



HEAVY LIFT

& PROJECT FORWARDING INTERNATIONAL

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Expectant market stays vigilant

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BBC Chartering

Shifting global trade patterns boost Türkiye



Türkiye, as the epicentre of the 'middle corridor', was thrust into the limelight last year. Project logisticians based there are ready to capitalise on shippers seeking alternative transport routes, while the export of machinery continues to be a strong point. Sophie Barnes reports.

Türkiye's inflation rate was 85.1 percent in October 2022 and, while it has been in double figures since late 2019, this year's increase is warding off investment in large capital projects. The majority of the project cargo specialists spoken to for this report are instead focusing on transit cargoes in the wake of the Ukraine war, smaller spot shipments of heavy machinery such as transformers, or the opportunities in the nearby CIS region.

Projects that were close to construction or already under way, however, continue to progress. The Akkuyu nuclear power plant – the largest project in the history of Russian-Turkish cooperation – is moving ahead, with the 330-tonne second tier of the internal

containment installed in the reactor building at Power Unit 3 in early November.

Heavy transport specialist Hareket has been on hand to assist with Akkuyu's development, completing the load-out operations for the steel shafts, which weighed 700-750 tonnes. The company also noted its involvement in other key projects such as the 1915 Çanakkale Bridge, where it handled 87 decks (the largest of which weighed 886 tonnes), as well as wind energy developments; Hareket said that it has been involved in 55 percent of the installed wind energy capacity in Türkiye.

As Türkiye prioritises energy security, it is putting nuclear power at the forefront of its energy plans. This vertical could bring more opportunities for project logisticians.

Türkiye started negotiations last year with Russia's state-owned energy agency Rosatom for the construction of the nation's second nuclear power plant in the northern province of Sinop – a project first mooted in 2003 and mothballed in 2018.

Major project

Another major project that is moving forward is located in the south of the country in Adana, where SASA Polyester is constructing a new petrochemical plant to produce PTA. For this project, Çaba & Misnak is handling more than 130 out-of-gauge (OOG) cargoes from the port of Mersin to the project site, approximately 56.7 km away.

The distance may be relatively small but

Çaba & Misnak working on the SASA Polyester project in Adana.



Serkan Bodur, engineering and business development coordinator, noted the huge challenges in transporting oversized cargoes through the urban area, which is home to Türkiye's second-busiest highway. He said that the convoys need to contend with 10 overpassing bridges, three overhead bridges, three overhead pedestrian bridges, 67 overhead structures and 142 power transmission lines.

The first shipment left Mersin during April 2022, with the preparation works lasting 10-11 months. Transit for the majority of the OOG cargoes takes around five to six days, while the largest and heaviest cargo – which has a diameter of 14 m, total transport height of 15 m and a weight of 670 tonnes – will take around eight to nine days to move to the site.

According to Bodur: “There are roughly 10 crews working for each transport for traffic control and overhead obstacles; a few teams at the same time can go ahead and raise overhead obstacles quickly for the convoy to pass to ease traffic flow, for



In shipyards, we have been busy transporting ships weighing up to 11,500 tonnes. Vessels including ferries and fishing ships [destined] for places like Norway, for example.

– Serkan Bodur, Çaba & Misnak

example. There are more than 100 people supporting each transport.”

Immense civil works

The breadth of civil works required for this project was also immense, Bodur noted. Several turns needed to be widened, hundreds of metres of traffic islands had to be removed, while each bridge bypass required advanced engineering solutions that considered 50 years of flooding information to ensure they were fit for any worst case scenario. Bridge static analysis, 3D models of riverbeds based on topographic measurements, hydraulic calculations using computer software, swept-path analysis and 3D lidar measurements were all deployed by the Çaba & Misnak in-house engineering team.

Aside from the expertise, Çaba & Misnak has also invested in its assets and will soon take delivery of more SPMTs and modular hydraulic trailers from Faymonville and Cometto. This year, a large portion of its equipment fleet will

head to Iraq to start work on the company's largest project to date – the Basra refinery project. Çaba & Misnak's scope for that project includes the land transport and jobsite installation, which will see it handle more than 1 million cu m of cargoes.

Back in Türkiye, other sources of project work for Çaba & Misnak include the transport of transformers for export on behalf of manufacturers like GE and ABB, which have facilities in the country, as well as shipyard operations.

"In shipyards, we have been busy transporting ships weighing up to 11,500 tonnes," said Bodur. "Vessels including ferries and fishing ships [destined] for places like Norway, for example." These operations usually take place in the Tuzla and Marmara regions. He added that government duty exceptions for shipyards meant this sector has improved in previous years. "The market share of Türkiye is increasing – the shipyards are cheaper than companies in Italy or Greece."

Shipbuilding is also ongoing in Antalya, in southern Türkiye, where yachts are the order of the day. This sector has been a boon for Bati Innovative Logistics, which became a representative of yacht transport specialist Peters & May in addition to the agency services it provides for RollDock.

Kaan Aydin, international sales director at Bati, said that it handled more than 100 yacht shipments last year. "The partnership with RollDock has gone from strength to strength, with the shipping line calling in Türkiye more than eight times in 2022." For 2023, Aydin expects another busy year – already on the books are megayachts moving out of southern Türkiye.

Aydin noted that its port agency services showcase Bati's diversified business units, enabling it to act as a one-stop-shop for clients. He said that Bati is investing heavily in its individuals and industry professionals to keep increasing its services and ability to provide combined solutions.

Period of expansion

Bati recently hired a project director and a business development manager to bolster its projects division. "During the pandemic Bati Innovative Logistics went through a period of expansion," said Aydin, "increasing from approximately 120 employees to around 200." The company also opened two new offices, meaning it now has 10 offices in Türkiye, and also established operations in both Germany and Italy.

According to Aydin, it is now deciding whether to establish an engineering



Bati Innovative Logistics expects another busy year handling megayachts moving out of southern Türkiye.

department, "as the projects we are involved in are getting bigger and bigger... nowadays, with the larger projects, many clients are requiring early involvement and advice so that they can consult the logistics side and save 25 percent of the logistics costs down the line."

Additionally, Bati is providing integrated logistics services for some of the offshore construction projects happening in Türkiye. "These are national interest projects and there is no room for operational mistakes," said Aydin.

He added: "Türkiye has a very dynamic market in terms of opportunities and new developments, for that reason the structure



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– Kaan Aydin, Bati

of the organisation should be agile to meet the rapid changes."

Bati has also invested in a full-time business analyst to provide research on market tendencies, short, mid and long-term opportunities as well as competition analysis. "This enables us to get closer to the heavy lift vessel operators and new partners, whoever is willing to benefit," Aydin explained.

Transshipment hub

Bati's project handling in the past year, he continued, has been dominated by the oil industry, namely rigs, "with Türkiye acting as a transshipment hub for Kazakhstan". He predicts that much of the company's work will be related to Kazakhstan and the Caspian where it can move cargoes by road or river.

Certainly, Türkiye has benefited from its strategic location of late and is becoming an increasingly important transit hub. Ismail Terzi, managing director of Suvari Shipping & Trading, said: "The main effect on business has been the war in Ukraine – that is having a massive impact on the Black Sea, connecting to the Caspian region. Big projects have been affected, with some companies stopping manufacturing products.

"Since the beginning of 2022, people have needed to find other alternatives and we are optimistic that we can find other options and capitalise on Türkiye being the epicentre of the 'middle corridor'."

He noted that not only do shippers want to avoid Russia, but the Chinese Iron Road needs to be improved – "the route is not suitable for certain products", he said, "and there are many geopolitical problems in some of those Central Asia areas. Türkiye, however,



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Hareket has worked on the Suleymaniye power plant project in Iraq.

is free from most of those problems”.

Nevertheless, there are still hurdles to overcome. “During 2023, we will be involved in an energy plant project in Central Asia – a big power plant project that should move forward with Far East backing. This will require OOG cargoes, but you cannot use the Volga Don River system,” explained Terzi.

Kerch closure

Speaking in mid-November, he said that just 10 days prior, the Russian government closed passing on the Kerch Strait for foreign products – both importing and transiting. “So, again, we have to find another way,” Terzi explained. “We could use the railways but that is an expensive option.”

Road transport options come with their own challenges. Alper Özel, chairman of the executive committee of the UND – an association that represents the Turkish road transport industry – agreed that, as a result of the Russia/Ukraine war, transportation routes have changed and Türkiye has gained significance in connecting European supply chains to Central Asia and beyond. “It is a much more critical corridor now,” he noted.

However, there are serious transit blockages across Europe, mainly due to transit quotas and restrictions imposed by certain EU member states. Speaking during mid-November, he noted that the number of transit permits allocated to Turkish road transporters by Poland and Czech Republic were already exhausted, thus disrupting trade, especially with Germany. “There needs to be a new, separate agreement to be negotiated between Türkiye and the EU to

remedy the defects of the existing Customs Union on issues of transportation, mainly on transit,” said Özel.

An added complication comes from border issues. *HLPFI* understands that crossing volumes at the Russian and Georgian border, for example, have increased tenfold after the crisis and people are facing long delays of up to 15 days. The capacity at these borders is insufficient.

Elsewhere, Özel said that “improvements at Kapıkule-Kapitan Andreevo border crossing points should be realised by



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– Ismail Terzi, Suvavi Shipping & Trading

Bulgarian authorities to match those realised by the Turkish side. Further still, the concept of a new and modern border gate between Bulgaria and Türkiye – one that is jointly managed by these two countries as well as the EU – should be deliberated, especially with the support of the EU’s new ‘Global Gateway’ initiative [the bloc’s flagship strategy to invest in infrastructure across the globe].”

He also said that connections to the Caspian Sea region must also be improved in the short term. “Capacity here for ro-ro is limited and much more is needed with increased regular ro-ro services and higher capacity vessels. The Turkish government cooperates with countries in the region, mainly through the Organization of Turkic States, to reduce bottlenecks along the Caspian Transport Corridor and ensure facilitation of transit along the corridor.”

Transport network investment

There have already been huge investments in the transport network in Türkiye. Özel said that plans announced by the Turkish government will see investment of up to USD10.2 billion in the network by 2053. “The road network is more modern and stronger compared with our neighbours,” he added.

At Suvavi, Terzi said that inflation, which has nearly tripled relative to recent levels, is making things more expensive but the general outlook is positive. In the aftermath of the pandemic, companies started to enlarge their capabilities, Terzi said, resulting in more movements of factory equipment



Suvari is optimistic that it can capitalise on Türkiye being the epicentre of the 'middle corridor'.

and machinery. “That has been busy since the end of 2021 and we are expecting more.” There has also been an announcement by Russia that it wants to create a gas pipeline from Türkiye – “that is on the table but will not happen in the near future,” added Terzi.

Expansion plans

Suvari has also set its sights on expansion. It has already added a 4,000-tonne coaster (Svr Mercury) to its roster to operate on shortsea trades and is searching for another to enlarge its fleet. This vessel would also be a second-hand coaster in the 3,000 to 5,000-tonne range.

In the future, larger ships are not off the table. Terzi said: “It would be the dream to carry wind turbine blades. Within the renewables sector, some projects are in the offer stage but not for the next couple of years. The world is changing, however, and everyone is paying attention to renewable energy – governments will invest.”

Through an agreement with main operators, meanwhile, Suvari has been operating a service to Nigeria for the past two years, offering competitive rates for project cargo with approximately two shipments every 45 days.

Emre Eldener, managing director of Kita Logistics, also recognised that “high inflation slowed down some of the investment projects as the interest rates increased, making it more difficult for financing”. But all is not lost. He pointed to ongoing

offshore natural gas projects in the Black Sea that “have not been too affected by inflation as foreign financing is used”.

Still, the activity, according to Eldener, is “mainly on the export of project cargo – machine tools, transformers and steel structures – rather than incoming projects for investment. We have also seen transit



Despite everything, our colleagues and the people of Ukraine continue to keep making things happen and keep the economy and projects running and we... stand with the people of Ukraine.

– Bahadır Erdil, Logistics Plus

cargo going into north Iraq as well as to the CIS via Turkish ports.”

This year, Eldener expects fewer project cargo movements from Türkiye, “except to Africa, where we see quite a lot of potential for export. We also see offshore projects coming up as well as the continuation of the nuclear power plant in Akkuyu.”

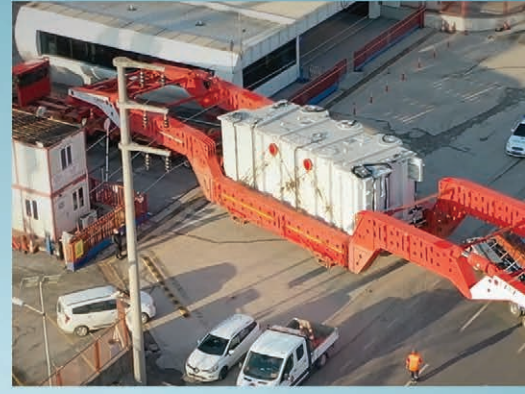
With the war in Ukraine ongoing, the movement of cargoes between the two countries has naturally slowed, with the exception of humanitarian cargo. In the near future, however, Eldener expects transformers to start moving from Türkiye to Ukraine to help the restoration of damaged power infrastructure.

Ukrainian links

Bahadır Erdil, global projects director Houston and managing director Türkiye at Logistics Plus, highlighted the plight currently facing the Ukrainian population: “People in Ukraine, including our Ukrainian colleagues, are in a very difficult situation. There is no energy, no water, no internet – it is not acceptable to have such a war in this century.

“But despite everything, our colleagues and the people of Ukraine continue to keep making things happen and keep the economy and projects running and we, as a company, stand with Logistics Plus Ukraine and the people of Ukraine.”

According to Erdil, the project logistics market in Türkiye is growing bigger every



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According to Logistics Plus, the project logistics market in Türkiye is growing bigger every year.

year. “After the covid pandemic, companies that could not send surveyors to Chinese factories shifted their production to countries such as Vietnam, Poland and Türkiye.

“Türkiye managed to win the production of many major projects in the world with its qualified workforce and highly competitive power among these countries.”

He added: “Our hopes and expectations for 2023 are high, the biggest reason for me to say this is, of course, the projects we are working on. Another reason is that we have increased our power globally with our newly opened offices in Vietnam, Brazil and Poland. These offices have greatly increased our service network and regional power, and we are slowly starting to see the advantages because it is very important for us to be on the field and to have a technical/professional presence in the country.”

High growth rate

Expansion has also been high on the agenda for Kita Logistics. “We have reached a total turnover close to EUR100 million (USD106.4 million),” said Eldener, “with 12 offices in four countries. The growth rate is very high and despite the high inflation in Türkiye, where our headquarters is based, the growth seems to continue in 2023 thanks to our diversified portfolio of clients.

“In 2022, our branches in Kazakhstan and Uzbekistan have also been very active in

terms of projects. Both offices have experienced project cargo team members who are ready to assist.”

Hareket, meanwhile, has opened offices in Germany and Poland. “Our new office in Warsaw will be dedicated to our customers with our renewable energy complete solutions, engineered heavy lift and transportation services and crane rental



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– Emre Eldener, Kita Logistics

services in the area,” said Hüsamettin Aldatmaz, global strategy and business development manager.

He added: “The heavy lift and project transportation market has a high potential, especially in the Middle East and Africa. For this reason, we have carried out important studies on our investments and organisational structure in the Middle East and Africa. We have renewed our equipment technology accordingly.” The company has also increased its presence on the African continent with the establishment of companies in Uganda and Tanzania.

New equipment

In terms of equipment, Hareket added high-capacity crawler cranes, such as a 2,200-tonne, 1,600-tonne and 800-tonne units, as well as mobile cranes up to 1,250 tonnes. It has also invested in 100 axle lines of SPMTs.

Overall, Aldatmaz said: “The reactivation of the projects that were on hold during Covid-19 made the market more active. Giving the projects a start at the same time brought dynamism to the sector.

“In general, global inflation is higher than in previous periods. Despite this, previously planned investments continue and the tension between Europe and Russia revealed the strategic importance of Türkiye. We believe that these developments will bring vitality to the sector despite inflation.”