Transportation of forest products from cargo owners perspective

UPM Seaways
Lauri Rikala
• UPM corporation
  – 24 000 employees worldwide
  – Sales in 2011 exceeding eur 10 billion
  – Annual paper production capacity 12,0 million tons in 7 countries
  – Annual pulp production capacity 3,2 million tons in 2 countries
  – Annual timber production capacity 2,3 million cbm in 3 countries
  – Annual plywood production capacity 1,0 million cbm in 3 countries
• **UPM Seaways**
  – Service provider offering versatile and comprehensive logistics solutions
  – Part of UPM group
  – Extensive liner and system traffic network in Europe
  – Located in Kotka
  – Significant employer of its own branch
  – Shipping services provided with 11 time chartered vessel, large scale COA’s or voyage charter parties
• Forest industry is going thru business restructuring which is also reflecting to logistics
  – Continuous seek for cost efficiency
  – Increased production costs
  – Decreased end-product price
  – Internet
  – Mature markets in EU
  – Innovation of new products

• Negative volume development during past years
  – Logistic infra built on larger volumes than they currently are
  – Less volume to same amount of destinations
  – Poor profitability of many logistic services providers
• Inefficiency of logistic services
  – Port operations
    • Inefficiency operations
    • Reliability of services
    • Labour disputes
    • Lack of innovations
    • No real competition
    • Lack of flexibility
  – Shipping operations
    • Overcapacity
    • Static, conservative global industry
    • In future more bunker efficiency, more multi-purpose vessels
    • Scattered volume flows
    • Unbalance of export and import specially in Finland
• Logistic challenges for the future
  – Continuous improvement of cost efficiency
  – Eco-efficiency
  – Volume concentration
  – Enhanced partnerships with subcontractors and customers provide continuous improvement
  – Service capability combined with increased need for reliability and predictability of deliveries
  – Bunker efficiency
  – Sulphur 2015
SHIPPING IS A LOT OF FUN.