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Golfetto Sangati, part of GEA Group, designs, builds and installs turnkey equipment for grain handling and milling. The company fulfills the market demand in a competitive way and with state-of-the-art technologies based on research, experience and in-depth technical knowledge. The company designed and built more than 60 port systems all over the world and plays a primary role in technological advancement from the first pneumatic ship unloader to the more advanced mechanical loaders and unloaders. The company supplies a large range of handling, processing and storage, loading and unloading systems on tires or rail from small to big implementing the best technical principles.
STEPHANIE ROKER EDITOR

The Great British Bake Off is back and in full swing. Episode three of the TV series, which searches for the UK’s best amateur baker, saw the contestants tackle Bread Week. Tear and share loaves, burger baps with veggie burgers and showstopping scored bread sculptures were all served up, with not a soggy bottom in sight.

A quick recap of this installment: rising to the occasion was Michael, whose edible creations earned him the spot as star baker, while Yorkshire lass Amelia’s journey came to an end as her dough turned to D’Oh in the tent.

Another one bites the dust, and it’s not just Bake Off I’m talking about. The UK will be leaving its own ‘tent’ soon, though on a much grander scale.

The Brexit deadline is fast approaching. UK farmers are now scrambling to harvest and export surplus commodities abroad before 31 October, when a no-deal departure would see the abandonment of European markets.

Although an improved weather outlook has allowed farmers to resume harvesting, and with reports of high wheat yields, grain prices have – and still are – falling following harvest pressures, which have been building against the short export window before the UK leaves the EU.

Further along the chain, ports across the south of England are busy and bustling as they try to keep on top of the ongoing loading operations. The majority of bulkers will be setting sail for Spain, the UK’s main export market. This is set to change though come the deadline, favouring Africa instead.

But while exports have reportedly continued at a strong pace since the beginning of August, David Eudall, Head of Market Specialists (Arable) at the Agriculture and Horticulture Development Board, has predicted that exports of as much as half of the UK’s potential 2 million t wheat surplus (and 0.5 million t of barley) may still be pending come the end of October.

Just like Amelia’s bakes had their own problems, there are a lot of challenges that the dry bulk market is currently encountering too. Outside of Brexit, the US-China trade war has been hindering exports and imports of dry bulk commodities since 2018, having imposed tariffs on billions of dollars’ worth of each other’s goods.

Moving away from political turmoil, the weather has also created challenges for the dry bulk sector. In Canada, harvest progress has been limited by heavy rains. Australia has been hit with a drought for the third year in a row, causing the country’s wheat output to lessen. It’s predicted that it could decrease by 10% from previous forecasts to less than 19 million t. And the winter grain harvest in South Africa (which takes place between June and August) has seen lower yields than last year due to irregular weather conditions; the below average rainfall, in particular.

In this day and age, I think we take for granted that things like baked goods are readily available. But if Brexit is anything to go by, there’s a lot going on behind the scenes that we need to remember. And I think that we need to give credit where credit is due: to the farmers, freight traders, port and shipping operators, and the like, who are just trying to get the product to market for us to enjoy. After all, what’s Bake Off without the bakes?
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AUSTRALIA Port of Bundaberg looks to the future

Gladstone Ports Corporation (GPC) and Sugar Terminals Ltd (STL) have joined forces, investing in the industry and economic potential of the Bundaberg region.

STL is actively pursuing opportunities to expand on its existing storage and handling operations, allowing it to increase diversification and future-proof operations.

GPC Acting CEO Craig Walker said the partnership with STL would see a detailed business case for the design and construction of common user infrastructure at the port developed.

The business case will build on the preliminary options assessment undertaken by GPC and the Department of State Development Manufacturing Infrastructure and Planning.

"The common user infrastructure would utilise the existing Sir Thomas Hiley Wharf and Shiploading facilities to diversify the current sugar industry resources," Walker said.

"STL has extensive experience in both operating and maintaining bulk storage and handling facilities, and with GPC as Australia's premier multi commodity port, we see that this venture will stimulate industry growth for the region."

Transport and Main Roads Minister Mark Bailey said the Memorandum of Understanding (MoU) signed between STL and GPC could pave the way for increased and more diverse trade through the port, creating new jobs along the way.

Bailey said: "This agreement is another sign that exporters see the potential for growth in Bundaberg and are ready to back that with long-term agreements. STL's agreement with GPC is a further sign that companies see a positive long-term future in what Bundaberg's port has to offer for their business."

STL CEO John Warda said the organisation is pursuing opportunities to diversify its income base and better utilise existing assets to complement its sugar handling operations, bringing about additional income and employment opportunities for the region.

"We are excited to be working with GPC on this venture; as a major stakeholder in Bundaberg we see significant opportunities for Common User Infrastructure to attract new commodities to the Port," Warda said.

"We are working on a staged approach with GPC, with the signing of this MoU today an important first step, in investigating the options to add new linkages into existing infrastructure."

GPC and STL will commence formal investigations over the coming months. The outlook is bright for the Port of Bundaberg with 'green fuel' wood pellet exports set to double and growth in mineral exports from the region planned to commence in 2020, bringing jobs, economic growth and international trade for Queenslanders.

UK New agribulk terminal offers support to Scottish agriculture

The Port of Ayr has celebrated the opening of its new, state-of-the-art Bute terminal, which will help support customers in Scotland's agricultural sector and enhance the wider economic prosperity of the region.

The official opening ceremony saw keynote speeches by Bill Grant, MP for Ayr, Carrick and Cumnock; Andrew Harston, ABP's Regional Director for Wales and Short Sea Ports; and Andrew Mackay, CEO of Cefetra Ltd. Held in a grand marquee at the port, the event was also attended by Val Russell, CEO of the Ayrshire Chamber of Commerce, as well as a mix of ABP customers.

Following the speeches, guests were able to experience first-hand the new terminal, which offers 4000 m² of storage space and will enhance the port's customer offering. Built by 3b construction – a Scottish, family-owned company – the terminal is part of a number of enhancements in port facilities, including new purpose-built cranes and wide-ranging improvements to shore side infrastructure.

Harston said: "We were delighted to welcome local stakeholders and customers to our port to celebrate the opening of our Bute agribulk terminal, which will enhance storage capacity and improve further the facilities we provide."

"This development demonstrates our ongoing commitment to supporting Southwest Scotland’s farming community and helping facilitate economic growth in the region."

The opening follows ABP's announcement of a recently won multi-year contract with the leading Scottish trader of grains and animal feed raw materials, Cefetra Ltd, further strengthening its position as the agricultural trade centre for Southwest Scotland.
DIARY DATES

**Australian Rail Association 8th Heavy Haul Rail Conference**
16 - 17 October 2019
Perth, Australia

**The World Coal Leaders Network 2019**
20 - 22 October 2019
Lisbon, Portugal
https://www.coaltrans.com/events/world-coal-conference/Overview

**Ashtrans Europe 2019**
21 - 22 October 2019
Lisbon, Portugal
https://www.coaltrans.com/Events/ashtrans/Overview

**TOC Americas**
29 - 31 October 2019
Bolívar, Colombia

**Cement Business & Industry Africa 2019 Conference & Exhibition**
6 - 7 November 2019
Johannesburg, South Africa

**Cemprospects 2019**
7 - 9 November 2019
Kraków, Poland

**Global Grain Geneva**
12 - 14 November 2019
Geneva, Switzerland
http://www.globalgrainevents.com/geneva/details.html

**38th Annual Mississippi Valley Trade & Transport Conference**
19 - 20 February 2020
New Orleans, USA
http://mvftc.com/mvftc_conference/

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**MONACO** CSL self-unloaders contribute to sustainability of land reclamation project

CSL’s MV Tertnes, a 11 429 DWT self-unloading bulk carrier, has been operating in Monaco since September 2018 servicing the ambitious Portier Cove land reclamation project under way in the Principality. Also supporting the project for a 3 month period was the 10 142 DWT MV CSL Rhine.

Sustainability is a key priority of the project, and every effort is being made to protect the marine environment and biodiversity, and minimise the impact on the community.

The Tertnes shuttles ballast material in the form of sand and aggregates from Toulon (France), and discharges it directly into caissons in Monaco. CSL Rhine handles aggregates that make up the backfill material inside the new sea wall created by the caissons. This cargo is discharged by CSL Rhine onto split hopper barges that are then unloaded in the shallow area inside the sea wall.

The innovative use of CSL’s self-unloading vessels have proven to be a very efficient way of transporting the large quantities of material needed by the project, helping to reduce CO2 emissions and road congestion in Monaco and the surrounding areas.

Tertnes and CSL Rhine discharge 10 000 t of cargo in each load, which is the equivalent of approximately 1000 truckloads. Over the duration of the project, CSL vessels will handle a total of over 400 000 t of material, equal to about 40 000 truckloads.

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**USA** Coal’s decline could cost railroads billions

The erosion in coal demand from utilities over the next decade will significantly affect US freight railroads’ coal shipments and revenues, Moody’s Investors Service says in a new report.

“Our forecast of a more than 50% drop in coal demand from utilities by 2030 implies that coal demand would decline by about 7% per annum on average over the next 10 years, which would translate into roughly US$5 billion in lost revenues for the railroads, or 5.5% of 2018 industry revenues,” says Rene Lipsch, VP-Senior Credit Officer at Moody’s.

The decline will weigh considerably on total freight volume because coal is still the largest freight commodity in the sector, excluding intermodal freight, adds Lipsch.

Railroads that rely on domestic coal from the Powder River Basin (PRB) of Wyoming and Montana, the region most at risk from coal’s decline, are most exposed to weakening demand for thermal coal.

Moody’s says that railroads will become increasingly reliant on export coal, a more volatile source of revenue. Also, export volumes represent far fewer shipments for the industry than domestic coal, and thermal coal in Europe could see an even more rapid drop in coal demand than the US.

However, the credit impact to railroads is manageable if coal’s decline remains gradual, notes Lipsch. Railroads will likely offset some of the lost coal shipments with growth in other freight, particularly intermodal freight.
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UK Shoreham welcomes first Barrett Steel shipment

Shoreham port was delighted to welcome the first shipment of steel to the Barrett Steel site this week, following the assignment of the lease for the steel premises at the port on Tuesday 22 August. Barrett Steel, who are the largest independent steel stockholder in the UK, had its first cargo vessel arrive at the port on Sunday 8 September in the evening.

Dave Bunker, General Manager Operations at Shoreham Port, commented: “We are pleased to welcome the first cargo of steel for our new tenant, Barrett Steel. The vessel MV Jevenau arrived Sunday carrying 878 bundles of steel sheet piles weighing 3620 t, with operations beginning the following morning.”

The ship came through the Port’s Prince Phillip lock gates system, which replaces water in the canal via powerful impounding pumps that pump around 120 000 m³ of water into the canal in an average 24 hour period. The vessel then discharged within the canal, in which the water level is maintained above highest tide levels at approximately 0.5 m, and moored at Fishergate terminal where there is a minimum of 1.5 m of water beneath the keel, meaning that the vessel can always remain safely afloat throughout discharge and be unloaded with speed and efficiency.

Bunker continued: “We estimated that the discharge would take 3.5 days to complete and were delighted that it was completed in just under 2.5 days, thanks to the excellent work of our operations team and the equally excellent cooperation of the Barrett Steel team, with 1500 t of steel unloaded each day. Overall this a 50% increase in the discharge rate and a credit to all involved. We look forward to maintaining and improving the great relationship we have already built with Barrett Steel in the future.”

Andy Warcup, Chief Operating Officer at Barrett Steel, commented: “Barrett Steel are delighted that our first shipment arrived earlier this week. The discharge process was handled very efficiently by Shoreham port working closely with the local Barrett team on site. We are excited about this acquisition in Shoreham, which is an excellent strategic opportunity for the Barrett Group to expand its presence in the South of England. The support received from Shoreham port throughout the acquisition negotiation has been excellent and we look forward to a long and prosperous working relationship.”

USA Konecranes wins order for mobile harbour cranes

In June 2019, Brownsville Navigation District of Cameron County ordered two Konecranes Gottwald Model 6 mobile harbour cranes to increase its dockside handling capacity in the Port of Brownsville.

The Port of Brownsville, the only deepwater port located on the US/Mexico border, is currently experiencing an increase in cargo volume across its range of services. The two new Konecranes Gottwald mobile harbour cranes will be delivered to the port fully assembled and commissioned, ready to begin work as early as December 2019. The cranes will handle a wide variety of cargo including breakbulk, bulk products, heavy project cargo and steel products. The Model 6 cranes have advanced mobile harbour crane drive technology from Konecranes that meets EPA Tier 4f emission standards, helping Brownsville reduce its environmental footprint.

The company’s new drive concept for mobile harbour cranes combines, depending on the crane model, Volvo Penta 625 kW diesel engines and 125 kW ultracap modules. This concept includes SCR exhaust technology as an option, meeting EPA Tier 4f and EU Stage V emission standards. This pacesetting drive technology with its downsized diesel engine will be introduced in phases across the entire Konecranes Gottwald mobile harbour crane portfolio.

The Port of Brownsville’s new Model 6 cranes will be G HMK 6507 two-rope variants featuring a powerful lifting curve with a maximum lifting capacity of 125 t and an outreach of up to 51 m. To maximise uptime, the cranes will be equipped with a remote access function giving the customer and the Konecranes service team access to operating and diagnostics data around the clock without interrupting crane operation.

Giuseppe Di Lisa, Sales and Marketing Director of Konecranes’ Business Unit Mobile Harbour Cranes: “The two new cranes are the right choice for the Port of Brownsville, which needs to increase its handling performance while reducing its impact on the environment without sacrificing versatility and flexibility. These mobile harbour cranes will come into their own in this port, which handles many different types of cargo.”
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BULLISH SENTIMENTS ON BULK IN THE AMERICAS

Rahul Sharan, Drewry, India, comments on bullish sentiments to keep dry bulk trade high in the Americas.
In spite of a disappointing 1H19, the dry bulk trade is expected to be high in the Americas in 2H19. The dry bulk trade will keep surging at least until the end of 2020 on account of sharply increasing iron ore exports from Brazil. More than anything else, there will be a resumption of iron ore exports at its full capacity from Vale’s mines, which will determine the overall trade volume in the Americas over the next few quarters.

**Iron ore**

Brazilian miner Vale has received permission from the country’s Supreme Court to resume production at its Brucutu iron ore mine, enabling it to bring back 30 million tpy of production capacity to the market. Following the disaster at one of its dams on 25 January 2019, Vale had to take more than 90 million tpy of production capacity offline. Heavy
rains in March and April added to the company’s troubles and severely affected its iron ore production and shipments. After the disruptions, Vale has advised that export shipments in 2019 will be 34 - 59 million t lower than in 2018. Shipments have already been 32 million t lower in 1H19, so the loss for the year as a whole is likely to be closer to the upper end figure.

On the other hand, any truce between China and the US will have a significant positive impact on the Chinese economy helping push its manufacturing activities, which in turn, will further support its steel production. Despite the ongoing tussle, Chinese steel production increased by more than 9% in 1H19, while its iron ore imports contracted amid supply glitches. The Chinese steel mills had to consume iron ore from the stockpiles stored at the Chinese ports. As a result, the stockpiles decreased 20% over the quarter. Consequently, China’s iron ore inventories at ports in the country declined to a 2 year low in 1H19. As iron ore supply will improve in 2H19, traders are expected to import iron ore in high quantities, not only for sustaining steel production, but also for rebuilding stocks. China’s iron ore imports in 2H19 will exceed those in 1H19 by 30 - 60 million t.

Moreover, the demand/supply mismatch pushed iron ore prices to 5 year highs, providing additional motivation to Vale to fasten its restoration activities.

**Coal**

The metallurgical coal trade outlook for 2H19 remains robust amid an expected surge in India’s metallurgical coal imports from Canada. India is trying to diversify its coal import sources. At the moment, India depends heavily on Australia for its metallurgical coal requirements. In 2018, due to supply chain disruptions in Australia following heavy rains that caused long delays in loading the metallurgical coal at many Australian ports, the Indian steel mills decided to diversify their metallurgical coal sources.

Metallurgical coal is used in steelmaking, and the production of steel is set to gain momentum over next 2 years in India, given that it is a key part of New Delhi’s ‘Make in India’ campaign, which aims to steeply increase its steel output over the next few years.

However, the Chinese traders are shying away from buying American coal after Beijing imposed an additional 25% tax on imports of US coal in June last year. Since then, the trade disputes between the two countries have further escalated.

Another major dry bulk commodity, non-metallurgical coal, has a bleak long-term outlook on account of many countries adopting greener fuel policies. But the short-term outlook remains positive, particularly on account of Asian buyers looking for coal from the Americas.

Usually, the Asian buyers prefer to purchase coal from nearer sources, as many spot buyers need their cargo at short notice. A large number of coal consumers in Asia are in the public sector and often, because of bureaucratic hurdles, by the time they place orders, they are left with very few days of inventories. That is when they place orders at nearer sources. However, many Asian spot buyers faced challenges in procuring coal from Australia in 2018 when there was a severe flood affecting the coal supply chain for many weeks. These buyers are planning to buy more non-metallurgical coal from Canada, Colombia and Russia helping trade on longer routes. It is expected that such trends will continue to further help long route trades.

Additionally, Asian traders have been buying good quality coal from South Africa. However, South Africa’s domestic consumption of high calorific value coal has increased over past few months. In the absence of high quality South African coal, the Asian buyers plan to switch to the US, Colombia and Russia. Meanwhile, the cost of producing coal in the US is very high, making it unfeasible when coal prices go down. The coal prices were at a 3 year low in 2Q19, resulting in a pessimistic outlook for US coal exports. Asia’s top four importers

![Steep decline in China’s iron ore inventories in 2019](image)
HIGH QUALITY EQUIPMENT FOR DRY BULK CONVEYING

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India, China, Japan and South Korea accounted for 30% of total US metallurgical coal exports in 2018, and a loss in trade on the US-Asia route will get partly compensated by coal from Colombia and Canada. Canada has already increased its exports to Asia, however, Canada and Colombia together cannot compensate for the loss in trade from the US completely. In such a case, Asia will import more coal from Russia. The country is closer to Asia in comparison to the US. Any shift in trade from the US-Asia route to Russia-Asia route will be a loss to trade distances.

Soybean
Brazil and the US have been the major exporter of soybeans to China, which is the single largest importer of soybeans in the world. The US accounted for 33% of China’s total soybean imports in 2017. After the US imposed first rounds of tariffs on Chinese steel and aluminium products last year, China retaliated by imposing tariffs of 25% on US soybeans as a counter tariff measure. However, Brazil and other minor exporters were unable to fill the void left by the US. Consequently, China’s total soybean imports declined 10.9 million t in 2018. The soybean trade between the US and China came crashing down to ‘no trade at all’ by 4Q18.

Argentina was the third largest exporter of soybeans to China in 2018, but due to low rainfall, the South American country’s soybean production declined in 2018, resulting in a significant loss in global soybean exports. So far in 2019, the weather in Argentina has been good, and therefore, it is expected that a strong harvest will help increase the country’s exports in 2H19. In 2020, continued low soybean exports from the US will lead to an increase of more than 90% in the combined share of Brazil and Argentina in China’s soybean imports.

A shift in soybean trade from US-China to South America-China began in 2012 when the US farmers started aiming for higher yield in order to meet the surging demand from Chinese traders, leading to a drop in the protein level of soybeans. In the years after 2012, Chinese traders, in search of higher protein levels, started shifting to Brazil where warmer weather was thought to offset the impact of higher crop yields on protein levels. Subsequently, Brazil surpassed the US to become the largest soybean exporter to China long before the trade war began. However, the protein content in the Brazilian soybeans also started falling from 2018, forcing the major soybean buyers in China to look for other options. Since the protein content in Argentinian soybeans has been rising since 2018, the country’s soybean exports to China are expected to pick up.

Meanwhile, swine flu poses a higher risk for soybean trade than the US-China trade war. A major proportion of soybean is used in China as feed in pig farming. In order to control the spread of the disease, the Chinese government has culled over a million pigs in 2019 so far, which in turn, has significantly affected soybean trade. Even if the US and China continue to be in a deadlock over tariff issues, global soybean trade will not decline any further, provided the spread of swine flu comes to a halt. If China and other Asian countries manage to control the epidemic, soybean trade will increase over next couple of years.

Grain
It is expected that a substantial share of Australian wheat into China is likely to be replaced by Argentinian wheat. Harsh weather in Australia has hampered its wheat output forecast in 2H19, but a rebound in Argentina’s wheat expectations has culled any fear of low wheat supply to China. China imports most of its wheat from Australia, but due to the latter’s reduced wheat exports, the former will import the deficit from Argentina, helping trade on long distance.

On the other hand, another commodity which faced the ire of custom officials in the US-China trade war was sorghum. There could be a surge in sorghum trade if the US and China agree on better ties to deescalate the trade war. China was the largest consumer of US sorghum before the tariff war pushed Chinese traders to stay away from buying US sorghum.

Conclusion
The dry bulk trade is expected to stay high in the Americas, mostly on account of sharply increasing iron ore exports from Brazil. The dry bulk trade on the transatlantic routes will also expand due to low domestic coal production in Germany. In addition, soybean trade from South America, mainly from Brazil and Argentina, will increase as well.
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