

Destination Karlshamn NEWS is produced by Karlshamns Hamn AB to inform about the role of Karlshamn and its port as a growing, complete logistics node in southern Sweden.

## Green Cargo doubles in Karlshamn

In the next schedule, which appears in December, Green Cargo is doubling its capacity to two trips to Karlshamn and will then have one train in the morning plus one at midday, five days a week.

“There is increasing demand to and from Karlshamn. We have decided that we can now double capacity and meet the market’s needs, and that we will have the opportunity to do more business,” says Mats Hanson, marketing director of Green Cargo.

“We see Karlshamn and its port as an important eastern link. Traffic to Germany and the rest of western Europe is mainly via Trelleborg and the Öresund Bridge. But for eastbound traffic, we see Karlshamn as an important destination in the longer term. Thus far volumes have been limited, but growth is good.”

“Karlshamn has made a correct long-term focus on increasing goods handling by rail. With a location with a large and interesting port, the conditions are very good for developing the intermodal rail terminal there,” says Mats Hanson.

### SOUTHEAST LINK NEEDED

“It is obviously very positive that the flow of goods by rail is increasing and that Green Cargo is increasing its capacity,” says Mats Olsson, CEO of the Port of Karlshamn.

“It is also a confirmation that the investments that have been made here have been right and that they are now beginning to bring results. Rail traffic in the port doubled last year.”

“This also shows that customers want to increase transport by rail and that the development of the Southeast Link is tremendously important for development in the longer term, both regionally and nationally,” says CEO Mats Olsson.



Mats Hanson,  
marketing director  
of Green Cargo

## Better times for oil storage

“Times are better for oil storage now. After a number of years with extremely low storage rental, increased demand is now driving prices up to a better level,” says Leif Larsson, CEO of Scandinavian Tank Storage. STS is an independent storage company and has been a partner of the Port of Karlshamn for many years. It is STS that markets and leases the tank storage in Karlshamn.

“The oil market, and thus the market for storage, varies a great deal over time, which places great demands on us and others in the industry. We must adjust all the time in order to be competitive. This means that the kind of strategic partnership that we have with the Port of Karlshamn is very important, and something we would like to develop,” says Leif Larsson.

“This partnership give us an edge in the market. Speculation about developments is very difficult, but for 2015 we see a great need for storage capacity and we see no need for pessimism as regards 2016.”

### GLOBAL OVERPRODUCTION

The background to the demand for oil storage right now is global overproduction of oil, which means that oil prices are very low. This in turn makes it more profitable to store oil for sale at a later date.

The oil market has not been in a position like this since 2009.

Previously OPEC was able to balance production with market demand and so keep prices at a stable level. But because the USA in particular has increased production and gone from being a net oil importer to a net exporter, supply is now greater than demand.

This has a direct effect on the Port of Karlshamn, as one of the country’s largest oil ports. Oil storage and handling is a very important activity for the Port of Karlshamn and the partnership with STS is along-standing one.

### STRATEGIC PARTNERSHIP

“The Port of Karlshamn is an important strategic port and partner for us,” says Leif Larsson. This is a long-established relationship that we have developed into a strategic partnership. Our 50-50 ownership of Karlshamn Tank Storage



“The Port of Karlshamn is an important strategic port and partner for us,” says Leif Larsson, CEO of Scandinavian Tank Storage.

is an example of this. We would certainly like to contribute our knowledge of the international market. We are also happy to come in and invest.”

“Karlshamn has first class facilities and great knowledge about the physical handling. The Port of Karlshamn has a very professional attitude and we are very satisfied with our partnership. Handling petroleum products is work that demands experience. Precision

is incredibly important. One mistake could have great consequences - for safety, the environment and finances.”

“Karlshamn’s geographical location is also good. It sits right in the flow between eastern Europe and the west and so it is a very good transit port. I see no great worry about this business in the political developments in Russia. There has been no effect up to now at any rate,” says Leif Larsson.

### FACTS

The Port of Karlshamn is one of the country’s three or four largest oil ports. Around 2.5 to 3 million tonnes of oil products are handled every year.

Two main purposes control the activities in Karlshamn.

1. The petroleum depot that supplies south eastern Sweden. Preem is the largest and has its own depot. Every year around 600,000 cubic metres of petroleum products leave Karlshamn by road tanker.

2. Storage. Either as so-called contango storage, where the oil is stockpiled for later sale, or as contingency storage.

Karlshamn has storage capacity for around 500,000 cubic metres, in underground storage and in tanks. About 350,000 cubic metres can be held in three underground facilities and the remaining capacity is in around 20 tanks.

The Port of Karlshamn leases storage capacity to STS and handles the inward and outward movement of products. Marketing and storage hire has been done for many years by Scandinavian Tank Storage AB, STS. The Port of Karlshamn also has tanks in a joint company with STS that is called Karlshamn Tank Storage AB.

STS is an independent storage company on the global market. As well as Karlshamn, the company also hires out storage in Gävle, Norrköping, Malmö, Göteborg and Arendal in Norway, as well as in three ports in Iceland. It is a market leader in its segment and has a business philosophy based on close and deep relations with customers, suppliers and partners.

# Now things are on the up for the Port of Karlshamn!

*"In spite of the economic downturn, we at the Port of Karlshamn have been able to carry on important development work and make large investments for the future."*

*"Now we are beginning to see results from our various investments and initiatives. We have a lot of new business and collaboration up and running. And now we have a good base for continued growth in many areas."*

*"The Port of Karlshamn has put the economic downturn behind it and we are now looking forward to a good 2015! Like other Swedish ports, we have had a tough couple of years. But as far as the Port of Karlshamn is concerned, I am now very optimistic about the future."*

*"The upward turn actually began in 2014. The total goods volume developed better than expected. In 2014, a total of 5.2 million tonnes of goods were handled via the Port of Karlshamn, compared with 4.6 in 2013."*

## OIL MARKET GETS MOVING

*"The oil market, which is so important for us, got moving again at the end of last year. With falling oil prices, the market is now once again in the position where the profitable thing is to store oil, which suits our oil activities, with both storage and handling. We see continued growth in 2015 for the oil and storage activities."*

*"The oil market is governed by factors that we cannot influence. The Port of Karlshamn has the advantage of having diverse activities, which gives us many legs to stand on. This makes the port more stable than many other in times of downturn."*

*"We have been working intensively with the other parts of the port in recent years and our work here is now beginning to show very positive results."*

## HEAVY INVESTMENT

*"Competition in this industry is tough. Investment is needed, processes in operations must work to the optimum and the organisation and its personnel must be customer oriented. We have sharpened up in all these areas in recent years. We have made strategic investments of around SEK 150 million."*

*"In 2014, activities in our Sea Terminal saw an upturn. Success has continued with sawn timber and we have several new pieces of business."*

*"RoRo traffic is also continuing to develop, in spite of the unrest in Russia and Ukraine. Growth is a little slower than before, but this also shows that the DFDS traffic to Klaipeda is stable and that Karlshamn is maintaining its position as the country's biggest port for rolling goods to the Baltic countries."*

Mats Olsson  
CEO  
Port of Karlshamn



## The pilots of Hanöbukten

**Karlshamn** pilot station and pilot boats  
**Sölvesborg** pilot boats  
**Åhus** pilot boat  
**Nogersund** closed

This, in brief, is the Swedish Maritime Administration's new pilot organisation in Hanöbukten. In 2013 an organisational change was made that did not work.

A new version of the old model has now been introduced instead. The pilot station in Karlshamn is where it always was and was never finally affected since the 2013 reorganisation was never fully completed.

The Port of Karlshamn is the region's major port and has resources to handle almost all types of goods - unit goods such as RoRo and containers, oil and biofuel as well as forest products, project loads etc with cargo vessels.

The port is also investing in the future in all three branches of activity.

"Being a complete port is both tradition and strategy," says CEO Mats Olsson. "In recent years we have strengthened and sharpened up our resources in all areas. We now have a new intermodal rail terminal, resources for container handling, increased storage capacity for oil and biofuel, we have developed the handling of forest products and we have gone into new areas like heavy lifts," says Olsson.

"This diversity makes great demands on organisation. We have chosen to divide into the respective areas, so that we can keep and develop our specialist knowledge. At the same time, we have a small organisation, with short decision paths and where everyone has knowledge of the whole," says Olsson.

"Oil handling for example requires access to tugs. For this reason, the Port of Karlshamn has its own fleet of tugs, which are very useful for the entire operation."

"Another example is the focus on container handling and a large new mobile crane. This crane is an important supplement that also facilitates the handling of wind turbines and other project loads."

"Another example is the access to the rail area and storage space, which all in all is very good in the port area."

# STRONG



The diversity of activities at the Port of Karlshamn is a strength in many ways:

1. For customers in the region, it means access to a fully qualified port with full service.

2. The range of activities means that the port can to some extent balance out economic fluctuations.

## Blekinge Offshore want to build 500 wind turbines; KARLSHAMN



Anders Nilsson, CEO of Blekinge Offshore, wants to build a wind farm like this in Hanöbukten.

# BRANCHES!

## Karlshamns Hamn Port of Karlshamn – for tomorrow's business



RoRo and containers



Forest products and project loads

3. The diversity means that a competent and flexible base staffing can be maintained, trained for and ready to perform a range of assignments within the port, depending on demand at the time.

4. The diversity means that we can offer advantageous total solutions. Sawm timber goods, for example, can be loaded in containers or onto bulk carriers.

5. The diversity means access to combined resources.

# KN IS PERFECT FOR US!



A wind farm with 500 offshore wind turbines in Hanöbukten, 17 kilometres from Karlshamn. That is what Blekinge Offshore AB plans to build. Now they are awaiting the final decision from the government.

"The go-ahead could come at any time," says Anders Nilsson, CEO of Blekinge Offshore. "We have waited for a long time but now we are hopeful of a go-ahead soon. If everything goes as we wish, we will be able to start marketing our production in about two years."

Building a wind farm could have great significance for the Port of Karlshamn.

The company plans to manufacture the concrete foundations for the turbines in a 300,000 m<sup>2</sup> area in the port area of Karlshamn. Building work will take 8-10 years and the project will employ about 300-400 people.

### THE PORT'S QUAYS AND CRANES

"The area's position and access, the Port of Karlshamn's large cranes and quays, the combi-terminal and the great infrastructure with both rail and road connections are perfect for our operations," says Anders Nilsson.

"We need a large area with a good load-bearing capacity for the manufacture, handling and

storage of concrete foundations up to 35 metres high and weighing 2,000 to 2,500 tonnes each. We also need access to a deep water port, quays and cranes to receive wings, nacelles\* and pipes for the wind turbines, which will arrive by sea. We also need an intermodal rail terminal to receive goods by rail. These would include reinforcement iron and cement, for example. Suitable aggregate can come by truck from nearby sources in Näsåm."

"The area is well located away from heavily developed areas and is ready for building more quays, which we will need to ship the turbines out to the wind farm," explains Nilsson.

### AFTER CONSTRUCTION TOO

Operation and maintenance of the finished wind farm would mainly be carried out from the port in Nögersund, which is closest. But Karlshamn will still have a role after construction and the company will buy a site of about 30,000 m<sup>2</sup> for this.

The Blekinge Offshore project is one of the country's largest single infrastructure projects. Electricity production in the wind farm would correspond to a large nuclear reactor, or up to 5 per cent of the country's needs. More information can be found at [www.blekingeoffshore.se](http://www.blekingeoffshore.se)

\*The nacelle is the housing at the top of the wind turbine.

## Wood pellets need soft handling

Agroenergi Neova Pellets AB is one of the world's top ten for heating pellets. The company now uses the Port of Karlshamn for storage and as a shipping port for export.

"You might think that wood pellets are easy to handle - but you would be wrong. Handling is extremely important and is an issue the industry is closely focused on," says Henrik Arfwidsson, the company's marketing manager. "You need to handle it with care and keep the amount of 'flour' as low as possible, so as to fulfil the quality demanded by the technical specifications we have. Poor handling, which leads to a high proportion of fine fraction, is punished financially. With a low-margin product like wood pellets, this might make all the difference to the business outcome. We therefore have very strict requirements for logistics."

### WORKING WELL IN KARLSHAMN

"It works well in Karlshamn and we have found a good storage and handling solution that mainly uses conveyor belts. Service at the port is good and we have a good dialogue."

"With the present market and currency position, we see continuity in exports, for a couple of years ahead at least, and we are planning our activities for this."

"Wood pellets are becoming international trading goods. Because they lose value during transport and handling, optimising the logistics is extremely important," says Henrik Arfwidsson.

### EXPANDING AROUND THE BALTIC

Agroenergi Neova is an amalgamation of Lantmännen Agroenergi and Neova's pellets business. Agroenergi

Neova has seven factories in Sweden and its own operation in Latvia. The company has 160 employees and a turnover of about SEK 1 billion. It is the largest in Sweden with 25 per cent of the market and seven factories. The market for refined biofuels is growing all around the world.

Agroenergi Neova is mainly concentrating on expansion in the Baltic region. Compared with the other large players in the world the company is a little odd because it has products and customers in all segments - from small consumers to power companies. Other big companies only focus on large customers.



Henrik Arfwidsson, marketing manager of Agroenergi Neova Pellets AB

## Wood preservation under way

"I am going full ahead with preparations for timber preservation in Karlshamn. There is great interest from customers and the location next to the Port of Karlshamn is perfect in many ways," says Lars Åström, who is well known in the timber and preservation industry in southern Sweden and the main driving force behind the initiative.

"I expect us to be under way during 2015," says Åström.

The activity is intended to provide protective impregnation of timber for the market in the United Kingdom, where the climate demands protective impregnation of construction timber and roofing. But fire protection impregnation also features in the plans. It is anticipated that about ten people will be employed within a few years.

### STEP 1: 50,000M<sup>3</sup>

"We have already bought a plant that has capacity for 50,000 m<sup>3</sup> per year and we already have customers for most of this volume. In the next step we plan to double capacity.

"Interest from customers in buying wood treatment as a sub-contract in Karlshamn is very great," says Lars Åström. Increasing volumes of timber are going via Karlshamn. Logistically, Karlshamn is well located and the port is good for both customers and drivers, which is important. There are also good opportunities for shipping and handling volumes that come by rail.

### SUB-CONTRACTING IS THE TREND

"I believe the trend is for sawmills to increasingly buy wood treatment as a sub-contract, instead of doing it themselves. This is rational and simple for the customers. Impregnation also demands a certain amount of specialist knowledge, such as on environmental requirements," explains Åström.

Impregnation will be done with a copper medium in environmental class II.



# Biogas plant coming to Karlshamn



*–“We could not have found a better location for the biogas plant than here in the port area of Karlshamn – close to a large port, the railway and the E 22,” says Anders Carlius, acting chair of the company Network Biogas, which will start biogas production in Karlshamn within two years.*

“I am convinced that we can build a plant for the production of biogas in the port area of Karlshamn. We have had very positive reactions from both potential customers and other interests.”

“We need to have at least 75 per cent of the production volume contracted in order to get the project going. We are now in the position where this level can be passed very soon. Then we can press the button and get the project under way,” says Anders Carlius, acting chair of the company Network Biogas, that wants to build the

plant. Anders Carlius is optimistic about the possibility of having a completed biogas plant in Karlshamn within two years.

## BIOGAS IN DEMAND

The biogas initiative has now replaced the previously planned plant for ethanol and biogas. The conditions for ethanol production have changed. Ethanol production is no longer profitable.

“Things look much better when we count on biogas production,” says Carlius.

“There is a real shortage of biogas right now. For example, Länsbusarna in Skåne want to run entirely on biogas, but the limited supply

means that only 30 per cent biogas is being used. It is also important to increase biogas production locally in Sweden and make ourselves less dependent.”

## BUILT IN STAGES

It is intended for the plant to be built in stages. The first stage involves a capacity of 10 million cubic metres a year and an investment of SEK 60 million. Within a five-year period, the aim is to reach around 100 million cubic metres a year. This corresponds to the annual fuel consumption of 50,000 cars. But industry also uses large quantities of gas and these are the first customers.

## FIRST CLASS LOGISTIC LOCATION

The biogas will be produced from forest raw materials and industrial waste such as sludge. The fully developed plant needs about 400,000 tonnes of industrial waste as raw material.

“The location of the plant is first class from a transport point of view. It is close to a large port, the railway and the E22. That is decisive for the focus on Karlshamn,” says Anders Carlius.

The production is estimated to employ 20-30 people, but considerably more if we include all those working on transport and distribution. After Karlshamn, Network Biogas AB plans to build a further 12 biogas plants in Sweden.

## GREAT INTEREST IN SETTING UP IN KARLSHAMN

“Things are starting to move faster now and I have several enquiries in hand about setting up in the port area, including from international manufacturing companies.”

“Demand for sites is also increasing from smaller companies. The small industrial area in Kapten Holms väg, next to the port area, is now fully built out in principle. We are therefore planning to open up more land for building in the port area towards the harbour entrance at Veckerumsvägen/S Stiller-ydsvägen. There is demand for warehouse space, among other things.”

This is the report from Theresia Bergdahl, project manager at Logistik Karlshamn and the person who is handling start-up requests in the port area.

Karlshamn council formed the umbrella organisation “Logistik Karlshamn” for the development of transport and logistics activities in Karlshamn.

“I take a positive view of developments,” says Theresia Bergdahl. “It is important to think outside the boundaries of Karlshamn and Blekinge if we are to be successful in attracting new start-ups. We must think south east Sweden and work together for growth in a larger region. In attracting new start-ups it is important to think holistically, handle surrounding services and offer opportunities for companies to find the right competence etc. These are not issues that stop at municipal boundaries.”

## Promising premier for Baltic Trade & Transport in Karlshamn

In December, “Baltic Trade & Transport” was held for the first time in Karlshamn. This is a large transport seminar for leading persons in transport and logistics. The purpose is to offer an international seminar with a Baltic focus, which makes Karlshamn a natural local in this context. About 100 delegates took part in the seminar, which was jointly organised by Logistik Karlshamn and the Port of Karlshamn.

The main themes were business opportunities in eastern Europe, regional experiences and opportunities for trading possibilities with



The conference brought together about 100 delegates

southern Sweden as the starting point.

## HOLISTIC PERSPECTIVE

“This was very good and gave a holistic perspective of eastward-looking logistics. It is important to meet and there were many inter-

esting discussions. We have had many positive reactions and many people wish to see it continue,” says Mats Olsson, CEO of the Port of Karlshamn.

Vice transport minister of Lithuania Arijandas Sliupas, Jens Hansen

of Volvo, Anders Refsgaard of DFDS, Holger Kempter of Team Lines, Arturas Drungilas of Klaipeda Seaport and Per Sandström of P Sandström Logistics were some of the speakers. Dr Roger Lindau, ABB was the moderator.



Theresia Bergdahl, project manager at Logistik Karlshamn.