

HEAVY LIFT & PROJECT FORWARDING INTERNATIONAL

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- Container chaos boosts MPP sector
- Mexico's power struggle



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At the end of 2020, Istanbul-headquartered BATI Innovative Logistics coordinated the delivery of a 220-tonne yacht from Marmaris in Turkey to Marystown, Canada.

A community undaunted by rollercoaster ride

Turkey had its fair share of difficulties in 2020, but its project logistics community is full of determination and hope nonetheless. *Megan Ramsay reports.*

“2020 will be remembered as one of the most challenging years of this century,” said Bahadır Erdil, global projects director at Logistics Plus and managing director at Logistics Plus Turkey.

Besides localised disruption in different countries, he highlighted global events such as the fall in oil prices – and, of course, the coronavirus pandemic that affected supply chains, production, travel and the status of ongoing and planned projects around the world.

The first case of Covid-19 in Turkey was reported on March 11, 2020. During March and April, those Turkish factories that had continued manufacturing could not deliver their products to their clients in Europe, the USA, Africa and elsewhere owing to travel bans and border closures.

Pandemic problems

This created a shortage of storage space for backlogged shipments; labour shortfalls also occurred as the virus infected employees. Factories rented additional spaces and

quickly adjusted shifts and the working environment in order to keep going.

Çetin Nuhoglu, chairman of Tirsan Treyler, pointed out that in the midst of the difficulties, government support for logistics during the pandemic was “most positive”.

“As logistics was deemed essential, airports, ports and rail stations were kept open and the logistics sector was exempt from closures,” he said.

Nevertheless, transport companies adjusted their operations significantly in order to protect their employees,



Kita Logistics moved a variety of project cargoes during 2020.

introducing safety protocols to minimise the risk of contamination in this physical and necessarily social operational environment, he noted.

For instance, Mammoet adapted to keep operations going and projects progressing while ensuring the safety of its crews and adhering to changing rules and regulations, said Michel Bunnik, sales director for Middle East, Africa and Caspian at the heavy lift specialist.

In early May last year, during the lockdown, Mammoet successfully mobilised a crew and two of its 2,000-tonne lifting capacity ring cranes to Turkey to perform disassembly and re-assembly of a drill ship derrick onboard Turkish Petroleum's (TPAO) drillship Fatih.

This was necessary in order to allow the drillship – which was en route to start exploration operations in the Black Sea that resulted in the discovery of a new gasfield – to pass through the Bosphorus Strait.

Border challenges

There have also been geopolitical challenges for Turkey in recent times. Indeed, Erdil pointed out: "Turkey has borders with Iran, Syria, Iraq, Armenia, Georgia, Greece and Bulgaria. Our industry is used to living with permanent problems relating to our borders, unfortunately."

One example of localised tension in 2020 was the Nagorno-Karabakh conflict, which ended in November with a contentious

Russia-brokered peace deal between Armenia and Azerbaijan.

Still, despite the tension on its borders, Turkey's manufacturing and production industries remain determined and hopeful, according to Erdil.

The European Bank for Reconstruction and Development (EBRD) sees positive signs there too; it said in January 2020 that it would increase its investment in the country based on the expectation of an economic rebound.



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– Çetin Nuhoglu, Tirsan Treyler

The year 2019 had been "challenging for the Turkish economy" as the threat of sanctions and market instability eroded investor confidence. During that year, the EBRD said it provided EUR1 billion (USD1.21 billion) in debt and equity financing for 35 Turkish projects.

These included "an innovative logistics hub to be developed by Arkas Holding in Kocaeli, Asyaport and the Tekirdag port through loans – all three in the Marmara region – as well as the Mersin international port in the south of the country through participating in a Eurobond issuance", EBRD said.

Economic optimism

Indications at the start of 2020 were that Turkey's economy would pick up. In June, the EBRD said the country "could emerge stronger from the coronavirus crisis" as it stands to benefit from a shift in global supply chains away from reliance on China.

In the first five months of 2020, EBRD pumped EUR870 million (USD1.05 billion) worth of funds into the Turkish economy – largely to enable the country's banking sector to support small and medium-sized businesses. There were also loans to Turk Telekom, Nedog Logistics and electricity distributor Enerjisa, EBRD confirmed.

Turkey is an attractive market in terms of heavy lift and project logistics, with numerous developments under way.

Among the projects Mammoet has

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carried out during the past year or so was refinery maintenance work for Tüpraş in the second half of 2019. This involved the replacement of 12 heat exchangers and 16 air coolers on multiple floors and in confined spaces.

Speaking in late November, Bunnik added: "Several projects in various sectors are on the radar, and indeed the further development of the gas field is a major one."

In this he was referring to the discovery of potentially enormous gas reserves in the western Black Sea through the Tuna-1 exploration well in the Sakarya gasfield.

Major gas find

According to TPAO, "with a potential of 405 billion cu m of gas, this ranks as one of the largest natural gas finds in 2020 in the world. This exploration success will provide a major boost to Turkey's economic growth by supplying natural gas for decades."

TPAO said in October that gas production at the Sakarya field was expected to begin by early 2023. Besides the cost and complexity of drilling in such an environment, however, there tends to be geopolitical complications surrounding any energy project in the region.

Erdil remarked: "As all eyes are on the Mediterranean gasfields, tensions are rising. Turkey is rightfully extending its gas exploration mission in the Mediterranean. I am expecting a mutual agreement between Turkey and Greece – both NATO members."

That agreement would pertain to disputed reserves in the Aegean Sea.

Holger Hinrichs, managing director of Combi Lift (which opened an office in Istanbul in February 2020, just before the

pandemic took hold) believes that while the discovery of Tuna-1 is a positive development, it may have a limited impact on the Turkish economy as a whole.

"The gas reserves will probably not be sufficient and the development time required to exploit the field is five years at best. Therefore, I believe that Turkey will remain a net importer of gas for quite some time to come," he said.

The development of renewable energy projects in Turkey presents a mixed picture, too. These have been progressing, but the devaluing of Turkey's currency and a

reduction in subsidies and support from the government have caused companies to rethink their plans.

"In a recent study of the contribution to the green energy index, Turkey is -80, while the EU is +55," Hinrichs said. "A sharp increase in such investments is currently not expected."

Nonetheless, wind power projects are ongoing in many parts of Turkey. For instance, Fina Enerji's Bağlama, Tayakadin, Yalova and Pazarköy wind farms will have a combined capacity of 193 MW. GE Renewable Energy is to supply 52 of its 3 MW turbines for these sites. The 156 blades will be manufactured at GE's LM Wind Power factory in Bergama, Izmir. Towers will also be produced in Turkey.

Subway lines and high-speed train projects are also continuing despite the slowdown during the pandemic, according to Emre Eldener, managing director at Kita Logistics.

Another major infrastructure project is the construction of the Dardanelles suspension bridge (also known as the Çanakkale 1915 bridge).

Bridge contracts

As part of this project, heavy haulage and lifting company Çaba & Misnak provided manpower and installation services to Australia-based Marr Contracting for lifting works carried out 318 m above sea level during 2020.

On completion, the Çanakkale 1915 Bridge will be the world's longest suspension bridge with a total length of 4,608 m and a total bridge tower height of 318 m, Çaba & Misnak noted.



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– Holger Hinrichs, Combi Lift



Mammoet removed and reinstalled the derrick on TPAO's ultra-deep water drillship Fath in 2020.

Some large pieces weighing over 1,000 tonNEs each are yet to be moved to the jobsite, Eldener said.

While the outlook for 2021 and beyond remains uncertain to say the least, there is a great deal of optimism in the Turkish heavy lift community.

"The cheap Turkish lira influences on the one hand the planned developments in Turkey, but on the other hand, it also contributes to the increase of exports," Hinrichs pointed out, noting that Turkey's currency was devalued by almost 30 percent in 2020.

"Although Turkey has only limited technological expertise for the manufacture of sophisticated products, the low production costs can cause industrial giants to relocate their production to Turkey. Besides the low costs, geostrategic position is a great advantage. Such a shift in the production strategy of industrial giants will lead to the development of heavy industry in Turkey," he believes.

"The export of transformers and generators is already taking a positive development. So if all goes well, we can see a significant improvement of the heavy industry market in Turkey in the next two to three years," Hinrichs predicted.

Projects outlook

While Bunnik anticipates that larger projects will not start up until 2022, and the full impact of the pandemic on global financial markets has yet to be understood, Eldener and Erdil are confident of a more rapid return to normality following the much-hoped-for global distribution of a Covid-19 vaccine. After a slow start to the year, they

expect projects to pick up by the third quarter of 2021.

Looking ahead, Erdil said: "The expectations are very stable in Turkey, which has been producing freight for the project logistics market for decades. All the transformers, wind blade/tower, gas tank, yacht, steel structure manufacturers and shipyards are fully booked until the third quarter of 2021."

Indeed, the fourth quarter of 2020 saw shipyard operations continue "at full speed" according to Çaba & Misnak, whose recent moves for this sector included the relocation

of a 60 m long, 1,700-tonne vessel.

DUO Shipping managing partner Daghan Engin is also optimistic. "The Tuna-1 gasfield will ignite major developments in that area and there are also three big petrochemical projects that are due to start construction in Turkey in 2021. We expect a lot of activity in mining, metallurgy and power generation (especially geothermal and hydroelectric).

"So the outlook for 2021 is positive, and this will translate into opportunities in terms of inbound and outbound cargo flows for Turkey," Engin believes.

It is also worth noting the role that Turkish EPCs and contractors have played in the surrounding region since the early 1960s, Erdil added.

Covid delays

Indeed, although the problems related to Covid-19 have led to major delays, Turkish EPCs in locations such as the CIS, Russia and Africa are still in a competitive position, so this is one of the areas to which Combi Lift is devoting "great attention", Hinrichs said. "I would not say that 2020 is a lost year, but I am confident that 2021 will be better," he declared.

Çaba & Misnak is one Turkish logistics firm benefiting from this overseas activity. It completed transport and lifting operations for Renaissance Heavy Industries at the Zerger simple-cycle power plant project in Serdarabad, Turkmenistan, during 2020.

"The oversized units were transported through the Volga-Don Canal to the Caspian Sea. They were unloaded at Turkmenbashi port and further delivered by road to Serdarabad," Çaba & Misnak said.



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—Daghan Engin, DUO Shipping



Hareket Heavy Lifting and Project Transportation moved two passengerhips, weighing 6,200 tonnes each, to floating docks at the Tersan Tersanecilik's shipyard in Yalova, Turkey.

"Among the units transported and installed were a gas turbine of 202 tonnes and a generator weighing 257 tonnes."

Transformer transport

In November 2020, the company undertook the transportation, as well as the jacking and sliding, of a transformer in Songo, Mozambique.

Meanwhile, Istanbul-based DUO Shipping, (which is led by former Intermarine and Zeamarine executives) started acting as United Heavy Lift's (UHL's) exclusive agent in Turkey in June 2020.

Since its inception, DUO Shipping's main focus has been Africa. Speaking in December, Engin explained: "We have done five sailings to West Africa on behalf of United Marguisa Lines [the joint venture between UHL and Marguisa that was formalised in October 2020] and we are currently planning another one for late December.

"On average, that is one sailing a month, which is pretty okay – especially considering the circumstances."

DUO Shipping covers the whole of the West Africa coastline including South Africa, with the most prominent area being the Gulf of Guinea. Project cargo moving from Turkey to those markets includes steel products, minerals, construction equipment, mining equipment and floating units.

"Oil and gas is down, but we are moving

a lot of power generation cargo such as transformers," Engin said. "We have got our eye on the East African coast, too. That area has its issues, of course, but there are some major projects coming up in the region.

Potential projects

"For example, there are LNG projects that will need infrastructure so there is a lot of potential for cargo volumes to rise. We are already seeing steel products on their way from Turkey, as well as living containers to accommodate the people that will work on these projects.

"The refinery equipment will mostly come from the Far East but we will see several shipments ex Turkey comprising steel products, construction materials and machinery."

It is certainly a relief to have reasons for hope after the "wild rollercoaster" that 2020 has been, Engin concluded. **HLPFI**

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– Daghlan Engin, DUO Shipping

Trailer market gains momentum

After a ten-year period of growth, the European semi-trailer market started to decrease last year, but in Turkey the sector is picking up according to Tirsan's Çetin Nuhoglu.

He observed: "The [European] market, which will significantly decrease due to the impact of the pandemic, is not expected to fully recover until the second half of 2021.

"For the last 20 years, Turkey's transport sector has

constituted 7 percent of the gross national product... The Turkish semi-trailer market performed at the level of the biggest semi-trailer markets of Europe in the years between 2010-2015. Our industry, which has been experiencing a serious contraction since 2015, has recovered this year and surpassed 2019 levels."

As one of the EU's neighbouring countries, Turkey is an important Customs gateway to the region. Therefore, said Nuhoglu: "For Turkey, the Customs

administration system's efficiency in ensuring uninterrupted supply chain operations is a vital issue.

"Turkey is one of the biggest producer countries around the EU and during the pandemic, demand for Turkish manufacturing has increased. During this period Turkey has worked to improve the efficiency of its Customs systems.

"In addition, Turkey continues to work to ensure road transport operations are continuing efficiently, accommodating the increased road transport demand as a result of the increased demand for Turkey's products," he said.