

UK Ports:
How are we doing?

Harbouring Ambitions in North
West Europe

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UK Ports today

- Around 95 per cent by volume and 75 per cent by value of the UK's international trade is transported by sea.
- In 2004 total UK imports across all transport modes were valued at £249 billion and exports at £191 billion, which indicates that approximately £330 billion of the UK's international trade was moved through its seaports.
- The UK ports industry is the largest in Europe in terms of freight tonnage, handling a total of 573 million tonnes of foreign and domestic traffic in 2004.
- Each year around 50 million international and domestic passenger journeys are made through UK ports.

The Kent Story

- Dover is Kent's biggest employer if direct and indirect jobs are included and continues to grow
 - Over 2.3m pa road haulage vehicles
 - Nearly 3m pa passenger vehicles
 - Over 100,000 pa coaches
- Ramsgate, Dover, Sheppey and the Medway Ports collectively have a huge impact on the Kent economy
- Ramsgate to exploit wind farm investments
 - Warwick Energy
 - London Array

UK Ports today

Tonnes handled

- UK > 1 million tonnes
- UK < 1 million tonnes
- Republic of Ireland



From UK Port Demand
Forecasts to 2030: MDS
Transmodal on behalf of DfT

Are UK ports competitive when compared with Continental Ports?

Container Handling Productivity: Handling cost per container: UK deep water port versus continental ports
UK deep water port versus continental ports

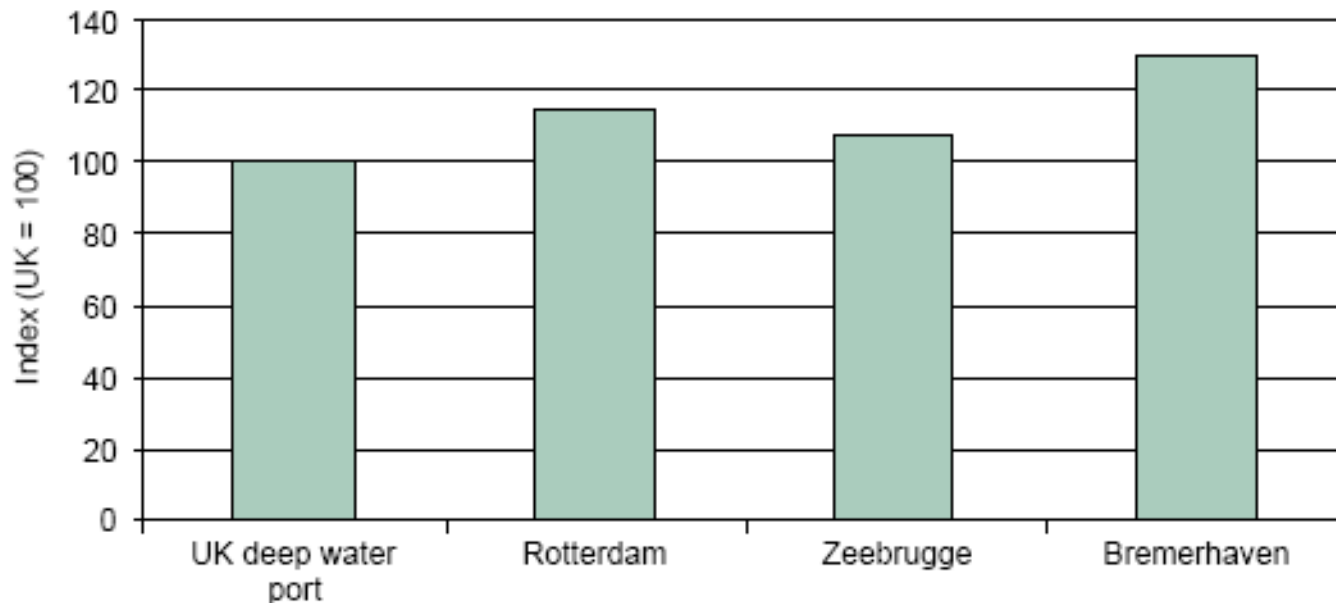


Figure presented by Maersk as evidence to Transport Select Committee 2nd report of session 2006-7. Ev8.

Are UK ports competitive when compared with Continental Ports?

Handling cost per container: UK deep water port versus continental ports

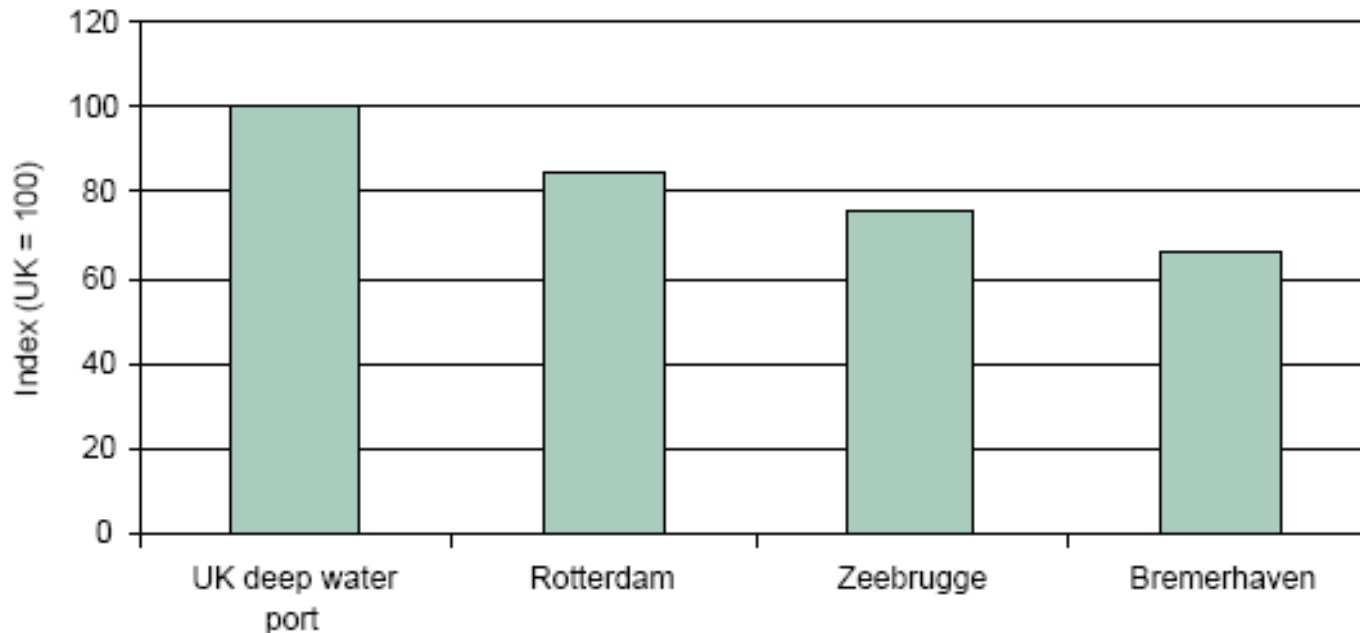


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Are UK ports competitive when compared with Continental Ports?

- The prosecution case:
 - ‘If you are delivering a container to Teesport, or Grangemouth, to take an example, it is equally as effective to do that via Rotterdam as it is via Felixstowe ... Including the transshipment’
 - Soren Friis, Maersk in oral evidence to TSC. Oct 2006.

Are UK ports competitive when compared with Continental Ports?

- The defence case:
 - [UK] ports move 95% by volume and 75% by value of all goods entering or leaving the country, with considerable efficiency, at minimal cost to the consumer, the shipping industry and the UK economy. This is a result of effective competition.
 - The British Ports Association. TSC 2006 ev 149

The Select Committee view

‘It could be that the additional financial burdens faced by British ports – such as paying for transport infrastructure, the costs of implementing EU Directives, the lengthy planning process in this country or our higher safety standards – are translated as higher charges to customers. But the fact that Continental Ports are publicly funded and subsidised certainly distorts the market.’

TSC 2nd report 2006-7 para 73

Are we creating the right environment for the success of UK Ports?

- Planning
 - Burdensome
 - Protracted
 - Solution: Planning reform set out in White paper
- Infrastructure
 - Inadequate
 - Operators have to contribute too much
 - Solution: Eddington
 - Recent announcements on gauge enhancement

Are we creating the right environment for the success of UK Ports?

Box handling at UK Ports

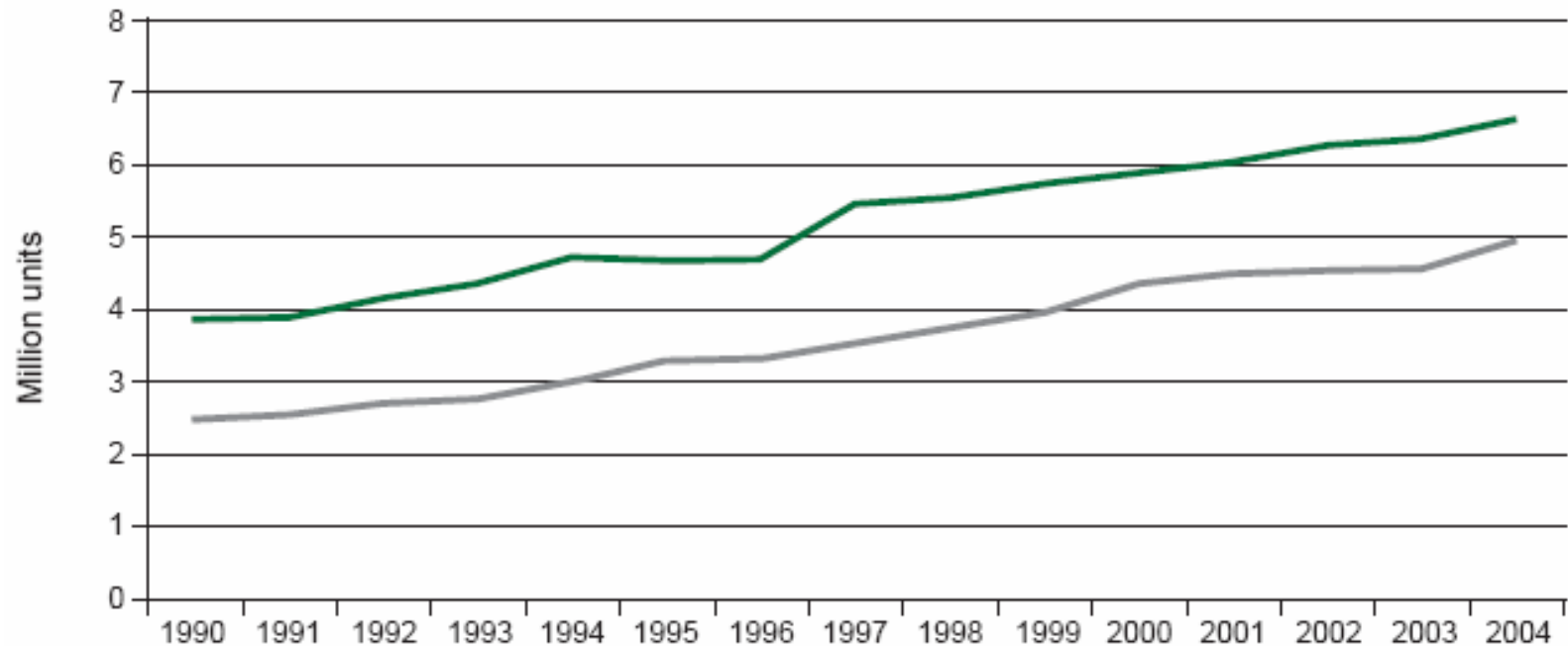
Container volumes at the major NW European container ports, 2000 to 2004

	Thousand TEU				
	2000	2001	2002	2003	2004
Rotterdam	6,274	6,096	6,515	7,100	8,281
Hamburg	4,248	4,689	5,374	6,138	7,003
Antwerp	4,082	4,218	4,777	5,445	6,063
Bremen	2,737	2,915	2,999	3,191	3,469
Felixstowe	2,825	2,839	2,684	2,482	2,717
Le Havre	1,464	1,523	1,720	1,977	2,132

Source: DfT, ISL and Port of Rotterdam

Are we creating the right environment for the success of UK Ports?

UK unitised traffic by type up to 2004

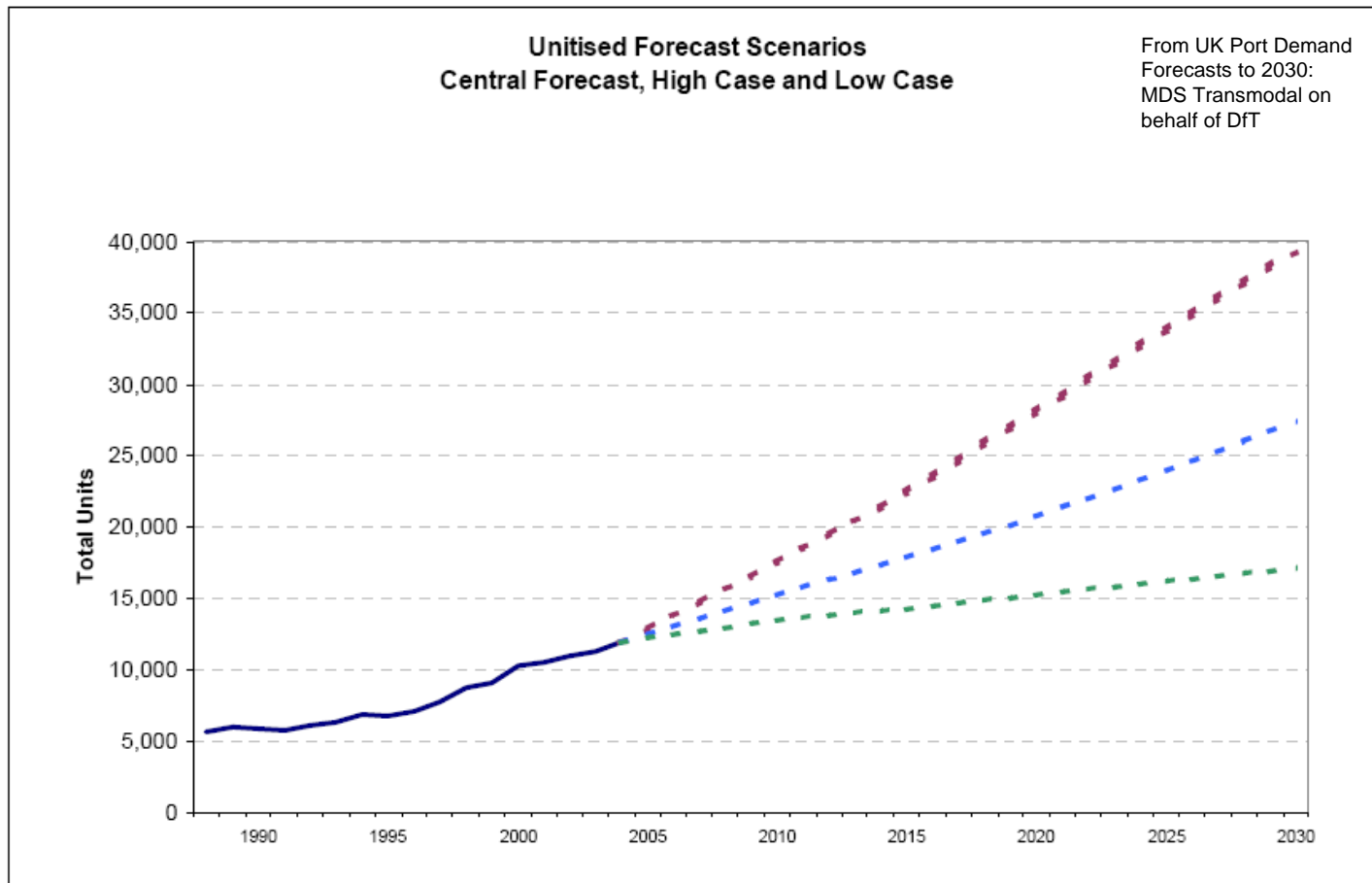


Key: — Road goods vehicles and unaccompanied trailers — Containers on lo-lo and conventional services

Source:DfT

Are we creating the right environment for the success of UK Ports?

GB Unitised Trade: Forecast scenarios, Annual Units ('000s)



Are we creating the right environment for the success of UK Ports?

- **Unitised Port Traffic Forecasts & Container Transshipment ...**
 - Excluding transshipment movements, between 2005 and 2030 containerised port traffic is forecast to increase by 183% as measured by TEU and Ro-ro traffic is forecast to increase by 101% in terms of HGV units.
 - An absence of additional GB deep water container port capacity ... would raise user costs, reduce GB transport revenue, and add (relatively) to road freight and external costs.
 - A 'Greater South East plus Liverpool' development approach ... succeeds in reducing user costs significantly over a 'do nothing/feeder' approach.
 - Where there is adequate deep sea capacity in south-east ports to address the market ... the only direct deep sea traffic won by ports outside the south-east is in Liverpool.

From 'Update of UK Port Demand Forecasts to 2030' MDS Transmodal

Selectively quoted

Are we creating the right environment for Port success and fair competition?

- The bottom line:
 - UK Ports carry costs that other EU Ports do not:

‘The capital cost of opening a new facility in the UK is three times as much as on the continent.’

UKMPG

Are we creating the right environment for Port success and fair competition?

- What is the EU doing to help?
 - Commission Action to create a level playing field
 - Guidelines on state aid to Ports in 2008
 - Extend the transparency of financing arrangements
 - Will propose a framework for training of port workers and will 'closely monitor' Community rules on safety and health at work
 - Will 'closely follow' the proper collection of statistics on accidents
 - Inventory of problems arising from competition with non EU ports

What is the EU doing to help?

- Interreg funded IMPACTE project:
 - Assisted Port of Dover with the design of a rail freight yard at the Western Docks
 - will allow them to introduce rail freight services to the Midlands and the north of the UK as and when the market demands.

Conclusion ... 1

- UK Ports are a success story so we must be doing something right ...but we can always do better and changes are in the pipeline
- We need more capacity and we need to allow our Ports to grow bigger to maximise efficiency
- We will get the best value for our money if expansion in the South East is encouraged

Conclusion ... 2

- If ...
 - Eddington is acted on
 - Planning reform goes forward
 - The Commission follows through on its key proposals on ‘the level playing field’
 - And ... if we deliver UK capacity in the right places at the right time

Then UK Ports have a rosy and competitive future.