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PORT CRANES  
**HEAVY-DUTY LIFT TRUCKS**  
SERVICE  
MACHINE TOOL SERVICES

NEWS

**KONECRANES**<sup>®</sup>  
Lifting Businesses<sup>™</sup>

# LIFT TRUCKS QUARTERLY

OCTOBER 2015



## IN THIS ISSUE

	PG
MACRO ECONOMIC TRENDS	2
CUSTOMER SPOTLIGHT	3
GLOBAL SECTOR SUMMARY	4
THE PANAMA CANAL EXTENSION	6
60 SECONDS / EVENTS CALENDAR / TECH TODAY	8
LIFT TRUCKS AT WORK / CLASSIFIEDS / CONTACT	9



# MACRO ECONOMIC TRENDS

**Real GDP growth**



**Currencies**



**Policy interest rates**



**Industrial production**



**Capacity utilization**



**Purchasing managers index**



**Inflation**



**REAL GDP GROWTH** Q2 performance of France, Germany, Euro area, UK and Japan grew, however, India, Russia, US and Brazil fell while China was constant.

**CURRENCIES** In August, the Euro appreciated against all major economies.

**POLICY INTEREST RATES** Policy interest rate fell for China but remained steady for major economies in August.

**INDUSTRIAL PRODUCTION** Industrial production levels have fallen year-on-year for Finland, Russia and Italy, but increased for Germany, Spain, Sweden, UK, France, US and China.

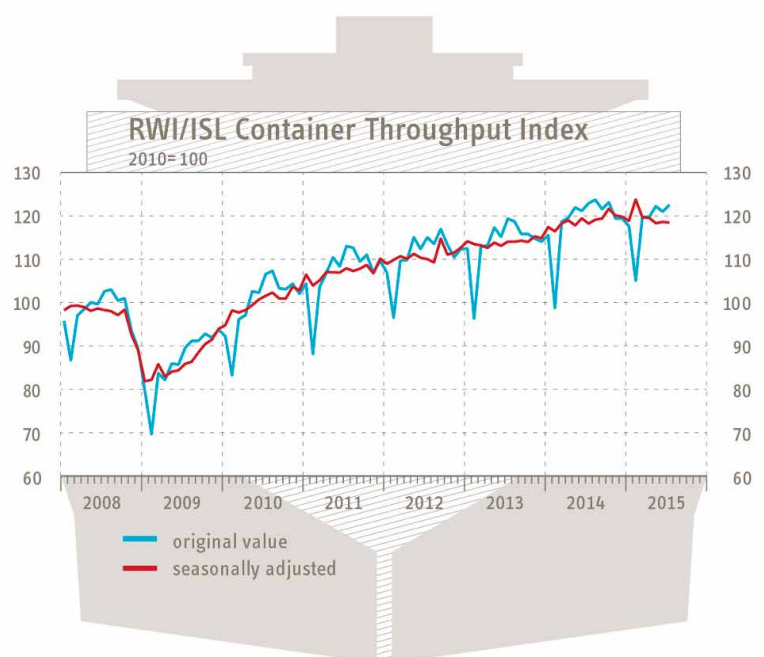
**CAPACITY UTILIZATION** Capacity utilization grew in US while falling marginally in UK.

**PURCHASING MANAGERS INDEX** PMI fell in US, Brazil, China, Russia, India, Eurozone and globally.

**INFLATION** Compared to last month, inflation fell in Japan, US and India but rose in China, Russia and Brazil while remaining constant in the Euro area.

## HOWE ROBINSON CONTAINER INDEX AND BALTIC DRY BULK

Drewry says that the (global) container rate slide which started in March had by June emerged into a fierce rate war among the carriers. At the end of the first half of the year, spot rates had dropped to historic lows of \$350 per 40-foot container - a level too low to even cover the fuel costs, any contribution to the slot costs or other operating expenses. Drewry says that a decline in Russian demand for Asian goods is a significant contributory factor to the overall weak container trade result. In the Q2, traffic bound for Russia registered a 30% drop compared to the same period last year, with volumes to Finland and Estonia seeing decreases of 26% and 35%, respectively.



RWI/ISL computations based on data provided by 81 ports. July 2015: flash estimate.

# WESERPORT GMBH, BREMEN

**WESERPORT GMBH IS AN INDEPENDENT PORT SERVICE PROVIDER AND JOINT VENTURE BETWEEN THE RHENUS GROUP (51%) AND ARCELOR MITTAL BREMEN GMBH (49%). IN 2008 WESERPORT'S FOUR TERMINALS IN BREMEN HANDLED ABOUT 8.9 MILLION TONS OF GOODS SHIPPED BY SEA. WITH A TURNOVER OF 3.3 BILLION EUR, THE RHENUS GROUP IS ONE OF THE LEADING LOGISTICS SERVICE PROVIDERS IN EUROPE. THE COMPANY HAS OVER 15,000 EMPLOYEES IN MORE THAN 230 LOCATIONS.**

Weserport's four terminals in Bremen's port district comprise over 330,000 m<sup>2</sup> of operating area. The company handles a wide range of goods shipped by sea: project cargo, steel products, forest products and many different kinds of bulk goods. The core business of goods handling is supplemented by freight services, clearance services and the organizing of complete transport chains.

Ships of up to Panamax size are loaded and unloaded on about 2 km of quays with a maximum draft of 9.45 m. Weserport is continuously expanding its range of services, evolving from a pure handling company to a total provider of port logistics services. The company is sending new cargo flows through Bremen and creating new departure possibilities. Weserport's terminals in Bremen are linked with important areas around the world via ports in Europe, North Africa, Turkey, Greece, the USA, Mexico and the Far East.

## WHAT DOES WESERPORT SAY?

"Konecranes was of course competing with other well-known lift truck manufacturers. Up to that point, we weren't really considering trucks as investment goods. Konecranes stood out due to a good price-performance ratio. From the product perspective, the hydraulics gave clear advantages compared to the competition."

## CUSTOMER EXPERIENCE

"When buying a heavy-duty fork lift truck, what matters in addition to the technology is the lifecycle cost covering service, maintenance and repairs. A wide network of service partners allows Konecranes to provide reliable and fast service with very committed employees. In the end, it was the total package that made us decide: the technical possibilities offered by the fork lift trucks and the first-class support through a regional service partner. The trucks are serviced by Willenbrock, whose work is excellent."

## WHAT KONECRANES DELIVERED

**Weserport uses four Konecranes heavy-duty fork lift trucks:**  
**3 x SMV 45-1200 B (maximum load 45 t)**  
**1 x SMV 52-1200 B (maximum load 52 t)**





# GLOBAL SECTOR SUMMARY



## AUTOMOTIVE

### PHILIPPINES CARS INCENTIVE PROGRAM RECEIVES MIXED REACTIONS

The goal of the program is to produce 600,000 units over the next six years. The CARS program allocates some USD 577 million (PHP 27 billion) of incentives to local vehicle producers. The strict requirements of the CARS program have, however, been criticized by some, with even Toyota Motor Philippines (TMP) president Michinobu Sugata admitting that it would be a “challenge” for his company to comply with the production volume requirement; TMP is the only company considered to have the means to qualify for it at present.



## GENERAL MANUFACTURING

### INTEREST IN NEAR-SHORING IN THE US, GROWS FOLLOWING CHINA CURRENCY DEVALUATION

A recent study finds a continued interest in nearshoring, with 32% of the executives in North America and Western Europe saying their companies have recently nearshored manufacturing production or are in the process of doing so. 55% cite the US as the most attractive nearshoring destination, up from 42% in 2014's survey. One potential reason for the fluctuation in the outlook toward Mexico could be a lack of certainty regarding safety and security issues. By comparison, 61% of European respondents say they expect an improvement in safety and security in Eastern Europe, their top preferred nearshoring destination.



## INTERMODAL & RAIL

### US FREIGHT VOLUME SET FOR 29% GROWTH TO 2026 – ATA/IHS

The US is set to see freight volumes increase by 29% over the next 11 years according to a new report. A key driver of the growth is set to be growing energy production, which will lead to pipelines accounting for a larger proportion of the total tonnage. While trucking will continue to be the leading means of moving freight in the US, its share of total tonnage will fall from 68.4% in 2014 to 64.6% in 2026. Pipeline volumes are expected to exhibit annual growth of 10.6% with share of total freight tonnage to grow from 10.8% in 2015 to 18.1% by 2026.



## MINING

### INDIAN GOVERNMENT SETS AMBITIOUS GOALS FOR COAL OUTPUT

With coal consumption in India continuing to outpace domestic production, the country has recently seen shifts in government policy and practices to meet an ambitious goal of reaching 1.5 billion metric tonnes by 2020. The first key initiative is increasing coal production from national producer, Coal India Limited (CIL) to 900 million metric tons. The second initiative encourages greater private and foreign participation. Other initiatives ease environmental restrictions, permitting processes, and land acquisition, while others focus on coal transportation expansion, where the government has recently been concentrating on three key rail projects.



## OIL & GAS

### CHINA LOOKING TO PRIVATIZE MARKET WITH 'TEAPOT' REFINERY/SOE COOPERATION

China's largest three oil sector state-owned enterprises plan to upgrade and increase their capacities through cooperation with smaller private refineries, known as teapots. In order to receive the related licenses for oil import purchases, these private refineries must adhere to strict environmental and efficiency standards while also guaranteeing annual capacity of at least 2 million tons of crude oil. Companies which have already acquired licenses from the Ministry of Commerce include Shandong Dongming Petrochemical Co., Sinochem Hongrun Petrochemical Co., Panjin North Asphalt Co., Shandong Lijin Petrochemical Co. and Kenti Petrochemical Co.



## PULP & PAPER

### CEPI DISAPPOINTED WITH NEW EU PROPOSALS FOR ETS

According to the Confederation of European Paper Industries (CEPI), the European Commission's new proposal for the EU Emission Trading System (ETS) does not go far enough to safeguard the future of energy intensive industries such as the paper sector. CEPI said that the proposal does not solve the lack of free allocation for Combined Heat and Power Plants in Europe, and criticized the proposals for not creating a uniform compensation scheme for member states related to higher electricity costs and called on member States "to align their compensation schemes, so industry is treated equal across Europe."



## PORTS

### INCREASING SHIPMENT DIVERSION TO MEXICAN AND CANADIAN PORTS DUE TO US CONGESTION.

According to the US Federal Maritime Commission, shippers are increasingly considering ports in Mexico and Canada due to congestion issues at US ports. 2014 was "the most active year for cargo diversion," due to West Coast port congestion. H1/2015 saw Port Metro Vancouver's share of West Coast container throughput, including empty boxes, increase to 13% from 11.5% in 2014, and Prince Rupert's West Coast market share rose to 3.3% up y/y from 2.4%. Seattle-Tacoma's share rose to 11.15% from 8.8% but market share declined for US West Coast ports of Los Angeles (32.5% from 34.1%), Long Beach (27.3% from 27.9%), and Oakland (7.3% from 11.2%).



## POWER

**WASTE TO ENERGY:** Southeast Asian biomass and waste to energy market to reach revenues of USD 1.5 billion by 2019.

**FOSSIL FUELS:** Coal-fired capacity to account for over half of Vietnam's energy mix by 2030 says EIA.

**WIND POWER:** Industry concerned as UK government pledges to end onshore wind subsidies.



## STEEL

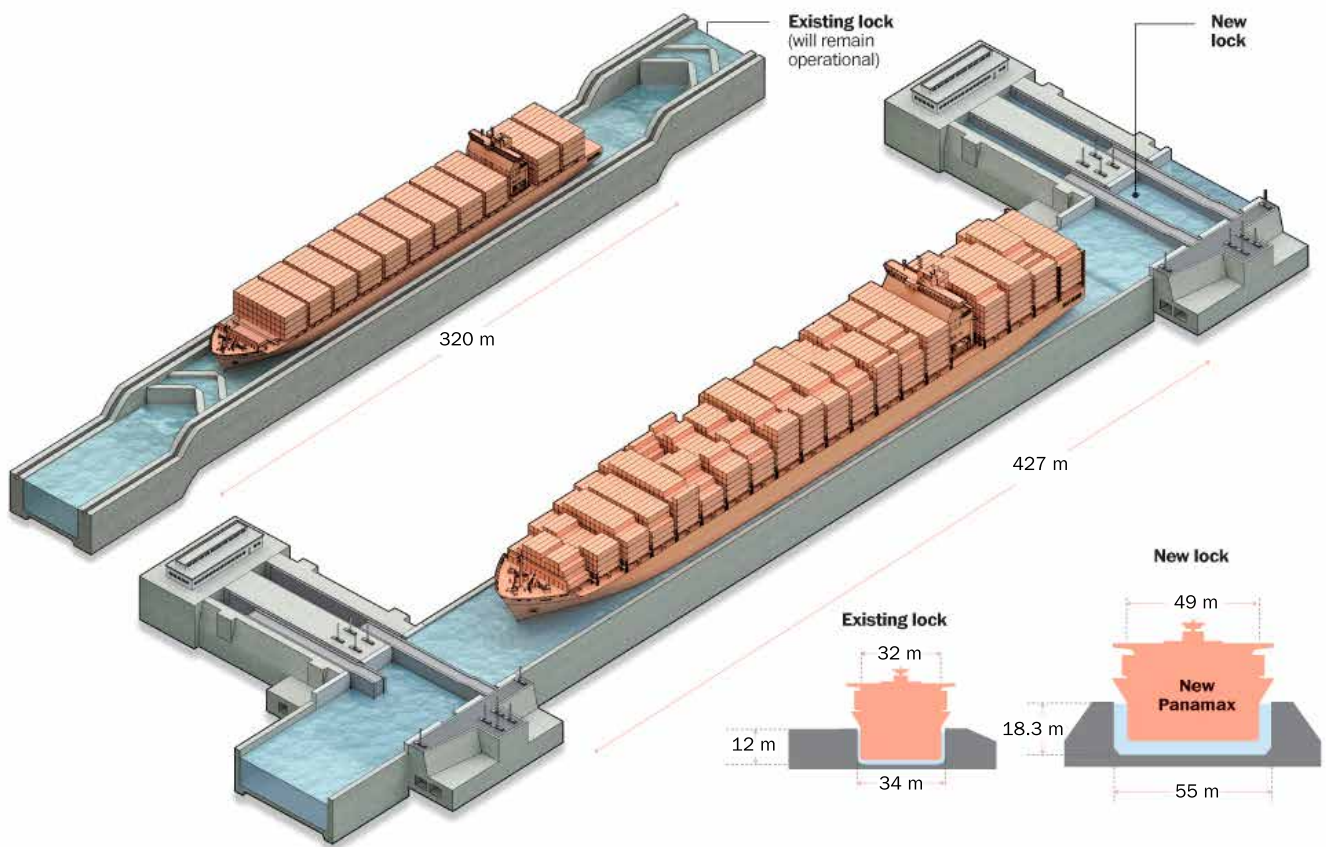
### INDONESIA TO SEE STEEL IMPORTS REDUCE FROM 2016 DUE TO FOREIGN INVESTMENT IN PLANTS

There are currently 157 projects in the steel manufacturing industry in progress in the country, worth a cumulative investment of around USD 469 million. In H1/2015, the country's imports of steel fell 21% y/y to USD 3.44 billion from USD 4.36 billion driven by slower activity in the domestic economy. Also in H1, Indonesia's exports of steel increased by 42% y/y to USD 657.7 million. China Steel now mulls over plans to invest USD 300 million in a new steel plant; the country plans to provide China Steel with the use of an industrial complex in Banten, Cikarang and Gresik to accommodate demand for highly skilled labor.



# THE PANAMA CANAL EXPANSION

ON ITS COMPLETION IN 1914, THE 77KM SHIPPING ROUTE EXCAVATED ACROSS PANAMA WAS CONSIDERED A MAJOR ENGINEERING ACCOMPLISHMENT, SINCE THEN IT HAS ACHIEVED NOTHING LESS THAN HAVING INFLUENCED WORLD TRADE PATTERNS, SPECIFICALLY BETWEEN THE EAST COAST OF THE UNITED STATES AND THE FAR EAST.



SOURCES:  
 PANAMA CANAL AUTHORITY; RODRIGUE, J-P ET AL. (2012) "THE GEOGRAPHY OF TRANSPORT SYSTEMS," HOFSTRA UNIVERSITY;  
 INSTITUTE FOR WATER RESOURCES, U.S. ARMY CORPS OF ENGINEERS, 2012 REPORT.  
 GRAPHIC: ALBERTO CUADRA, GENE THORP, BILL WEBSTER - THE WASHINGTON POST. PUBLISHED JAN. 13, 2013.

The Panama Canal expansion project, which broke ground in September 2007, will roughly double the cargo-carrying capacity of the Canal. Currently the Canal includes three sets of locks that lift vessels from sea level up to the level of Gatun Lake and back down again, a total of 26 m, as they travel across its length.

Each of the three original sets of locks has two lanes, which accommodate a maximum beam of 106 ft (32.31 m). The new 'Third Lane' will allow more, as well as larger, vessels to pass through. These larger lengths and widths, when combined with a

more deeply dredged canal, will raise the size limitations for vessels to a new 'Post-Panamax' size of up to 13,000 TEUs.

There will however still be ships that will not be able to pass through the Panama canal. These include Maersk E-class and Maersk Triple E class container ships, TI class supertankers, and Valemax ore carriers, all of which are too wide for the new locks. Furthermore, while the world's largest cruise ships, Oasis of the Seas and Allure of the Seas, will fit within the new locks, they are too tall to pass under the Bridge of the Americas even at low tide.

## ECONOMIC PROJECTIONS

According to the reports by the Panama Canal Authority, the route from Sabine Pass in Louisiana to Japan would be cut by 11.4 days. Furthermore, with the "oil glut" resulting in a gloomy layoff frenzy affecting natural gas workers, the Panama Canal may offer new opportunities for the industry due to the newly expanded canal being able to facilitate close to 90% of LNG tankers, compared to less than 10 percent currently.

Also included in the prize are substantial increases in coal and propane exports. But benefits aren't limited only to North American. According to energy analyst Alexis Arthur of the Institute of Americas, the canal has the potential to alter LNG trade routes globally. For Peru's Camisea Gas Project, the

shipment of its natural gas to Spain via the canal would save eight days transit. Additionally, the route from Trinidad and Tobago to Chile would be cut by 6.3 days.

As reported in a study by The Maritime Administration, the expansion will result in a substantial increase in the exports of grain, including soybean, wheat, and corn products, as this new generation of energy-efficient ships will have 25% more capacity than the earlier models, which according to Rabobank analysts, will reduce the cost of shipping grain from the American Midwest corn belt to Asia by roughly 12%. Again, beneficiaries also include Brazil and Argentina with increased cost effectiveness of their grain exports to Eastern Europe.

SOURCE: THE INVISIBLE HAND AND THE NEW PANAMA LOCKS BY SALMAAN KHAN



## EXPECT DELAYS

**AFTER IMAGES OF SEVERE LEAKAGE PROBLEMS EMERGED ON SOCIAL MEDIA IN AUGUST THE PANAMA CANAL AUTHORITY (ACP) ISSUED A WARNING THAT IT WOULD NOT ACCEPT THE CURRENT WORKS UNTIL ALL FLAWS ARE FIXED.**

According to Panamanian daily La Prensa, GUPC admitted that the images were real but assured the consortium it was already working to correct the flaws. "GUPC informs that the pictures published in social media are from one of the lockheads on the canal's Pacific side. Technical personnel are handling this issue. The goal of the testing phase is precisely to detect any problem that requires adjustment or

reinforcement," said the company in a press release. ACP Chief Engineer Jorge de la Guardia, praised GUPC's swift reaction to the errors and highlighted that company representatives tasked with the design immediately flew to Panama to review the situation. It is unclear if the current delivery date of early 2016 will be further postponed.



# 60 SECONDS

WITH



## ANDREAS FALK SALES & MARKETING DIRECTOR

**Q** 1. What trends do you see in the lifting industry for 2016?

**A** The industry will continue to put more emphasis on environmental concerns. This does not only apply to the developed world, but also emerging markets. Another trend is the focus on total cost of ownership, the drive to focus on optimizing “value for money” over the lifetime of the equipment.

**Q** 2. What are Konecranes contributions into the market?

**A** I truly believe we are “smarter where it matters”. Our outstanding quality is mirrored by innovation – like the hybrid reachstacker. It has been in the field already for several years with proven 30% fuel savings, productivity improvements and improved ergonomics. Another state of the art tool is TRUCONNECT® remote monitoring which gives customers the ability to monitor their fleet, optimize their operation and lower operational costs.

**Q** 3. How are Konecranes implementing quality into the sales process - from the factory to final customer?

**A** Quality is in our DNA. At every step of the process quality is considered. It starts with our sales people who are heavy material handling experts able to give expert advice at the procurement stage. Our factories are ISO 9001 certified, we have extensive supplier quality controls and every machine goes through extensive FAT testing. At customer sites our partners are expert engineers and technicians factory-trained to work on Konecranes equipment.

**Q** 4. Tell us something about yourself that no one else knows?

**A** I have been both an ice hockey goalie and a soccer goal keeper so I am quite used to dealing with obstacles thrown at me!

## EVENT CALENDAR

**13 - 15 OCT**  
13 - 15 OCTOBER  
TOC Americas  
Panama



**24 NOV**  
24 NOVEMBER  
GENERATION C LAUNCH  
South East Asia Pacific



**8 - 9 DEC**  
8 - 9 DECEMBER  
TOC MIDDLE EAST  
Dubai

## TECH TODAY

### FAST COMPANY'S BEST PRODUCT DESIGNS OF 2015

**WINNER:**

Spinlister is a bike-sharing app with no hub or owners to go through; instead, users can lock and unlock computerized Vanmoof bikes from the app via Bluetooth. Bike rentals become untethered from Divvy stations, and the world of bikes becomes available as one rentable network of vehicles.

**SEE MORE**







# LIFT TRUCKS AT WORK

HYBRID REACH STACKER: HELSINGBORG



OPERATOR IN GHANA



RORO FORK LIFT TRUCK IN GERMANY



**USED LIFT TRUCKS**



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