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Report

Baltic-China ties. How a 40 box-big train has changed the world of transport & logistics

Focus

European and Baltic shipyards' performance in 2017

Legal

Screening FDIs coming into EU ports

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Dear Readers,



Now, if this isn't a non-standard front cover for a publication that chiefly deals with transport & logistics, I don't what is. But this isn't an example of some marketing shenanigans crafted to catch your attention. We've got content to deepen this look and as Eurasia covers a wide range of cultures, the set of articles we prepared for the Report part is likewise diverse. We set off with a three-in-one logistics-focused piece produced by Kris Kosmala (whom we encountered by sheer accident during a networking dinner at this year's SMM – lucky us!). While other reads, from Terry Gidlow and Radosław Pacewicz, also put China-Europe transportation in the limelight, the articles from Chris Szakowski, another conference buddy of ours, and Dr Sanna Kopra paint a broader picture. The former tackles the importance of fostering intercultural relations for anyone who wants to strike deals with the Chinese (or the Western/Eastern Europeans for that matter). The latter, in turn, is about China's climate policy, including the state's interest in the Arctic, also transport-wise. Grand as it might be, the Belt and Road Initiative isn't the only megatrend that seizes peoples' imagination. The Roland Berger consultancy has been working on its *Trend Compendium* for a decade now. We're housing a piece (this also has a non-standard layout, plus some inbuilt digitalisation!) on the main findings of its third instalment.



Lao-tzu Riding an Ox – Zhang Lu; photo: Wikimedia Commons

In a follow-up to her article from the previous issue, Ewa Kochańska brings to the surface the results of the inquiry Transparency International has carried out into the International Maritime Organization, and all the things this United Nation's agenda would like to, it seems, keep in the dark. Generally speaking, there's a lot of lifting the lid in this issue – on the proposed mechanism for screening foreign direct investments coming into EU ports, how customs procedures might look once the UK says farewell to the EU (you know, in that hard, "I've said no!" manner of ending relationships), as well as why well-skilled and competent transport workers add value to company operations. Whereas the Brits and continental Europeans will move in the opposite directions, the distance between the latter and the Japanese will shrink thanks to a soon-to-be inked Economic Partnership Agreement that will reduce trade barriers. As for the EU itself, its new budget is on the horizon. As such, we're bringing closer what the European Court of Auditors has to say about the next Multiannual Financial Framework and how it stacks against the previous edition.

Traditionally, the autumn Focus is concerned with how shipyards across the Baltic and other seas in Europe performed last year. Interestingly, after numerous writings on how our region's shipbuilding industry was nosediving in the past, year 2017 brought the much-awaited glimmer of hope, set to (cruise) spark in 2019. Another thing sparks, well, burns with excitement in our region, namely digitalisation. In a sequel article on what the start-up Aquaplot has to offer to the maritime sector, Kevin Hohmann tells us more why the Baltic Sea is a sandbox for technological development.

Finally, because we don't want to break with tradition, Transport miscellany, which is, no men est omen, all about tradition this time. Together with the Heritage corner column, we've got five extraordinary anniversaries that warp space and time.

Have a great read!

Przemysław Myszka

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TransLogistica Poland, 6-8 November 2018, PL/Warsaw, www.trans-poland.pl

TransLogistica Poland exhibition is the biggest event in CEE business for everyone professionally associated with transport, freight forwarding and logistics, as well as for all producers and distributors who use or seek transport and logistics services.


IRU World Congress 2018, 6-8 November 2018, OM/Muscat, www.iruworldcongress.com

Road transport is increasingly digital, connected and automated. The revolution is only just beginning. The IRU World Congress will bring the road transport industry together in Oman, with business, government and thought leaders, to debate the big challenges and the big opportunities. Together, we'll address the questions, and devise a roadmap for the transformation of transport, mobility and trade.


CEE Gas Conference 2018, 7-9 November 2018, DE/Berlin, www.heeagc.com

The CEE Gas Conference will now be co-located with our leading European event, the European Autumn Gas Conference (EAGC) in Berlin this November, offering the speakers, sponsors, VIPs and attendees of both events the rare chance to interact on subjects that are closely aligned. The co-location provides a truly joint platform to generate common learnings and interactions between mature and developing markets and sets a key marker for the future collaboration of these two great event offerings.


Translog Connect Congress 2018, 13-14 November 2018, HU/Budapest, www.translogconnect.eu

TRANSLOG Connect Congress is Central and Eastern Europe's leading B2B networking event for transportation, logistics and supply chain management professionals taking place annually in November, in Budapest. The event is not only the most influential regional congress for executives but also an essential event in terms of new business relations.


Polish LNG Conference, 14-15 November 2018, PL/Warsaw, www.polishlngconference.eu

The meeting offers a unique occasion for stakeholders from all around Europe to take a closer look at the opportunities the Polish market presents for LNG development in the region. No other conference will gather that many policymakers, technology experts, logistics professionals, port representatives, and LNG suppliers in one place in this corner of Central Europe!


Sustainable Ocean Summit 2018, 14-16 November 2018, CN/Hongkong, www.sustainableoceansummit.org

The Sustainable Ocean Summit (SOS), organized by the World Ocean Council (WOC), is convening again this year a unique gathering of ocean business leaders, from across the sectors and around the world, to focus on action for ocean sustainable development.


The Motorship Propulsion and Future Fuels Conference, 14-16 November 2018, DE/Hamburg, www.propulsionconference.com

The Motorship Propulsion and Future Fuels Conference, will offer a meeting place to learn, discuss and knowledge-share the latest developments in efficient power and propulsion technology plus alternative low flashpoint and low carbon fuels.


RailTech Intelligent Rail Summit 2018, 27-29 November 2018, SE/Malmö, www.events.railtech.com/intelligent-rail-summit-2018

The Intelligent Rail Summit 2018 covers the measurement, analyses, storage and application of data within railway infrastructures. The conference takes place on 27-29 November in Malmö, Sweden. At the conference 150 railway professionals and IT experts will meet each other. Over 25 high level speakers will share their knowledge and expertise.


Tank Storage Germany 2018, 5-6 December 2018, DE/Hamburg, www.easyfairs.com/tank-storage-germany-2018/tank-storage-germany-2018

The two day conference runs alongside the exhibition every year and brings together local and international experts from across the supply chain to present their insight into the latest trends, new developments, regulations, and market analysis within the German tank storage industry.

TRANSLOG connect congress

13-14 NOVEMBER
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Baltic-China ties

How a 40 box-big train has changed the world of transport & logistics



The New Silk Road less travelled, but not for long

by Kris Kosmala, *Strategy for Business and IT, Digital Transformation, Optimization & AI – Vice President Asia Pacific, Quintiq, Dassault Systems*

Photo: Deutsche Bahn

Not a week goes by without a call for a reduction in capacity or higher rates for maritime container shipments. With all efficiency squeezed out of bunker expenses and increasing costs of environmental regulations compliance, there is very little room to manoeuvre. Among the discussions on sea freight rates and news of ever-larger container ships being added to the fleets, another story has been getting traction for a few years only.

In December 2012, a trickle of 40-45 containers per train made their way between the manufacturing centres of Chengdu, southwestern China, and logistics parks in Łódź, central Poland, where the loads were re-consolidated and shipped further throughout Europe. Full of consumer electronics and electronic sub-components one way, and full of food products and machinery on return, these containerised shipments should have given the shipping lines food for thought. Fast

forward five years, some 6,000 trains traverse that very same link, and more origin and destination locations are added to the logistics networks by the savvy logistics companies (though, there are still issues that need to be carefully considered before one decides to hitch their wagon to the Chinese Belt and Road Initiative, BRI; check the *One belt, one road, and one very blurry supply chain benefit* info frame for more details on this). **Why should shipping lines even worry?**

The rail links between Asia and Europe still cannot compete against ships in terms of volumes, but in the long-run, shipping by rail will have an impact on both the seaborne volumes and shippers' margins. Why should

**#Inside
#New Silk Road#Belt and Road Initiative
#Rail#Sea#Competition#Time#Costs
#Supply chain#Investments#Business
scenario building**

European and Baltic shipyards' performance in 2017



No more (big) cargo ships?

by Marek Błuś

Photo: Meyer Turku

The title question has been provoked by the recent hands change behind Daewoo Mangalia Heavy Industries (DMHI), the last stand for Korean shipyard capital on the European soil. In 2017, the Netherland-based Damen Shipyards Group, together with the Romanian state, became co-owners. Most recently, the DMHI shipbuilding facility was fully covered by the Damen umbrella. A revolution followed shortly afterwards. The plant's focus was shifted away from large bulk carriers, container vessels, and oil tankers to ro-pax ferries, cruisers, and offshore ships and structures. This way the transfer of the production of cargo carriers serving the world's main deep-sea ocean trade lanes to Asia came to its conclusion.

In 2017, still under the DMHI brand, Mangalia delivered six crude oil tankers, one series with a deadweight of 113k (dwt) and the other 156k dwt, altogether gross tonnage (GT) of 541k. Although this was a drop by almost a third, the final output, some 21.5% of the whole European production, placed Romania atop Europe's shipbuilding list (Tab. 1).

Something ends, something begins

Renamed as Damen Shipyards Mangalia, it will stay the largest plant in Europe in terms of total area or active dry dock capacity, but most probably it will never go over

the GT 0.5m threshold again. This shouldn't necessarily be viewed as a failure but rather as an opening of a new chapter. After all, delivering cruise ships is one of the most lucrative slices of the shipbuilding cake nowadays. However, meticulously putting together the tens of thousands of elements required to float out a seagoing hotel and amusement park, from itsy-bitsy tiles to huge dual-fuel engines, isn't a piece of cake (more about that later).

With GT 151k – two product/chemical tankers, one asphalt tanker, one car carrier, and one self-unloading bulker (for trade in the Great Lakes) – Croatian shipyards came

in second last year. In Germany, Flensburger Schiffbau-Gesellschaft (FSG) built four ro-ros (GT 130k), whereas Dutch companies delivered a mix of 18 vessels, amounting to a total of GT 73k. All in all, the cargo sector counted GT 973k (38.7% of the total) in 2017, comprising mostly tankers (25% of the total) and ro-ros (6%).

Looking from a global perspective, Europe's share was a "stunning" 1.6%

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