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A Hochtief construction site (main picture and inset). Global infrastructure financing needs are estimated to be trillions of dollars annually for the foreseeable future, according to Moody's.

Vast demand but project hiatus continues

While the long-term demand for civil engineering projects is enormous, the short-term outlook remains uncertain with finance still a problem in many countries. The private sector will increasingly have to provide innovative sources of funding, reports Phil Hastings.

With the need to upgrade core national infrastructure continuing to move up the political agenda around the world – the most notable recent example being US President Donald Trump’s proposed USD1 trillion investment in the sector over the next decade – the long-term global requirement for major civil engineering projects looks set to remain strong.

That demand and resulting business opportunities for heavy lift and project forwarding service providers should be further boosted by a steady flow of private sector developments that fall outside the basic infrastructure category, including residential developments, shopping centres, industrial complexes, sports stadiums and other leisure facilities.

When it comes to major infrastructure projects, though, one continuing question is just how much can national and regional governments afford to pay out of their own budgets? While the recent improvement in global economic performance should help in that respect, as should the pick-up in oil and other commodity prices when it comes to producer country finances, the consensus is that private sector capital will increasingly be required to support government investment schemes.

Financing needs

The general scenario was summed up in a recent assessment by USA-based global credit ratings and research provider Moody’s. “Global infrastructure financing needs are vast, estimated to be trillions of dollars annually for the foreseeable future. As governments around the world look to secure resources necessary to renew and expand their energy, transportation and other infrastructure assets, they will increasingly look to capital markets and private sector finance to ensure sufficient investment in these vital projects.”

Expanding on this point, Norman Anderson, president and chief executive of CG/LA Infrastructure, another USA-based international consultancy and organiser of forums that focus on infrastructure project business development opportunities, said



Some producer nations... are now thinking about using investment in infrastructure as an engine to improve employment and boost their economies.

– Javier Martinez, ALE

one big trend involves “a robust increase in ways of attracting private investment into projects – not just public-private partnerships (PPP) but asset recycling, land value capture, performance contracting, etc”.

Commenting specifically on the current state of the global civil engineering project market and its prospects over the next 12 months, he said CG/LA Infrastructure sees a lot of uncertainty, “coupled with a real flight to safety on the part of capital”.

“Just look at the US market – everyone in the world would be investing in the USA if there were projects in which to invest. Other countries, especially small countries in unstable regions, are having trouble attracting interest. That is a big issue that is not well documented,” stated Anderson.

“The upshot is that there is a tremendous amount of activity in brownfield projects as states seek to monetise their assets. There is also tremendous pricing pressure globally from low-cost engineering countries, for example South Korea and China, winning projects that were previously outside their competitive sphere.”

On the general government investment front, the partial recovery in world oil and



commodity prices, and resulting revenues, over the past year would appear to put producing countries, for example in the Middle East, Africa, Central Asia and South America, in a stronger financial position to press ahead with new infrastructure projects.

However, logistics industry executives in major oil-producing countries suggest they have yet to see any such real boost working through. That is certainly the case in Mexico, for example, reported a spokesman for heavy haulage, project logistics and rigging service provider Tradelossa, whose main involvement in general civil engineering projects over the last few years has centred on highway developments and a new rail link between Mexico City and Toluca.

Project cancellations

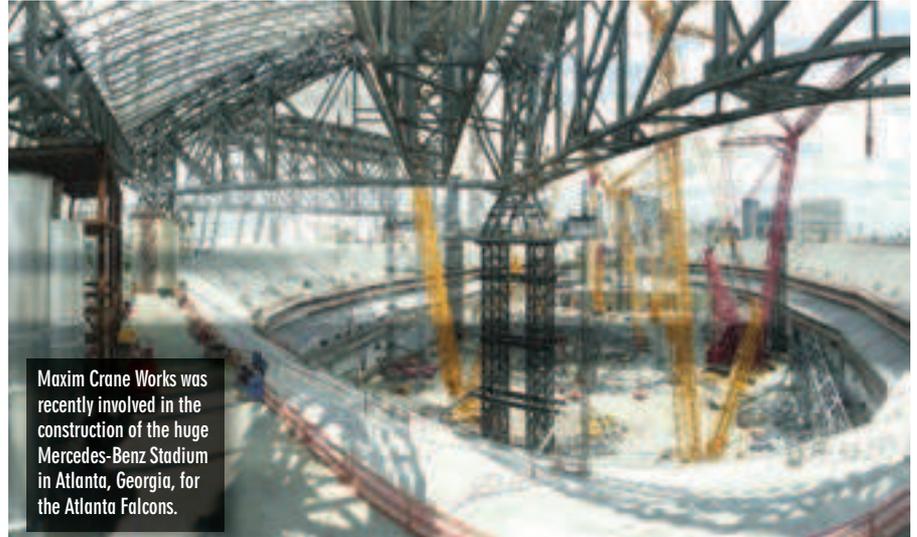
“The civil engineering market in Mexico as a whole is very quiet at the moment,” he stated. “Projects have been cancelled or delayed due to the intense pressure on oil prices and the finances of the country – and even though those prices have gone up a bit, it has not been enough to encourage more investment in infrastructure at the moment. The government currently just does not have the financial resources to make that investment.”

Two added complications as far as Mexico’s infrastructure and general civil engineering sector prospects are concerned are a scheduled national presidential election at the end of next year and the impact of President Trump’s ‘America first’ policies. In the case of the latter, in particular, Mexicans fear any effects are likely to be negative.

“Overall, though, prospects for infrastructure investment in Mexico remain heavily dependent on future oil prices. There is not going to be much improvement in levels of activity until oil prices and resulting revenues rise further,” concluded the Tradelossa spokesman.

Christian Hoffmann, head of marketing and corporate communications for Germany-based SAL Heavy Lift, part of Japanese global shipping group ‘K’ Line, which specialises in transporting heavy lift and project cargo, expressed similar caution when it came to assessing any likely civil infrastructure developments in the wider global market.

“There is certainly a need and an opportunity for major infrastructure investment in the Middle East, Africa and Central Asia, for example, but at the moment, from our perspective, there are no significant prospects. Despite a small pick-up, the oil price is still at a relatively low level and is not boosting confidence enough to invest,” he commented.



Maxim Crane Works was recently involved in the construction of the huge Mercedes-Benz Stadium in Atlanta, Georgia, for the Atlanta Falcons.

Javier Martinez, executive director for ALE, a UK-headquartered worldwide provider of heavy lifting, transport, installation and other services, suggested another aspect of the current oil/commodity price situation might be more significant when it comes to influencing trends in the global civil engineering project market.

“With oil prices still relatively low, many people who previously worked in that industry are unemployed and national economies are slow. In the light of that, some producer nations, both in developing countries in South America, Africa and Central Asia, for example, and in developed economies like Norway and Australia, are now thinking about using investment in infrastructure as an engine to improve employment and boost their economies,” he said.

However, cautioned Martinez, it is



There are still a lot of smaller projects going on, for example the construction of soccer stadiums.

– Gert Hendrickx, Sarens

important to note that any resulting new major civil engineering projects, for that or any other reason, will not produce any immediate upturn in demand for heavy lifting services. “There could be decisions made this year to go ahead with some new projects but it will take a minimum of two years for any actual logistics work to start coming through.”

Private investment

However, away from the politically influenced national infrastructure sector, heavy lift and project forwarding service providers around the world are continuing to see a wide range of private investment-funded civil engineering projects being implemented.

“There are still a lot of smaller projects going on, for example the construction of soccer stadiums,” confirmed Gert Hendrickx, global sales director for Sarens, a Belgium-based provider of crane rental, heavy lifting and engineered transport services, whose civil engineering activities include the installation of roof structures for sports stadiums and industrial buildings.

Further confirmation of the strength of privately funded civil engineering project work in many parts of the world was provided by Alan Ashlock, president – southeast region, for Maxim Crane Works, a leading USA-headquartered crane rental and lifting company which is involved with both industrial and commercial construction in that country.

“Our activities include being one of the leading tower crane renters in the USA – we have around 300 such cranes and are currently running at upwards of 90 percent utilisation for that equipment. That market is unbelievably hot at the moment, with construction of condos [buildings

containing a number of individually owned apartments or houses], apartment complexes and high-rise offices,” he reported.

“Private sector investment in the USA generally is very robust at the moment. For example, we were also recently involved in the construction of a huge football stadium [the Mercedes-Benz Stadium, due to open for events this year] in Atlanta, Georgia, for the Atlanta Falcons, which included us having a massive 2,535-ton (2,300-tonne) capacity Manitowoc 31000 crawler crane on site for 15 months.”

Meanwhile SAL, while continuing to work on major industrial plant civil engineering projects, is additionally starting to see a niche market opening up relating to the modular construction of leisure facilities.

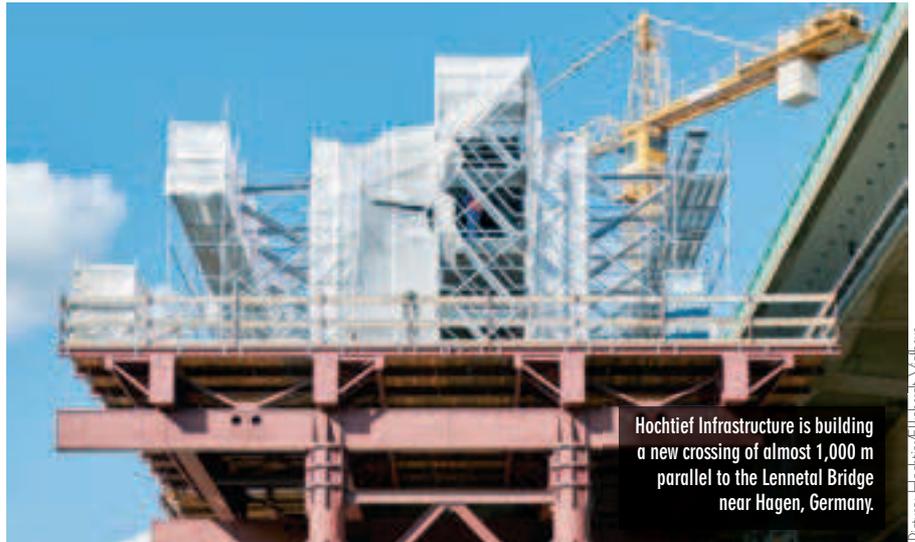
“Last year, for example, we transported the deck modules that formed the new terrace leisure area of the Burj al Arab hotel in Dubai, and later we will be transporting pre-constructed recreational villas. It is an interesting area, although it is still a niche market,” reported Hoffmann.

Global factor

More generally, international heavy lift and project forwarding service providers believe they will, in future, benefit from the increasingly global nature of many large civil engineering projects.

“There will be worldwide opportunities in infrastructure projects required to meet the needs of a growing population, especially in the Middle East, Africa and the Americas,” agreed a spokesperson for WWL ALS, a UK-based global abnormal load and project cargo logistics provider.

Those global civil engineering project opportunities even extend to some air cargo service providers, such as Antonov Airlines, a worldwide operator of AN-124, AN-225 and AN-22 freighters, whose more recent involvement in that market included flying parts for the new Yavuz Sultan Selim Bridge



Hochtief Infrastructure is building a new crossing of almost 1,000 m parallel to the Lennetal Bridge near Hagen, Germany.

Picture: Hochtief/Elkehardt-Vielhaus



Increasingly, civil engineering projects are being shared between multiple countries and that continuing ‘globalisation’ is hugely encouraging for the heavy lift transport and project forwarding industries.

– Paul Bingley, Antonov Airlines

(completed last year) in Istanbul, Turkey, which had been constructed in South Korea.

“Increasingly, civil engineering projects are being shared between multiple countries and that continuing ‘globalisation’ is hugely encouraging for the heavy lift transport and project forwarding industries,” commented Paul Bingley, the carrier’s commercial manager.

“While the scale of work in the civil engineering sector for outsize aircraft like the AN-124-100 ‘Ruslan’ has been variable in recent years, recent investment in global infrastructure is allowing us to play a more prominent role in that sector’s supply chain.”

Bingley added that while the AN-124-100 is viewed as something of an “emergency vehicle”, able to rapidly deliver urgent parts, it can also transport heavy/outsize cargo for infrastructure and other civil engineering projects to landlocked countries or areas inaccessible by road. “Over the next five-to-ten years, we would expect to operate on a more frequent basis to places like that, particularly in Africa and South America,” he concluded.



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The Trump administration wants US investment to move from public to private sources.

Infrastructure prospects divide opinions in USA

President Trump came into power with a mandate to invest in infrastructure. However, heavy lift project cargo operators have differing views as to whether he will be able to access the resources to see his plans through, writes Phil Hastings.

Hheavy lift service providers and forwarders are currently divided when it comes to assessing the likely impact on their civil engineering project business prospects of President Donald Trump's ambitious plans to rebuild US infrastructure.

In the USA itself, John Mickler, national logistics development manager and strategic account manager for heavy lift/heavy transport, crane rental and rigging service provider Barnhart Crane and Rigging, which regularly works on civil infrastructure construction projects relating to waterways, terminals, ports and bridges, is optimistic.

Optimistic viewpoint

"What the coming year will bring is unknown for sure but from what I can see at present, there could be a very significant increase in infrastructure-related project business. It looks like the leadership in Washington not only recognises the need for such change but plans to act upon that need," he stated.



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— John Mickler,
Barnhart Crane and Rigging

Mickler said there are "a wide variety" of civil engineering projects that could be acted on and suggested that the president's budget, due to be published as we went to press and come into effect from October 2017, is likely to include an outline of which areas should come first. "I think the direction and focus will be on roads, bridges, waterways, ports and such projects that will benefit the country."

Alan Ashlock, president – southeast region, Maxim Crane Works, a USA-based crane rental and lifting solutions provider whose current activities include supporting the construction in downtown Orlando, Florida, of a near USD3 billion upper level for an interstate highway (Interstate 4), was similarly positive. "The overall US civil engineering market is already fairly robust at the moment but I would say the best is yet to come," he stated.

Commenting on Trump's stated plans for massive investment in US infrastructure, he said: "If I was a betting man, I would bet that it is going to happen.

"There is a real need for it, Trump agrees there is a need for it, and I think they are going to push hard to get it through."

He agreed with suggestions by others that such projects typically take at least two years to come to fruition but added "although when the government gets behind something and really wants it to happen, they can probably speed that up some".

However, international logistics service providers are rather more cautious about the prospects of their business benefiting significantly from Trump's infrastructure investment plans.

Uncertainties

Christian Hoffmann, head of marketing and corporate communications for Germany-based SAL Heavy Lift, said the extent of any such boost to infrastructure development is currently "very hard to predict".

"I doubt that it will be as significant and at the pace that Trump has stated. Even when some projects kick off, it may be questionable how great an effect they will have on US imports, given his US-oriented agenda. That said, his political career is very much dependent on his success in creating jobs for Americans and he will likely try to achieve that through increased public spending."

Javier Martinez, executive director for ALE, a worldwide provider of heavy lifting, transport, installation and other services which has been involved with a number of

bridge projects in North America in recent years, was also cautious about the likely impact of Trump's infrastructure plans. "Those sort of projects take time to be planned and it is going to be at least two years before any resulting actual logistics work appears," he suggested.

Similar caution was expressed by Gert Hendrickx, global sales director for Sarens, a Belgium-based provider of crane rental, heavy lifting and engineered transport services, whose activities include a strong presence in the USA.

"If Trump's promises about infrastructure investment become a reality then I think there will be a bright future for specialist heavy lift and heavy transport operators like Sarens... Of course, right now, we do not know yet if the infrastructure investment he has talked about will actually happen," he stated.

Norman Anderson, president and chief executive of CG/LA Infrastructure, a USA-based international consultancy that focuses on infrastructure project business development opportunities, suggested that in fact "much of the Trump infrastructure initiative is not well understood".

Private investments

Expanding on that point, he said that on the one hand, the Trump administration wants US investment to move from public to private sources. "If they are successful, then there will be a tremendous boom in projects hitting the market, given our nearly 30 years of pent-up demand for cutting-edge projects."

On the other hand, continued Anderson, people seem to think that the Republican Congress is going to write a big cheque, or that tax reform is going to somehow create surplus funds for infrastructure.

"That is not going to happen and even if it did, we are still a long way from the kind of infrastructure boom that people have in mind. Remember that it now takes 9.5 years on average for a transportation project to move through the approvals process," he warned.

More positively, ALE's

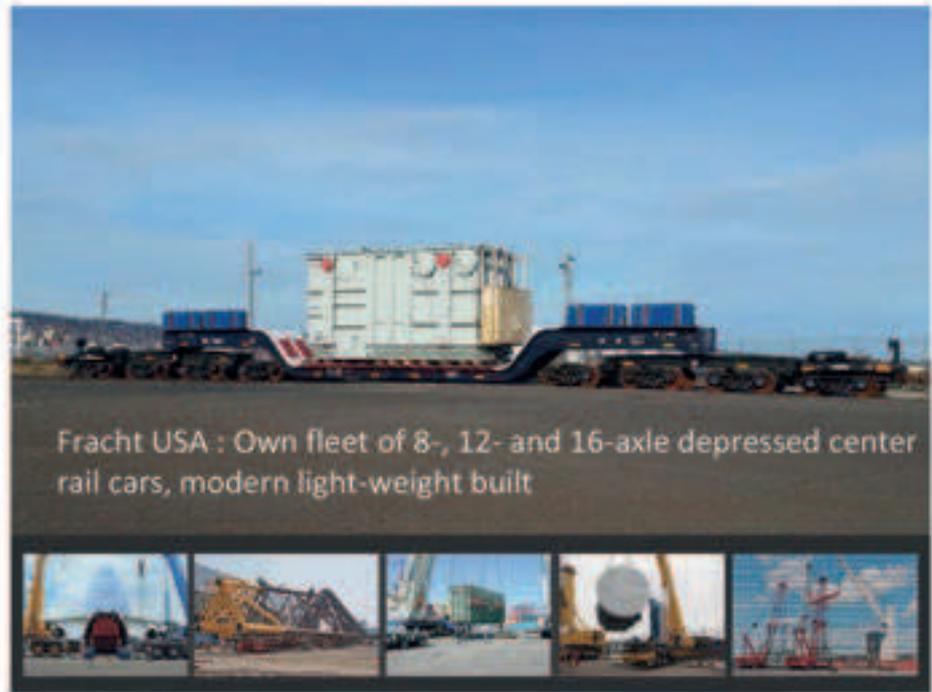


Norman Anderson of CG/LA Infrastructure: "Much of the Trump infrastructure initiative is not well understood."

Martinez pointed out that in the meantime, major infrastructure investment in the USA approved by the previous Barack Obama administration is already feeding through, while across North America as a whole, a well-documented need for widespread bridge repair and construction is set to become a major generator of heavy lift transport and installation business over the next few decades.

"So while the Trump factor would provide an added boost to the civil engineering sector in the USA, there is going to be major investment in that country's infrastructure anyway," he concluded.

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Sarens skids Gartroper steel bridge into position

Sarens has transported and installed a 530-tonne, 74 m long steel bridge into its final position in Germany. The Gartroper Bridge, built by civil engineering contractor Amand, was assembled entirely on land and had to be skidded over the water for installation (pictured).

For the project Sarens utilised eight CS250 jacking towers (four on land and four on a barge), two 45-tonne capacity strand jacks, two sets of eight axle lines of self-propelled modular transporters (SPMT),

two skid shoes, various hydraulic winches and a ballasting system.

To transport the bridge into its final position, Sarens assembled a jacking system with skid shoes in front of the abutment before the SPMTs were installed on the backside of the bridge. The SPMTs pushed the bridge forward for approximately 25 m.

Four CS250 jacking towers installed on board the barge Jozef were positioned below the front of the bridge, taking over the load from the skid shoes. The

SPMTs and barge then moved the bridge forward.

The bridge was then jacked up on the skid shoes again and the SPMTs were removed, leaving the barge and skid shoes to support the full weight of the bridge.

Strand jacks were connected between the skid shoes and the end of the bridge, pushing it over the skid shoes and into its final position. The bridge was then jacked down onto its supports using the CS250 jacking system.

the company's national logistics development manager and strategic account manager. "ABC is a process of rapid bridge demolition and replacement, mostly executed over a weekend to cause the least disruption to local communities."

Peru project

The continuing importance of bridge projects in general for the heavy lift industry was reiterated by Javier Martinez, executive director for ALE, a worldwide provider of heavy lifting, transport, installation and other services whose activities in the civil engineering market focus on that sector, along with airport and other major infrastructure projects.

As an example of the continuing flow of such projects worldwide, he cited work carried out by ALE last year to support the assembly of a new structure, constructed with more than 3,000 tonnes of steel, over the River Pachitea in a remote area of Peru.



"It was a complex operation at a site with very limited access, even for conventional road trailers. The bridge was assembled in two halves, one from each side of the river, using

very accurate hydraulic systems to ensure a perfect fit where they met in the central joint," explained Martinez.

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