



# SUPPLY CHAIN & PURCHASING CLUB

**12. 10. 2021 • 09:00 - 11:00 • ONLINE OR OFFLINE**

## **Main topic:**

Sea transportation: disruptions & perspectives

## **Our speakers:**

- Vincent Charollais, Business Development Manager, MSC Mediterranean Shipping Company
- Timur Shaibakov, Sales Manager, Bolloré Logistics Czech Republic s.r.o.
- Frédéric Chabasse, Key Category Manager – Transport, Lesaffre International



#### PRINCIPLE:

- Meetings around the experience of a company to discuss the steps taken and the conditions for success,
- Expert(s) input to inform supply chain & procurement strategies,
- Watch on news and innovations of companies.

#### HOSTED



**Renaud DE SAINT LAGER**

Purchasing & Supply Chain Director

**LESAFFRE**  Central & Oriental Europe

#### TARGET AND MODALITIES:

- Anyone who is interested in: Supply Chain and Purchasing,
- 4 meetings a year bringing together 20 to 40 participants each.


#### SO FAR:

- October 2019: Digital Supply Chain,
- February 2021: Sustainable Supply Chain & Purchasing.



**Gaspard GAILLARD**

Finance Manager

 **TotalEnergies** Central Europe

- Supply Chain ([APICS](#)): “The global network used to deliver products & services from raw materials to end customers through an engineered flow of information, physical distribution, and cash”,
- “Sea transportation: disruptions & perspectives”
  - Increasing position: 80% of all goods are carried by sea,
  - Increasing environmental requirements,
  - Disruptions:
    - COVID-19 (and related issues),
    - Suez channel.
  - → what is the current situation, how to limit disruptions and what perspectives?
  - → different points of view from Supply Chain players?



**Vincent Charollais**  
Business Development Manager



MEDITERRANEAN SHIPPING COMPANY

*“Shipping company”*



**Timur Shaibakov**  
Sales Manager



*“Forwarder”*



**Frédéric Chabasse**  
Key Category Manager – Transportation



*“Shipper”*



*Sea transportation: disruptions & perspectives*

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# **SUPPLY CHAIN & PURCHASE**

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*Introduction to ocean shipping*

*Vincent Charollais*

## THE ENGINE OF GLOBAL TRADE

Maritime shipping is the backbone of world trade; it is estimated that some **80% of all goods are carried by sea**. In terms of value, global maritime container trade is estimated to account for around 60 percent of all seaborne trade, which was valued at around 14 trillion U.S. dollars in 2019

<https://www.statista.com/topics/1367/container-shipping/>

### SUSTAINABILITY IS ON TOP OF THE AGENDA

- Connecting **global markets, customers and communities** determines an enormous **economic and social impact**.

### TAKING ON THE DECARBONISATION CHALLENGE

- Environmental footprint** is subject to **binding targets** by the International Maritime Organization (IMO)
- Step-change in **R&D** is needed, and **scalable solutions must be market-tested**, and **technically and economically viable**

2020: **775M** of containers 20ft(equivalent)  
**5400+** Container ships



CO<sub>2</sub> EMISSIONS: SHIPPING IN COMPARAISON WITH OTHER TRANSPORT MODES



## CONTAINERIZATION

Container shipping is the most optimal method of shipping freight through sea routes. Bearing rich significance to the nature of maritime operations, the advent of containerization fueled a much need thrust into the marine sector propelling it to heights never seen before.

**TEU** Twenty feet  
equivalent unit

**20<sub>FT</sub>**



**40<sub>FT</sub>**



REEFERS

Pallet-wide

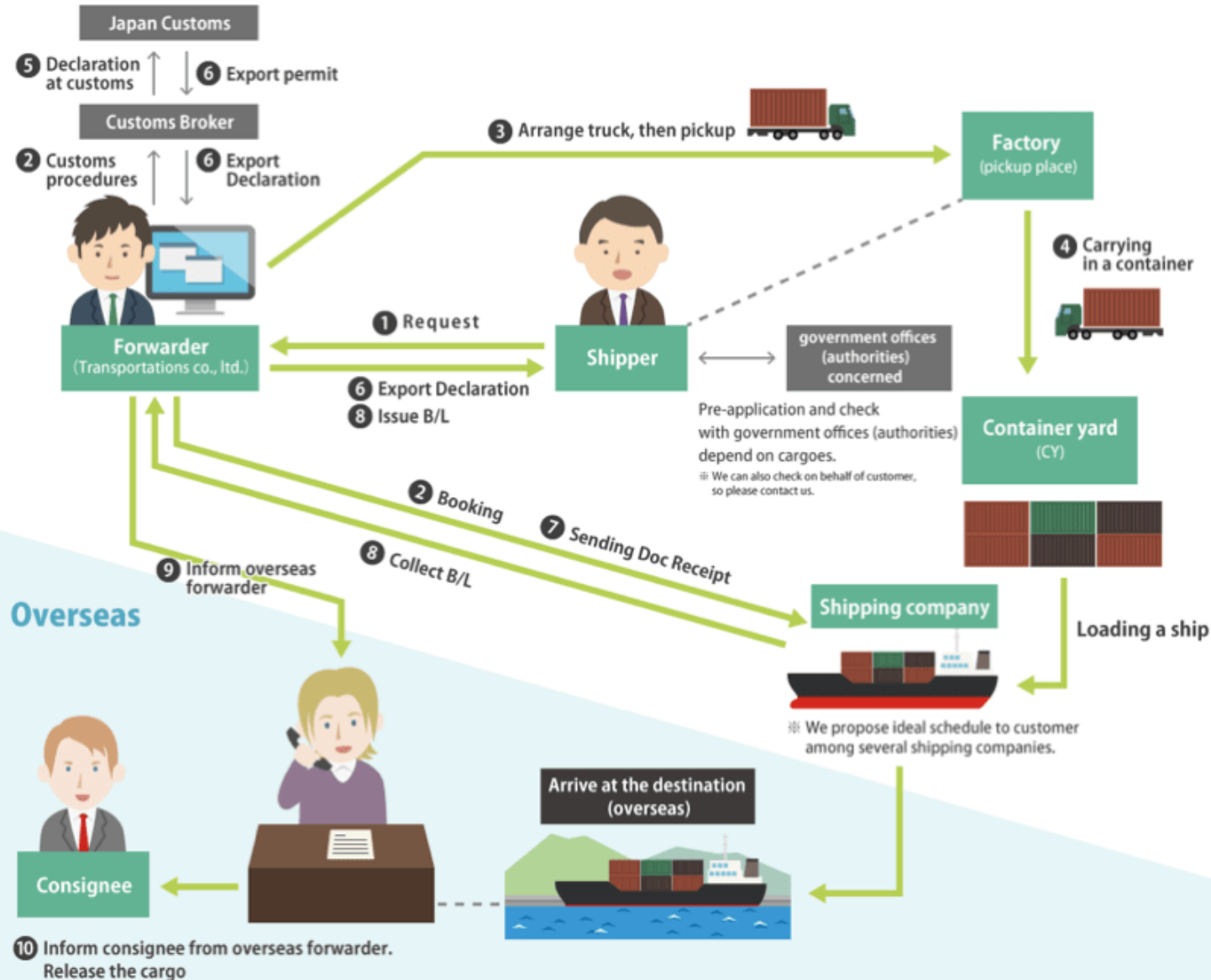
Flat rack

High cube

Open-top

**45<sub>FT</sub>**

# SUPPLY CHAIN & PURCHASE

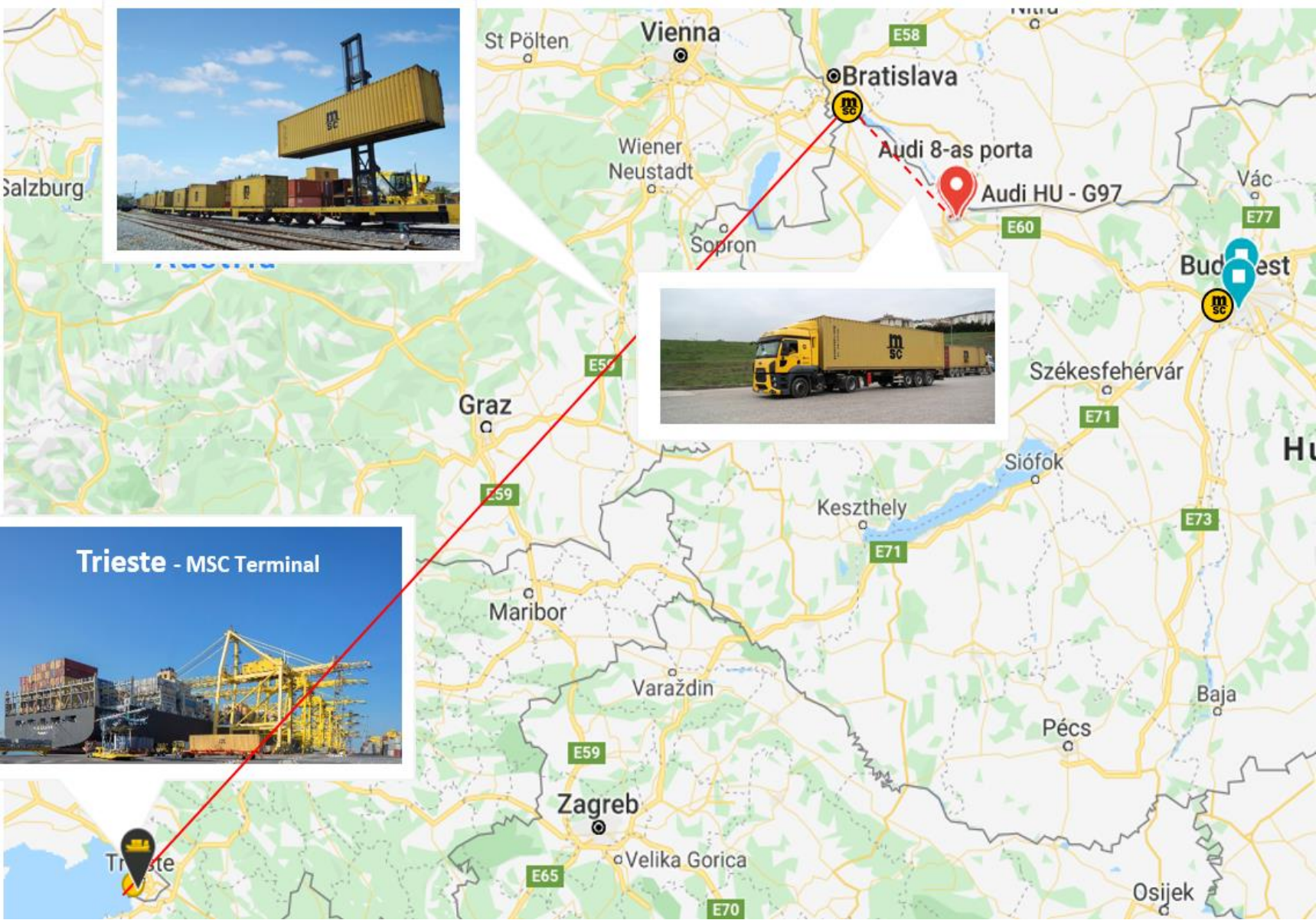
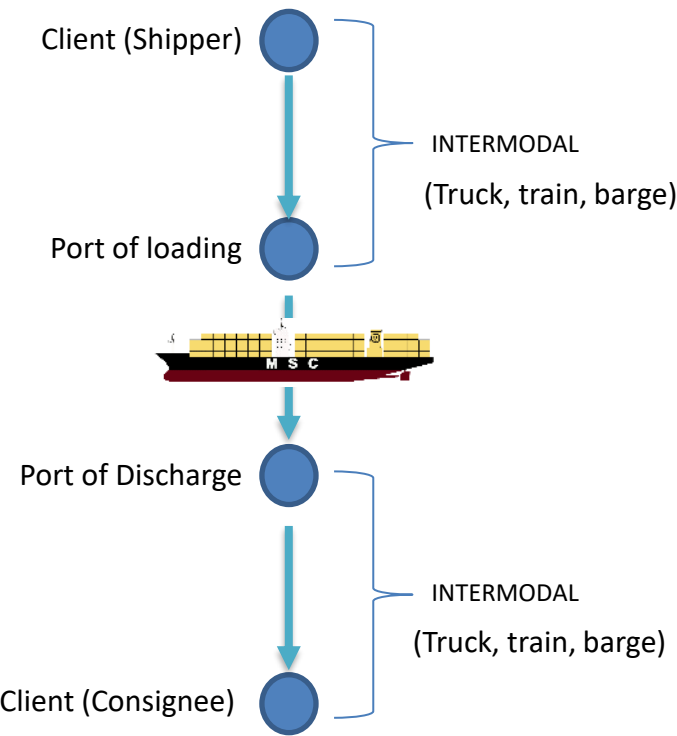


## Other important terms:

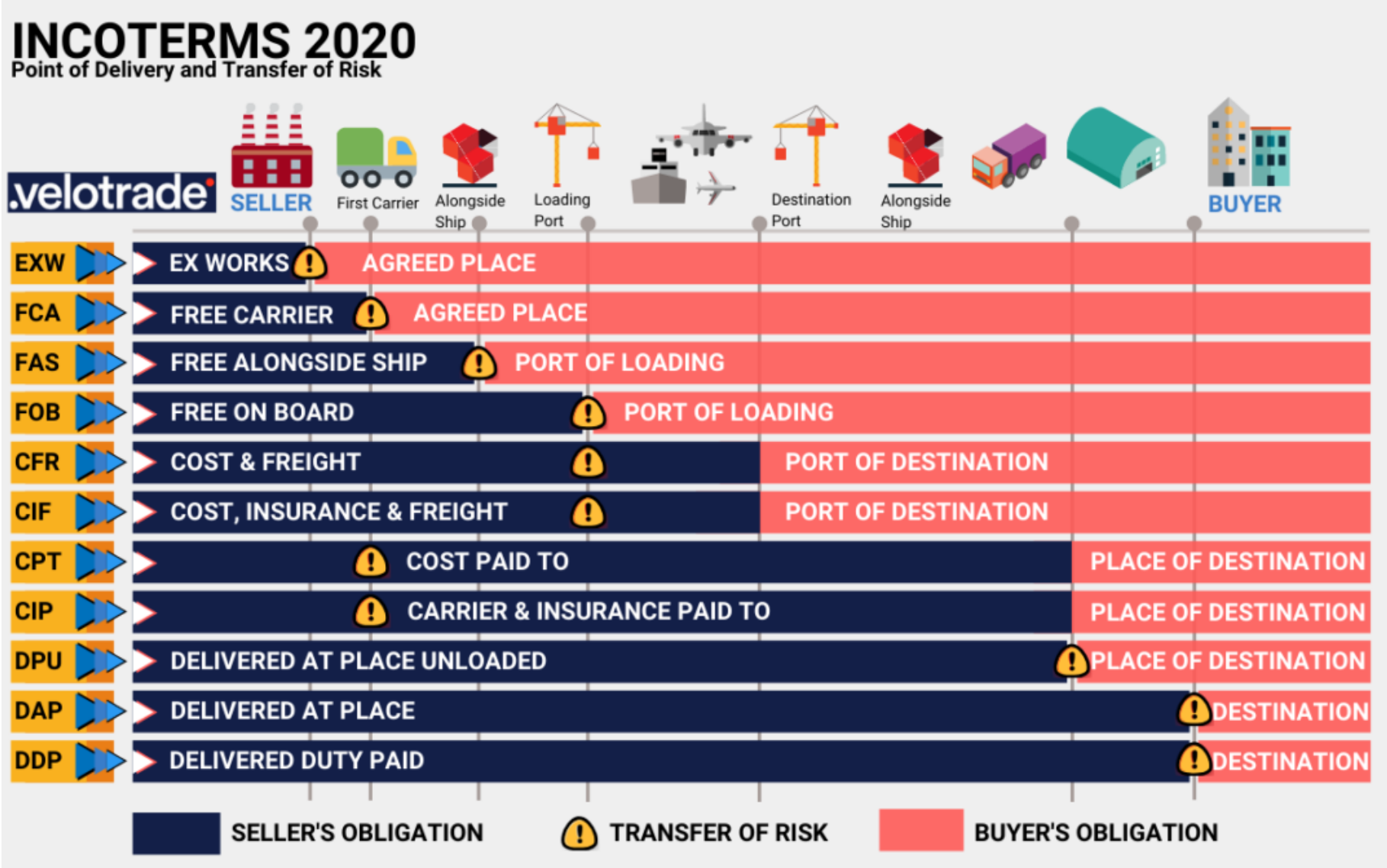
- Bill of Lading
- Carriers' haulage vs Merchant Haulage
- FCL and LCL
- Intermodal



## INTERMODAL

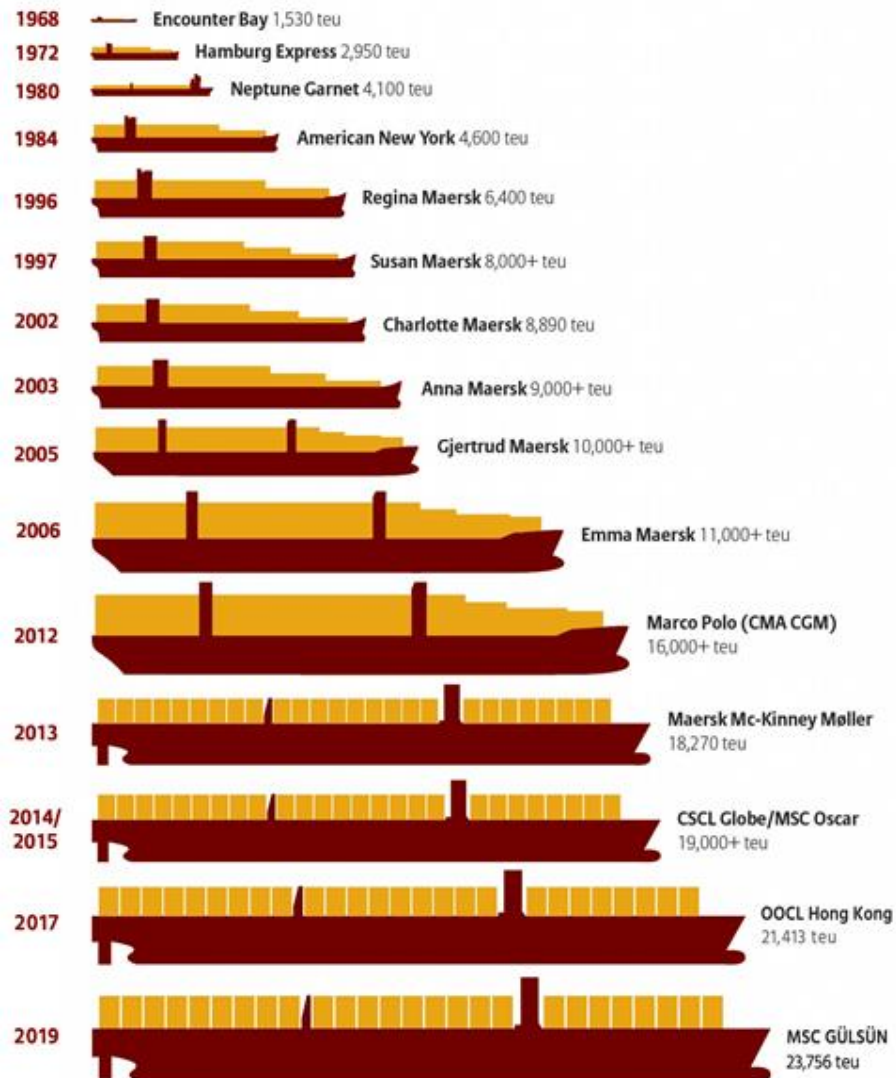


# SUPPLY CHAIN & PURCHASE





## Evolution of Container Ships



## CONTAINER VESSELS



MSC Nela (built 2019), 23 656 TEU at Port of Long Beach CA

*Sea transportation: disruptions & perspectives*

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# SUPPLY CHAIN & PURCHASE

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*Vincent Charollais*



MEDITERRANEAN SHIPPING COMPANY





# THE MSC GROUP

2021

# A FAMILY COMPANY



Since 1970, Mr. Gianluigi Aponte has led MSC from its humble one-vessel-operation beginnings, into its current status as a world leader in global container shipping.

The company has seen exponential growth in terms of both volume and fleet capacity, and now serves millions of customers globally, with a much respected 365 day a year operation.

Today the Group employs over 100,000 people around the world.



**Mr. Diego Aponte**  
Group President

**Capt. Gianluigi Aponte**  
Group Chairman

**Mrs. Alexa Aponte Vago**  
Group Chief Financial Officer



# THE MSC GROUP OF COMPANIES



## CARGO DIVISION



## PASSENGER DIVISION



## CARGO DIVISION

- **570** vessels
- **215+** routes
- **500** ports of call
- **62** terminals
- **21.5** million TEU carried annually
- **524** offices
- **155** countries

## PASSENGER DIVISION

- **19** modern and technologically advanced ships by summer 2021
- **23** vessels in its fleet by 2025
- **2.7M** guests
- **185** nationalities welcomed on board in 2019
- **102** countries visited by MSC Cruises ships
- **239** itineraries offered worldwide

Worldwide, the MSC Group has 100,000 staff onboard and ashore (all entities combined).

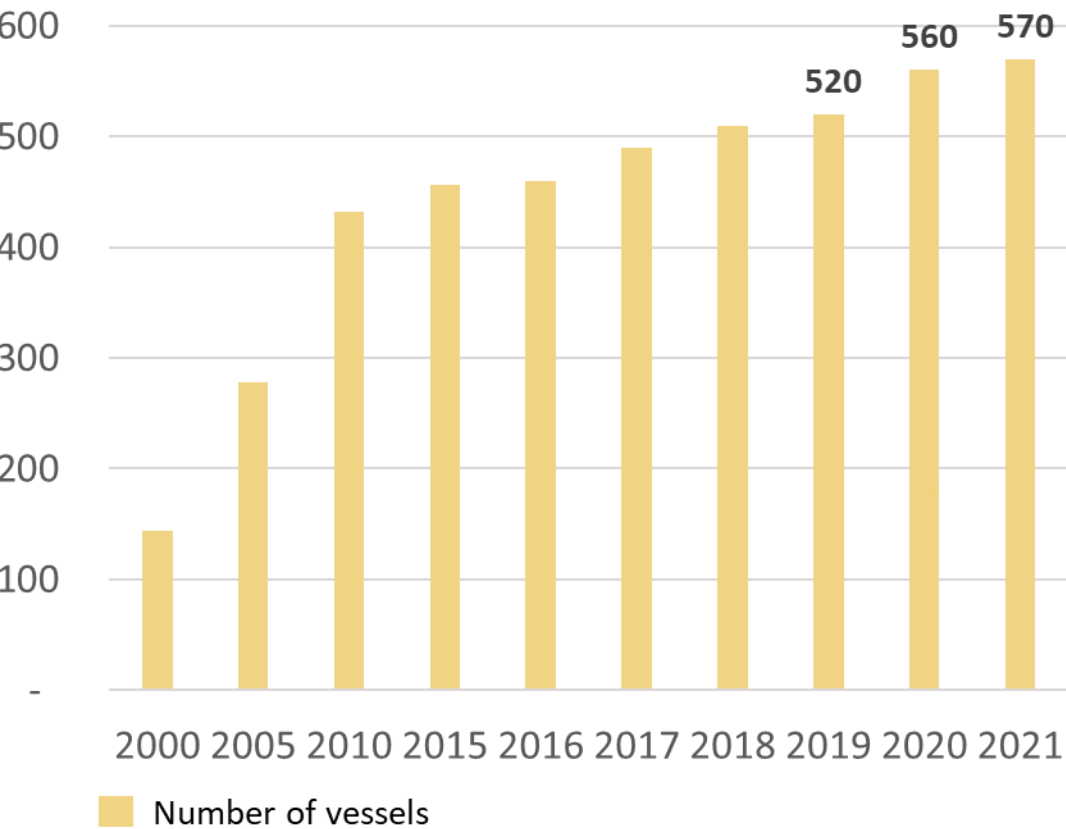


# MSC'S DECARBONISATION JOURNEY IS UNDERWAY

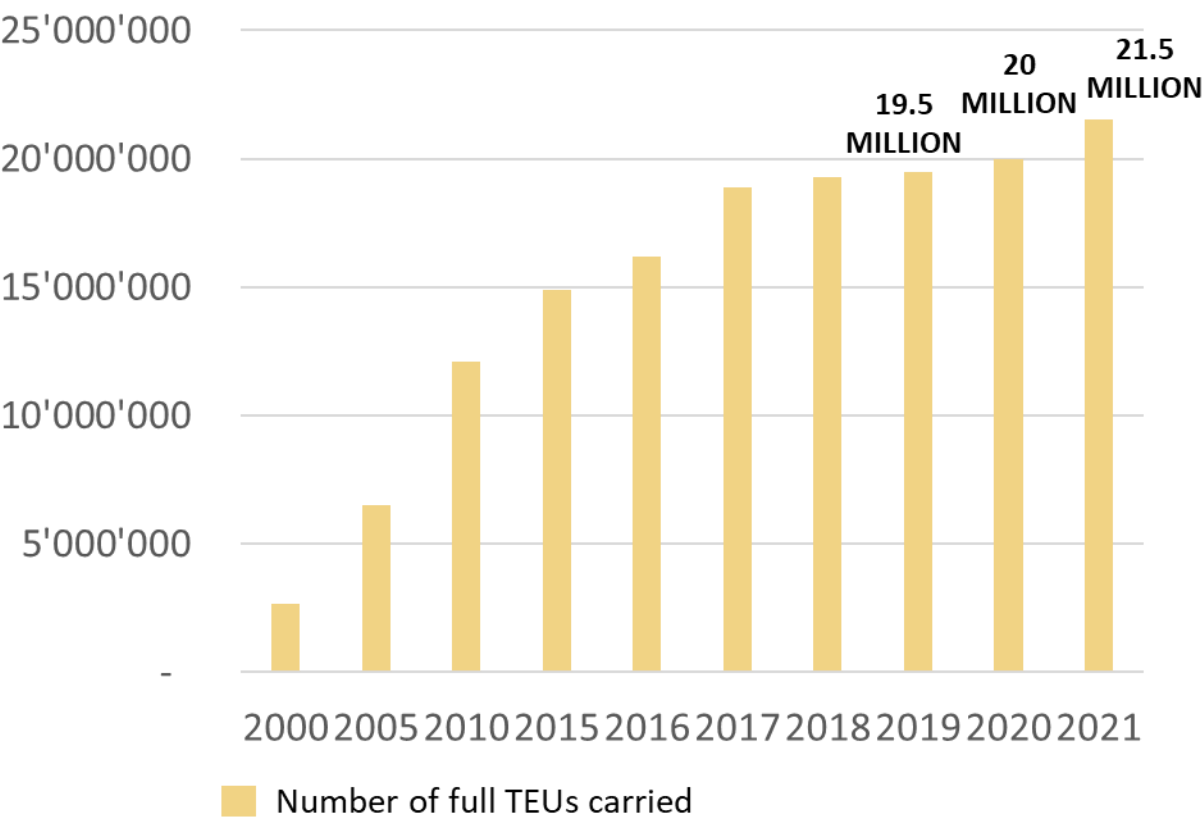


- MSC fully supports the IMO GHG reduction targets, we have already recorded a **44.3% reduction** our Energy Efficiency Operating Index (EEOI), 10 years ahead of the related IMO's 2030 target (baseline 2008)
- MSC operates 570 vessels, **one of the modern and most technologically advanced fleets** in the world, including the record-breaking MSC Gülsün class vessels (**11** new 23,000+ TEU ships were delivered in 2019 - 2020)
- MSC is actively exploring and trialing a range of **alternative fuels and technologies** to accelerate decarbonisation.

## FLEET



## CARRYING CAPACITY (IN TEU)





# INDUSTRY-SPECIFIC EXPERTISE



MSC has become the trusted transportation partner for so many of the world's most prestigious companies, delivering countless cargoes and commodities with the utmost care.



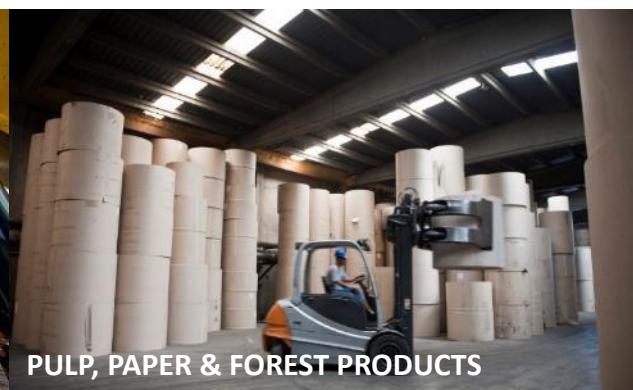
AGRICULTURE



AUTOMOTIVE



MINING & MINERALS



PULP, PAPER & FOREST PRODUCTS



CHEMICALS



FOOD & BEVERAGES



RETAIL



PLASTICS & RUBBER PRODUCTS



# MSC CZECH REPUBLIC AND SLOVAKIA



## MSC PRAGUE (Czech Republic)

Founded in April 1995 (25 years anniversary in 2020)

- 2002 : 5 employees, volume 4 500 TEU
- 2017 : 55 employees, volume 100 000 TEU
- 2020: 82 employees, volume 122 000 TEU



## MSC BRATISLAVA (Slovakia)

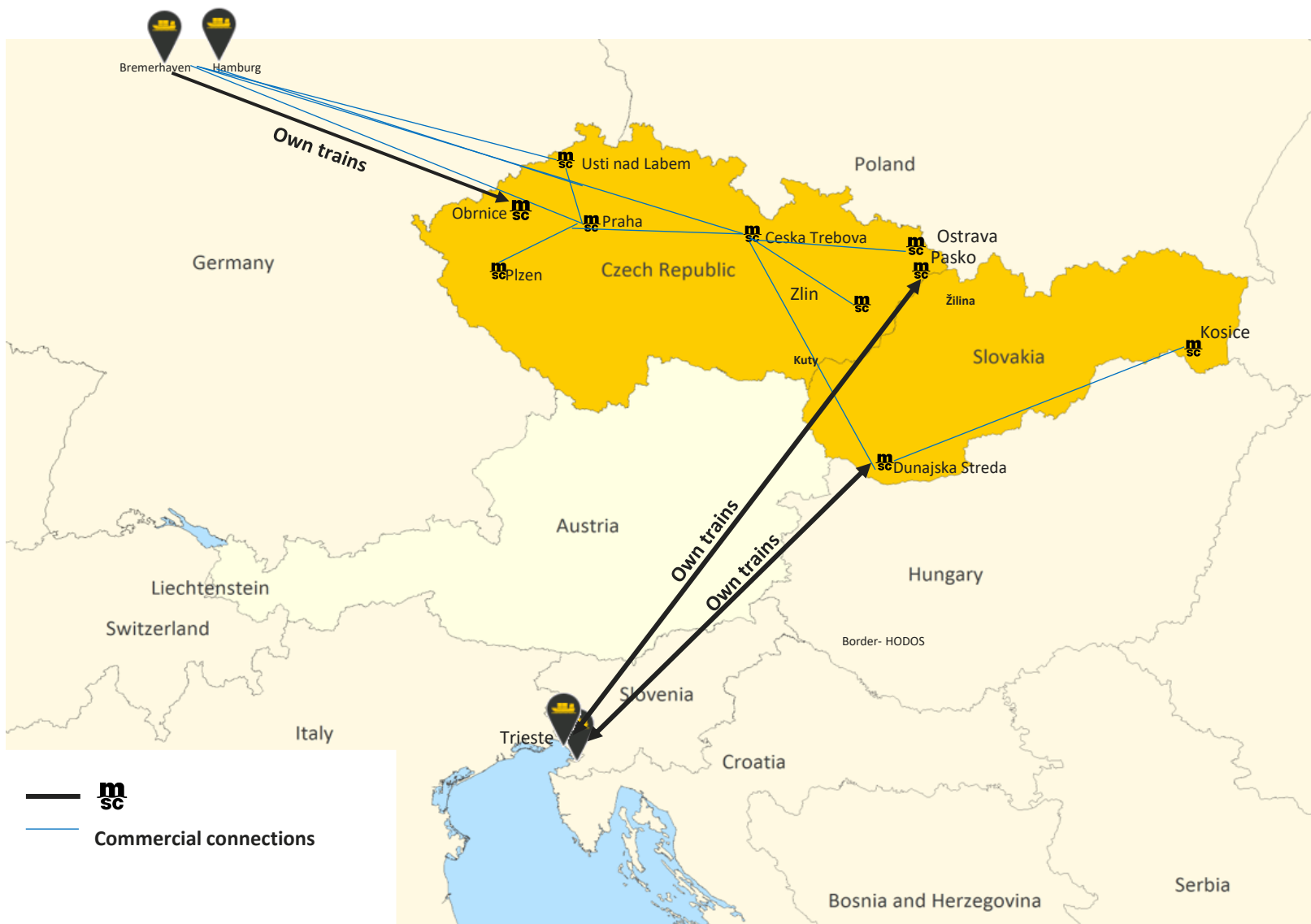
Founded in May 2000 (20 years anniversary in 2020)

- 2002 : 3 employees, volume total 1 491 TEU
- 2017 : 12 employees, volume 30 000 TEU
- 2020 : 18 employees, volume 31 000 TEU





# MSC CZECH REPUBLIC AND SLOVAKIA



## Commercial trains

- Own dedicated trains via Trieste
  - Devided into two basic corridors
    - TRIESTE-DUNAJSKA STREDA
    - TRIESTE-PASKOV (Ostrava)
- Own dedicated train from Beremerhaven to Obrnice
- DEDICATED DEPARTMENT FOR ALL YOUR BOOKINGS
- DIRECT BLOCKED TRAINS TO/FROM FACTORY IF NEEDED
- DELIVERY IN TIME FRAMES ACCORDING THE RECEIVER/SHIPPER INSTRUCTION
- POSSIBLE PRIORITY DELIVERY
- 5 PORTS OF ENTRY, 8 INLAND DEPOTS

*Sea transportation: disruptions & perspectives*

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# SUPPLY CHAIN & PURCHASE

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*Timur Shaibakov*



## Shortly about Bollore Transport & Logistics:

- Part of Bollore Group (founded in 1822),
- Four business units (Ports, Railways, Energy, Logistics),
- In Czech republic since 1994 (Zlin, Prague),
- Ranked as TOP10 global freight & forwarder.

Region	Countries
Africa	48
Americas	8
Asia-Pacific	19
Europe	24
Middle East&South Asia	10



## KEY FIGURES





### INTRODUCTION

#### Zones

Bolloré Logistics	5,037 M€
Africa	26%
Americas	9%
Asia Pacific	18%
Europe	45%
Middle East	2%

#### Modes

Bolloré Logistics	100%
Air freight	32%
Sea freight	48%
Warehousing logistics & distribution	20%

#### Industry sectors

Bolloré Logistics	100%
Aerospace / Defense	9%
Consumer & Retail	29%
Healthcare / Aid & Relief	12%
High Tech / Telecom	7%
Industry & Manufacturing	12%
Oil & Gas / Mining / Chemicals / Power	18%
Soft commodities	5%
Other	8%

*Sea transportation: disruptions & perspectives*

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# SUPPLY CHAIN & PURCHASE

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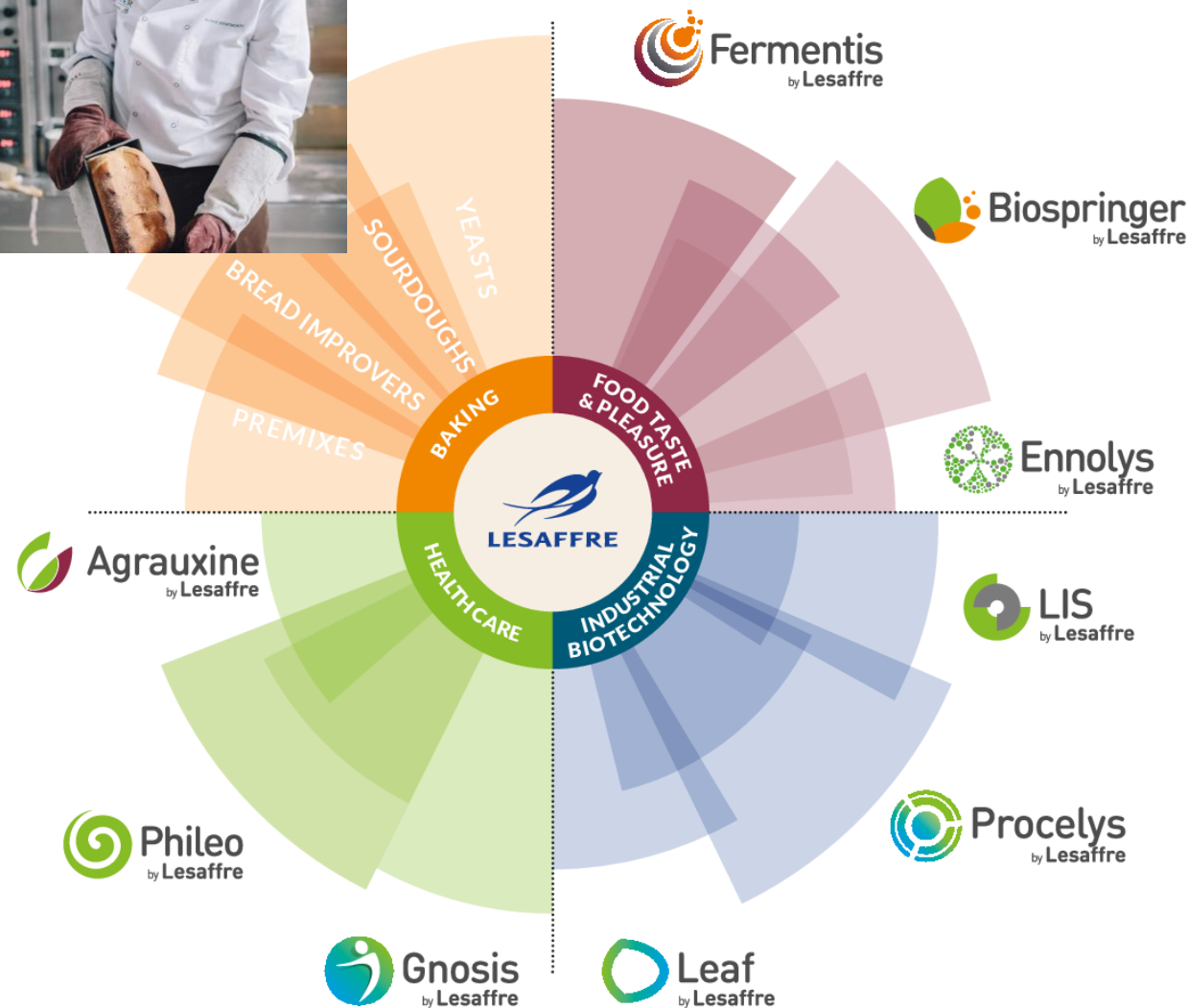
*Frédéric Chabasse*



# OUR ACTIVITIES

The infinite potential of microorganisms (yeasts, bacteria...) enables us to position ourselves in the bread making, food taste and pleasure, healthcare and industrial biotechnology markets.

In each of these domains, Lesaffre's ambition is to be **one of the active leaders in the fermentation of microorganisms to better nourish and protect the planet.**







# €2.2 billion

turnover

# more than 85

nationalities

# 10,700

employees

# Present

on all 5  
continents



## KEY FIGURES

Based in more than 50 countries worldwide

**78**

sales  
offices

**570**

R&D  
experts

**10**

R&D  
centers

MORE THAN

**85**

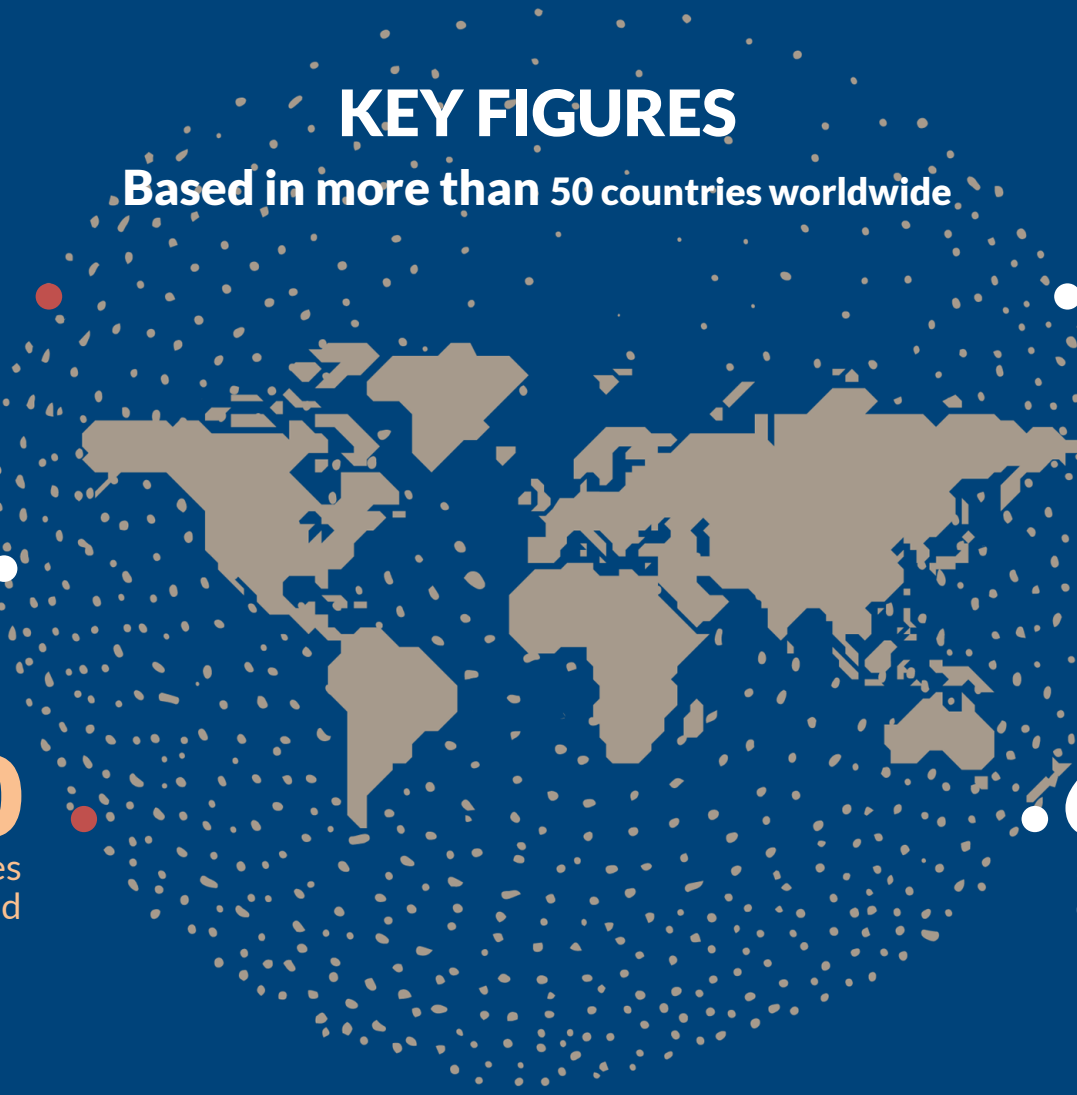
nationalities

**70**

production sites  
throughout the world

**60**

applied science  
centers







**Working**  
*together*  
**to better nourish  
and protect  
the planet**



[www.lesaffre.com](http://www.lesaffre.com)



*Sea transportation: disruptions & perspectives*

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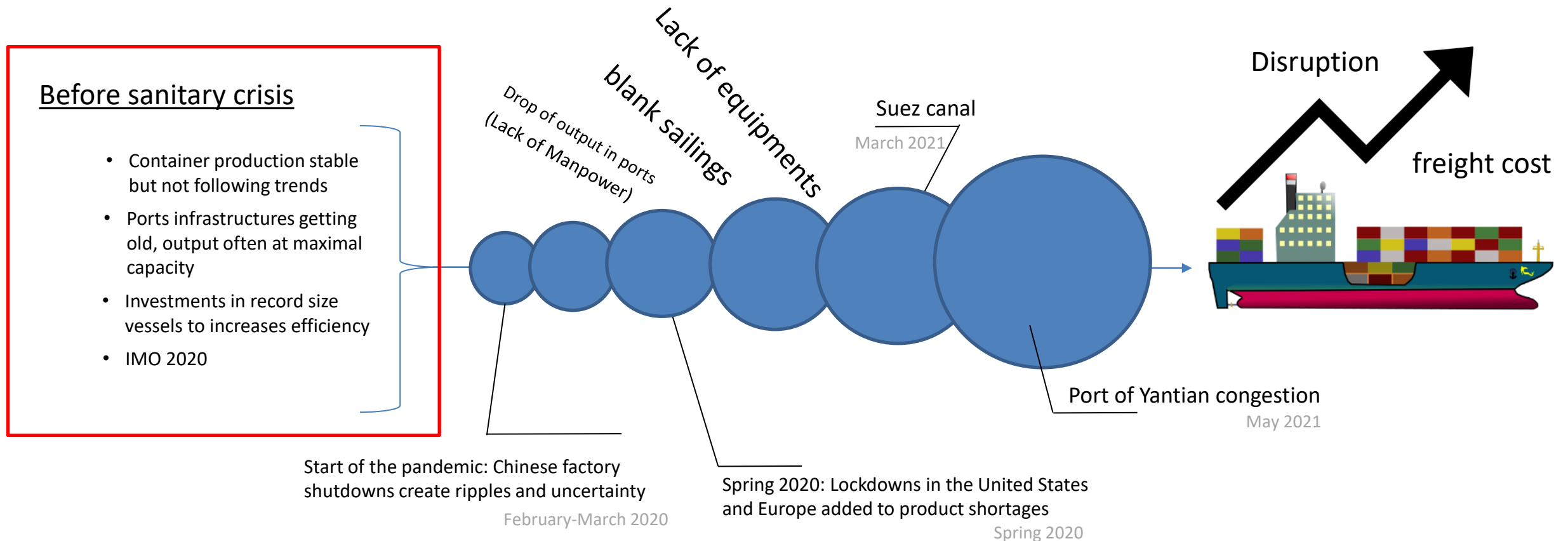
# **SUPPLY CHAIN & PURCHASE**

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*ROUND TABLE*

# **Situation pre-COVID-19**

## Shipping industry recent disruptions

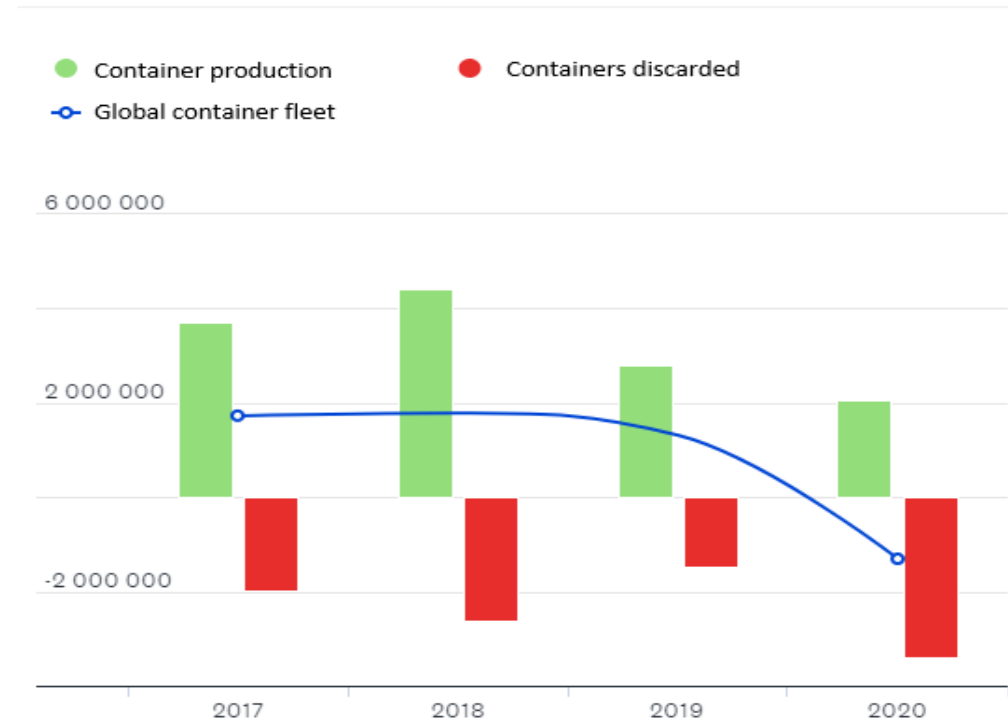




## Equipment situation

### A slowdown in container production around the world

Number of containers produced and discarded since 2017.



## Regulations and port situations

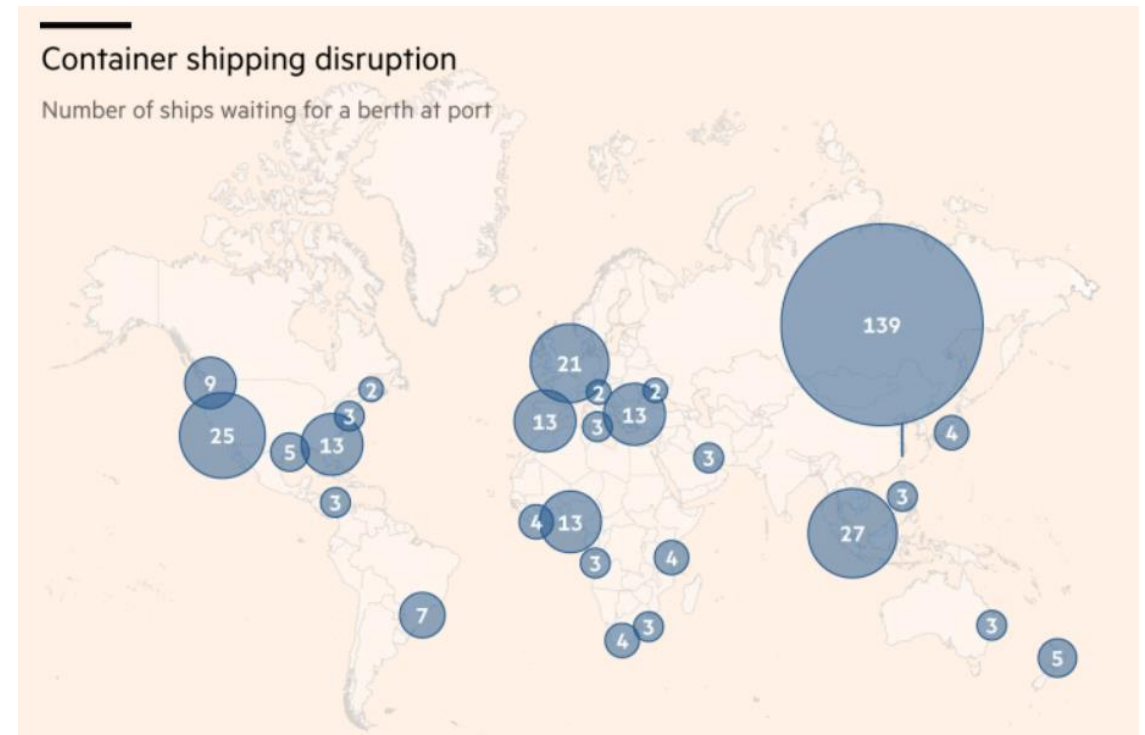


App 24000 TEU

- Need to increase efficiency
- Seek to reduce carbon footprint
- IMO 2020 (MARPOL) - cleaner shipping for cleaner air

“The Covid-19 pandemic has highlighted that ports are in desperate need of investment,” said John Manners-Bell, chief executive at consultancy Transport Intelligence. “The entire port infrastructure system has been overwhelmed for the past year.”

- Ports infrastructures getting old / Outputs too low / Not always adapted for bigger vessels



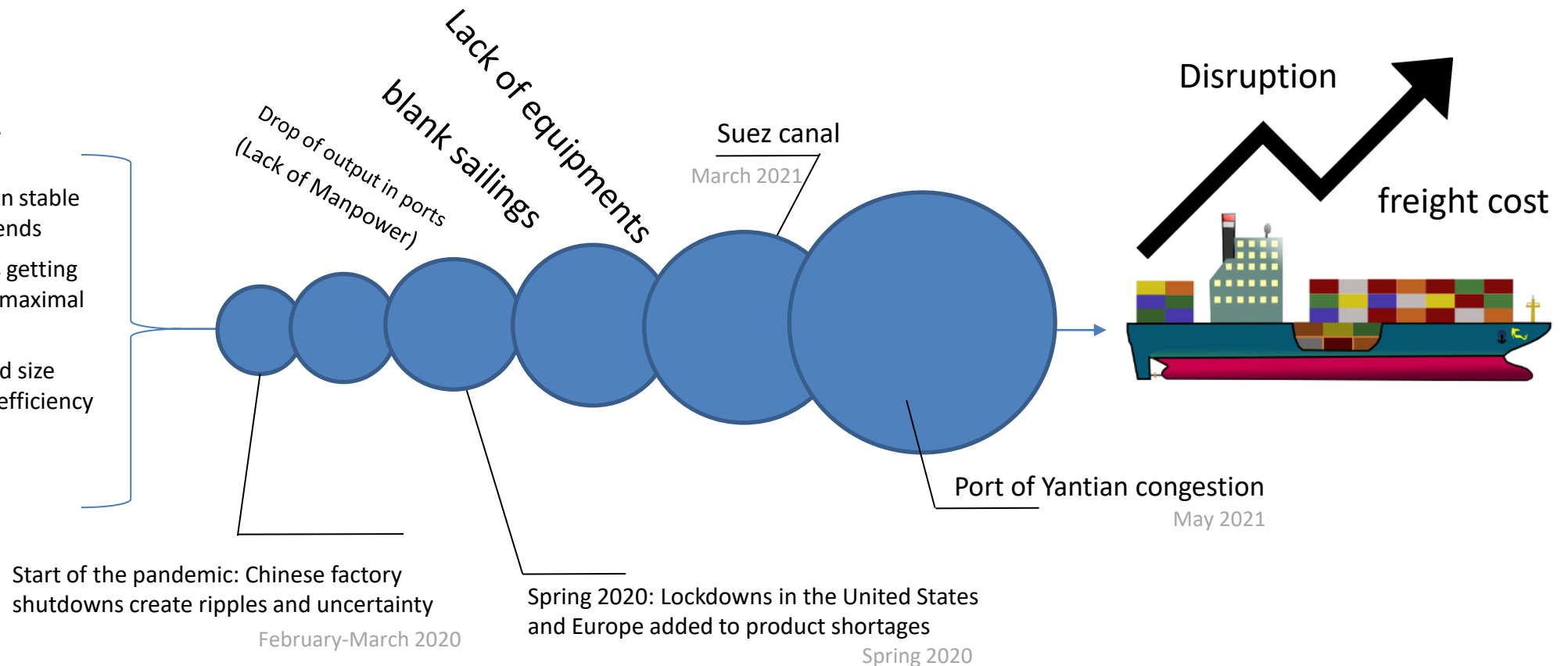
# **COVID-19 impact**



## Shipping industry recent disruptions

### Before sanitary crisis

- Container production stable but not following trends
- Ports infrastructures getting old, output often at maximal capacity
- Investments in record size vessels to increase efficiency
- IMO 2020



## First SHOCK / COVID-19 lockdowns and congestion

- Lockdown in China / logistics supply chains stops.
- Closure of manufacturing plants all over the world due to lockdowns.

**March 2020: The Transport and Logistics Sector suffers**

**On 11 March, the WHO speaks of a pandemic for the first time. Shortly afterwards, Chancellor Merkel addresses the nation, describing the corona crisis as the greatest challenge since World War II. 80% of China's transport volume has collapsed since the beginning of the year. This decline is reflected in Germany, as automobile manufacturers such as VW and Daimler are ceasing production, partly because necessary components could not be procured from China due to supply shortages**





MEDITERRANEAN SHIPPING COMPANY

## Ocean carrier outlook

### Impact

- Blank sailings,
- Drop of capacity,
- Equipment blocked at client side / at sea / at port / Warehouses.

## First SHOCK / COVID-19 lockdowns and congestion

### Actions

- Need to reduce allocations due to lack of space,
- Cargo roll-out,
- Reduce of free-time to do not immobilize Equipment (Not yet immobilized),
- Extra vessels on some services for our clients (rental cost).





## Freight Forwarder outlook

### Impact

- Blank sailings and suspension of passenger flights,
- “Stacked cargo”, roll-out’s,
- Inability to sail already staffed containers
- Inability to place bookings,
- As a result, → tensions with customers.

## First SHOCK / COVID-19 lockdowns and congestion

### Actions

- Additional AIR capacity reserved in 1Q of 2021 helped to absorb first shock,
- Shift from SEA to AIR&RAIL,
- Looking for alternative solutions: charter vessels, round trips, air freighters.



## Cargo owner outlook

### Impact

- Blank Sailing,
- Capacity withdrawal,
- Lack of containers and space in ships,
- Country to country closure and lockdown,
- Congestions.

## First SHOCK / COVID-19 lockdowns and congestion

### Actions

- Regular messages to subsidiaries to increase visibility of our forecasts and needs by equipment type and Origin – Destinations,
- Bi-weekly meeting with subsidiaries to help them to find solution with our selected carriers,
- Regular market information sent to the management and sales department concerned.

# **SECOND SHOCK / FAST REBOUND OF DEMAND**

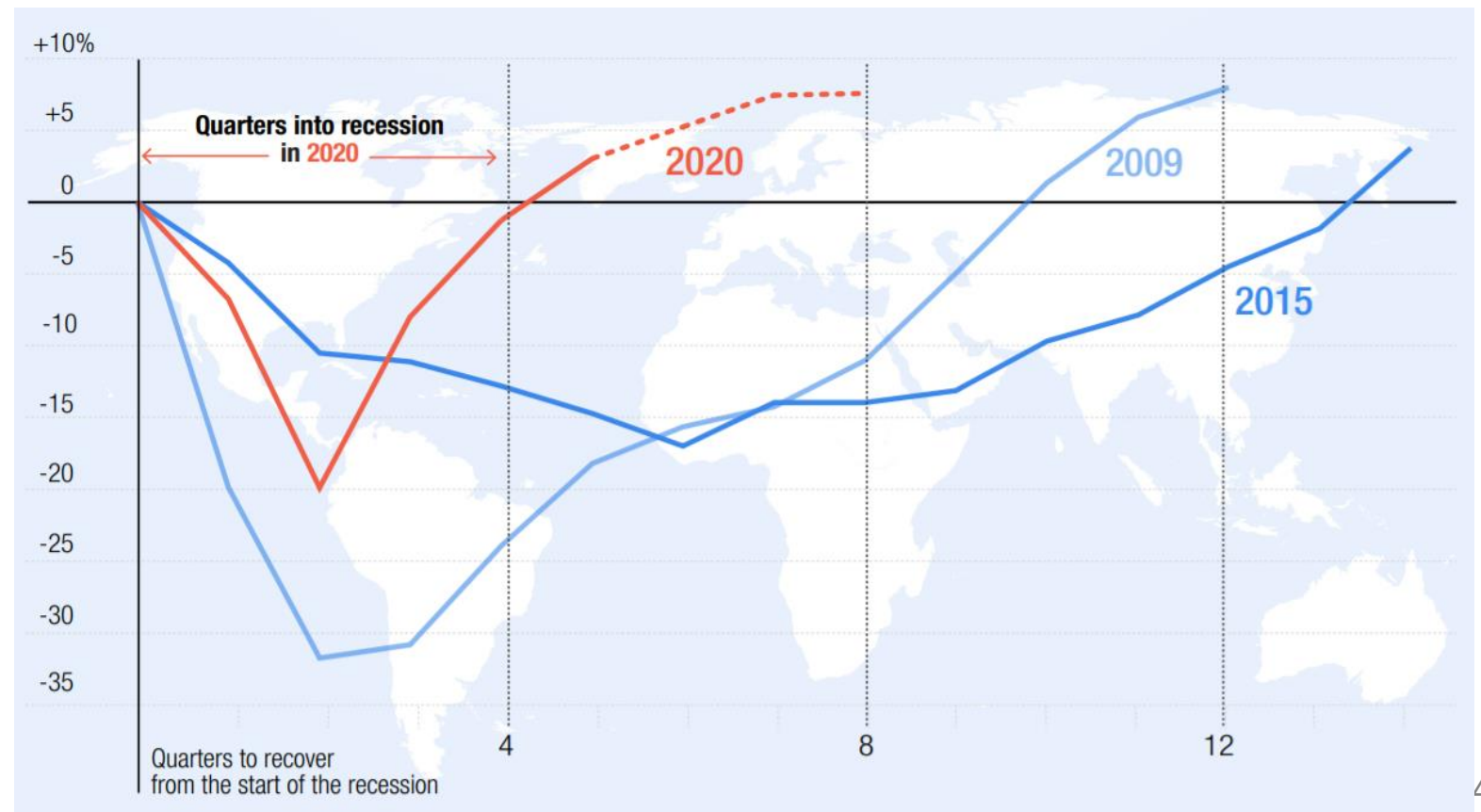


## SECOND SHOCK / FAST REBOUND OF DEMAND

Global trade's recovery from COVID-19 crisis hits record high

**Trade in goods during the first quarter of 2021 was higher than the pre-pandemic level, but trade in services remained fragile**

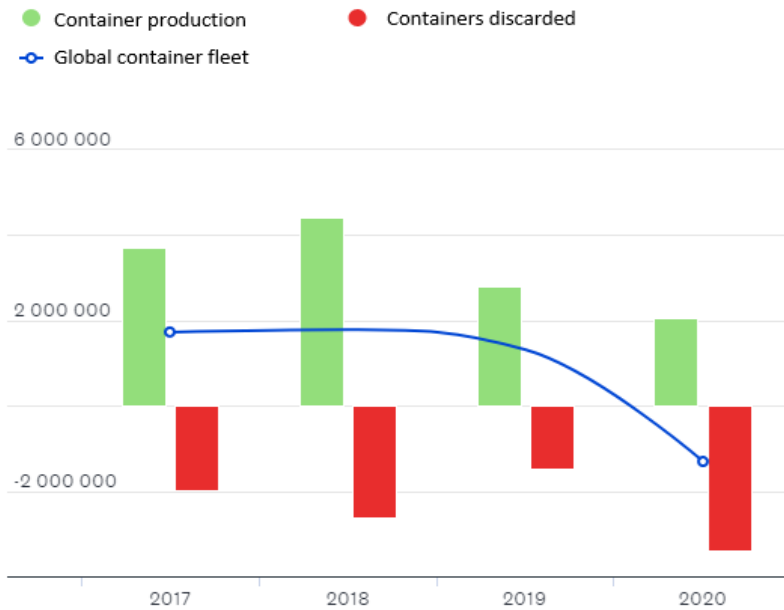
According to the report, the impressive rebound in Q1 2021 continued to be driven by the strong export performance of East Asian economies, whose early success in pandemic mitigation allowed them to rebound faster and to capitalize on booming global demand for COVID-19 related products.



## SECOND SHOCK / FAST REBOUND OF DEMAND

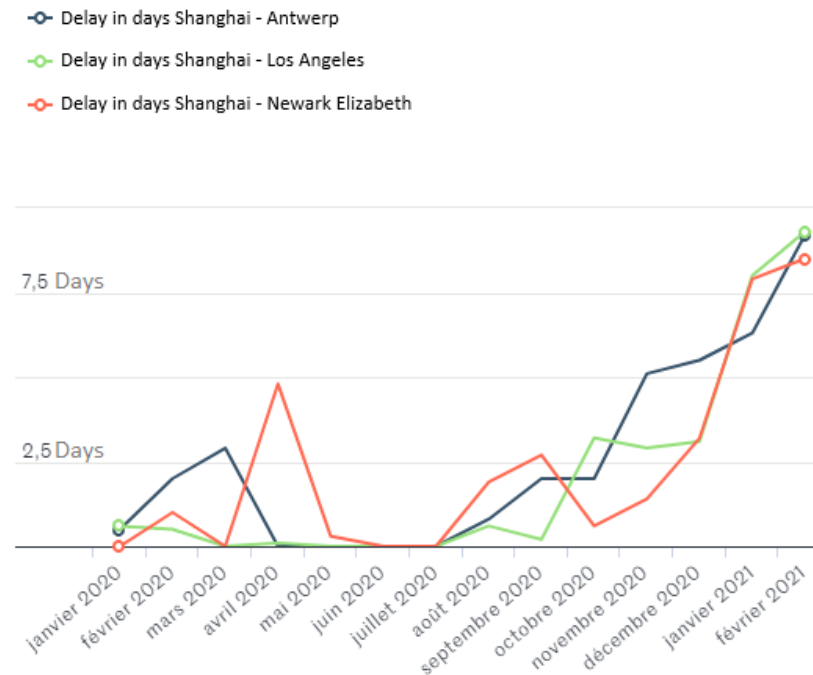
### A slowdown in container production around the world

Number of containers produced and discarded since 2017.



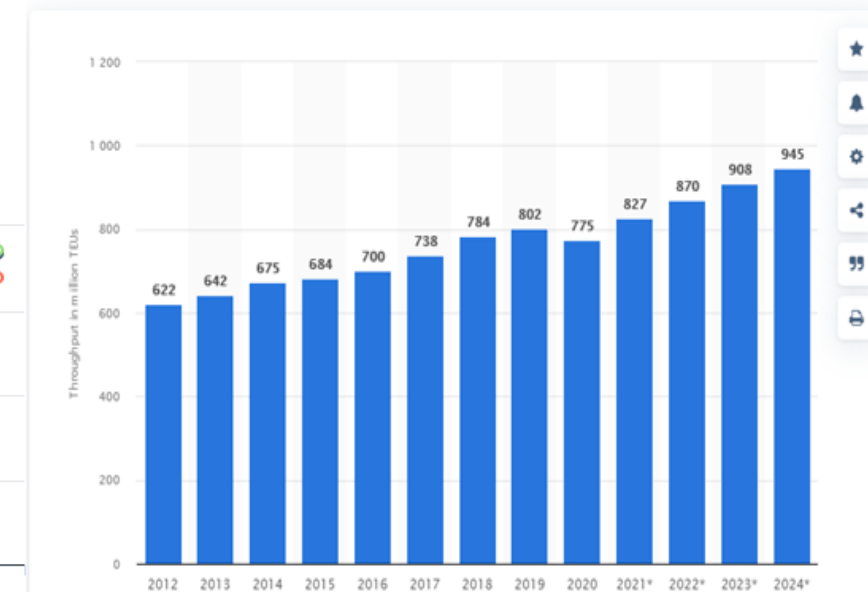
### Traffic jam in main strategical ports

Average delay between estimated time of arrival and reel time of arrival



### Container throughput at ports worldwide from 2012 to 2020

(in million TEUs)





## Ocean carrier outlook

MEDITERRANEAN SHIPPING COMPANY

### Impact

- Disruption in US / container blocked – lack of drivers,
- Then similar situation came to China,
- Equipment and space issues.

Market overall situation / limited capacity in terminals/trains/trucks/ports (Lack of manpower)

## SECOND SHOCK / FAST REBOUND OF DEMAND

### Actions

- Repositioning of empty Equipment (US) as fast as possible,
- Free time reduced at maximum with immediate effect,
- Pressure on rail/trucking. Speeding up operations,
- Extra vessels on some services for our clients (extremely high rental cost).





## Freight Forwarder outlook

### Impact

- Problems with Global Service Contracts (rates validity, conditions, scheduling),
- Growing demand from the customers (especially for China & US),
- Significant rate growth,
- Inability to keep tender prices for our customers,
- Unpredictable transit time.

## SECOND SHOCK / FAST REBOUND OF DEMAND

### Actions

- Diversification between different services and transport modes,
- Focus on growing markets & customers (pharma, food, agriculture),
- Focus on spot quotations,
- Charter solutions especially for medical and Covid-related material.



## Cargo owner outlook

### Impact

- Huge demand, importation of consumer goods for the US market, because of dollars injected in the economy,
- Ships switch from a trade lane to another,
- Congestions in various countries,
- Regular decrease in quality services, no visibility on improvement.

## SECOND SHOCK / FAST REBOUND OF DEMAND

### Actions

- Supplier follow up,
- Review with subsidiaries and meeting with our carriers,
- Accurate forecast given to carriers,
- Our long-term partnership is paying,
- Anticipation of our needs is Key.

# **SUEZ & YANTIAN impact**

## Suez canal

In March 2021, the Suez Canal was blocked for six days after the grounding of Ever Given, a 20,000 TEU container ship.

12 % of the world's trade by sea  
transit by the Suez canal

Maritime historian Sal Mercogliano told the Associated Press: "Every day the canal is closed... container ships and tankers are not delivering food, fuel and manufactured goods to Europe and goods are not being exported from Europe to the Far East.,,"

Lloyd's List estimated during the blockage the value of the goods delayed each hour at US\$400 million, and that every day it takes to clear the obstruction would disrupt an additional US\$9 billion worth of goods.





## Covid outbreak at Yantian port

Yantian is part of the third busiest gateway in the world

2018 volume in millions of TEUs

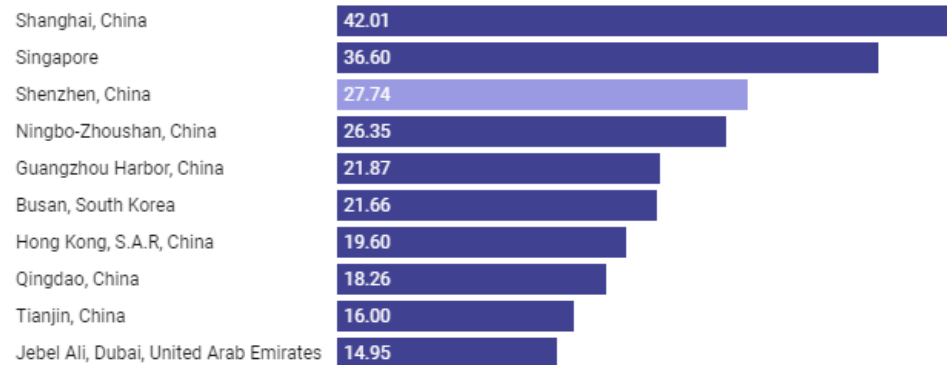


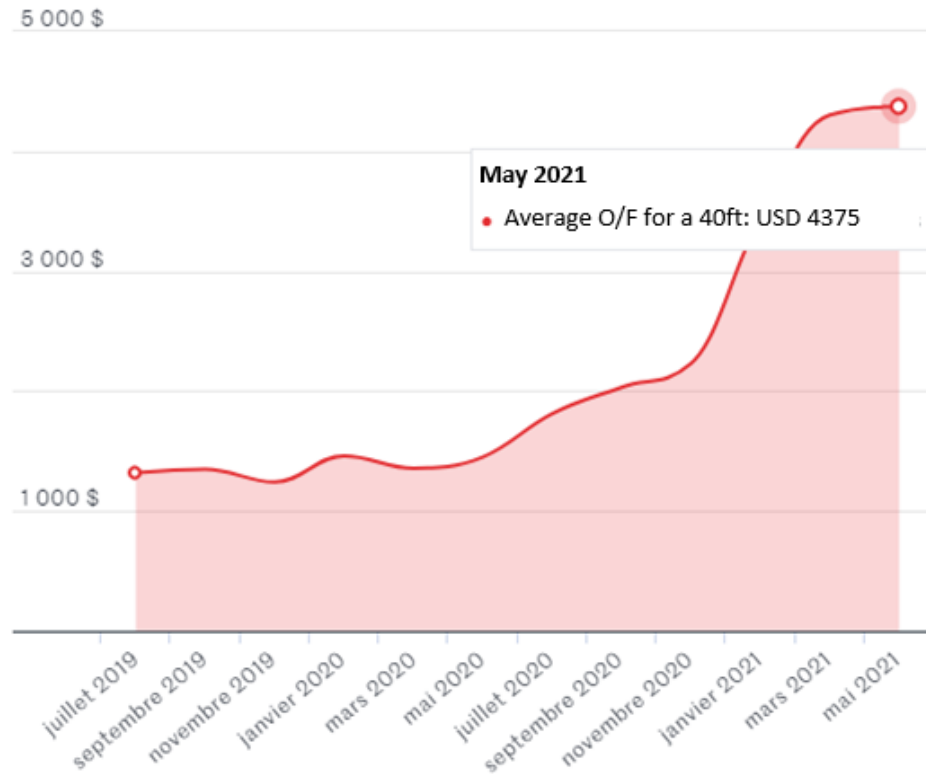
Chart: Matt Leonard / Supply Chain Dive • Source: [World Shipping Council](#) • Created with [Datawrapper](#)

"Over the period of June 1 to June 15, 298 container vessels with a combined total capacity of over three million TEUs skipped the port, a 300-percent increase in blank sailings in one month," [link](#)



## Container price index quadrupled

Evolution of average ocean freight, for 40ft container since 2019





## Ocean carrier outlook

MEDITERRANEAN SHIPPING COMPANY

### Impact

- Huge traffic Jams – Vessels impossible to berth,
- Cost of operations,
- Cost of waiting time,
- Cost of Vessel,
- Cost of Containers,
- Schedules strongly impacted.

## SUEZ and YANTIAN impact

### Actions

- No extra free time allowed anymore,
- Extra vessels on some services for our clients (extremely high rental cost),
- Cut of allocations,
- Ports omissions,
- Rotations' reorganization.



## Freight Forwarder outlook

### Impact

- Delays, unpredictable transit time,
- Lack of empty containers in CZ (especially 40"DC, 40"HC, food grade),
- Constantly growing rates.

## SUEZ and YANTIAN impact

### Actions

- Developing of RAIL and trucking,
- Investing in hubs with expanding its capacity (Singapore, Abidjan, France),
- New solutions for import via Gdansk and other ports,
- Charter vessels and charter flights,
- Reconsideration of our service conditions due to market situation.





## Cargo owner outlook

### Impact

- Ports omissions,
- Service reorganization,
- Lowest service level ever seen,
- Services completely disorganized,
- Spot market skyrocketing versus BCO (Beneficial Cargo Owner) contracts,
- Roll over occurs,
- Congestions in loading ports generating extra logistic cost.

## SUEZ and YANTIAN impact

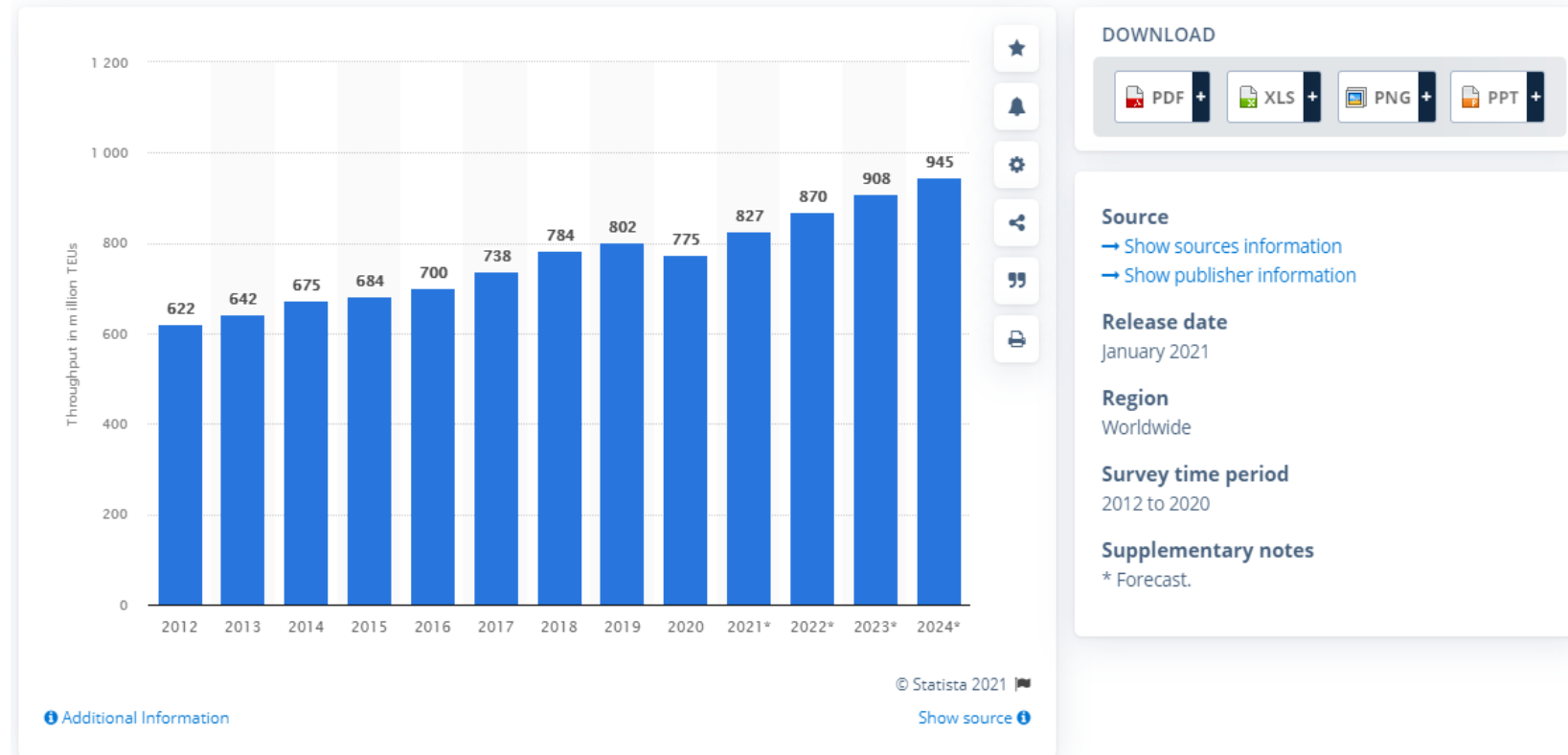
### Actions

- Regular follow up on our commitments with subsidiaries and carriers,
- Call for support to our selected carriers to provide equipment when needed for certain origin,
- Rolling forecast and visibility provided to our carriers,
- Solution of intermediate container storage found for some origin,
- Working on future long-term contracts with our partners.

**TOMORROW ?**

## Tomorrow

Container throughput at ports worldwide from 2012 to 2020 with a forecast for 2021 until 2024  
(in million TEUs)



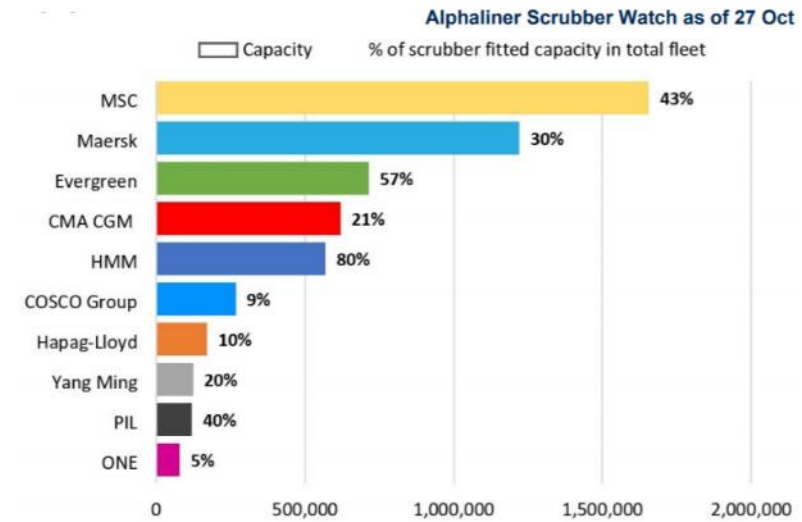
## Tomorrow

### Cost ahead / Decarbonization

The shipping industry will need to invest **at least \$1tn in land-based and ship-related infrastructure** in order to meet the International Maritime Organization's (IMO) targets to cut greenhouse gas emissions by 2050, a new study revealed today.

Source: <https://www.ship-technology.com/news/decarbonisation-in-shipping/>

### MSC backs hydrogen, biofuels as fuels of the future



To comply with an upcoming marine fuel regulation in 2020, the ship is also equipped with a UN IMO-approved hybrid Exhaust Gas Cleaning System and has the option of switching to low-Sulphur fuel, or to be adapted for liquefied natural gas (LNG) in the future.



*Sea transportation: disruptions & perspectives*

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# **SUPPLY CHAIN & PURCHASE**

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*CONCLUSIONS*

### CONCLUSION

- Digitalization will help us to optimize / speed on all layers of our business and the logistic chain.
- Accelerate transformations of port facilities to optimize charging/discharging time of bigger vessels.
- We are still hit by the ripples of the combination of events that disrupted the worldwide supply chains. Situation still ongoing.
- Limit the delocalization of strategic industries, think about sustainable and reasonable supply chain.
- Shipping costs have no reasons to return to pre-COVID levels. We should be ready to pay the real cost of importing and exporting goods, covering the footprint cost.
- Reasonable consumptions practices.
- Common decarbonization strategies.

### **CONCLUSION**

#### **Recommendations for customers:**

- **Keep Your stock and inventory high enough to be ready for delays and longer TT (especially at peak season),**
- **Focus on long-term buyers and key markets,**
- **Keep enough cash and sources of finance to absorb shocks, renegotiate your payment conditions if possible,**
- **Look for diversification of your supply,**
- **Trust your forwarder,**
- **Be flexible enough for new transport solutions,**
- **Take sanitary measures to protect your people.**

### *CONCLUSION*

#### Recommendations for shippers:

- Anticipate as much as possible your needs,
- Give as much as possible your rolling forecast to your suppliers,
- Identify and work on alternative solution in case of emergency,
- Inform regularly your internal clients (sales, logistics, etc.) and customers about the market trends and logistics situation,
- Follow regularly the commitments and organize meeting with your logistic partners,
- Negotiate contracts with indexes and warranty of allocations.



*Sea transportation: disruptions & perspectives*

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# **SUPPLY CHAIN & PURCHASE**

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*QUESTIONS & ANSWERS*

### QUESTIONS & ANSWERS



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# **SUPPLY CHAIN & PURCHASE**

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