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IFPTAJOURNAL

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pulp mill in Östrand**

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ARTIFICIAL INTELLIGENCE – THE FUTURE OF LOGISTICS?

By SUSANNE HAASE, Editor

A new study confirms that artificial intelligence (AI) is highly relevant to logistics, with more than 80% of respondents welcoming AI as an important innovation area and issue for the future. Yet implementation is weak, as three quarters of participants lack the practical know-how, investment capacity or appropriate IT infrastructure for this.

Therefore, the technology is still a long way from being established, although its potential is certainly recognized by the industry. A total of 123 employees and managers from a variety of logistics disciplines took part in the survey by a German logistics magazine.

LOGISTICS INDUSTRY RECOGNIZES RELEVANCE

Overall, it is clear that those questioned perceive AI as an important future issue. Only a fraction of them (6%) expect it to be an insignificant passing fad or are not yet clear about what exactly this technology means. Respondents overwhelmingly (90%) rate AI as a worthwhile investment that promises a better market position in the long term. It seems that the subject is yet to become a reality in the business world, however, with a mere 26% of the surveyed companies already us-

ing AI in their logistics processes. Similarly, 60% of those questioned believe that AI has made scant inroads into the logistics sector up to this point.

LACK OF IMPLEMENTATION KNOWLEDGE

The slow pace of implementation has various causes. More than half (54%) of the survey participants who are not currently using AI identify a lack of expertise as the main reason. In fact, only 12% of respondents consider themselves to be well informed; three quarters still know too little, by their own estimation, or would like at least assistance with implementation. Aside from this knowledge deficit, further obstacles to implementation are high costs (46%), inadequate IT infrastructure (44%) and lack of time (38%). The majority of those questioned nonetheless recognize that there is a need for action when it comes to incorporating AI into logistics processes.

Even today, AI can be used for things like calculating reliable forecasts about customer demand. These methods are already built into existing solutions for planning supply chain processes. Read more in the report about Majiq, a global leader in software solutions for the pulp, paper and nonwovens industry, starting on page 19.

SALES PLANNING IS THE MOST IMPORTANT FIELD OF APPLICATION

With regard to AI applications, sales planning takes the lead for 62% of respondents. This is an area on which numerous downstream processes are dependent, and AI provides an opportunity to improve demand forecasts by taking market trends into account. Production optimization and transport optimization (for instance through autonomous transport systems) are each identified by half of those questioned as the most important applications aside from sales planning.

ON THE RIGHT TRACK

What is certain is that only a few companies are using AI in their logistics at present. This seems primarily due to a lack of knowledge. However, the industry does recognize the technology's potential; half of the participants who are planning to use it are already in the process of implementation.

The near future is therefore likely to bring further application examples which could serve as best practice approaches.

IFPTA journal will keep you posted ...



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Extremely contagious enthusiasm

By ALAN BOG, IFPTA President

As I write this, we are coming to the end of the summer in the Northern Hemisphere, where temperature records seem to have been broken in many places. For many, business activity is starting up again and for others nothing has slowed down over the summer.

So now we are just over one year away from the next Transport Symposium in Tarragona in September 2019. This will be the first time the event has been held in the Mediterranean area, and September is a wonderful time of year.

In July, I had the opportunity to visit this historic city, and had meetings with the Port

Authority and the City. Our hosts are in the process of planning some spectacular events and hospitality for our delegates. Their enthusiasm for the event is extremely contagious!

The city is easily accessible through Barcelona Airport, so I am sure the event will attract a big attendance.

Tarragona is an ancient city with many Roman artefacts, including a spectacular Roman Amphitheatre as the star attraction. I would recommend combining some personal time with your trip to the Symposium, to explore the region and sample the great local food and wine.

The Conference Chairmen are already working on a provisional conference program and we will be presenting some topical and interesting sessions. Please feel free to contact Einar Didriksen or myself if you have any topics you would like to see included.

The next IFPTA Board meeting will be during London Pulp Week, when we will also hold our next IFPTA on the Road event.

We look forward to welcoming many members and guest to this event. It is always a good place to catch up with friends from the industry as well as listen to an interesting presentation.

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TARRAGONA: A MEDITERRANEAN CITY OPEN TO THE WORLD

By JOSEP ANDREU FIGUERAS and PABLO GARCIA

The city of Tarragona is a strategically-located enclave on the Mediterranean, less than an hour to the south of Barcelona. Well-connected by land, sea and air, it is the ideal setting for organizing international congresses and events. It enjoys an enviable climate all year round, perhaps one of the reasons why, more than 2,000 years ago, the Romans chose it as the place to establish their capital in Hispania. The most influential emperor in history, Caesar Augustus, found in Tarragona the ideal conditions for his delicate health and set up his residence here. The legacy of the long Roman presence and its more than 20 centuries of Mediterranean history make Tarragona a treasure that visitors will never forget, whether they come on business or on holiday.

A BUSINESS-FRIENDLY REGION

Tarragona and its area of influence (the Costa Daurada) make up the second largest metropolitan area in Catalonia. Today, it is one of the regions with the greatest entrepreneurial, industrial and tourism growth in Spain and the Mediterranean Arc. A decisive contribution to this is made by the connectivity and dynamism of the Port of Tarragona, one of the most important ports in southern Europe and a leader in such strategic cargos as agri-food and energy products. In support of all this there is an extensive network of firms in multiple sectors able to carry out business on an international scale. Full cooperation from local, regional and national government is yet another factor that makes this the ideal scenario for the sustainable growth of a prosperous and modern society that is open to the world.

In addition to a major tourism industry that includes the PortAventura World-Ferrari Land resorts with more than five million visitors an-

Tarragona is one of the most important ports in southern Europe and a leader in strategic cargos



Picture: Port Tarragona



Picture: Port Tarragona

Josep Andreu Figueras, CEO Port of Tarragona

nally, Tarragona hosts the manufacturing and logistics activities of multinational companies in sectors as diverse as energy, petrochemical products, agri-food and E-commerce. Firms such as BASF, Repsol, Bayer and Dow Chemical (that make up the ChemMed chemical industry cluster), DP World, Ikea, Kellogg's and Amazon have found in Tarragona the ideal conditions in which to develop their businesses in southern Europe. Based on all this economic activity, the territory has an extensive network of specialist sites, services and suppliers that contribute to making Tarragona an outstanding business-friendly city with all the most important sectors and considerable power to attract international investors.

A good example of this is the fact that Hard Rock International, a multi-national firm in the leisure and tourism sector with a presence



Picture: Euroports

Pablo Garcia, Managing Director Euroports Iberica, Tarragona

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in 75 countries, has recently announced plans to invest \$2 billion in Tarragona in setting up a unique world-class resort with hotels, professional convention facilities and shopping and entertainment areas. To this major investment, which was preceded by others in the tourism sector, such as Ferrari Land, we can add the continuous major injections of economic resources by the area's large businesses and industries, as well as the Port of Tarragona itself, in strategic sectors such as manufacturing and logistics, in which Tarragona has also gained a privileged position in the Mediterranean.

WHY TARRAGONA?

Business: The Port of Tarragona is one of the most important ports in the southern Mediterranean, and a logistics gateway to European markets for the whole world. It also has con-

siderable experience in organising logistics congresses. A receptive, diversified and multi-sectorial economy in continuous growth, with the implantation of manufacturing and logistics centres by such multinationals, it is a highly attractive area for investments and business projects on an international scale.

Tourism: A world-renowned leisure, cultural and gastronomic offer. Tarragona and the Costa Daurada constitute one of the main tourism destinations in Spain and Europe. The city has been designated a World Heritage Site by UNESCO for its Roman remains. And, not to forget - the Mediterranean climate as well as unspoilt beaches, stunning mountain scenery and outdoor activities all year round, even in winter.

Facilities: Tarragona boasts excellent connections. It is located fewer than 100 km from

Barcelona and within easy reach of the principal countries of Central Europe. Motorways, airports and railways are meeting most modern standards. It is also a city of congresses: A wide range of venues in which to hold professional international meetings and events, with providers and services of all types ready to guarantee a successful organisation. In conjunction with the Port of Tarragona, in the last two years the city has hosted the international Tankbank and Agrifood congresses, among others. Furthermore, event organisers can count on maximum cooperation of local government through the Tarragona Convention Bureau.

Tarragona simultaneously offers a mature business environment and a land of opportunity for companies and entrepreneurs with a vision of the future. That's why it is the perfect spot for the IFPTA Transport Symposium 2019!



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RSVP today - Ashley Westbrook - awestbrook@ifpta.org

The ***International Forest Products Transport Association*** (IFPTA) was established in 1982 as an organization for professionals within global forest products logistics and related industries. The Association provides a networking framework to encourage communication and innovation among all roles and participants in the supply chain.

Learn more at www.ifpta.org

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The mill is located near Sundsvall on the Swedish east coast

Tissue producers will be the main market for the SCA newly-expanded pulp mill in Östrand

RISE AND SHINE

By SUSANNE HAASE, Editor

Production at the expanded SCA Östrand pulp mill near Sundsvall, Sweden, began according to plan during the midsummer holiday, June 24. The SEK 8 billion investment project, codename Helios, enabled a substantial increase in production capacity - from 430,000 to about 900,000 tonnes/yr of northern bleached softwood kraft pulp (NBSK).

This is one of the largest and most important industrial investments in Sweden and Östrand will be one of the most competitive and environmentally sound mills for northern bleached softwood kraft pulp in the world. Furthermore, it will help to meet the growing demand in a strong pulp market.

IFPTA Journal spoke to Ingela Ekebo, SCA's project director, about the course of the project and its implications.

IFPTA Journal: Before taking a closer look at the current state of play at the production site, I would like you to outline once again the idea and concept behind the expansion of the pulp mill in Östrand.

Ingela Ekebro: The market for softwood kraft pulp is increasing by around two per cent per annum. The demand for printing and writing paper is decreasing and today the driving force in the market comes from the tissue and the packaging sectors. We focused particularly



Ingela Ekebro was in charge of SCA's Helios project

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on the tissue sector in the plans for the mill expansion.

When do you plan to reach full capacity?

Normal startup period for a mill of this kind is 12 to 18 months. We are aiming for the lower end of this timeline.

Are you still within the budgeted 8 billion SEK for this project?

Yes.

This is a brownfield project. What did this mean for the existing pulp production?

Of course there have been impacts on the production of the existing plant. From the start we set up parallel organizations for the project and for the running of the mill and for how the two should synchronize long-term and every day planning. We needed to take some more stops during the project for connecting new processes, which have impacted production, but on the other hand we have taken a lot of new equipment into operation before the main startup. There have been a very strong focus on planning and routines, above all on health and safety, as the normally around 200 employees working on the site on a normal day have been accompanied by up to 2,000 people involved in various parts of the investment project.

Which were the biggest challenges in this regard and how were you able to cope with them?

Health and safety has been of the highest priority and we have managed to avoid severe accidents so far. Logistics have been a challenge since the site is restricted by the sea and by a railroad. There has been no place to put things so deliveries have had to be on the minute.

How will this expansion project change SCA's market position as a pulp supplier?

With this new mill, we will have a leading position in pulp quality, environmental performance and competitiveness. We will also be a much bigger actor on the market than what we have been so far. We focus primarily on the expanding tissue market.



Production capacity was increased to 900,000 tonnes/yr



SCA has its own transport organization with an efficient port and transport terminal

Which markets do you intend to supply with the additional volumes?

Several of our customers are expanding their operations so we intend to grow with old customers and to grow with new customers. As we presently are a medium-sized supplier, we have mainly been supplying the European pulp market. Even if Europe will remain our home market, with the expanded capacity we will look more to the overseas market than we have done so far.

How are the logistics for the new pulp volumes organized?

The same way as it is organized today. SCA has its own transport organization with an efficient port and transport terminal in the vicinity of the mill. Most of the pulp will be transported by vessel from Sundsvall. For overseas customers the pulp will be transported with our own container feeder to our terminal in Rotterdam and then shipped the longer distance on inter-continental container vessels.

Which are the main transport routes?

For the overseas volumes, Sundsvall and Rotterdam will be important nodes in the transport system. For European destinations, we will use the transport means that are most efficient. Sea transport will be the dominant mode.

What will be the preferred mode of transport: container or breakbulk?

We use both breakbulk and container transports, but over time the share of container transport has increased. We believe that this development will continue.

Most of the pulp will be transported by ship from Sundsvall



SCA is investing in transportation

Did you invest in new logistics equipment?

We are planning for an expanded container port in Sundsvall. These plans are not only for pulp transport. Publication paper and wood products are also transported from the Sundsvall harbor and the volumes of containerized goods are steadily increasing.

To which extend does or will digitalization play a role in the expanded mill?

One very obvious effect of digitalization is the new operations centre. Instead of having control rooms of every different part of the mill, as is the case today, we are establishing one

common operations center where we will gather all daytime production and maintenance people together with the shift organization for almost all parts of the mill, in a new building located centrally on the site. We have state of the art technology for overseeing and controlling the mill processes in a modern work environment. Without the most modern digital tools, this would not have been possible.

Your new capacity hit the market at an extremely favorable moment. Did you expect that at all?

It is almost impossible to time investments

and expansion projects so that they are in phase with the market. When planning for an investment, we look at the long-term development. The project needs to be competitive in a down-turn of the market as well as when the market is favorable. But some positive momentum from a strong market as we start up is a pleasant bonus.

You have been involved in this project as a project leader from the beginning. How has this changed your personal life during the past months or even years?

You live with a project like this more or less

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day and night. At the same time we set some rules from the start, that everyone involved in the project should have their vacations and that they should only be disturbed during their time off for real emergencies. But for the whole project organization I would say that the new mill is a baby that has been born.

What is your personal relation to pulp and paper?

My ambition as a student was to work as an energy engineer, but doing my thesis at SCA put me on another track. I have spent my whole working life with the industry and have not regretted one day of it. And now to lead one of Sweden's biggest industrial investment projects ever is a fantastic opportunity that I would not have missed for anything.

Thank you for the interview!



Pulp being loaded at Port of Sundsvall



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RENEWAL REMINDER

The trucking situation in Europe is still in flux and worse times may lie ahead

MUCK, TRUCKS AND STAR-GAZING

AN IFPTA JOURNAL SPECIAL REPORT

The British Wood Pulp Association (BWPA) held its annual Summer Symposium at the end of June in Richmond, West London, UK. Delegates combined a mix of networking opportunities with thought-provoking presentations covering China's waste ban, the trucking crisis in Europe and the outlook for market pulp.

Here are just some of the findings presented by delegates:

The title of the presentation given by Anton Verbrugge, Verbrugge Terminals, "Truck: Worse to come?" left no doubt that he intended to shed some light on the challenges in road transport. "The financial crisis of 2008 put pressure on the transport market across Europe and many West European truckers didn't survive in what was, and still is, a business with very tight margins. As unemployment rose and demand for products declined, trucking rates fell. Many decided to ship their business into Eastern Europe to reduce their cost levels and as East European drivers entered the market, a war on prices ensued. Some trucking companies shrank and many went bankrupt," he said.

"The market is finally picking up today as European economies recover and demand for trucks is increasing again. However, stronger economies also mean lower unemployment and this in turn has meant that older drivers now retiring are not being replaced by a younger generation. The EU has introduced minimum wages and capped at 45 hours the time per week a driver can spend at rest in the cab. Such measures are generally accepted as a positive in the industry because conditions for truck drivers were deteriorating, but they have not helped the capacity shortage. The economies of East European countries are growing. Unemployment in Poland, for example, has fallen from



BWPA President Joao Pereira of Altri welcomes delegates



Tom Wright, managing director, Hawkins Wright, presented his view on the pulp market



Anton Verbrugge (left), Pierre Bach (middle) and Francesco Biannucci



Joao Cordeiro, senior principal, Pöyry Management Consulting, during his presentation

All pictures: BWPA

10% a few years ago to 6% today. With more options than the previous generation in their own countries, life on the road in Western Europe is not such an attractive prospect for East Europeans as it once might have been.

A PERFECT STORM

Meanwhile, the trend to just-in-time deliveries is growing since no one wants to hold stock. However, congestion and congestion charges are rising, delays are growing and there is pressure on service levels, while road taxes are slowly increasing, up by 3% this year on average. There are increasing loading and delivery restrictions and windows causing inefficiencies and lower productivity in general where logistics are concerned. The result of all these factors combined is a perfect storm for the trucking industry: Something has to change.

The logical answer is more investment, but trucking companies have been reporting poor profitability since 2007 and are not in a position to invest heavily in new trucks any time soon. Rates are picking up slowly creating room for investments, but a new generation of drivers has different terms and conditions compared to drivers in the past. The use of foreign drivers is likely to decrease due to new laws and regulations."

OPTIONS TO REDUCE DEPENDENCY

Verbrugge and others are looking at options to reduce their dependency on the trucking market such as alternative routes and combining trucks with rail, barge and coaster. Self-drive



trucks might be an option in the future but are not here yet. In the meantime, trucking rates will continue to rise and companies will need to find a way to finance higher trucking costs and the trucking companies to buy more trucks.

Anton Verbrugge's advice: "Book in advance, pay the charge and work with a company who owns their own trucks. The next few years will be tough and it's possible that worse is still to come. If there's a positive, it will be that more reliable supply chains emerge as a result, and that the carbon footprint of the woodpulp industry will be significantly reduced."

WASTE PAPER BAN BEGINS TO BITE

Joao Cordero, senior principal, Pöyry Management Consulting, addressed the consequences of China's waste paper ban, introduced at the beginning of the year. "China's waste ban begins to bite," he pointed out. "Recovered paper imports dropped dramatically in March and are forecast to fall from 26 million tonnes in 2017 to 15 million tonnes in 2018. A quarter of Chinese paper production relies on imported recovered paper and more than 70% of China's P&B production is based on recovered paper. But after the Chinese government announced sweeping reforms to restrict imports of mixed waste at the start of the year, the fiber gap for Chinese papermakers could be 10% of its demand in 2018. In March alone, Chinese OCC imports were down four to five million tonnes, ONP and OMG one to two million tonnes and mixed RCP four to five million tonnes. The big question is

how China will cope. Part of the solution is likely to be increased imports of virgin fiber."

Tom Wright, managing director, Hawkins Wright, dedicated his lecture to the dynamics of the international pulp market. "For the first time in more than 15 years, investment in new market pulp capacity appears slower than 'trend' demand. So is the cycle different this time? We are seeing some parallels to that of 2010-11 – when prices rose quite unexpectedly and were maintained at a high level for an extended period due to supply-side events. This time, prices increased so rapidly last September-November in China that it has taken six months for the rest of the world to catch up. So whilst euro prices have accelerated in recent weeks, the momentum in China has slowed. Chinese P&B production has fallen so far this year, partly due to the lack of recovered material due to import restrictions. Paper producers are also taking market-related curtailment in order to protect prices which remain significantly higher than in other Asian markets. As a result there appears to have been fairly limited growth in pulp imports since November, although the picture in April and May is rather unclear as Chinese customs data have yet to be released. Nevertheless prices have been supported by a number of production losses in various key regions of supply. Although prices have now been on an upwards trend for almost two years, there remains a broad range of scenarios for the second half of 2018."

The next BWPA Summer Symposium will take place at the Richmond Hill Hotel, West London, UK, June 5 and 6, 2019.

About the BWPA

The British Wood Pulp Association was founded in 1896 to promote the interests of the wood pulp trade in the UK. Today, the Association is truly international but continues to base its main events for the industry in the UK; the highlight of London Pulp Week is the BWPA Pulp Dinner, always held on the second Thursday of November, while the Summer Symposium is held in June.

“Customers are starting to learn more and more about the potentials for IoT”

RELYING ON MAJIQ

By SUSANNE HAASE, Editor

Majiq is a top global leader in software solutions for the pulp, paper, and non-wovens industry. Founded in 1981, with more than 85 employees and offices in Seattle, WA, Sydney, Australia, Gibsons, BC, and most recently added offices in Milwaukee, WI, and Örn-sköldsvik, Sweden, the company specializes in industry-tailored planning, trim optimization, manufacturing execution systems (MES), quality, warehousing, transportation management, and sales order processing solutions.

IFPTA Journal spoke with David Pawelke, vice president, sales & marketing, about the latest product developments and references in the forest-based industry.

IFPTA Journal: What new functionality do you have in store for the forest products transport industry?

David Pawelke: We have added an integrated transportation management solution (TMS) to our flagship Elixir solution. This is including freight optimization, automated load planning, less-than-truckload multi-stop optimization, tendering, freight reconciliation/self billing, as well as carrier web portal. We have also created a mobile application to manage mill and offsite warehouses, including shipping, physical inventory, and scanning capability.

Please explain how it works and its benefits compared with other portals.

The integrated transportation management modules offer significant advantages over stand-alone TMS solutions by being connected to both the lifecycle of the products and shipments. This allows changes to the transportation plan to be seamlessly communicated to the carriers on a 24/7 basis, allowing our customers to better serve their customers. Specific to



David Pawelke, vice president, sales & marketing

the Elixir Carrier Portal, our customers can get even their smallest carriers to provide real time delivery information. This allows them to better manage the tracking and improve on time shipments across the board.

How much time and money would a company have to invest in order to use Elixir Carrier Portal?

As an integrated part of the Elixir solution, the additional cost of entry for our integrated TMS is a small fraction of stand-alone solutions. That and the fact it is already integrated to our load planning and shipping solution significantly reduces integration, testing and additional costs result in higher value at a lower price.

How does the portal interact with existing IT systems?

As an integrated component of Elixir, it is



Transportation plans can be seamlessly communicated to the carriers



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Capabilities are available without spending a lot of money



connected out of the box with all the necessary pieces. Freight payables are integrated into our customers' financial systems through standard interface tools that are already built into Elixir.

What kind of support or service do you offer your clients in this regard?

Majiq has designed and developed the TMS solution so it requires very little in terms of additional support for our customers. Our team of industry knowledgeable developments and subject matter experts are available for development, projects, and training.

Please describe a customer/reference case from the forest products industry

Related to our TMS solution, one of our largest customers with mills and warehouses throughout Europe was an early adopter of the solution three years ago. It has allowed them to better centralize and streamline transportation planning throughout their enterprise. They have also been able to better measure carrier performance, as well as commitments through carrier business share management. It has been and continues to be a tremendous success.

Please describe other solutions you provide to the forest products industry

We have a variety of best of breed solutions for the pulp, paper and nonwovens industry,

including advanced forecasting and demand planning, graphical tools for machine capacity planning, trim optimization, and paper quality management, production tracking for all pulp, paper, tissue, and nonwoven product types, logistics and warehouse management, price management and approval, data warehousing, and a variety of external APIs for customers to use to build bolt-on functionality.

What makes your products stand out compared with your competition?

Compared with the competition, we are constantly adding high value to our software, and all of our customers receive regular upgrades included with their support. This ensures that our customers stay current with the latest tools to help make their operations more efficient and profitable.

Do you think that the forest products industry is already fully aware of the potential IoT might have for them?

I think our customers are starting to learn more and more about the potentials for IoT in the industry. We recently purchased a company that is leading the way in the paper industry related to IoT, MOPSSys. It provides process and millwide information systems. As we integrate with them, we will be able to provide additional capabilities to our customers quickly and at a

lower cost than stand-alone systems. We think that customers should start small, really targeting specific areas where they can improve their bottom line. Start small and prove that they are getting value for their organizations then grow once their goals have been met.

How important do you personally assess forest-based products in an increasingly digitalized world?

Extremely important! I think now more than ever forest products provide profound solutions based in one of the true renewable resources that keep our planet green. Also with the significant increase in E-commerce and the need for packaging, as well as the global growth in tissue and personal hygiene products, the industry is well positioned to continue their current growth.

You exhibited at Transport Symposium 2017 in Savannah: What was your impression of the event?

It was a great event! The speakers were incredibly informative, and we learned about the latest trends and service offerings dedicated to the global forest products logistics industry. Touring the Port of Georgia was a real treat, especially learning about their vision for planned expansion. We will definitely attend future events!

Thank you for the interview!

Can technology enable container carriers to succeed as integrated logistics service providers?

IS THE TIME RIGHT?

By MARTIN DIXON

Several container shipping lines have announced their intention to become end-to-end logistics solution providers, either through acquisition, organic investment or incorporating existing logistics entities into the main liner business. So why should these attempts succeed where others previously failed and how may these developments change the boundaries between shipping lines and freight forwarders? The answers may lie in technology.

In April, French carrier CMA CGM took a 25% stake in 3PL and freight forwarder CEVA, not long after announcing its plan to build and operate a 10,000 m² cold store at London Gateway container port in the UK. And Cosco has been aggressively expanding its landside logistics capabilities in Asia and Europe, in support of China's Belt & Road initiative. Meanwhile, earlier this year the world's largest shipping line Maersk announced its vision to become the global integrator of shipping and logistics services. Other container lines are expected to follow suit.

But these developments are not new. Similar attempts were made in the last decade when a wave of consolidation swept the shipping and logistics industry in response to the rapid globalization of supply chains and acceleration in worldwide trade.

NO CARRIER FORWARDING ACTIVITY HAS MADE SIGNIFICANT BREAKTHROUGH

The development of shipping lines' logistics business has taken a variety of forms. From low level logistics service add-ons such as customs management, inland haulage and LTL consolidation, right through to separately branded full-scale 3PL businesses. But either way, the logistics activities have operated as peripheral



Martin Dixon, Head of Research Products and director of Drewry Group

businesses supporting the carrier's main liner network. They have been used as an instrument to secure large scale beneficial cargo owner (BCO) volume and target strategic cargo business on key trades.

Shipping lines have struggled to integrate their asset-based liner operations with the non-asset based, mode neutral and more entrepreneurial oriented forwarding and logistics activities. The human capital required to operate and manage these businesses is very different and not easily compatible. Even logistics companies continue to struggle with integrating their transaction orientated freight forwarding and process-focused contract logistics activities. In the vast majority of cases these remain separately managed entities, supported by coordinated client management teams.

WHAT HAS CHANGED?

The difference this time could be technology. Digitization and automation of basic logistics

transaction tasks have provided opportunities that did not previously exist. For shipping lines, technology provides the potential for them to perform landside logistics services at a lower cost, through a number of interrelated digital developments.

END TO END VISIBILITY AND CARGO CONTROL

The development of connected containers using smart devices plays in favor of the asset owner. The technology not only allows near real-time geolocation but also calculation of lead time and exception management, and can easily feed BCO's "control tower" logistics operations with actionable data. Some recent studies on smart container solutions demonstrate potential saving on in-transit inventory of 10% and 40% improvements in estimated arrival times.

These applications enable carriers to strengthen their value proposition to BCOs, providing optimization of cost and service delivery needs to best meet end customer needs. Direct control and visibility are critical for sensitive goods such as refrigerated cargo. It will become feasible for shipping lines to offer an integrated end-to-end cool chain solution incorporating quality assurance, packing and final mile delivery, through investment in such remote monitoring technology as well as inland facilities.

LANDSIDE LOGISTICS CONNECTIVITY

Telematics and mobile applications are enabling easy-to-use, low cost communication between container drayage depots and operators. This traditionally fragmented activity can now be operated remotely and synchronised more efficiently. Adoption of such connected

All pictures: Drewry

technology has enabled some operators to increase handling capacity by as much as 40%.

ELECTRONIC DOCUMENTATION

Technology is driving the automation of hitherto paper-based tasks that have traditionally been performed by freight forwarders. In particular, the development of electronic documentation, such as bills of lading and certificates, alongside simplification of global trade and compliance management systems has facilitated such advances. An obvious example is the initiative between IBM and Maersk JV to use blockchain technology to simplify and secure the end-to-end documentation trail between exporters and importers. It demonstrates the potential for shipping lines to take over the supply chain data pipeline process from traditional incumbents and the likelihood that other carriers may invest in similar collaborative platforms.

SUPPLY CHAIN FINANCE AND CARGO INSURANCE

In addition to control of the end-to-end physical cargo movement and associated information flows through investment in infrastructure and technology, the one-stop-shop logistics solution can be completed with the inclusion of trade finance and cargo insurance. Some carriers, such as France's CMA CGM, have already recognized this potential with the recent launch of its Serenity insurance service. This includes an insurance policy to cover costs in case of container damage during handling, while another financial scheme aims to compensate shippers in instances of payment default by their customers.

ICC Banking reckons that around 44% of trade finance applications were submitted by small and medium sized enterprise (SMEs) in 2016. But this sector represented 58% of the total number of trade finance applications rejected, with larger gaps in Africa and parts of

Asia. Large BCOs have ready access to funding to support their supply chain finance requirements but SME shippers face challenges in this regard and so will be a particular target of smart trade finance and payment solutions.

TECHNOLOGY IS NOT THE ONLY WAY

But technology has its limitations and challenges remain in certain areas where standard digital solutions do not apply.



Development of shipping lines' logistics business has taken a variety forms

For instance, Customs declarations are a country-based process. In many states they require complex paper-based human intervention which cannot be fully standardised and digitised. Carriers may struggle to compete with more process-orientated incumbents, despite the potential offered by rising cross border ecommerce and LCL trade.

Also, forwarders and 3PLs are intrinsically more client focused, as the value of their asset-light business is driven by the book of customer business they control. By contrast, the value of a carrier's business is determined more by its

assets and its value creation by how it leverages these assets. Forwarders have proven to be very capable at customer acquisition and retention, as witnessed by their growing share of the container shipping market. Technology alone cannot bridge these sometimes conflicting aspirations.

Furthermore, forwarder access to multiple service providers across different transport modes enables a more credible response to reliability and supply chain resilience concerns that carriers, however horizontally integrated, cannot match.

SHORT-SEA CONTAINER SHIPPING'S INTEGRATED MODEL MIGHT BE AN ANSWER

Over the last decade short-sea carriers have demonstrated their ability to develop door-to-door integrated services with a higher degree of customer centricity than large carriers. This includes warehousing and distribution network coverage, as well as payment solutions.

Deep sea container shipping lines have their eye on this approach, hoping to expand the model on a global scale. But it will require a certain degree of standardization and packaging of logistics services that can be brought to market and operated at scale. The recent launch of faster and guaranteed services by the likes of

APL and Hyundai Merchant Marine are a step in this direction, as are investments in short sea operators.

INTEGRATION REMAINS THE KEY; TECHNOLOGY THE DIFFERENTIATOR

But the key to success of carrier one-stop-shop ambitions remains their ability to integrate disparate entities with different business models and skills sets. Last time these challenges were too great but perhaps now they are more realizable with the support of technology.

Martin Dixon is head of research products and director of Drewry Group

Within seven years, use of fabric storage warehouses has grown to cover 56,000 m² at the Port of Tilbury in Essex, UK

BUILDINGS EVOLVE WITH PORT'S CHANGING NEEDS

By SUSANNE HAASE, Editor

The first Rubb fabric structure, an alternative building solution to conventional port facilities, was designed, manufactured and installed in 1990. The link span BVE type structure measured 70 m x 117 m and was used to house timber imports. A second building of 60 m wide x 138 m long was also developed and installed. This building's length was subsequently increased to 276 m. A third link span structure was then extended to provide a covered area of 60 m wide x 300 m long. Meanwhile, SCA Shipping Agency chose a 24 m x 54 m BVE for its site at Tilbury.

Then, in 1997, Rubb designed and constructed an 8,560-m² warehouse for the storage of paper products, bringing the total area covered there by its facilities to more than 56,000 m². The company's building systems allowed the port to react very quickly to customers' requirements and erect covered warehouse facilities, which can be extended or relocated based on future trade patterns, at very short notice.

Ports and marine developments, which are often built on reclaimed land, can also be prone to differential settlement. Rubb fabric structures are not only lighter than traditional fixed buildings, they can also accommodate this differential settlement. The translucent fabric roofing system allows natural light to illuminate the structure and helps save on energy costs. These advantages ensured the growing success of fabric warehouse solutions in the ports, marine and warehouse logistics sectors.

In 1997 the new 40 m x 214 m single span building was linked by two short covered drive-through tunnels to an existing 60 m x 325 m twin

Rubb storage warehouses are built to last but are fully relocatable or extendable to meet changing needs



One of Rubb's largest warehouses is for the storage and processing of wood in Northern Ireland



Structures are custom designed



span port building which had already been extended on two previous occasions. Like all Rubb buildings, port warehouses are built using a structurally engineered, hot dip galvanized steel frame, covered with a high-tenacity PVC coated polyester membrane. This structure was used to store and protect forest products from the elements.

Over the years a number of structures at Tilbury have been dismantled, converted and relocated at three different berths at the port. In 2004, two of these sections were relocated again with dismantling and re-erection carried out by local contractors. The ability to relocate Rubb structures, no matter what size, enables port authorities to develop their port to suit the needs of existing and new customers.

IFPTA Journal spoke with Michael Halpin, Marketing Manager at Rubb about the importance of the forest-based products industry for the supplier and its competitive edge.

IFPTA: Are there other references in the forest-based products industry you would like to point out?

Michael Halpin: One of Rubb's largest storage warehouses is for the store and processing of wood in Northern Ireland. The triple link warehouse facility Rubb created for Tradewood Agencies in Belfast is a massive structure measuring 101 m wide and 95 m long. This storage building features a floor area of 9,595 m². The ware-

house provides plenty of space to store a range of timber and timber products including doors, flooring and plywood for distribution throughout Ireland and the UK. The facility boasts an overall height of 12.93 metres, which coupled with Tradewood's translucent roof, enhances the bright interior typical of a Rubb building.

What makes your offerings stand out compared to competitors? What are special benefits for your customers?

Rubb Buildings Ltd has more than 40 years' experience designing, manufacturing and constructing high quality, code compliant, engineered fabric tensioned buildings and shelters. Our structures are custom designed to support a wide range of industries around the world. Currently, we have over 50 shelters and buildings located across UK ports. Ranging from small shelters to much larger custom designed warehouses.

Rubb started making engineered fabric structures in Norway in 1968 and has gone on to become a world leader with manufacturing

facilities in the UK, Norway, US and Poland. Our buildings are a cost effective alternative and sustainable solution to conventional structures, which are able to adapt to the changing requirements of the end user. Large clear spans and high translucent ceilings provide a bright, efficient working environment. Rubb storage warehouses are built to last but are fully relocatable or extendable to meet changing needs. The structures are available in single spans of 3 to more than 100 metres, by any length. Standard module lengths vary from 3 to 7 metres. Multi-span options are also available to cater for even bigger facilities.

Rubb has earned a reputation for tackling difficult and unique projects. Over the years the company has developed substantial structures that can be moved on wheels or rails, or even lifted around a project site in fully erected form. Our customers' needs are paramount from quotation to installation, project completion and beyond!

Thank you for the interview!

Advantages of fabric structures

1. The overall structure weight, including PVC cladding is approximately one third lighter than a conventional building
2. The cost of a storage warehouse can work out at around one third the price of a conventional building of the same size
3. All structures are designed to meet wind and snow loadings of its geographical location
4. With buildings being classed as semi-permanent structures, reduced building rates are possible
5. Rubb buildings have been in use around the world for more than 30 years with the original PVC sheets
6. The steel framework of the structure is hot dip galvanized, post production, to eliminate any chance of corrosion which comes with a 25-year warranty
7. Rubb warehouses have been proven to last 40+ years with only light maintenance to consider
8. All structures can be custom designed to suit any client requirements up to 120 m clear span width, by any length
9. Designed to maximize the use of space, buildings can be custom shaped and are movable, liftable, extendable and relocatable
10. Rubb can work alongside main contractors or it can lead a project from start to finish



Michael Halpin, marketing manager at Rubb

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METSÄ GROUP'S BIOPRODUCT MILL IN ÄÄNEKOSKI, FINLAND REACHES NOMINAL CAPACITY, PRODUCES ITS MILLIONTH TONNE OF PULP

Metsä Group's next-generation bioproduct mill in Äänekoski reached its nominal capacity in August 2018, according to plan. This makes Metsä Group the world's largest producer of softwood market pulp. The bioproduct mill produced its millionth tonne of pulp on August 8.

The bioproduct mill was started up on August 15, 2017, on schedule and within budget. The startup phase progressed in line with the target curve.

The mill produces 1.3 million tonnes/yr of high-quality softwood and birch pulp in addition to other bioproducts, such as tall oil, turpentine and bioenergy. New bioproducts that already complement the product portfolio include gas from bark, sulphuric acid from the mill's odorous gases and biogas from the sludge from its wastewater treatment plant, as well as biofuel pellets.

Furthermore, the production plant serves as a platform for the production of new bioproducts, as well as further developing and expanding the industrial ecosystem in Äänekoski. Metsä Group is actively exploring various processes and product paths. Key bioproduct development projects include pulp-based lignin products and textile fibres.

SUZANO'S BID TO LEASE OPERATIONS OF PORT OF ITAQUI IN BRAZIL RECEIVES BEST CLASSIFICATION

Suzano Papel e Celulose announced that the bid submitted by it in connection with Auction 03/2018 conducted Brazil's National Water Transport Agency (ANTAQ) received the best classification.

Once it is declared qualified and the result of the bid is ratified, the execution of the respective agreement is subject to the fulfillment of certain conditions precedent that are typical for transactions of this nature and envisages the leasing of an area and public infrastructure for handling general cargo, especially pulp and paper, in the Port of Itaqui in Maranhão state.

With the lease of an area spanning 53,454 m² for 25 years, which may be extended in accordance with the terms of the agreement and with applicable laws, the company will achieve a more competitive position to export the pulp produced at its plant located in the city of Imperatriz in Maranhão state.

The terminal is strategically important for the operation of said unit and the lease is, thus, aligned with Suzano's objectives of increasing its operational efficiency and security, and ensuring the continuation of its operations in the long term. The estimated investment at the site is R\$ 215 million, as envisaged in the studies published together with the bid notice.

STORA ENSO EVALUATES DEVELOPMENT OPPORTUNITIES AT ITS OULU MILL IN FINLAND

Stora Enso has started a feasibility study and an environmental impact assessment (EIA) for a possible investment in Oulu. The feasibility study and the EIA evaluate a potential conversion of the Oulu paper mill into packaging board production. The feasibility study is expected to be concluded by the end of 2018, and the EIA process is expected to take a minimum of six months.

Currently, Oulu Mill has an annual production capacity of 360,000 tonnes of chemical softwood pulp and 1.08 million tonnes of wood-free coated papers on two paper machines. The potential investment would include a new chemi-thermomechanical pulp (CTMP) plant, a brown-based cartonboard line with a capacity of 450,000 t/y and a kraftliner line with a capacity of 400,000 t/y.

The potential conversion of Oulu Mill would enable Stora Enso to further improve its position in the growing consumer board and packaging solutions businesses and take a major step in its transformation. The other option is to continue the current fine paper production.

Capital expenditure for the potential conversion is estimated to be approximately EUR 700 million during years 2019–2021. The production on the potential new lines would start during 2020. Paper production at Oulu Mill will continue at least until early 2020.

UPM RAFLATAC OPENS NEW LABELSTOCK SLITTING AND DISTRIBUTION TERMINAL IN SOUTH KOREA

UPM Raflatac celebrated the official opening of its new labelstock slitting and distribution terminal in Suwon-si, Korea, on June 22. The opening included a ribbon cutting ceremony and a terminal tour, and it was followed by a dinner party.

"I am very glad that we are here to hold the opening ceremony of the Korean slitting centre of UPM Raflatac. This well indicates that our Asian business is thriving and we will have more opportunities and cooperation in the future," said Sean Heng, Vice President for UPM Raflatac Asia Pacific, when speaking at the opening ceremony.

Korea terminal will supply innovative and sustainable paper, film and special products to customers in Korea. It is part of UPM Raflatac's expansion program in Asia Pacific targeting to increasing production capacity and expanding the service network in the market.

GERMANY INTRODUCES TRUCK TOLL ON ALL FEDERAL TRUNK ROADS

Since July 1, all federal trunk roads in Germany have been subject to toll for motor vehicles and vehicle combinations with a gross vehicle weight of 7.5 tonnes or more. The toll road network in Germany now includes around 52,000 km of motorways and federal trunk roads.

Estimates suggest that the vehicles of around 30,000 companies from a wide variety of sectors will be affected by the toll requirement. Companies should check whether they have vehicles or vehicle combinations with a gross vehicle weight of 7.5 tonnes or more in their fleet and then decide how they wish to pay the toll in future.

From October 2017 until the end of March 2018, the approximately 1.1 million On-Board Units installed in trucks were gradually converted from a decentralized system to a centralised system for toll collection. The On-Board Units send time-delayed and encrypted journey data, and vehicle features relevant to the toll, to the Toll Collect computer centre. The toll for the route sections subject to toll that the truck travelled on is calculated there.

As part of the further development, the technical framework for differentiating the toll according to weight classes for future toll collection and enforcement was created.

In future, enforcement pillars will check whether the toll requirement has been complied with on federal trunk roads. The approximately 600 enforcement pillars, which are four metres high and blue/green, check whether passing vehicles are subject to toll and whether toll charges were properly paid.

PORT OF KIEL IS INVESTING IN CARGO HANDLING AND ENVIRONMENTAL TECHNOLOGY

The Port of Kiel invests in cargo handling, environmental technology and the traffic shift from road to rail.

The port plans to completely re-design the entrance area to Kiel's Ostuferhafen terminal. This re-design includes the demolition of shed 34 to 36 that form part of the larger estate that was previously used by the former Getreide AG. This partial demolition will result in the port pre-storage area being extended which will generate additional pre-storage space for truck and cars. The building works to realise this project will commence this summer and are expected to be completed by spring 2019.

The new entrance situation to Kiel's Ostuferhafen will combine previously separated pre-storage areas, minimize travel paths on the area of Kiel's Ostuferhafen and generate additional pre-storage space for trucks overall. Dirk Claus: "This project benefits both the DFDS shipping company as well as the SCA and Iggesund Paperboard forest product business."

The overall investment of the entire project is set to be 7 million euros which includes the costs for demolition of the sheds, soil remediation, underground and road construction works as well as the implementation of a new lighting system for the entirety of the 2.8-ha area that is being generated. The new pre-storage area will be accessed in line with the existing transportation concept of using the connecting road to the city ring road.

To improve the efficiency of the ship/rail intermodal transport



Picture: Port of Kiel

Kombiterminal at Port of Kiel

performance, Port of Kiel is planning to pursue two rail expansion projects. Firstly, as part of the federal government's emergency programme seaport-hinterland transport II, the marshalling yard Kiel-Meimersdorf is being upgraded to enable cargo trains of a length of 740 m to enter the marshalling yard. Secondly, the entrance area of Kiel's Schwedenkai will be equipped with a third switching track. The building works for this 1.25 million project are expected to be completed at the end of next year.



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4:00pm – 4:45pm Doors Open & Networking Time

4:45pm – 5:30pm Presentation and Discussion

5:30pm – 7:00pm Networking Time

We will announce more details about the event, including our featured speaker, in the coming weeks. For more information about the event or to RSVP, please email Ashley Westbrook (awestbrook@ifpta.org)

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Please join the IFPTA Officers & Directors and welcome the newest members of the Association.

Canada

Kelly Williams, Vice President, Terminals & Stevedoring

Western Stevedoring, 15 Mountain Highway

North Vancouver, British Columbia V7J 2J9, Canada

Email: kwilliams@westeve.com, Mobile Phone: +1 604 619 7901

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UPCOMING INDUSTRY EVENTS

2018

September 24-27

Corrugated Week
Indianapolis, Indiana
<http://correxpo.org/>

October 2-4

Breakbulk Americas
Houston, Texas
www.breakbulk.com

October 2-5

Tissue Conference
Appleton, Wisconsin
<http://tissue2018.com/>

October 10-12

RISI North American Conference
San Francisco, California
<http://www.risi.com/naconf>

October 10-12

MIAC 2018
Lucca, Italy
<http://www.miac.info/en/>

October 28-31

Int'l Bioenergy & Bioproducts Conference (IBBC) 2018
Portland, Oregon
<http://tappi-ibbc.org/>

October 28-31

PEERS Conference
Portland, Oregon
<http://tappipeers.org/>

November 5

IFPTA on the Road – London
London, England
www.ifpta.org

November 12-14

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AN ANALYSIS OF RECENT MARKET MOVES: BY THE RISI ECONOMISTS

RECOVERED PAPER

CHINA

It has been one year since China announced its mixed paper ban in July 2017. In addition to the mixed paper ban and the 0.5% contamination standard, which officially took effect on December 31, 2017, and March 1, 2018, respectively, China enacted several inspection and pre-inspection rules targeting mainly US recovered paper (RCP) in May-June 2018. The seemingly constant changes in Chinese recovered paper import regulations have caused turmoil in the global RCP markets over the past 12 months. Prices for bulk grades plunged in the major exporting regions, while prices for domestically collected RCP in China skyrocketed. Chinese RCP imports fell sharply by about 50% year over year in the first five months of the year, while imports by non-China Asia increased tremendously during the same period. The fiber shortage forced some Chinese paper mills to take downtime, while paper mills in Other Asia and North America have been benefiting from low recycled fiber costs.

More recently, two Chinese announcements indicating China's intention to ban all solid waste imports, including RCP, caught people's attention again. The Central Committee of the Communist Party of China and the State Council announced in June that China will try very hard to eliminate imports of all solid wastes by the end of 2020. We are unsure if that was a new official import ban or a reaffirmation of China's determination to control the pollution problems caused by the imports of certain solid wastes.

The Chinese Ministry of Ecology and Environment then released a draft for comment version of the Law on Solid Waste Pollution Prevention and Control in mid-July. According to the draft, China is proposing to ban all solid waste imports, including RCP.

So, it's not final yet, but China's ban of all RCP grades is coming, sooner or later. And although it's impossible for us to foresee exactly when the ban will take effect, we have started to think about its impacts on the global markets for RCP and paper and board, especially the packaging grades. In fact, some of the impacts have already been seen over the past few months.

The RCP trade flow has changed significantly over the past 12 months and the change will continue in the future. The RCP suppliers in the major exporting regions will continue to look for new customers for their materials. Non-China Asia has recently become the most important RCP buyer for some exporting regions. For instance, US exports to non-China Asia totaled 686,700 tonnes in May 2018, compared to the 572,500 tonnes of exports to China. Non-China Asia has

been taking much more RCP, including some low grades.

Overall, the storms in the global RCP and paper markets caused by China's RCP import regulations are not very likely to end soon. The ongoing trade dispute between the US and China could add some complications to the already tangled situation.

GRAPHIC PAPER

NORTH AMERICA

The outlook for graphic paper trade between the US and Canada took a major turn in July when the US Department of Commerce (DOC) announced that it was ceasing the collection of duties on Canadian SC paper shipped to the US market and refunding all duties collected since August of 2015 due to a ruling in favor of Canada by the World Trade Organization (WTO).

These duties initially ranged from 18-20%, and were in the process of being revised down with a preliminary review in early 2018 when the WTO came out with its ruling and the DOC decided to pull the plug altogether. The stakes are big as one producer announced that it had \$60 million of duties in escrow and at least one other producer could potentially have a bigger refund check coming.

CONTAINERBOARD

NORTH AMERICA

During the last few months, there has been a tremendous amount of discussion about the large containerboard capacity expansions that have been announced for the North American market for the next few years. The confirmed projects that were listed in the AF&PA's 58th annual capacity report are slated to add 1.8 million tons of containerboard capacity between 2018 and 2021. Since the survey was released in May 2018, an additional 680,000 tons of capacity has been announced.

It is likely that some additional large-scale projects will be announced during the next six months, whether through more conversions of machines by graphic paper producers or investments by Chinese companies as they make adjustments due to their government's push toward an outright ban on recovered paper imports. Our new five-year forecast has built in room for an extra 1.5 million tons of major project-related capacity to be added to the market between 2018 and 2022.

The large announced capacity expansions get most of the exposure since they are fairly easy to track. However, capacity also gets added to the market in other ways, too. One of those would be via smaller incremental capital projects, such as the 150,000 ton expansion in capacity at PCA's Deridder, LA, mill in two phases during 2017-2018. Another source of smaller capacity additions comes from shifts in the production mix between the various grades, such as the recent trend for kraft packaging paper capacity swinging over to containerboard production.



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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 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.

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