

Transport, Handling, Warehousing and Distribution of Forest Products

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ON TOP OF THINGS! THE SECTOR STOOD TOGETHER AT TS 23 IN TARRAGONA

Also inside:

Answers to open panel questions from TS 23

Fall IFPTA board meeting minutes

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**We are looking forward to seeing you
all again at the 24th PPI Transport
Symposium**



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ALL HANDS ON DECK

By *SUSANNE HAASE*, Editor

A mix between an ageing workforce, lack of skills diversity and the industry's inability to attract young new talent has led to a labor shortage of about 16,500 officers across the world merchant fleet, according to a joint study by non-governmental organization BIMCO and the International Chamber of Shipping (ICS). By 2025, the report warns that the industry could be missing as many as 147,500 officers.

While both the world fleet and seaborne shipments register healthy year-on-year growth, pressure is mounting due to a shortage of qualified seafarers and officers worldwide. The need to embrace gender diversity in shipping might have never been greater.

INDUSTRY AT A CROSSROADS

Grieg Star is one of the the companies that has realized that the shipping industry has arrived at a crossroads (or perhaps cross seas). „To us, a captain is a captain. So, why shouldn't a woman shoulder the stripes? Our goal is to shatter that glass ceiling!”, the company underlined in a recent press release announcing that it will be putting the stripes on a woman's shoulder.

While the sector has come a long way from the earliest voyages, the profession is still heavily male dominated. In old maritime superstition, women were considered bad luck aboard ships. Their presence threatened to bring bad

weather and choppy seas; or perhaps they were simply considered distractions to the all-male crew. Regardless of the reasoning, those times have passed and to keep the modern shipping industry afloat, female talent is vital to fill jobs on- and offshore.

However, today only 2% of the world's 1.2 million seafarers are women, estimates the International Transport Workers Federation (ITF). Of those, 94% work on cruise ships or passenger ferries. Thus, the number of women in other shipping sectors is alarmingly low. Grieg Star intends to change that: „To us, a seafarer is a seafarer, regardless of color, gender or sexual orientation. We believe diversity is key to success, and that is why we strive to have more female seafarers on board our ships.“

A part of the challenge for the future will be to show women that they are really wanted in this business. Female role models are needed, to show other women that it is possible to have a successful career as a seafarer. That's why Grieg Star promised to have its first female officer on senior management-level within the end of this year. A typical career path should then make her a Master or Chief Engineer by the end of 2021.

The company has also made it very clear that this is just a part of the work ahead. „We have to make sure female seafarers feel safe and equal onboard. That is why we have a zero-

tolerance when it comes to harassment. A colleague is a colleague, and if you cannot treat them like that, you are not welcome onboard Grieg Star vessels,” Grieg Star explained and pointed out that gender equality was also one of its Sustainable Development Goals.

Ongoing campaigns from organisations such as the ITF and IMO (International Maritime Organisation) are instrumental in bringing about further progress, both through in-depth research into the issue and by actively engaging with employers to encourage the recruitment of more women seafarers. In addition, the Women's International Shipping & Trading Association (WISTA) with 3,000 individual members from 40 countries works specifically to help women achieve management level roles in the maritime industry.

Notable achievements over the past few years include the commendation of Captain Radhika Menon, who became the first woman to receive the 2016 IMO Award for Exceptional Bravery at Sea for her role in the rescue of seven fishermen from a sinking fishing boat in tumultuous seas.

By the way, the World Maritime Day theme for 2019 was „Empowering Women in the Maritime Community“ and I am pretty sure that this topic is here to stay as this industry will need all hands on deck.



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It has been a busy year!

By ALAN BOG, IFPTA President

As I write this we are approaching the end of what has been a very busy year for IFPTA. As usual we held two IFPTA on the Road events, the first in Vancouver, during International Pulp Week, and the second recently in London during London Pulp Week.

These events are a popular feature on the calendar of these major pulp meetings. Over seventy IFPTA members and friends attended the recent edition in London, where Adermo Costa, the Cenibra Global Commercial and Logistics Manager, gave a presentation on the fibre sources in Brazil, relaying the important

message that the pulp producers do not source wood from the Amazon region. Thanks to Adermo for an excellent presentation. These events also give members an excellent opportunity to network and enjoy a drink or two with friends and colleagues from the industry.

In June, IFPTA organized a transportation session during the RISI conference in Shanghai. This event was well attended and addressed some of the particular logistics concerns of pulp users and sellers in China. We are working with RISI on developing this type of session in other conferences.

Our main event of the year was of course the Transport Symposium in Tarragona. We tried some innovations this year such as the one to one interviews and the use of the Slido App. We see a lot of value in the Slido App, as it generated a lot of questions. We will adapt the timing of sessions in future symposiums to enable much better use of this tool.

We have announced the venue of the next Symposium which will be held in September 2021 in Jacksonville, Florida. We will start working on the programme for this in the course of next year.



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Containerization, fuel regulations, digitalization, global political and economic issues, there was no shortage of topics under discussion

LEARNING FROM YOUR PEERS

By *SUSANNE HAASE, Editor, and GRAEME RODDEN, Contributing Editor*

Some 400 executives and experts from the global forest based products transport sector took part in the industry's 23rd Transport Symposium (TS), organized by the International Forest Products Transport Association (IFPTA) and Fastmarkets RISI in Tarragona, Spain, September 16-18.

The event was held in Spain for the first time in its history and hosted by the Port of Tarragona, with the support of its strategic partner, Euroports.

It started with the traditional port tour, which was - due to the choppy sea - a rather eventful cruise along the beautiful coastline on board two catamaran motor boats. However, once the port's quay wall was passed, the ride became much smoother and the delegates enjoyed the view of the modern harbor with a lot of space for expansion and state-of-the-art facilities.

Currently, the port ranks number one in wood pulp handling in Spain and number three in the Mediterranean region. Due to its excellent hinterland connections by rail and road, it also acts as strategic node for the redistribution of 600,000 t/y of pulp to other countries in the area.

During the following celebratory Welcome Cocktail Reception at the city's world famous Roman amphitheatre, Josep Maria Cruet, the president of the Port of Tarragona, underlined the port's leading role in this sector and confirmed that the "objective is to consolidate and increase that leadership."

US and Germany well represented

The event brought together some 400 representatives from the sector and approximately 50 exhibitors from Europe, North and South America, Asia, the Middle East and Oceania. In total, 27 different countries were represented with the highest number of delegates attending from the United States and Germany (53 each), followed by the Netherlands with more than 30 delegates and Finland with 20 delegates.

The objective of the two-day conference is to analyze world trends in the transport, handling and distribution of forest products and it is aimed at the senior management of paper pulp production companies, wood product manufacturers, seaports, logistics providers, haulers, value chain

technological providers, warehousing companies and transportation consultants, among others.

The conference sessions dealt with a wide spectrum of topics, including major trends in the world economy, the future evolution of means of transport (ship, train), the role of emerging markets (especially China) or the ongoing digitization of the supply chain, including all kinds of logistics aspects.

Down to business

After the rather casual Day One dedicated to refreshing acquaintances and extending one's professional network, delegates got down to business the next day at the opening session of TS23. Lasse Sinikallas, director, macroeconomics, Fastmarkets RISI, set the scene with an outlook on the global economy. Sinikallas, who works out of the Helsinki office, joined RISI in August 2017 from a Finnish foreign affairs post which he had held for the previous decade. His early career background was in forest products and he also worked in management consulting for Pöyry, IBM and Accenture.



Alan Bog, IFPTA President



Some 400 delegates attended the event

All pictures: PortAventura Convention Centre

**Thank you for attending
the 23rd PPI Congress
hosted in Tarragona**



Port Tarragona



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DAY 1 GLOBAL ECONOMIC OUTLOOK: NO FULL BLOWN RECESSION AHEAD

“The global economy is still growing moderately, but risks are increasing,” Sinikallas said. Oil prices, which he described as the “thermometer of global economy” had increased since the devastating attacks on key oil facilities in Saudi Arabia on the weekend before the event. “However, supply seems to remain good which is good news,” he went on, “and what could happen is that the growth of the global economy is decreasing so that a lower oil price is not much of a problem.” At the same time this wouldn’t be a good sign in general, he explained. Bottom line: Global economy is a complicated creature.

When it came to taking a closer look at different countries, Sinikallas pointed out that the US were showing good performance but there was a slow-down ahead. The trade war was looming over the US economy like a sword of Damocles. “There will be a solution, meaning that there are some tariffs implemented and some sort of a deal made,” he predicted. He didn’t seem to believe in an elegant or even elaborate way of moving forward but was sure that “more uncertainty” was at hand.

Trade war is the big issue

For Europe, Sinikallas stated a “loss of momentum. Despite a lot of stimulus from the European Central Bank, there is not room for more than one percent of growth,” he said. “Industry production already hit the brakes last year, especially with regard to the German car industry.” However, as the Euro has lost some strength, this lends support to industrial production and exports. Sinikallas added, “Following the latest ECB decision, we expect that the Euro will be sort of weaker in the short and mid-term.”

In China, the trade war is a big issue as well. “Together with other factors, it is slowing the industrial production down which is on a 17-year low, although still showing four percent growth.” He sees the high lending in the country leading to an increased debt risk. “This can be problematic when there is something coming up that is decreasing China’s growth even further.”



Lasse Sinikallas, Director, Macroeconomics, Fastmarkets RISI

In Latin America, Sinikallas detected an improving economy ... with remaining risks and problems. “The investment level has been lower in advanced as well as in emerging economies, so there is room for investments!” In Mexico, he saw signs that some investments are being repatriated to the US or other countries.

However, he said, “Still, at this moment, we do not see a full blown recession, also thanks to the measures taken by central banks.” Sinikallas concluded, “If consumer spending can be kept up, there will only be a mild recession.”

SESSION 1: HOW WILL CARRIERS ADAPT TO IMO 2020 SULPHUR REGULATIONS?

After hearing about the global economy, matters turned to the specific topics at hand. The first panel discussion looked at how carriers are adapting to IMO 2020 sulphur regulations. Many in the audience had gone through this when a SECA was implemented in the Baltic in 2015. A drastic drop in the price of oil at the time helped alleviate concerns then.

Now, marine fuel with a sulphur content of 0.5% or lower will be mandatory as of January 1, 2020. This could affect upwards of 50,000 ships. The change will be overnight with no exceptions. By 2025, global demand is expected to reach about six million barrels daily.



Trond Bardsen, Senior Vice President Operations, Saga Welco

Session chair Trond Bardsen, Saga Welco, led off by saying that all parties involved – charterers, governments and shippers – must work together. It cannot be up to the carriers alone to decide the best way forward. “We need to move from bunker procurement to bunker management. We need to assess the real time cost impacts.” Note that this session took place just after the drone attacks on the Saudi Arabian refineries and there was a great deal of uncertainty about supply.

There are many unanswered question still: Is the industry prepared to meet the new regulations? How will costs be passed along to the shippers? What will the affect be for clients? “It will be more expensive; that’s for sure,” stressed Bardsen.

To scrub or not to scrub

Basically, carriers have two options when it comes to meeting the new regulations. They can install scrubbers on their ships to remove sulphur or can buy the approved fuel. Bardsen said Saga Welco decided the best option for them will be to “clean the tanks and go with the new fuel.”

Aernaut Meijer, Spliethoff, said his company had opted for scrubbers. It had done so six years ago when the Baltic SECA rules came into effect. About 60% of Spliethoff’s vessels are already equipped with scrubbers. “It took an enormous investment,” Meijer added. It takes six to eight weeks to install the equipment. He then said





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Dennis Eley, Director, Marine Technical, World Fuel Services



Ana Paula Trilho, Director, APT Group



Kurt Erik Hjelset, Vice President, Commercial, Saga Welco

that some carriers have already added a low-sulphur fuel surcharge. “Costs will increase; carriers cannot absorb the increases themselves.”

A fuel supplier provided another outlook. Dennis Eley, World Fuel Services, said the industry has known since 1997 that this day would come. He also noted that there may be problems with availability as the marine sector is competing with land fuels. What solution is best for which carrier is dependent on various factors: age of ships; trading patterns; times spent in emission control areas; price differential. Very low sulphur fuel oil (VLSFO) comes in two types: paraffinic and aromatic. Eley said it is important to segregate them and minimize co-mingling. Crews need to be trained.

In conclusion, complex fuel decisions need to be made. But, individual ships need individual solutions.

SESSION 2: MANAGING AGEING FLEETS: ARE EXISTING CARRIERS OPENING THEMSELVES UP TO COMPETITION?

With Ana Paula Trilho, APT Group, acting as moderator, the discussion centered mainly on the breakbulk versus container issue. The substantial amount of M&A activity since 2005 also attracted delegates’ attention. It was noted that the 10 main

carriers in 2000 had 45% of the market whereas by 2018, their market share had reached 82%.

In Brazil, 71% of all forest products are shipped in containers, including 100% of paper. The pulp share is 11% and growing. A new breakbulk carrier, Chinese-based Cosco, started operating Brazil in 2018. There are now three breakbulk carriers specializing in pulp with G2 and Saga Welco being the others.

Joseph Santo, Hapag Lloyd, said the size of the company’s vessels has increased while the average age has fallen in the last five years. Hapag Lloyd is now the 5th largest shipping company and has grown through M&A. Forest products is the third or fourth most important market for the company.

Kurt Erik Hjelset spoke for Saga Welco. He noted that the company now handles eight to nine million tonnes of pulp annually, mostly from the east coast of Brazil. The size of the open hatch gantry (OHG) fleet is decreasing with a growing number of open hatch vessels with jib cranes. He added that many of these are only “semi-open” with some overhang.

Although pulp markets are slow at present, they will pick up. The main growth market is still Asia. Hjelset said there will be a large increase in hardwood pulp capacity in South America between 2020 and 2022. The larger mills mean bigger customers and longer term shipping contracts. He added that a large investment will be needed soon for suitable OHG vessels to

meet the new transport requirements coming in the near future and to renew an ageing fleet.

Another container representative, Laurent Van der Voo, MSC, said of the debate vis-à-vis breakbulk, “We are different animals in the same jungle.” MSC is the No. 2 container carrier in the world, with a carrying capacity of 20 million TEUs. Van der Voo said that breakbulk carriers usually go port to port whereas container ships may visit many ports over one trip. The benefits of containers are that smaller shipments are possible and there is minimal handling of the load.

Roberto Gayoso spoke for the newcomer, Cosco. Actually, it is Cosco Specialized Carriers that handles pulp. The company is also ranked No. 4 in container traffic. Three new ships were built this year with two more scheduled to begin sailing in 2019. In 2020, another seven are expected to join the fleet. All are open hatch. Is there room for three breakbulk carriers serving the Brazilian pulp market? That will depend on the level of service and reliability provided.

Are containers really a replacement for OHG for pulp?

According to Van der Voo that depends on the markets, freight rates and the client as well. If one needs a small pulp shipment to a specific location, “That we can do.” He added that many Brazilian ports cannot handle the large container vessels.

Hjelset agreed with Van der Voo. The car-



**Roberto Gayoso, Head of Chartering,
Cosco Shipping**

riers complement each other, he said. Santo pointed out: “We offer different services. There is room for all.”

IFPTA INTERVIEW I: THE ASIAN PERSPECTIVE: HOW MARKET ENTRANTS ARE SHAPING THE INDUSTRY

Wrapping up the last session before the break was something new for IFPTA. It was the first of three one-on-one interviews conducted by the IFPTA president: a sort of IFPTA Fireside Chat.

Besides his role as IFPTA president, Alan



Feng Chen, General Director, Cosco Shipping

Bog is also commercial director, Asia, Euroports, so is very well versed with the Asian market. He had as his first guest, Feng Chen, general manager, marketing center, Cosco Specialized Carriers. Bog asked Feng what attracted Cosco to the pulp business. Feng replied that the company saw it as a “great new business opportunity”. An aggressive ship building program has been established with 12 62,000-DWT vessels on order or already sailing.

Bog asked about the size of the vessels. Feng said that generally speaking, vessel size depends on the customer and the ability of the port to handle the ships. “These 62,000 DWT ships are good for South America and also OK for windmills - another industry where Cosco has a significant presence.”

As a company that operates container vessels as well, Cosco could be well positioned if producers decide to favor that method. In terms of the upcoming IMO sulphur rules, Feng said Cosco has opted to burn VLSFO instead of installing scrubbers.

Bog asked what he felt was Cosco's largest competitive advantage. Feng replied that the company relies on the ideal that it exists because of its customers. Also, he said the modernity and size of its fleet were advantages. Feng said that as a newcomer to the business, Cosco was still finding its way but it is willing to do more if asked by its clients.

SESSION 3: HOW CHINA IS SHAPING THE GLOBAL PULP DEMAND

Bog stayed busy by moderating this panel which included Ranjit Baxi, founding president, Global Recycling Foundation and immediate past president, Bureau of International Recycling, and Tom Wright, managing director, Hawkins Wright. The two big questions here: Will China's consumption continue to set the heartbeat for the pulp industry? And: To which extend do waste paper bans and increased recycling schemes affect the market?

Wright undertakes many private client consultancy assignments on a wide range of



Tom Wright, Managing Director, Hawkins Wright

topics related to the pulp and paper sector. He authors or edits most of the company's multi-client titles which enjoy industry-wide recognition. Moreover, he has established two focal events on the industry calendar, held in London and Shanghai, both regularly attracting more than 300 delegates from around the world.

He noted that the annual average increase in demand for paper and board has been 1% for the last 10 years, but this was all due to China. He added that 2018 was flat and that in 2019, China will not be able to offset the rest of the world despite the drop in prices.

Currency rate has become a major driver

“China will grow for the next two years, but not at the growth rate we got addicted to,” Wright predicted. Furthermore, he underlined that the Renminbi rate versus the US dollar has become a major driver. “Right now, when we are talking about the trade war, this has an immediate impact on the currency,” he said. “And when China is loosening control of the Renminbi, this has an immediate impact on pulp prices.”

Although Wright stated that his company believed that the Chinese market was massively overstated by official statistics, “We and the Chinese Paper Association are telling the same story: Last year was the first time that paper production in China has contracted!” According to Wright, one of the reasons for this

development is that the Chinese paper industry had become uncompetitive.

He said the Chinese industry is maturing and to expect more consolidation. Chinese market pulp demand will continue to be price sensitive and the main driver of organic growth will be the tissue sector.

Pulp exports might recover

However, the lower pulp price might change the situation: "I think that exports will recover this year due to lower pulp prices," he said. But the overall picture remains the same: "The Chinese industry is at a crossroads. The investments were going away from China and back to Europe, North America or other countries in Asia like Vietnam." Wright concluded with a metaphor: "China is only running on one engine now, compared to a couple of engines in the past!"

Recycling will save one billion tons of CO₂ emissions

Ranjit Baxi started his part with big numbers: "Globally, recycling will be saving one billion tons of CO₂ emissions by 2025!" And he immediately challenged the audience: "I will ask you as transport industry: What are you doing in this regard?" Maybe it would be high time to start working on this topic and compile figures, he recommended.

He added that the global recovered paper trade is 56 million tons and that the logistics industry needs to promote the carbon savings that come from being a valuable global supply chain partner in the movement of recovered paper.

His view on China and paper imports was divided in three parts: The pre-2018 era which he called "The honeymoon period" when imports of waste paper reached 32 million tons. Then came 2018 when there was still a more or less balanced market. But, 2019, according to Baxi, "will be a different story with a fiber shortage of nine million tons."

At the same time, the domestic Chinese recycling system is being implemented rapidly. He pointed out that this year 16 million tons will be collected domestically and referred to an even more challenging situation that might occur in 2021 when imports of fibers might be



Ranjit Baxi, Founding President, Global Recycling Foundation and Immediate Past President, Bureau of International Recycling

suspended. He wondered if China might create a special dispensation for the import of essential grades. He did say that post-2021, "China will not be the place to be for recovered paper."

During the Q&A session, Baxi answered the question if India and other countries in Southeast Asia might follow the Chinese concept and ban paper imports as well. He said: "Unfortunately it has become fashionable to do this. India is at the verge of putting up controls as well and they might be coming very soon." He also said that he believed that the preparation of recycled fiber outside of China will continue and might even be expanded.



Alan Bog (right) with Fabio Almeida de Oliveira, Head of Europe and Americas, Suzano

IFPTA INTERVIEW II

The afternoon of Day 1 started with another IFPTA Interview. This time, Bog sat down with Fabio Almeida, head of Europe and Americas at Suzano. Here are selected questions and answers.

Alan Bog: Suzano has become a big entity one year ago, running a total of 11 mills, among them seven pulp mills.

Fabio Almeida: It is certainly a big challenge to manage the supply chain – in and out-bound – in different mills in different regions of the country with 50 percent of rainy days during the year and far away from the ports. On a daily basis we have 300 trucks with wood arriving at each mill, more than ten per hour. In Imperatriz, we have 5,700 tons of pulp being loaded on a train every day. Logistics costs can represent up to 10% of production costs. One of the advantages of the new company is that we can share the forests and are now planning a whole new logistics system with differently adjusted radius around the mills.

In the past, you placed the mill in the middle of the forest. Now the outbound logistics are becoming as important for the decision on where to place future investments.

Almeida: Indeed, we wish all the ports

would be like Portucel. The port of Santos is a big concern for us. Santos is the biggest port in South America and it is not only an important port of forest products but for agricultural products as well – and we have to compete with them! We are now investing 300 million US dollars in a new terminal at Santos which should give us the peace of mind needed in case we invest in a new production line at one of our mills. This new terminal should be ready in two to three years. Furthermore, we are building a terminal in another port for another 200 US dollars million which should be completed at about the same time.

You inherited the Fibria Pan Ocean vessels. Is that a model for the future?

Almeida: There are pros and cons. For sure, they offer us higher flexibility and they are good vessels with good operating rates. But I do see a big con: We are not a shipping company! There are problems with positioning and there are no return cargoes.

We have seen a pulp crisis in the course of the year. Is the market ready for the new volumes entering the market in two years?

Almeida: We have seen two outstanding years – and we are now seeing a correction of the excesses of the last two years. Today, we have a situation no one has predicted. That could change again once the customers feel that the bottom is reached. It seems to be a good understanding that prices will rise again next year. The fundamentals of the market seem to remain the same. The majority of the growth will happen in Asia and in the hardwood segment.

What is your take on the markets in the US and in China?

Almeida: The US market is the most complex and difficult market for pulp producers and customers. We do find an infrastructure that is not in pace with the demand of the customers. Port productivity is poor. The railways are not concerned about us. The cost of the “last mile” is four to five times higher in the US.

China is a market that is changing very fast and becoming very demanding. From a sus-

tainability standpoint, the level of awareness among young Chinese is even higher than what we find in North America at the same age.

Which ports will you be using as New Suzano in the future?

Almeida: We are right in the middle of evaluating which ports will be used by Suzano in the future.

How do the actions of the current Brazilian government affect the local forest sector?

Almeida: From the infrastructure side, the right steps are being taken. The political side has a major problem with communication: The government can do a better job! It is getting a lot of pressure from the companies here and we might see a change in the near future.

SESSION 4: HOW RAILWAYS ARE EVOLVING TO MEET THE NEEDS OF PULP AND PAPER SHIPPING

This session was moderated by Tom Mutz, vice president, global business development, Penn Warehousing and Distribution. Panelists included Anu Kujansuu, marketing director at Kouvola Cargo Handling, Martin Reiser, head of the pulp team at DB Cargo, Paul Terry, director, logistics & sales planning at Mercer, and, Joan Amorós, president of FERRMED.



Tom Mutz, Vice President, Global Business Development, Penn Warehousing and Distribution

Although the topic is a difficult one – some industry professionals call railways “The Necessary Evil” – this was an extremely interesting and insightful session as all panelists had either some news up their sleeve or spoke frankly about the specific challenges they are facing and how these are mastered.

Amorós presented a current study analyzing the rail network of the FERRMED Great Axis. This encompasses the zone of most important economic and logistic activity of the European Union, including the major ports and airports. The aim of the study to be published next year is to set up action plans necessary to substantially improve the competitiveness of all sectors of economic activity. The study takes into consideration all modes of transportation in order to evaluate and to balance them optimally, with the aim of attaining a share for rail of 30 to 35% from the totality of long distance land transportation.

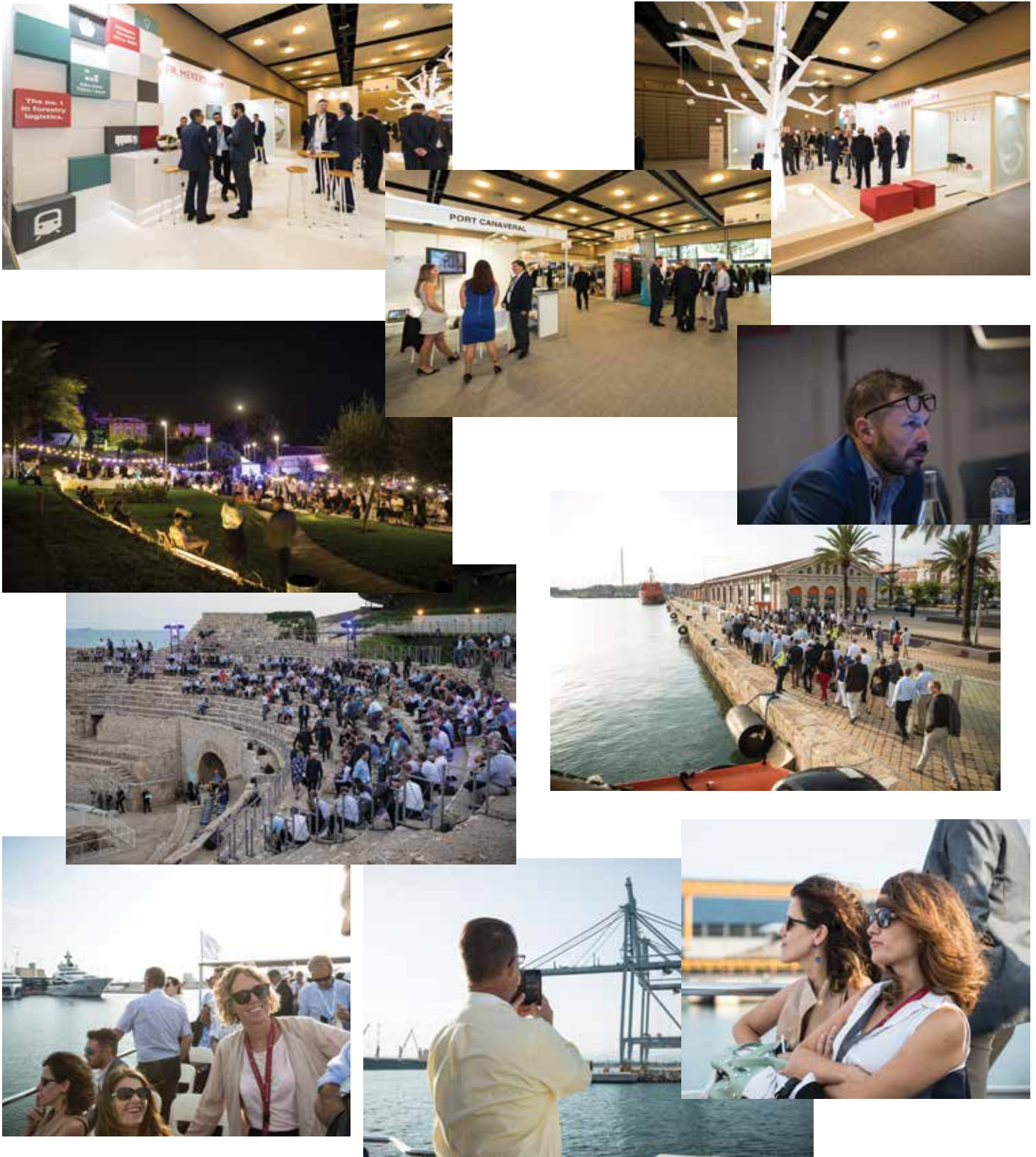
Mercer is a Canadian and German producer of 2.2 million t/y of NBSK pulp. Terry described what it means to have one’s “fiber basket far away from our customers.” Based on a few examples and impressive pictures, he made it very clear that a company has to be smart and indulgent if the majority of its customers are not linked to the Canadian system.

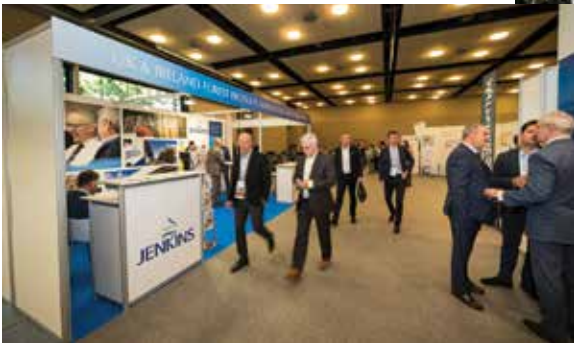
Train transport to China

Kujansuu presented Kouvola Cargo Handling’s latest project: a blockchain train that runs in 14 days from Kouvola in Finland to Xian in China.



Paul Terry, Director of Logistics & Sales Planning, Mercer International







Anu Kujansuu, Marketing Director at Kouvola Cargo Handling

The family owned company that has so far specialized in trucking to Russia sees a big opportunity in train transport to China and intends to expand this business.

Reiser of DB Cargo had even more exciting news to share. He presented the audience the new strategy of the company – “Strong Rail” – and emphasized that “The forest industry will be one of the core industries. One hundred railcars will be ordered for the pulp and paper industry and all of them will have sensors on board to be able to track them where ever they are.” Furthermore, Reiser underlined that, “DB Cargo intends to put together a unique package of special offers for the pulp and paper industry!”

**DAY 2
PAPERSEED: UNDERSTANDING THE
WORK OF THE FOUNDATION**

The PaperSeed Foundation is a non-profit organization dedicated to strengthening educational opportunities for children and young people in underserved and resource-lacking communities around the world. And it has a close tie to the forest products transport industry. Executive director Aliyya Shelley Mattos explained its way of working and its connections.

PaperSeed was started in 2001 by a couple who wanted to give back in Latin America. They did a number of projects between 2001 and 2011 with support from friends and family, but ceased



Martin Reiser, Head of the Pulp Team at DB Cargo

activities as they approached retirement. When they retired, rather than dissolve the foundation, they turned to CellMark to see if the company would be interested in providing operations support and helping the foundation grow.

Compelling project

The foundation was “re-founded” in 2011 with support from CellMark and since that time has strengthened educational opportunities for more than 700,000 children and young people around the world. Mattos presented a compelling story on the Girls’ Health & Dignity Project: A collaborative project with a fluff pulp customer of CellMark and sanitary pad manufacturer (Megasoft), logistics company (Fr. Meyers Sohn), packaging company (East Africa Packaging Industries), a local nonprofit (ZanaAfrica) and a network of 20 community-based organizations across Kenya. This project enables over 10,000 girls to stay in school, improve their learning outcomes and receive dignified health information. “It’s a future for a whole generation of women in West Africa.” Mattos emphasized and welcomed the delegates to take part in PaperSeed’s important work.

**IFPTA INTERVIEW III:
THE NORDIC PERSPECTIVE – COPING
WITH INCREASING CAPACITY**

In the third and final chat, Alan Bog interviewed Jyrki Ranki, vice president maritime logistics at Finnish Metsä Group.



PaperSeed's Executive Director, Aliyya Shelley Mattos

Ranki explained that the new logistics system set up within the company was based on two starting points. “On the one hand, we had to be more innovative than we were in order to meet our sustainability targets,” he said, “besides, efficiency was a key and an automated system was the answer.”

**Breakbulk: An investment in
customer service**

Alan Bog wanted to know why Metsä had implemented a regular breakbulk service to Asia. Ranki replied, “The main reason is that the container business is growing fast and container shippers are facing challenges. It is very difficult for us to detect how they will behave. Therefore, breakbulk was an investment in customer ser-



Jyrki Ranki, Vice President Logistics, Metsä Group

vice! When volumes are growing, it might mean that breakbulk shipping is increasing. We would like to keep it with regard to risk management.”

New pulp mill in Finland

Bog also inquired about Metsä’s new pulp mill project in Northern Finland. “We are in the planning phase with the Kemi mill,” said Ranki. “We are going more to the north as the raw material is there. But it would also mean rebuilding the port infrastructure because right now, there is no port which would be able to handle the additional volumes.”

Ranki also commented on the creation of Wallenius Sol, a new Swedish shipping company: “The volumes are growing in the North and we needed a partner to cope with that.”

SESSION 5: PORTS AND TERMINALS: IS THE FUTURE IN CONTAINER?

This session was moderated by Rhoda Voth, general manager, North America, Saga Welco. Among the panelists: Anton Verbrugge, chief commercial officer, Verbrugge Terminals; Milind Balaji, senior supply chain manager, Georgia Pacific; Tony Tang, Qingdao Port Pulp Logistics; and, Dave Lucas, senior vice president, Western Stevedoring.

Before presentations started, Voth set the scene with a comment. “Since we have met the last time at TS 22 in Savannah, several volumes of forest products trade lines have gone to container shipping.” However, it was noted that there are some negatives attached to containers. Not everything fits in a container. Longer term contracts and price guarantees favor breakbulk. Large volumes, such as pulp, are better suited to breakbulk.

The first speaker to enter the stage was Verbrugge. “I see containers a bit like RyanAir, you get a cheap deal and then you have to pay for using the toilet ...,” he said. “We believe, especially for wood pulp, it is breakbulk that will do the trick.”

Containers are not where Verbrugge sees a total fit. “We see an unsteady flow in congested ports with unfavorable commercial terms.” Ver-



Rhoda Voth, General Manager, North America, Saga Welco

brugge Terminals does handle about 100,000 containers annually but for cargoes other than pulp.

From a more general point of view, he advocated the “synchronodal approach.” “For us this has been the most robust solution. We are always looking for the optimal mix.”

Balaji explained that the cellulose system within GP relies on five mills and four ports: Mobile, New Orleans, Jacksonville and Savannah. The company is perhaps the only producer that has the entire value chain of forest products. “Our breakbulk portion is small but very significant. It allows us a good balance and risk management.”

GP’s cellulose supply chain is a closely



Anton Verbrugge, Chief Commercial Officer, Verbrugge Terminals



Milind Balaji, Senior Supply Chain Manager, Georgia Pacific

coordinated program between all components, e.g., mills, carriers. As a result Balaji said that the company is investing heavily in digitization: “We want to be more predictive and become more descriptive. We are aiming for a more data driven approach to logistics that is less reactive. We are investing in better freight forwarding tools, analytics and technology constantly.”

World record in continuous unloading

Tony Tang described Qingdao as the world’s largest dedicated pulp terminal. The Port handled 5.78 million tons last year: 60% arrived in breakbulk, the rest in containers. It has just set up a world record in continuous unloading with 55,400 t of pulp being unloaded in 25 h. “We have to get prepared for both, breakbulk and container,” he said.

Dave Lucas, explained that his company, the Canadian arm of Marine SSA was founded 70 years ago on Vancouver island and currently handles less than 2 million tons of forest products per year. Breakbulk remains its core business but it has diversified. Western operates the largest transload facility in BC, offloading and then stuffing pulp into containers for onward shipment.

The main challenge he is facing are real estate prices that have multiplied fivefold during the last decade but Lucas also mentioned bark beetles, dry summers and forest fires and ended



Tony Tang, Managing Director, Qingdao Port Pulp Logistics

with an vigorous appeal: “Strong collaboration is required and partnerships are essential to sustain breakbulk!” He added that the breakbulk sector needs to look at the entire supply chain, not just the ocean part.

Tang said Qingdao is continuing to invest in breakbulk because it sees the carriers investing and customers still prefer to use breakbulk

With container rates so low, will breakbulk be able to make comeback? There is still room for breakbulk but again, the entire supply chain needs to be taken into account. As discussed earlier, not all forest products are suited for breakbulk. Balaji said containers will continue to play a core part in GP’s strategy because of the products it makes and rates.



Dave Lucas, Senior Vice President, Western Stevedoring

**SESSION 6:
DIGITALIZATION AND INNOVATION
WITHIN THE SUPPLY CHAIN**

Moving into the home stretch, this session focused on an issue that covers all aspects of mill operations from raw material procurement to shipping. Targe Bock, Suzano, said digital technology includes many factors: the Cloud, virtual reality, drones, robotics/automation, AI.

Unfortunately, Bock also showed a slide that showed the forest industry is well behind many others when it comes to adapting this new technology and has only just begun its digital transformation journey.

Olaf Rathgeb Fr. Meyer’s Sohn, said digitalization is not a technology thing but a business issue. It needs to be a core part of a company’s business.

Among the questions that arose was this one: Is it just a new buzzword or is it a real change? Angela Mercado, Canfor, said her company’s perspective is that it must be an adopter not an innovator. She added that companies that don’t invest in technology will fall behind and be at a competitive disadvantage.

Another question that came up: Why is the industry only at the starting point of the transformation journey? Why is it not further ahead? The industry is capital intensive and companies will first spend money on their assets and then go to the rest of the supply chain. And, for some, the supply chain is a new concept and many



Olaf Rathgeb, CTO, Fr. Meyer’s Sohn

have not seen the connectivity between all parts of the supply chain. In other words, there is the need to eliminate silos.

Challenges that may impede advancement include company structure, the skills available and deciding what the starting point will be. Mercado said that internally, Canfor’s two main challenges are business transformation and change management. “The type of workforce you employ needs to change.” Externally, she added, the challenge is that everyone is at different stages of adoption.

**SESSION 7:
MEDITERRANEAN AND THE
MIDDLE EAST**

Wrapping up a very interesting conference that saw the session hall well filled right to the end, Horst Kaupke, BLG Cargo Logistics, chaired a panel that had Adermo Costa, Cenibra, Antonio Rognoni, Port of Livorno, Emir Kisaguin, Unirep, Lucia Filippi, G2 Ocean, and, Pablo Garcia, Euroports who is based in Tarragona and did a lot of work to ensure the success of the conference.

With 509 million people in the Mediterranean region with a spending power of \$12.5 billion, compared with other developed areas, it is relatively poor but with good growth potential. The discussion among the panelists focused

around hub ports and which country was best equipped to become one.

Speaking about Tarragona, Gracia said Euroports has four warehouses in the port with room for four more. However, the coaster vessels needed for transshipments don't call there at present and the Spanish train system is not totally coordinated with Europe although that is changing. He added that the Mediterranean area presents a big logistics challenge with many countries and many different regulations.

Fillipi presented a carrier's view. Formed in May 2017 as a joint venture between Gearbulk (65% equity) and Grieg Star, it has 130 vessels, 90 of which are open hatch. The objective in forming the JV was to offer clients a choice of vessels.

It started in Livorno to serve the region and the line calls on several ports in Spain, France, Italy and Turkey. "Growth in the Mediterranean needs a clear dialogue between producers, carriers and port," Filippi said. "We need less bureaucracy in the ports. Ports need to provide efficient and competitive logistics and redirecting systems, safe handling equipment, efficient and skilled service and sufficient warehouse space."

Speaking for Livorno, Rognoni said pulp is the port's leading sector (1.4 million t/y). He added that Livorno is well positioned for transshipments by breakbulk or containers to other ports in Eastern Europe, the Middle East and North Africa.



Lucia Filippi, Operations Director, G2 Ocean

Unirep, founded in 1981 as a pulp and paper sales company, is based in Istanbul. Mostly, it serves the domestic market. Although it does not handle pulp directly, it can handle logistics between the mill and end user. It was noted that Turkey imported 1.1 million tons of pulp in 2018. Why isn't Turkey used more as a direct destination? It depends on volume. There are no contracts, only spot sales, one panelist said, so one cannot plan on constant shipments.

Costa said Brazilian-based Cenibra which produces 1.2 million t/y of pulp only has two or three sales monthly to the region.

During the Q&A session, the audience asked: Is Turkey becoming the new China? With regards to growth rates, maybe. But, the



Emir Kisaguin, Manager, Unirep

numbers do not compare with China's. The political situation in the country does not help either.

The question - Can Turkey become a hub for transshipments? - was answered by Filippi who said that for the volumes coming into the region, one hub port may not be sufficient; two may be needed. A good infrastructure is needed with the capability to offload from breakbulk and into containers or coaster vessels.

TS 23 was yet another successful event in a long tradition! TS 1 took place in Rotterdam, Netherlands, in 1974. The next Transport Symposium, TS 24, will be held at the end of September 2021 at the Port of Jacksonville, Florida, US.



Horst Kaupke, Manager Marketing and Sales, BLG Cargo Logistics



Antonio Rognoni, Director, Compagnia Portuale di Livorno



Pablo Garcia, Managing Director Spain, Euroports

collaborate



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The Q&A with speakers left some open questions: Here are the answers

ON TRADE WAR, DIGITAL TOOLS, SCRUBBERS & TRAINS TO CHINA

An IFPTA Special Report

During the TS 23 conference sessions, a lot of questions popped up via the Slido app. As some had to be left unanswered as time was running out, we have asked the panelists to follow up with their answers in this issue.

These were the questions that were submitted after Lasse Sinikallas, director, macroeconomics, Fastmarkets RISI, presented his outlook on the global economy.

THE TRADE WAR

What is the natural conclusion of the trade war?

Lasse Sinikallas: Should the trade war prevail for longer or even escalate further, it will evidently slow down the economies in question. As this trade war happens in a world of complex and matrix supply chains, the impact will be to some extent seen through out these supply chains, i.e. globally. This does not necessarily mean a full technical recession, but the increased uncertainty will reduce investment and additional tariffs are a tax-like burden on the economy. Should the immediate uncertainty be removed, it is possible, if not even likely that the impact of tariffs will be absorbed by the economy and the growth of economies will resume, still less the tariffs.

How do you see the RMB currency rate for 2020 given the trade war uncertainty?

In our current outlook, we expect the Renminbi to still weaken somewhat from the current level and then start to appreciate again in second half of 2020.

Among all the countries that you have mentioned which country will be the first to exit recession?

Much depends on the outcome of the trade war, but should that be a resolution of limiting

further escalation of the trade war and tariffs, which reduces the uncertainty for investment and to some extent also consumers, the US should be able to be rather rapid in resuming faster growth.

RELIABLE DELIVERY

Laurent Van der Voo, Commercial Director at MSC Mediterranean Shipping do Brasil Ltda, who took part in the carriers panel answered the following question:

With customers demanding greater visibility and reliability in delivery how will carriers meet customer expectations for on time arrival of products?

Laurent Van der Voo: Visibility, track and tracing and just in time delivery are part of the container activity. Online tools that are 24/7 - enabling clients, from port of loading to final destination to know where their cargo is - became a mandatory tool in our activity. A container ship carries different products, some with severe

deadlines and just in time delivery necessities as the car industry, the pharma or the food industry with short shelf-lives on products, and these high standards benefitate the whole industry.

On top of this, container services have very strict port windows to operate, so one of the major assets of our industry is to offer a regular weekly service that allows our clients to have a regular and linear shipping program on a weekly basis.

MARKET PULP INDUSTRY IS CHANGING

Kurt Erik Hjelset, VP Commercial at Saga Welco AS, was on the carriers panel as well. He responded to the question:

Is pulp attractive enough for operators to allocate additional resources if pulp production continues to grow?

Kurt Erik Hjelset: This the key question shipping companies involved in the transportation of pulp ask themselves. The market pulp industry is changing; pulp mills are getting big-



**Laurent Van der Voo,
Commercial Director,
MSC Mediterranean
Shipping do Brasil Ltda**

All pictures: PortAventura

ger and there is consolidation among the producers. This means that there may be different requirements as very large multi-mill producers require full cargoes while others will continue to require to load their pulp as part cargoes in combination with other pulp producers, which require a higher service level and shore organization. In order for ship owners to invest in new vessel capacity, there has to be a sensible financial return on the investment whether it is performed as full cargo or part cargo. For anyone investing in vessels suitable for the high quality handling of pulp, and with an organization capable of providing the expected high performance service to the pulp industry, the financial return will have to be satisfactory before an investment decision is made.

ONE BELT PROJECT

During the railway panel, Anu Kujansuu, Marketing Director at Kouvola Cargo Handling Oy, presented the case of a blockchain train that runs in 14 days from Kouvola in Finland to Xian in China.

Were there any trade deals made at the same time as the Kouvola-Xi'an train link agreed?

Anu Kujansuu: The forest industry's block trains - the whole train is then reserved for one customer - have so far been on spot-bases. Railway transportation mode is new to all parties: Finnish sellers and buyers in China. Due to transport documentation being different in railway transportation from ocean transportation, the new transport mode is also affecting commercial negotiations between seller and buyer, especially if a letter of credit is involved. Shippers are also making calculations on the total logistics cost, especially to customers that are in inland China. There we (and the Finnish forest products industry too) see the most potential, since our train goes to Xi'an in Central China. If a consignee is in Central China, it has on-carriage cost in China also when he uses ocean transportation.

When containers go to China are they shipping line containers or railway owned containers?

We have used mainly the carriers' -- KTZ Ex-



From left: Martin Reiser, Head of Pulp Team at DB Cargo, Anu Kujansuu, Marketing Director at Kouvola Cargo Handling Oy and Joan Amorós, President of FERRMED

press, Kazakhstan Railway -- containers, but we have also leased containers from other sources, whoever has the best conditions, e.g. container availability/location in Finland and empty container returning to locations in China. It is also possible to use shipping lines' containers.

THE NEW SUZANO

Fabio Almeida de Oliveira, Head of Europe and Americas – Pulp at Suzano, discussed the “New Suzano” in an interview with IFPTA President Alan Bog.

You mentioned the tissue paper growth: do you intend to have additional investment in tissue paper production in the next two or three years?

Fabio Almeida de Oliveira: Suzano's tissue strategy is concentrated in Brazil, so it is a regional strategy rather than a global one. Our tissue business is a relatively new business and we still have space to grow the business with the current asset base.

Do you foresee any challenge and opportunities in safety culture post “Suzano-Fibra”?

The safety of our employees, assets and the communities where we play are the Number 1 priority for all of us. Our main challenge will be the size of the new company, people wise and geographic extension. Our goal is to be a benchmark for safety standards not only among peers in the pulp and paper industry, but also when compared to other companies in different industrial segments.

THE COST OF SHIPPING

Aernaut Meijer, Director North America at Spliethoff, presented his company's strategy to deal with IMO 2020 sulphur regulations.

How much will the IMO regulations impact freight rates?

Aernaut Meijer: Fuel costs will increase drastically since the lower sulphur content fuel (0.5%) will come at a higher price than 3.5% HFO. Analysts expect that at current crude oil prices, the difference between the 3.5% and 0.5% will be around \$250 per tonne. Today's prices show a difference of almost \$300 per tonne at certain ports. This increased fuel cost will either be corrected with bunker clauses, bunker adjustment factors (BAF) or simply be included in the freight. For sure the cost of shipping will go up, how much will vary per trade.

Who actually makes checks when you are en route on high sea?

It is impossible, or at least very difficult, to make checks en route or on the high seas. The carriage ban on high sulphur fuel oil should make checks on route and on the high seas obsolete. This will on the other hand require port state control to monitor this carriage ban strictly. Scrubbers have monitoring software which logs the sulphur content put into the air. This can be read out by inspectors at any given time in port. Reporting of these emission numbers is also required.

With open loop scrubbers, what happens



Aernaut Meijer, Director North America, Spliethoff, right, explained why his company had opted for scrubbers

when environmentalists deem this cannot be released in ports?

Then the scrubber cannot be used in port and low sulphur fuel has to be used instead.

MORE RELIABLE ANSWERS TO MORE COMPLEX QUESTIONS

Olaf Rathgeb, CTO at Fr. Meyer's Sohn, was one of the panellists that discussed digitalization and innovation within the supply chain.

A delegate pointed out that understanding demand to adjust forecasts nowadays was key and wanted to know: *How do you approach this area through predictive analysis technology?*

Olaf Rathgeb: This is a very good question! I agree that predictive analysis has huge potential to improve business decisions and possibly financial results. We analyzed the possibility to predict business development and some other relevant factors with our own data scientists and in cooperation with a local university. Unfortunately, the correlation of the predicted data with reality was not as good as expected for more complex questions so that we could not rely on it. In other areas, with less complexity, we are using machine learning models regularly with good results already. As tools and know how improves over time I hope we will manage to find more reliable answers to the more complex questions of our business.

Have you explored blockchain technology opportunities for the supply chain?

Yes, we did. We took use of a blockchain

technology-based solution for the exchange of electronic bills of loading to get some experience with the business process impact associated to it. We are also working together with Cobility on an open blockchain-based platform. In my opinion a software solution based on blockchain technology is a platform as others with specific advantages and disadvantages.

A blockchain-based platform provides two advantages: First of all an easy connection to the group of partners which are already connected and secondly an increased trust level for unknown partners based on the distributed ledger technology. The first aspect is even better if a platform is not privately run and proprietary but open and that's why we are engaged with Cobility.

In respect to the second aspect, I have to

say that many business solutions can be based on other technology stacks more efficiently. For example, a web-solution based on a server and database backend as long as you know and trust your customers and partners. In fact, our cruise control can handle the exchange of electronic bills of lading and other business processes between different parties already and the reach can be extended by connecting it to Cobility or any other platform.

How do you balance the need for rapid innovation in technology with the security concerns that also need to be addressed?

Security must be always a key part of all system developments. The most important concept is "security by design" that puts security aspects as key factor during design and implementation, being as sparing as possible with data exposure and conducting regular penetration tests.

Prior to digital implementation should there be a parallel system during implementation?

If the current infrastructure allows a step-by-step approach for evolving the system this is always less risky than building up a complete new system and migrating the processes and data afterwards. If the legacy system is at the end of its life cycle or you have to switch to a complete new platform for other reasons, a careful planning, testing and a step-by-step migration will help to make the implementation a success.



From left: Olaf Rathgeb, CTO, Fr. Meyer Sohn, Angela Mercado, General Manager Transportation at Canfor and Targe Bock, Supply Chain Management, EMEA & APAC, Suzano

HAVE YOU SEEN THE IFPTA WEBSITE?

This new website will help us keep our members connected. With social networking support, simple tools for staying in touch, sharing documents and photos and resources to support committees, we can use it to help market our association and highlight all the great work being done.

In addition, the IFPTA website (ifpta.org) is the workhorse that will collect member dues, support event registrations, and receive payments.

We invite you to come see what we've started. If you have any questions or issues logging in, please contact Ashley Westbrook (awestbrook@ifpta.org).

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If you have any questions about how to access, please contact Ashley Westbrook (awestbrook@ifpta.org).

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Our LinkedIn group is a great place for news updates and having conversations with other forest products logistics professionals around the world.

<https://www.linkedin.com/groups/108004>

UPCOMING INDUSTRY EVENTS

Breakbulk Middle East

February 25th-26th, 2020
Dubai, UAE

RISI Fastmarkets European Conference

March 9th-11th, 2020
Lisbon, Portugal

PPI Awards

March 10th, 2020
Lisbon, Portugal

International Containerboard Conference- Latin America

March 25th-27th, 2020
Mexico City, Mexico

Breakbulk Asia

April 18th-19th, 2020
Shanghai, China

International Woodfiber Resource and Trade Conference

April 29th-30th, 2020
Lisbon, Portugal

Forest Investment Conference

May 19th-20th, 2020
New York City, New York

Breakbulk Europe

May 26th-27th, 2020
Bremen, Germany

RISI Fastmarkets Asia Conference

May 27th-29th, 2020
Shanghai, China

IFPTA on the Road

June 15th, 2020
Vancouver, Canada

Breakbulk Americas

September 29th-October 1st, 2020
Houston, Texas

NEW IFPTA MEMBERS

Please join the IFPTA Officers & Directors and welcome the newest members of the Association. Please reach out to info@ifpta.org for new member contact information.

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Increase in Russian lumber exports, 2006-2011

+53%

Increase, 2012-2017

INTERNATIONAL FOREST PRODUCTS TRANSPORT ASSOCIATION FALL 2019 BOARD OF DIRECTORS MEETING

Tarragona, Spain



IN ATTENDANCE *Officers - Alan Bog (President), Einar Didriksen (Vice President), Tom Mutz (Secretary & Treasurer)*
Directors - Horst Kaupke, Ana Paula Trilho, Rhoda Voth, Anna Ward, Targe Bock, Bob Davidson, Laurie Kravski
Association Managers - Larry Montague (TAPPI), Ashley Westbrook (TAPPI), Hannah Peterson (TAPPI), Mike Jeapes (Fastmarkets RISI)

Mr. Bog called the meeting to order at 12:09 pm local time.

Announcement 2019 Election Results - Alan Bog

It was announced at the meeting that Ana Paula Trilho and Horst Kaupke had been re-elected to IFPTA Board of Directors.

Introduction of New Officers and Directors

Mr. Bog also announced the election of two new board members, Bob Davidson with Eldorado US and Kelly Williams with Western Stevedoring.

Transport Symposium 23 Conference Session Update

Mr. Bog provided the Board with an update on the conference sessions on behalf of the Conference Co-Chairmen which includes himself and Mr. Einar Didriksen.

The initial outline of conference sessions was drafted prior to the Board Meeting and reviewed with the Officers and Directors. The program addresses a variety of topics covering various links in the forest products logistics supply chain. Mr. Bog also announced the use of the slido.com app for questions during the sessions for panelists.

Fastmarkets RISI Update – Mike Jeapes

Mr. Jeapes gave a very detailed overview of financial results and gross profit. There was also a delegate revenue and paid audience review, sponsorship and exhibition review, the expected direct costs, followed by team feedback from RISI. There was also discussion of the TS24 development which will be held in Jacksonville, Florida, USA.

IFPTA Journal

Mr. Jeapes discussed the IFPTA journal in relation to printing and direct costs for the journal.

Financial Update

Updated financial documents were distributed to the Officers & Directors prior to the Board Meeting. As of the September 2019 financial report, our cash on hand balance was higher than the previous month. The Association continues to control expenses but must find a way to increase revenue.

Membership Update

Ms. Westbrook updated the board with the most updated membership numbers, including new members, renewals, active and non-renewals. The board discussed a change in the membership committee chairman from Ana Paula Trilho to Horst Kaupke. There will also be sub-committee members for regional help Rhoda and Anna - USA, Laurie - Canada, Ana Paula - South America.

IFPTA Committee Discussion

The board spoke on the current committees. The membership committee is the main priority. There was a discussion with regards to focusing on membership instead of the other committees for now.

IFPTA on the Road – London 2019

The Board has agreed to host another IFPTA on the Road event in London during the annual London Pulp Week event. Based on the current schedule for the LPW, the event would be hosted on Monday, November 11th at 4pm.

Closing

The board discussed the next Board of Director meeting which will be held in Vancouver in June of 2020 in conjunction with International Pulp week. It was suggested to keep the On the Road function at the same location - Steamworks Pub on Monday night and a board of directors meeting Tuesday morning.

SPLIETHOFF GROUP PREPARES FOR 2020 SULPHUR CAP

On June 26, Spliethoff's mv Floragracht left the BLRT shipyard in Klaipeda, Lithuania, where she was outfitted with an exhaust gas cleaning system (scrubber).

By building in scrubbers throughout its fleet, Spliethoff Group shows its commitment to cleaner shipping and prepares for the global 0.5% sulphur cap which comes into force in 2020. Mv Floragracht is already the 24th Spliethoff Group-owned vessel outfitted with a scrubber and over the years the company has therefore acquired significant experience with this technology. In the coming period scrubbers will be installed on 30 more vessels of Spliethoff, BigLift Shipping and Sevenstar Yacht Transport.

"Thanks to scrubbers and with the support of our customers, Spliethoff Group will lower the impact of shipping on the environment and at the same time cope in a cost-efficient way with the cost increase caused by the stricter sulphur regulations," says Arne Hubregtse, technical director of Spliethoff Group. "As a member of the Trident Alliance, we hope authorities will show the same commitment by enforcing the sulphur rules."

CANFOR AGREES TO GOING PRIVATE TRANSACTION AT \$16 PER SHARE

Canfor Corporation announced that, based on the recommendation of an independent committee of Canfor's board of directors, it has entered into an arrangement agreement with the Great Pacific Capital Corp.

Under the terms of the arrangement agreement, Great Pacific, which along with its affiliates owns approximately 51% of the issued and outstanding common shares of Canfor, will acquire all of the Canfor Shares it does not already own for cash consideration of \$16 per Canfor Share by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia).

A.P. MOLLER - MAERSK JOIN FORCES WITH INDUSTRY PEERS AND CUSTOMERS TO DEVELOP LEO

Maersk and Wallenius Wilhelmsen have teamed up with Copenhagen University and major customers including BMW Group, H&M Group, Levi Strauss & Co. and Marks & Spencer to form the LEO Coalition, which will explore the environmental and commercial viability of LEO (a blend of lignin and ethanol) fuel for shipping.

Lignin is a structural bio-polymer which contributes to the rigidity of plants. Lignin is isolated in large quantities as a byproduct of lignocellulosic ethanol and pulp and paper mills. Currently, it is often incinerated to produce steam and electricity.

"Our customers' ambitions on sustainability are increasing rap-

idly, and we applaud this development. Clearly, LEO would be a great step forward for supply chain sustainability, and it has the potential to be a viable solution for today's fleet, and not just a future vision," says Craig Jasienski, Wallenius Wilhelmsen CEO.

Copenhagen University is currently running the laboratory-scale development of this potential marine fuel. The project aims to move into phase II – testing the fuel on actual vessel engines – in the second quarter of 2020. Following a successful phase II, phase III will begin – the scaling up of LEO fuel production.

G2 OCEAN TO STRENGTHEN ITS DIGITAL FOOTPRINT

Developing, implementing and providing new digital solutions to its customers lies at the core of G2 Ocean's business.

Since the company launched in 2017, it has had a continuous focus on developing and implementing new digital solutions for its customer, employees and partners. There have been several projects within the digitalization drive of G2. In 2018, the company initiated over 10 innovation projects, one of them being the Smart Bill of Lading (B/L) project. The project uses blockchain technology to issue and distribute Bill of Lading and other belonging shipping documents, and a pilot trial was successfully completed in co-operation with three of G2 Ocean's customers in February this year.

"The aim of the Smart B/L pilot project was to digitalize the process of distributing and handling bills of lading between all parties involved, and create an agile, cost-efficient and trustworthy means of transferring ownership of the documents," vice president innovation/project cargo, Leif Arne Strømmen says.

IFPTA AND RISI CONFERENCE IN SHANGHAI

When FastmarketsRISI held its 20th Asian Conference in Shanghai, China, at the end of May, IFPTA enriched the event with a panel discussion. The topic was: Producer, receivers and operators - all link in the supply chain process.

Before the panel discussion started, presentations were given by Wan Xu Dong, CEO at Beijing Trans Eurasia International Logistics Co. Ltd, and Alan Bog, IFPTA president and commercial manager Euroports Asia. Dong spoke about the Eurasia Train Transportation Model, known as "One belt one road", while Bog addressed: Ports and distribution developments in line of market growth.

Panelists included Yue Yong, purchasing director at CNS; Conni Bi, sales director at UPM Asia; and, Chris Wang, sales director, Golden Yield International Hongkong. The panel was moderated by Glory Shen, commercial manager at Euroports. The following issues were addressed during the lively discussion: how producers, receivers and operators are ensuring a smooth port process; how the common bottlenecks within the process can be unravelled; how the requirements

of the producers can be exceeded; and how logistical efficiencies can be found through closer co-operation.



Picture: IFPTA

The IFPTA/FastmarketsRISI event in Shanghai

HURON CENTRAL RAILWAY TO CEASE OPERATIONS IN 2020 IN ONTARIO; DOMTAR AMONG MAJOR CUSTOMERS

Huron Central Railway in Canada says it will cease operations in early 2020 because it has not received the financial support from the federal or provincial government to make necessary improvements to the rail line.

“For the last few years we have worked diligently with elected officials in Toronto and Ottawa and a dedicated team of local leaders to develop a long-term strategy to sustain HCRY,” said Louis Gravel, GWCI president. “While both the provincial and federal governments made commitments to support our long-term plan, the only recent funding received has been a modest investment from the province to temporarily sustain operations.”

REORGANIZATION OF THE MANAGEMENT BOARD AT FR. MEYER’S SOHN

Heiko Voigt was appointed managing director at Fr. Meyer’s Sohn (GmbH & Co.) KG as of October 1, 2019.

The new management board will consist of Heiko Voigt and Dominik Lucius. Heiko Voigt comes with 25 years of forwarding experience at Fr. Meyer’s Sohn where he served successfully as regional CEO EMEA for the last four years. Dominik Lucius has been CFO at Fr. Meyer’s Sohn since 2016 and professionalized the areas of finance, human resources, and compliance.

The current CEO, Marc Meier, will leave the management board by the end of the year. Meier positioned Fr. Meyer’s Sohn as a “Hidden Champion” and “Digital Leader” in the forwarding industry within the last five years. He wants to dedicate himself to new opportunities outside the company.

The current COO, Markus Panhauser, will also leave the management board by the end of the year. Panhauser contributed significantly to the company’s growth strategy. He wants to take on new challenges in the logistics industry.



Picture: FMS

The new FMS Management Board: Dominik Lucius (left) and Heiko Voigt

SLOVAKIA CONNECTS TO CHINA WITH NEW ROUTE VIA UKRAINE

Metrans has launched a new regular rail freight service from the Chinese city of Xi’an to Dunajská Streda, near Bratislava in the west of Slovakia.

The train runs via Dobra and the first train arrived in the Slovak terminal on Wednesday, October 3, from where it left for the final terminals of Prague, Ceska Trebova, Budapest and Krams. The total transit time of the journey from Xian to Dobra in Slovakia was 14 days and the train consisted of 44 40-ft containers for different clients, and with different cargo. This included LCL shipments, said Martin Koubek, business development director – Silk Road at Metrans.

BTE provided the service to the Slovak terminal, whereas the final rail leg was carried out by DBO Bahnoperator. 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.

The final rail terminals are in most cases not more than 150 km away from Dunajská Streda. “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.”

Metrans also runs a weekly train from Xi’an to Ceska Trebova, its terminal in the Czech Republic. This service runs via Poland and enters Europe at the Malaszewicze-Brest border. This is the regular route on the Eurasian corridor.



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Stay in touch with IFPTA

IFPTA

International Forest Products Transport Association (IFPTA) is registered in the USA as a non-profit mutual benefit corporation, 1982.

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IFPTA Journal

The IFPTA Journal is published quarterly in March, June, September and December by RISI, Inc. The Journal publishes articles and other information of general interest to the association's membership. The Journal reserves the right to edit all submitted material. Opinions or views expressed in articles are not necessarily those of the association. Reproduction of material from the Journal can only be made with written permission from Fastmarkets RISI. The Journal is distributed for free to IFPTA members as part of their membership package.

The Journal welcomes articles of between 1,000-2,000 words on any aspect of the forest products transportation sector.

For IFPTA Journal editorial team, contact:

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IFPTA website

www.ifpta.org

Advertising

The IFPTA Journal accepts full page and half page advertisements provided that they serve the interests of the association. The word "advertisement" may be added to the page when an advertisement resembles editorial content. Advertising opportunities are also available in the IFPTA Membership Directory and on the IFPTA website.

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3rd	\$2,150	\$1,965	€ 1,715	€ 1,570
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