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NEWSLETTER

JULY 2023

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Volvo Cars Switches to Biodiesel for Ocean Freight and Spare Parts

Manufacturers and shipping companies are increasingly taking the lead in collaborating with their carriers and logistics providers to address the growing pressure and consumer demands for decarbonizing all aspects of their operations. Swedish automaker Volvo Cars is at the forefront of this movement and recently announced that starting from June 1st, they have made the switch to renewable fuels in order to reduce CO2 emissions associated with their ocean transportation of parts and materials.

Volvo Cars' Chief Operating Officer and Deputy CEO, Javier Varela, emphasized that while renewable fuel is not the ultimate solution for eliminating CO2 from global ocean freight needs, this initiative demonstrates that immediate action can be taken to achieve significant results while waiting for long-term technological alternatives. Varela also expressed the desire to inspire other car manufacturers to follow suit, thereby increasing the demand for carbon-efficient ocean transportation and establishing renewable fuels as a viable mid-term solution.

In collaboration with logistics partners Maersk, Kuehne+Nagel, and DB Schenker, Volvo Cars will now use renewable fuels for inbound container shipments of production materials to their manufacturing plants, as well as for global distribution of spare parts through ocean transportation. This transition is estimated to result in an immediate reduction of 55,000 tons of fossil CO2 emissions from intercontinental freight annually, according to Volvo's calculations.

The logistics companies will utilize Fatty Acid Methyl Esters (FAME) fuels derived from renewable and sustainable sources, primarily waste cooking oil. It's worth noting that no feedstock related to palm oil or palm oil production will be used, and Volvo ensures that the fuel will be certified, including measures to prevent competition with food crops. The fuel will adhere to sustainability standards outlined in the EU Renewable Energy Directive.

Highest Power Output Demonstrated from Direct Ammonia Fuel Cell

Alama Clean Power, a Norwegian company specializing in Solid Oxide Fuel Cells (SOFC) for the maritime industry, has achieved a significant milestone in the development of commercial-scale systems. They recently conducted successful tests on the largest direct ammonia fuel cell, which is a crucial component for future systems.

Alama, launched as the first venture from Clara Venture Labs with backing from Aker, is focused on developing a technology that allows ammonia to be directly fed into the fuel cell system. This innovative concept eliminates the need for energy-intensive pre-treatment processes that convert the fuel into hydrogen before generating electricity. According to the company's research, this approach can result in significantly higher efficiency levels compared to traditional combustion engines. It has the potential to make ammonia-based maritime energy systems economically viable for ship owners.

CEO Bernt Skeie highlights that Alama has been working on the system's development for slightly over a year as part of their efforts to create modularized Solid Oxide Fuel Cell systems. The successfully tested unit generated 6kW of power from the direct ammonia fuel cell, which, to their knowledge, is the highest power output ever demonstrated in this field.

Alama's SOFC modules are designed to be combustion-free, featuring no rotating parts. They can operate autonomously with minimal maintenance requirements for extended periods. The company believes that green ammonia, produced through electrolysis powered by renewable energy, has the potential to decarbonize the maritime industry.

Rune Tveit, the Project Manager, expresses satisfaction with the stable operation and consistent electricity generation of the system. Further testing will be conducted throughout the summer to gain more knowledge and fine-tune the setup. Afterwards, they plan to assemble and test a complete 100-kW module, which will serve as the foundation for larger ship installations.

He claims that none of them will expire before the end of 2024, adding, "It's been years since we last signed a three-month contract.".

In early 2023, Alama received Approval in Principle (AiP) from DNV for their 1 MW ammonia-fueled SOFC system design. The design was evaluated for compliance with DNV class rules and IMO guidelines for fuel cell installations. The AiP was granted for a containerized module that incorporates safety systems to handle ammonia as a fuel.

The company is engaged in several prototype demonstration projects with prominent companies in the maritime industry. They collaborated with MSC Cruises on a fuel cell system for the cruise ship MSC World Europa. Additionally, they are working with Odfjell, Wärtsilä Norway, and AkerBP to develop an LNG-fueled solid oxide fuel cell system with integrated carbon capture for an Odfjell chemical tanker.

Alama is also involved in two pivotal projects funded by the EU. The first project involves retrofitting a 2 MW ammonia-operated solid oxide fuel cell module on the offshore vessel Viking Energy, owned by Eidesvik and under contract with Equinor. The second project aims to demonstrate a 100-kilowatt power train based on Liquid Organic Hydrogen Carrier (LOHC) technology on board the offshore supply vessel Edda Ferd, operated by Østensjø Rederi.

Shipper Alleges That Hapag-Lloyd "Created Logistical Paralysis"

Shippers are continuously submitting complaints to the Federal Maritime Commission, alleging that carriers have violated the Shipping Act of 1984 and the Ocean Shipping Reform Act in recent years, particularly during the surge in shipping volumes. The majority of these complaints are seeking relief from Detention and Demurrage fees (D&D), as well as compensation for costs incurred when carriers compelled shippers to purchase space in the spot market due to contracted space not being available.

In a new complaint filed on June 30, attorneys representing an Illinois importer and fruit juice broker argue that carriers had a broader responsibility during port delays and congestion. Along with seeking relief for D&D costs, the lawyers for Rahal International claim that Hapag-Lloyd, through its actions, caused "logistical paralysis" at the Port of New York and New Jersey between April and June 2022. They state that this resulted in the company incurring damages of nearly three-quarters of a million dollars due to spoiled products, unreasonable D&D fees, fees from drayage carriers, and storage costs for empty containers.

Representing Rahal, attorney William M. Fennell, Esq. of the law firm Giuliano McDonnell & Perrone, writes, "The violations arose from Hapag's failure to provide adequate facilities for the return of empty containers while continuing to accept business and charge excessive ocean freight fees with knowledge of the lack of facilities and without providing alternatives, as well as the resulting logistical paralysis that precluded Rahal from retrieving its loaded containers."

Hapag-Lloyd declined to comment on the case. The complaint was filed at the end of last week, and the company's legal team will review it and subsequently file a response with the Federal Maritime Commission.

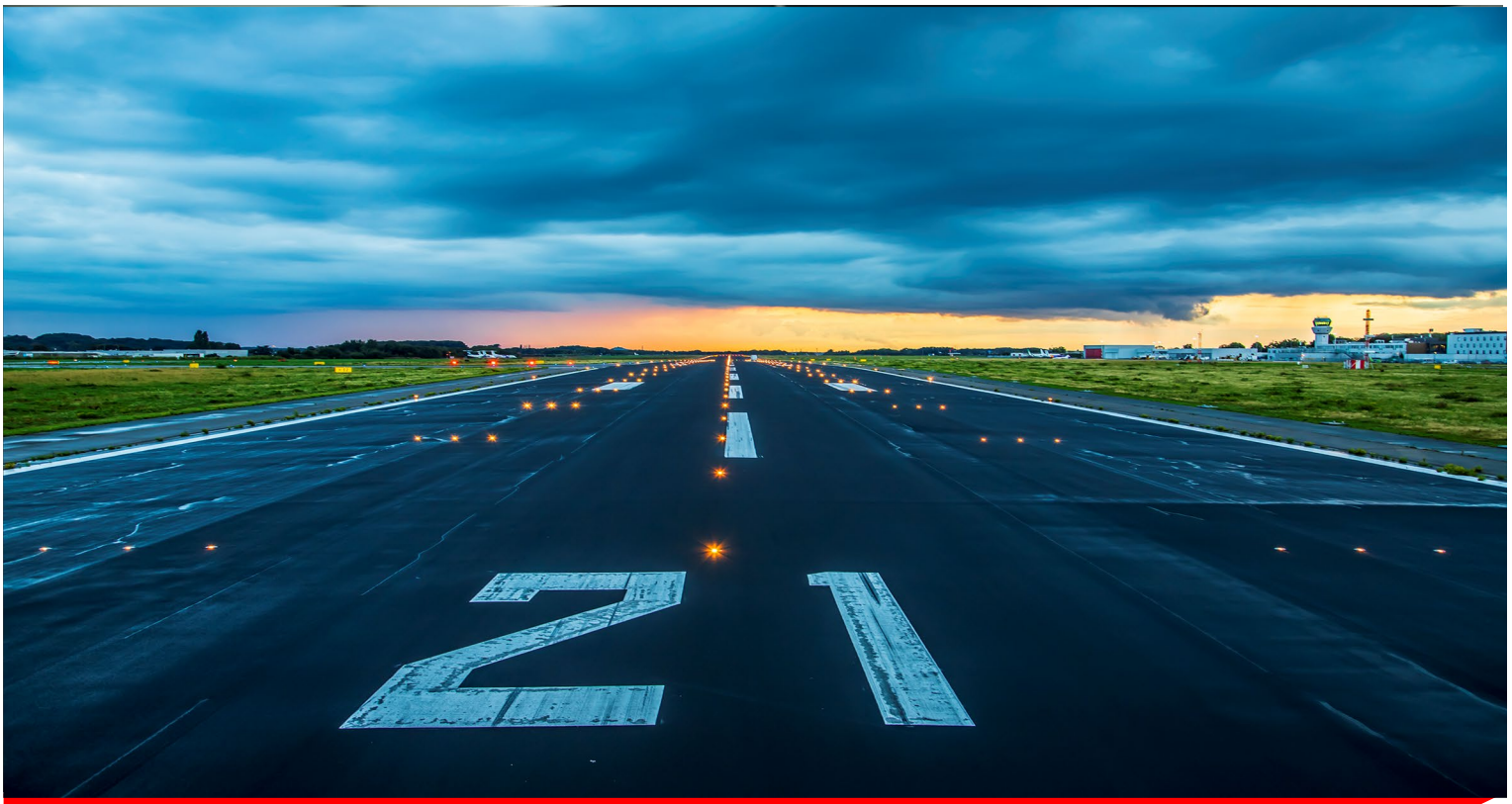
The complaint asserts that Hapag-Lloyd continued to accept containers despite knowing that it lacked the capacity or facilities to handle and store the returned containers. It references the accumulation of empty containers at the Port of New York and New Jersey, both a year prior and again in the spring of 2022, which had an impact on the shipper and its drayage provider.

The complaint alleges that Hapag-Lloyd failed to inform Rahal International of the backlog of empty containers building up in the port in April 2022. It criticizes the carrier for not sending vessels to clear the backlog and for not granting the shipper reasonable free time considering the port congestion that caused delays in container returns. The complaint further claims that Hapag-Lloyd "effectively and unilaterally impounded chassis and used them as de facto storage platforms" for empty containers, with the costs passed on to the shipper.

According to the complaint, Hapag-Lloyd also neglected to offer any deviation or alternative destination for Rahal International's goods that were being transported to the port.

The complaint specifically mentions seven laden containers shipped by Rahal International, containing organic apple juice, which arrived at the port between May 15 and 16, 2022 but were not available for pickup until June 8 to 15. When the apple juice reached Rahal's facilities, it was discovered that it had undergone fermentation, resulting in excessive aerobic plate, yeast, and mold counts. As a result, the complaint states that the shipper incurred actual damages of nearly $200,000 due to deteriorated, spoiled, or otherwise unfit products.

Overall, the complaint seeks damages totaling just over $715,000. In addition to product damages, it argues that the company was charged almost $300,000 in unreasonable D&D fees. The damages also include over $150,000 in excess haulage fees and more than $63,000 in additional expenses.



Maastricht Aachen Airport opens renovated runway

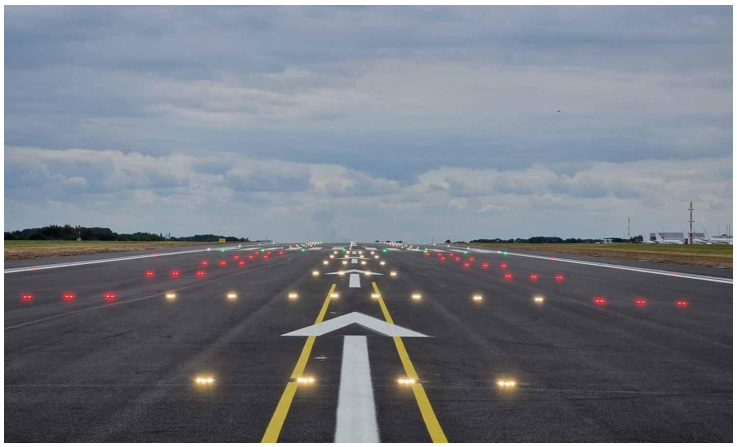
Maastricht Aachen Airport (MST) has revealed its newly renovated runway, costing €35.3 million, as part of its plan to extend the operational length to 2,750 meters by January 2025.

The renovation project, which lasted eight weeks, is a component of the airport's comprehensive infrastructure development plan, with a total investment of €100 million planned for the upcoming years.

During the launch event held on June 30, sustainability took centre stage, and an electric plane was used to officially inaugurate the runway.

"We are celebrating the launch of our improved runway today, reflecting on the extensive planning and execution that went into this project. However, we are also looking ahead," stated Jos Roeven, CEO of MST.

"The decision to open the runway with an electric plane symbolizes our dedication to ensuring the airport's sustainability for years to come."



Cargo operations have resumed at MST, the second-largest cargo hub in the Netherlands, with Turkish Cargo operating five weekly flights from the airport.

Royal Jordanian and Emirates SkyCargo have also continued their operations at MST, with each airline operating two flights per week.

In the previous month, Royal Schiphol Group acquired a 40% stake in MST, becoming the second shareholder in the airport alongside the province of Limburg, which retains the remaining 60% ownership.

ARTICLE 5

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Lufthansa Cargo adds third A321 freighter

Lufthansa Cargo has introduced its third Airbus A321 freighter as part of its efforts to expand its e-commerce capabilities.

The aircraft, named "Dia dhuit Ireland," joins the existing freighters "Merhaba Türkiye" and "Hello Europe."

The inaugural commercial flight took place from Malta to Milan.

Another A321 is scheduled to join the fleet later this year, and the airline is open to the possibility of adding more aircraft to its intra-European e-commerce operation in the future.

The conversion of the aircraft was carried out in Singapore by EFW.

The A321 converted freighter offers 14 positions for pallets and containers on the main deck and 10 positions on the lower deck. It has a payload capacity of 28 tons and a range of 3,500 km.

Antonio Di Martino, Lufthansa Cargo's Head of Sales and Handling for Italy & Malta, stated, "This route between Malta and Milan is one of our shortest freighter routes, but it is of great value for Malta as it opens up new markets for the small island. After two months of operations, we are pleased with the progress and have observed the transportation of various goods, including vulnerable and dangerous items, as well as live animals on this route. We are delighted to strengthen our A321F fleet with an additional aircraft.".

Lufthansa Cargo launched its intra-European freighter operation in March 2022.

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CONTACT US
TEL: +86-21-32506989 FAX: +86-21-32506989
E-MAIL: MARKETING@SHA.PREMIERE- LOGISTICS.COM
WEBSITE: WWW.PREMIERE-LOGISTICS.COM
ADDRESS: RM. 603&304, BUILDING B, NO. 28 XUANHUA RD. CHANGNING DISTRICT, SHANGHAI, 200050, CHINA