian

province. The first train-set departed for **Xiamen** on 21 October and ran through Slovakia, Ukraine, Russia, and Kazakhstan. The journey took 15 days to complete.

First test-run between China and Serbia

China Railway Express dispatched a 28 container-long train from **Jinan** on 24 September, which a month and some 10,500 km later arrived at the New Belgrade railway station. The load consisted of equipment to be used by the Chinese companies setting up the 350 km-long Budapest-Belgrade high-speed rail

line (scheduled for completion in 2023). It is unknown whether a regular China-Serbia rail service will be put in place in the near future, though, the Serbian government has expressed its interest in having a direct rail connection with the Chinese economy.

From China to Slovakia to CEE

Metrans has launched a new regular rail freight service from the Chinese **Xi'an** to the Slovak **Dunajská Streda** via **Dobrá**. The first 44 FEUs-big train arrived in **Slovakia** on 3 October after 14 days of transit. The service runs once per week in one direction. The empty containers will be transported to **Budapest**, where they will be shipped to **Xiamen** in China. "Clients using this service could enjoy delivery through the whole CEE region and Metrans terminal network. It is also appreciated by the governments of the respective countries as we do not need to resort to trucking for long distances,"

Martin Koubek, Business Development Director – Silk Road, Metrans, highlighted. "The transport through Ukraine was more than competitive, as transit time was some 32 hours. Customs procedures and train takeover at the Russian border happened very quickly, within some six hours. We see big potential in this route. Customs procedures may be something that requires development, but as far as I have heard, Ukraine is willing to join the European customs NCTS system in the near future. From this perspective, it may become even easier to transport trains via Ukraine," Koubek added.

New Silk Road goes blockchain

The first cross-border blockchain platform, **China Europe E-One**, was put into operation on 20 October in the Chinese province of Sichuan, with the aim of making the multimodal transport system of the New Silk Road more efficient. The

project is an initiative of the **Industrial and Commercial Bank of China**, including the Sichuan branch, but also its offices in Abu Dhabi, Warsaw, Moscow, and other overseas institutions.

Marmaray Tunnel now open to freight trains

A new rail freight service has been launched from **Xi'an** in China to the Czech capital of **Prague**. The link is a novelty because it runs uninterrupted from Baku to Europe, thanks to its passage through the 13.5 km-long undersea rail Marmaray Tunnel in

Istanbul that connects the European and Asian part of the city, traditionally used by passenger trains only. Now that freight trains may cross the Bosphorus Strait via the tunnel, the train journey from Baku to Europe can be carried out without a single stop.

Ghent and Xi'an – linked

Loaded with **Volvo** cars, the trains will run twice a week, departing in Europe from the **Interface Terminal Gent** located in **Kluizendok**. The first shipment, consisting of 190 XC60s, arrived from China on 4 July. The train took 180 XC90s, V90s, and V60s in the opposite direction. The

Brussels-headquartered rail operator **Lineas** is responsible for exports from Ghent. Volvo has a car factory in the **Port of Ghent** (part of the **North Sea Port** formed after the merger of the **Ghent Port Company** and **Zeeland Seaports**), which in 2018 produced a total of 200,396 cars.

Duisburg to have a brand-new New Silk Road terminal

According to the deal, **duisport**, a port authority managing Europe's largest dry port, will withdraw its coal island from the market, starting in 2020, and build a trimodal container terminal on the site together with its international partners from **COSCO SHIPPING Logistics**, **Hupac**, and the **HTS Group**. The new terminal, **Duisburg Gateway Terminal**, will focus particularly on taking care of New Silk Road traffic. Out of the 240k m² total area the investment will span over, the terminal will cover 220k m² while the remaining 20k m² will be taken up by warehouses. The facility

will feature six gantry cranes; 12 block train platforms, each with a track length of 730 m; five loading areas and three berths for inland vessels; as well as a container storage area of 60k m². The €100m investment is set for commissioning in 2022. According to duisport, around 30% of all rail-based trade between China and Europe runs through the **Port of Duisburg**. Currently, between 35-40 trains per week run between duisport and a dozen different destinations in China. When completed, this number will go up to 100 China-bound trains, totting up to some 850k TEUs/year.

The 'liquor train'

The **Yellow Crane Tower**, a liquor the Chinese **Wuhan** is well-known for, has rail-crossed **Eurasia** towards the French market thanks to a service provided by **United Transport and Logistics Company – Eurasian Rail Alliance (UTLC ERA)**, a JV between the railway companies of **Belarus, Kazakhstan, and Russia**. The liquor left the Wujiashan railway terminal on 17 October, arriving in **Libourne** 12 days later. **Alexey Grom**, General Manager, UTLC ERA, mentioned that due to the increase in speed and efficiency of rail transportation, the company would actively expand the market of food products transportation on the China-Europe route.



Photo: Cabooter Group

Logistics hub Venlo on the map in China

Cabooter Group Venlo, Limburg Development and Investment Company (LIOF), and the China Investment Promotion Agency (CIPA) have signed a cooperation agreement aimed at promoting the Dutch logistics hub among Chinese stakeholders. The signatories believe that the city on the Dutch-German border is well equipped to become the new European logistics hotspot for Chinese companies. Cabooter Group is currently developing at **Trade Port Noord** what's said to become the largest inland train terminal in the Netherlands. With the rapidly increasing demand for Chinese products, the company expects that most rail terminals will not be able to handle the growing number of Chinese trains. With the new terminal, up to 20 full freight trains can be transferred every day through Venlo, according to the terminal operator. The first direct line to China from the company's terminal should be operational soon. A second route is in the pipeline via the **Port of Baku**. CIPA will handle things on the other end by promoting the hub under the name **Sino-Europe Logistics Park Venlo Region**. The cooperation is also open to other parties that have an interest in a stronger trade relationship between the province of **Limburg** and China. The partnership has been initiated by LIOF. According to the organisation, Venlo was selected because of its good connections to the ports of **Rotterdam** and **Antwerp** and the airports of **Schiphol** and **Maastricht-Aachen**.

From China to Germany 40% faster

In a bid to capitalise on and boost trade growth, **DHL Global Forwarding China** has recently launched an express rail freight service from **Xi'an in China to Hamburg and Neuss in Germany**, 9,400 km in total, cutting transit time down by over 40% from the original 17 days to 10-12 days. The service enters Europe via

the **Mamonovo-Braniewo** border crossing between Russia and Poland. "With Europe-China trade averaging €1 billion a day and slated to grow, expeditious and reliable freight connections are more important than ever before," **Qu Jinwei**, General Manager, **Xi'an International Inland Port Investment & Development Group**, said.

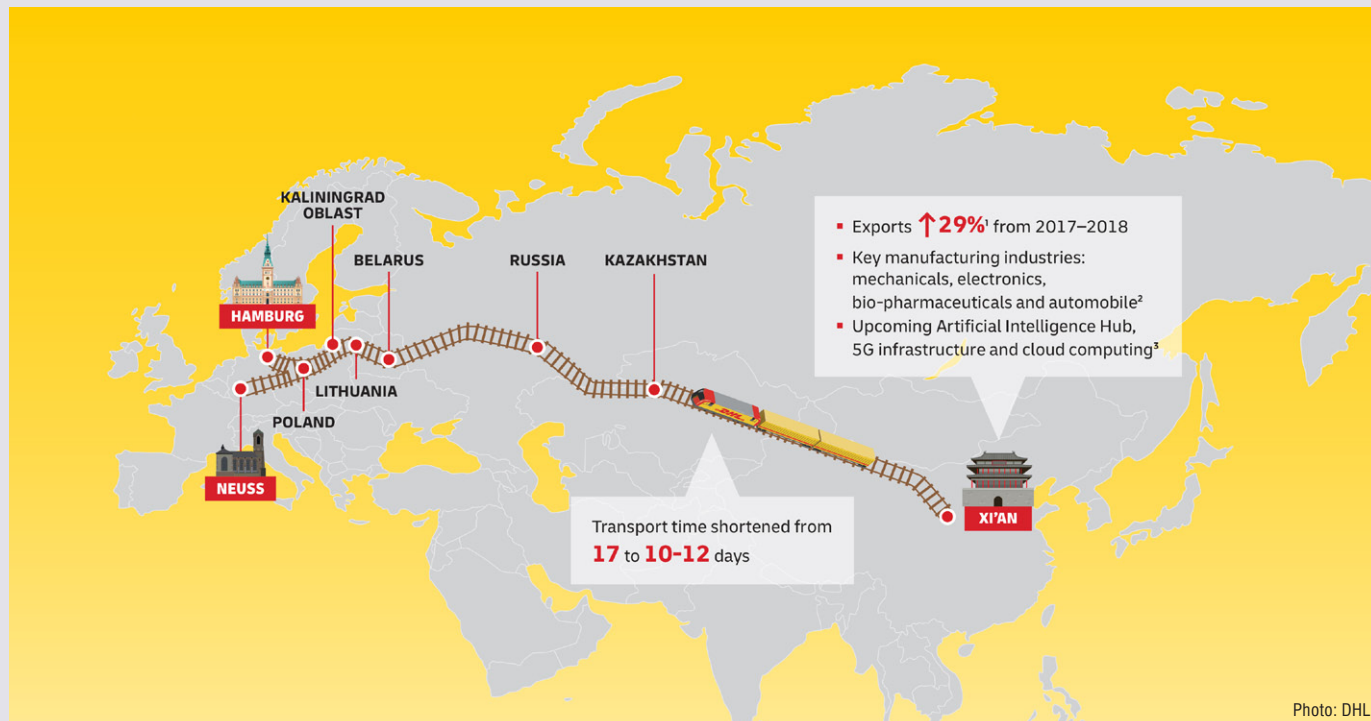


Photo: DHL



featured article

Are China and the US on a one-way trip towards the point of no return?

Photo: Pexels

When dragons and eagles go to war

by **Andrzej Urbaś**

Some 40 years after China and the United States first kindled their diplomatic relationships, the relations have never been in a shakier condition. What are the next steps in the trade war between the world's two biggest superpowers that has become increasingly intense over the past 19 months? A recent report published by the Center for Strategic and International Studies (CSIS) may hold the answer.

The *Beyond the Brink: Escalation and Conflict in U.S.-China Economic Relations* study, prepared by a team of CSIS experts under the direction of Matthew P. Goodman, attempted to model the possible outcome of the conflict between the two countries. The findings suggest that the trade war may not end any time soon and will shape the relationship between China and the US for the foreseeable future. No end seems to be in sight until both players decide to change their perception of relative costs.

A pinch of history

Carl Sagan, an American astronomer and cosmologist, once said that in order to understand the present we need to know the past. It may be helpful to take a short trip down the memory lane to get a better picture of what led to the conflict at hand and where we are as of this moment.

A handy timeline provided by Reuters traces the possible ignition point of the debacle to President Trump's plans to counter Chinese unfair trade practices, presented

during a rally in Pennsylvania in June 2016. While this happened during the campaigning period, it suggested the turn US policy towards China might take should Trump win the election. And win he did.

Three months later, on 31 March 2017, the new president signed two executive orders, one of them ordering a review of US trade deficits and reasons behind them. What followed was the first meeting between Trump and the Chinese President Xi Jinping at the beginning of April the same year, which initiated the so-called 100-day plan for trade talks. However, it proved unsuccessful to produce any consensus as to how to reduce the US deficit with China. Fast forward to August 2017 to witness Trump issue his first direct trade action against Beijing. The US president ordered a probe into alleged Chinese intellectual property threat, activities he accused China of during his campaign back in 2016.

Skipping ahead to 8 March 2018, this date marks the beginning of a long list of back and forth tariff impositions between the two superpowers. Up until 6 July 2018,

RECENT TIMELINE OF THE US-CHINA TRADE WAR

6/7
2018

US - 25% tariffs on \$34bn Chinese goods

China - 25% tariffs on \$34bn U.S. goods

23/8
2018

US - 25% tariffs on \$16bn Chinese goods

China - 25% tariffs on \$16bn U.S. goods

24/9
2018

US - 10% tariffs on \$200bn Chinese goods

China - 10% tariffs on \$60bn U.S. goods

1/9
2019

US - 10% tariffs on \$125bn Chinese goods take effect

20/9
2019

USTR issues tariff exclusions on approx. 400 Chinese products

7/10
2019

US Commerce Department puts 28 Chinese companies on its "entity list"

OVER 75% OF \$660B
IN TWO-WAY TRADE
IS SUBJECT TO
TARIFFS

these tariffs weren't as big in scope as they are today. But on that day the hammer finally came down, and the US imposed tariffs of 25% on \$34b worth of Chinese imports, China didn't wait long to retaliate and responded with its own tariffs of comparable magnitude.

There is no need to further scrutinise each of the myriad of events that followed. What is important, however, is that according to the CSIS report, a year after the trade-war began in earnest, over three-quarters of the \$660b in trade between the two countries are subject to tariffs. It is no wonder that the fallout that might follow this power struggle can affect not only the economies of China and the US but also other countries all over the world.

According to the report, the US entered the conflict without sufficient preparation. In order to support US policymakers in navigating the intricacies of the biggest trade war in recent history, the CSIS developed a model to try and predict in which direction it may escalate.

A dash of theory

Based on game theory and tested in simulation sessions with a group of experts, the model relies on two underlying theories. First is the theory of bargaining. It illustrates how both sides of a given conflict decide to divide a set of goods between each other, applying leverage or straight out threats when necessary to gain an advantage. There is a cost to every action but should the gains exceed it, one of the parties might decide to engage in a conflict instead of choosing to bargain. This decision may be based on private intel about the strength of the adversary, miscalculation due to insufficient information thereof, or simply the fact that the goods at the heart of the feud are judged indivisible.

The other theory applied to the model developed by the CSIS is that of deterrence and compellence. It describes how the sides of a conflict compel each other to act or refuse to take action with threats or resource denial. It can be used to analyse how one of the players may raise the stakes high enough to force the other to submit. The report identifies three dimensions of escalation in case of an economic conflict, i.e., vertical escalation (affecting frequency of action or the number of targets); horizontal escalation (affecting the boundaries of the conflict); or types of targets and political escalation (affecting the rhetoric, objectives, demands, or rules of engagement).

Each country's willingness to take risks and the available pool of information are the two primary factors for the predictions produced by the model. Considering that the

trade war between China and the US has continually escalated, it is obvious that both parties didn't go the bargaining route, instead deciding to pile pressure on the other side in hopes of gaining the upper hand.

The economic war arsenal

The report also lists the actions countries involved in a trade war may take. Outbound economic actions are associated with the highest potential cost and are most likely to provoke retaliation. These may include international complaints, e.g., ones filled to the World Trade Organization (WTO), non-WTO-sanctioned tariffs, investment restrictions, de-listing of foreign companies on domestic stock exchanges, commercial espionage, and currency manipulation. Sounds familiar? These were the weapons of choice of our two fighters.

Two other types of actions identified in the report were coalition building and domestic interventions. The former makes use of economic partnerships to apply pressure on the opponent and rely on the support of third-party countries. The latter turns to domestic policy and development in order to strengthen the country internally and include fiscal support for sectors disrupted by the trade war or initiatives that lower or eliminate the reliance on trade with the opponent.

Playing the game

As mentioned above, the model invented by the CSIS has been tested in two simulation runs in March and May 2019. In both cases, the teams representing China and the US failed to come to an agreement. The first one ended with China threatening to abandon final negotiations, while a partial understanding was reached during the second simulation, it still ended with both sides disagreeing on specific policy decisions. Each time the US took the aggressive stance, China took steps to strengthen domestic growth and to reduce dependence on the US economy.

Despite the rather unoptimistic outcome of the simulations, they still managed to provide insights into the nature of the conflict and possibly contribute to finding solutions further down the path. The team representing China was very susceptible to threats of export bans aimed at the country's technological sector. Broad-base tariffs proved less effective. 'Team China' was also keen on seeking partners. Considering Beijing's sizeable efforts to win over partners could mean that the US could gain an advantage by adopting a multilateral approach.

The simulations also showed that an enduring conflict of such magnitude would push the governments to get increasingly

involved in the domestic economy. Governments might decide to stop certain companies from engaging in trade with the other side. They will also need to find ways to support growth in order to soften the consequences of the conflict's escalation. Should they fail, the adversary will see it as weakness and gain additional leverage. Speaking of escalation, the report also states that once a line is crossed, there might be no coming back. If a point of no return is reached, economic decoupling might become a reality; even if a deal is struck in the end, the resulting lack of trust and credibility on both sides will mar public and private sector decisions for years to come.

A number of recommendations presented in the report include establishing "dual credibility" by the US. It seems crucial for Washington to be able to convince Beijing that it is willing to go through with threats and weather the strain on its own economy, while at the same time honouring its commitments in case both parties manage to reach an understanding. The US also should not shy away from stakeholder and expert input, thus enhancing the decision-making process. Transparency in dialogue with industry and consumer groups could also prove valuable. A better understanding of the benefits and costs of trade between the US and China is perhaps of the greatest importance. It would allow the US to set clear objectives for the negotiations, which is considered by the report as the first step to success when bargaining with a foreign power.

Ripples of war

The economic conflict between China and the US does not affect just the two adversaries. According to the International Monetary Fund (IMF) estimates, global growth in October slowed down to 3%. It is the first time in ten years the breaks have been hit that hard. What you may not know is that despite its clash with China, the US is not the biggest loser, far from it. According to data provided by Reuters, the country is the least affected by export drops. One of the reasons is its huge domestic consumer spending base.

Europe, on the other hand, is largely reliant on exports. Around 40% of Germany's GDP in 2018 was linked to exports. Europe's leading economy had to throttle down its growth forecasts from 1.5% to only 0.5%. This will affect companies' willingness to invest and may be still felt years from now. It is a factor that cannot be measured and therefore highly problematic, according to Olaf Scholz, Germany's Finance Minister. Naturally, the trade war at hand isn't the only reason for Europe's economy taking a hit (Brexit is there as well, but this is a topic for our December issue). It's not just the

Fig. 1. Course of the second simulation illustrating various de- and escalation possibilities in the US-China trade war



Source: CSIS' *Beyond the Brink – Escalation and Conflict in U.S.-China Economic Relations* (2019)

Tab.1. GDP growth in selected regions and countries since the start of the trade war

	2017	2018	2019	2020
Asia and Pacific	+5.7%	+5.3%	+4.8%	+4.9%
China	+6.8%	+6.6%	+6.1%	+5.8%
North America	+2.4%	+2.7%	+2.1%	+2%
United States	+2.4%	+2.9%	+2.4%	+2.1%
South America	+0.6%	+0.4%	-0.2%	+1.8%
Europe	+2.6%	+2.2%	+1.5%	+1.7%
Western Europe	+2.4%	+1.9%	+1.2%	+1.4%
Eastern Europe	+3%	+3.2%	+2.3%	+2.4%
Africa	+3.6%	+3.4%	+3.2%	+3.8%

Source: International Monetary Fund

big players who are struggling because of the trade slugfest between the two superpowers. We can read in a Reuters article that Iceland's economy-linchpin, tourism, took a big hit since the war began. Foreign arrivals are down 15.6% in comparison to last year's summer season.

While the trade dispute wasn't as hard on the US, it doesn't mean the country hasn't felt the consequences at all. Farmers in the US were the most affected group due to China slapping tariffs on its opponent's agricultural products. According to Bloomberg, China's purchases of American soybeans exceeded \$12b in 2017. These hit a radical stop in 2018. A ray of hope appeared when China bought, as a gesture of goodwill, around 600kt of soybeans in September 2019. But that was a drop in the ocean, amounting to merely 10% of its former purchases. This forced the US to approve nearly \$20b in direct government aid, not including further \$10b in federally subsidised crop insurance payments. But it doesn't seem to be enough. As one of the farmers told Bloomberg, "[...] it's not a solution, it's a Band-Aid."

So what about shipping and logistics?

An article by Forbes outlined four ways the trade war may influence shipping and logistics in the coming months. Diversification of import sources is one of them. In times when importing goods from one single source becomes a risky undertaking, we can observe importers switching production from China to other countries as well as sourcing from multiple locations. This will be reflected in smaller orders and an increase in the number of shipments, possibly benefiting the feeder market. The growing amount of smaller orders comes with increased complexity of the sourcing map. In order to simplify the logistics chains, logistics companies may be more eager to consolidate. They might decide to lower the risk by taking storage, ground transport, and shipping or cartage upon themselves instead of relying on a broad net of partners. Foreign trade zones will become increasingly more important, too,

with companies trying to avoid the plethora of tariffs thrown at each other by China and the US; those enjoying zone status might profit here. Last but not least, there is the possibility of growth in the domestic transport sector, as companies may decide to source goods from local suppliers.

Not all is lost?

As I am penning this article, China and the US find themselves in the middle of another round of trade talks. The Dragon is putting pressure on President Trump to loosen the belt on a greater amount of tariffs imposed on \$112b of Chinese goods earlier this year. According to the Financial Times, the Eagle is considering the move. This would be a big step towards easing the tension, but one that is not going to happen without China returning the favour in one way or another.

The article mentions assurances on increased protection of American intellectual property and purchases of US agricultural goods, and possibly even for a signing ceremony of the agreement to be held on US soil. The fact is that both sides of the conflict have proved exceedingly stubborn since the beginning of the trade war and have a lot to lose. President Trump can't afford to look weak, not with the upcoming presidential election. And while it seems like easing up on the tariffs would be a much bigger concession in comparison to America's own demands, it is also hard to expect any far-reaching commitments to be promised by China when it comes to intellectual property.

Going back to the beginning of the article, it might be important to remember what is at stake. The point of no return hasn't been crossed. Not yet. But should it happen, the fallout could be felt decades from now. It is time for both players to once again consider the costs associated with further chest-puffing and escalation and ask themselves whether it's all really worth it. If a deal isn't reached, in the end, as Kristalina Georgieva, Managing Director, IMF, said after her organisation met with the World Bank in October, "Everybody loses."

170+ operators
620+ ports
1,130+ services
1,150+ terminals



EUROPEAN
TRANSPORT
MAPS

EUROPE:

all over the ro-ro & ferry,
container, and rail maps

www.europeantransportmaps.com



What's next

Brexit

Cyber-security

Modern ports, shipping, logistics

■ PUBLISHER ■ Baltic Press Ltd ■

■ ul. Pułaskiego 8 • 81-368 Gdynia • Poland • tel.: +48 58 627 23 21/95 ■

■ editorial@baltic-press.com ■ www.harboursreview.com ■

■ **President of the board:**

Bogdan Otdakowski

■ **Board Members:**

Ewa Urbaś, Alan Arent

■ **Managing Director:**

Przemysław Opłocki • po@baltic-press.com

■ EDITORIAL TEAM ■

■ **Editor-in-Chief:** Przemysław Myszka • przemek@baltic-press.com

■ **Content Editor:** Andrzej Urbaś • andrew@baltic-press.com

■ **Proofreading Editor:** Ewa Kocharńska

■ **Art Director/DTP:** Danuta Sawicka

■ MARKETING & SALES ■

(advertising, exhibitions & conferences)

■ **Managing Director:** Przemysław Opłocki • po@baltic-press.com

■ **Marketing & Communications Intern:** Ewelina Synak • ewelina@baltic-press.com

■ **Subscriptions:** www.harboursreview.com ■

*If you wish to share your feedback or have information for us,
do not hesitate to contact us at: editorial@baltic-press.com*

partnership events



Motorship's Propulsion & Future Fuels Conference 2019
19-21 November 2019
DE/Hamburg



Offshore North Sea & Europe Congress 2019
20-21 November 2019
No/Stavanger



Polish LNG Conference
28 November 2019
PL/Warsaw



Smart Ports Summit
19-20 February 2020
UK/London



International Rail Forum & Conference 2020
1-3 April 2020
CZ/Prague



Multimodal 2020
16-18 June 2020
UK/Birmingham

We invite you to cooperate with us!
If you wish to comment on any key port issue, share your feedback or have information for us, do not hesitate to contact us at:
editorial@baltic-press.com
+48 58 627 23 21

To join our 15,000+ maritime transport sector users society click [HERE](#)

previous editions

HR#26

CYBER

HR#27

TOC EUROPE 2019

HR#28

PORTS, SHIPPING AND LOGISTICS:
MODERN-TURNED-FUTURE