

## **Day 2:**

### **Location: Dublin Castle**

#### **Chairman's Opening Address**

Chris Bourne, Glenn Murphy and Dr Andrew Triall provided feedback from the previous days events. Mr. Bourne highlighted a few areas that were discussed in day 1 which were include the issue of fuel and the rise in price of the cost of oil. In terms of future world markets Mr. Bourne stressed that governments do not control the economies, it is world markets that control individual economies and that European SSS is at a crossroads in which there are many challenges and opportunities ahead.

## **Session 4: Shortsea Ports and Terminals**

### **Shortsea Friendly Ports**

#### **Koen Overtoom, Director of Containers & Logistics, Port of Amsterdam.**

Throughput in the port of Amsterdam (in m tonnes) has increase by 16% from 1985 to 1995, and further increased by 70% between 1995 and 2007. Some of the cargo serviced by the port include coal, liquid bulk, argibulk, ore, general cargo, other dry bulk and containers. The journey from sea to terminal time takes about 2 ½ hours.

The port of Amsterdam in 2007 reached 20m tonnes with exports registering just below the 10m tonnes mark. Short sea shipping is providing more in terms of throughput than deep sea tonnage. Deep sea is registering at 30m tonnes with short sea shipping providing 60m tonnes of throughput for the port of Amsterdam. The ports Ceres Paragan Container Terminal can load and unload cargo from both sides of the ship and provides CPT equipment, fumigation and rail, automated gate process and RVV inspection. The terminal has no congestion with fast turnaround times for barges and trucks and the terminal is centrally located with good connections to the hinterland. The port is looking at developments in regionalisation, co-operation and integration of North West Europe with

the continuous growth in containers from China and the increase of scale and average growth of vessels. The Holland Delta and Dutch ports have co-operated and collaborated for the current and future derived demand in the logistics infrastructure of inland shipping. The Ports of Amsterdam, Rotterdam and Provail have the Betuweroute, which is a dedicated rail freight service which is currently up and running.

### **Port Growth and Development**

**Kim Cattrach, PD Ports.**

Kim from PD Ports and specifically Teesport discussed that currently Teesport has 6,000 vessels calls a year from customers such as Mearsk, CMA, K Line, P&O Ferries and MSC. Kim discussed in more detail about Teesport plan for a Northern Gateway, which is a new £300 million deep sea container terminal, which could see enormous benefits brought to the Tees Valley and the North East of the UK with the potential creation of up to 5,500 new jobs. The new terminal would have a berth to sea time of 45 minutes and ideally operate in a 30/30 concept, which would incorporate and 30 minute turn around time. Kim discussed that the implications for the supply chain is that 54% of sea volumes are directed to the north of the UK; however the cargo enters the country from the south and mainly travels overland to reach its final northern destination. Key drivers for the northern gateway project are the location of distribution centres for big major supermarket players such as Asda and Tesco.

### **New Terminal Development**

**Jonathan Packer, Consultant Advisor, Shipping & Ports.**

The concept and planning of a new terminal development are a difficult business cases. Key drivers for such a development would include the sector traffic growth and meeting future capacity requirements, and the occurrence of new traffic. Increasing larger ship pressure on quay length and draft, storage capacity coupled with urban renewal and the pressure to move out of the cities.

Generally there are no shortages of port capacity, although often it is in the wrong place and of the wrong type. The competition for port land and the costing of port land are constraints on expansion along with environmental and neighbourhood pressure, poor road access and the requirement to contribute to infrastructure costs. To minimize inhibitors a port needs to add value and work in partnership with customers, seek additional volumes and economies of scale, intensify the operations and secure regeneration contribution and other benefits. There are issues in ship size, urban renewal pressures, high infrastructure costs (deepwater quays, etc) and high terminal superstructure (equipment). Such costs require high throughput to justify, which is often helped from offsets and cross subsidy from urban renewal, viz Waterford, Cork Oysterbank, Dunquerque.

## **Session 5: Emerging Issues**

### **Financing Issues**

**Paul Packard, Bank of Ireland.**

Bank of Irelands total assets as of 31<sup>st</sup> March 2008 were €185bn, annual profit €1.933bn, market capitalisation as off 23<sup>rd</sup> of June 2008 at €6.050bn. BoI Fitch rating of AA- Stable, S&P at A+ positive, Moody's Aa2 stable and listed on Dublin, New York and London exchanges. The sector split in portfolio terms (of 1.6bn as of the 24<sup>th</sup> of June 2008), tug and barge 5%, tanker 22%, containership 13%, bulk carrier 7%, ferry 13%, corp. unsecured 11%, containers 5%, offshore 5%, ports and related 5%, gas 2% cash 11% and multipurpose 1%. This represents a country split of USA 14%, Greece 11%, Ireland 11%, Norway 13%, Hong Kong 1%. France 4%, UK 7%, Monaco 7%, Switzerland 4%, Italy 5%, Singapore 4%, Canada 9%, Cyprus 4% and Finland 6%.

In today's financial climate what banks need is proof of esteem and demonstration of the promoter's experience, a clear business plan, detailed

employment assumptions, detailed operating expense assumptions, cash flow projections for the project, historical financial information and details of the vessel to be financed. In concluding various financing schemes exist from standard bank finance to more structured leasing products. Leverage from 60% (bank finance) to 100% in a lease structure should be possible. The credit crunch has impacted the availability of funds so transactions proposed will need to be robust and pricing has increased for all forms of finance but overall interest rates remain at historically low levels.

### **Legal Issues**

**John Hulmes, Partner, Head of North West Marine, Hill Dickinson LLP.**

Mr Hulmes discussed the *Riverdance* that ran a ground of the Blackpool coast in January 2008. The following are some of the many individuals that were affected by the stranding of the *Riverdance*. They include owners, charterers, crew and passengers, salvors, cargo interests, distributors, supermarkets, owners of trucks/trailers, utility operators, tourist interests, environmental agency/DEFRA, local council, local residents, insurers of all of the parties, and SOS representatives.

In examining one of the parties affected by the stranding shows how much one incident can ripple through and affect hundreds. For example, the utility owners and providers had a lot to contend with such as, issues relating to local storm overflow pipe, location of the pipe, potential damage caused by the vessel, movement of the vessel, exclusion zone for contractors cutting up vessel, location of pumping station, security for claim and repairs to the pipe. Therefore, the lessons to be learned or the key message is that a single incident has profound affect on a significant number of interests. This raises the question to all parties involved in logistics. Do you have an emergency plan, what are the contents and when was it was last updated?

**Political and Legislative Developments**  
**Alfons Guinier, Secretary General, ECSA.**

The Commissions report on MOS highlighted the following issues that need addressing. Reducing bureaucracy, promotion and marketing, port capacity, accessibility and efficiency, availability of good and non-congested hinterland connections, co-operating between all the players in the chain including between ports, seizing the benefits from the booming container traffic and establishing integrated information systems. MOS requires financial viability and creditability and it is essential that there is sufficient private risk capital. No cargoes should be removed from existing SSS services by EU subsidies. Transparency, monitoring and best practice are key.

Other legislative developments include European maritime transport space without barriers. Workshops and meetings such as the MIF workshop in Brussels in 2001 have helped to identify and analyse administrative burdens such as customs, dangerous goods, veterinary and sanitary controls. Currently, the authorised regular shipping service is not effective enough and it requires simplification based on intra EU status of cargo and not the ship or shipping company. However there needs political will to address such changes and a simple solution would be to have intra EU manifested cargoes just like the cargo transport in trucks and then non EU manifested cargoes having normal customs procedures.

**What do we have to do to Achieve Modal Change?**  
**Gavin Roser, Director, Pantrak Transportation & Deputy Chairman, Coastlink.**

The demands of the consumer over the years have had an effect on the modes used to transport cargo. Cargoes and commodities are directed to the mode of transport demanded by the supply chain. These sectors demand visibility, transparency, reliability and predictability.

In order to help achieve modal change there is a need to gain a greater level of understanding and recognition for the European maritime transport sector in order to help improve performance in servicing its customers needs, both economically and in line with European transport policy.

- To aid and assist maritime transport providers and to educate potential customers regarding services available in their respective markets
- To help in the development of government policies to encourage maritime transport as a cost-effective, environmental and friendly alternative to road and air freight
- To educate importers on the value of maritime transport and include them in the planning process for maritime transport facilities and services
- To implement a cohesive and inclusive strategy for modal change by taking into account the needs of all stakeholders.

There is a need for more strategic alliances and alliances to help fill empty boxes.

### **How to Get the Message Across Effectively** **Roger Hailey, Ports & Logistics Editor, Lloyds List**

Mr. Hailey addressed the conference from the perspective of the journalist and discussed the various forms of media that can be utilised by the shipping and logistic business and provided examples on the do's and don'ts of dealing with the press and writing press releases.

Mr. Hailey informed the delegates of the common situation, where companies make a press release and then when journalists return a call to gather more information or a comment there is no one available from the company to actually comment. Mr. Hailey stressed the importance of "on record" and "off record" and that when talking and dealing with journalist wither by phone, email or the traditional face to face interview, you as the

individual being interviewed are “on record”. While this is important to the individual being interviewed, it is also of great importance to the journalist as they need to build up a good level of trust, understanding and respect with whom they deal with.

## **Closure of the Conference**

The conference chairman, Mr. Chris Bourne made the closing address by thanking and congratulating all speakers on the quality and informative nature of their presentations. Mr. Bourne further thanked all sponsors of the event namely Dublin Port Co, Port of Cork, Rosslare Euro Port, Norfolkline, Carriers Transicold, DFDS, Warrenpoint Harbour Authority, Port of Waterford Company, Shannon Foynes Port Company, LD lines, Peel Ports, BG Freight Lime, Dublin containers, Hill Dickinson Lawyers, The Shippers Voice, International Freight Weekly, Coastal Containers, Arklow Shipping and Lavelle Coleman. The Chairman also congratulated the IMDO and the conference partner Navigate for a very successful informative conference and agenda and the final congratulations went to the attending delegates for their participation in the sessions over the two day event.

All conferences have themes and each of the themes reflect the core structured sessions and the topics of discussion provided for by the guest speakers. However it is within those structured themes and presentations by guest speakers, and the questions and answer sessions that some of the key issues and concerns of the conference are evolved.

### **1. Climate Change**

Although there was no speaker presenting directly on climate change, it was an issue that came up time after time. The issue of climate change is very relevant to the transport industry as this is reflected in the current and pending legislation to reduce carbon emissions and pollution and reduce Europe’s overall carbon footprint. The core question for transport

and shortsea interests is how transport effects and can potentially minimize its effects and contribution to pollution. Examples of polices include the Motorway of Seas, and the Marco Polo objective to remove freight from roads to sea to help reduce the pollution contribution. Mr, Doll spoke about Biofuels and Vegoils, Capt. McCarthy spoke on the WESTMOS project commissioned by the Port of Cork and Gijon to look at the commercial feasibility of new unitised services between Northern Spain, Western France, Ireland and the UK. Mr. Copsey discussed through a case study on a modal shift which address the benefits of transporting fresh produce from Spain to England and Ireland. The current route by road produces an estimated 4 tonnes of carbon emissions and the route would be economical and carbon emission friendly but would require a 30% commitment of fresh produce form major supermarkets. This drive is the result of market forces such a rising fuel, road congestion and the working time directive. Therefore in conclusion the issue of climate change provides challenges to the industry but it also has encouraged operators to seek out opportunities that can benefit companies and help to reduce emissions caused by transportation.

## **2. Education and Responsibility**

Although not a major concern of the conference there was a consensus from the panel and the delegates that there needs to be a greater awareness and education of individuals within the industry. This is especially prevalent in tougher economic times in that customers need to be aware of the actual full cost of transportation and that services providers such as the shortsea operators cannot be expected to always absorb the cost such as the recent price hikes. The responsibility and awareness of the customers was a key issue of Mr. Connolly discussion addressed the question, are clients aware of their own responsibility? The slack approach of certain customers to their own responsibilities such a weight restrictions has lead to the question; can the cost of not securing the cargo in the container be passed onto the customer? The customer

needs an education in their responsibility and to be aware of the full cost of transport. The current behaviour of customers specifically for Ireland is due to the boom of the economy and service providers had to work fast to provide for the demand. Customers have been used to having it their way and now that the economy has changed, the relationship needs to change in order for everyone to do some level of business and Mr. Connolly argues the service providers just can not be expected anymore to absorb every cost

### **3. Fuel Prices**

Fuel and energy prices are such an important issue due to the large increases seen over the last 12 months and thus have a massive financial impact on operators. The issues is also the fact the fuel prices continue to rise and therefore everything cost more, i.e. such as food prices for example. The increase in fuel and energy prices is also parallel to increases in Argo/grain prices also. The IEA forecast a strong demand for biofuels along with considerable government support. Although high fuel prices are a painful episode for all transporters it also can act as a catalyst for change and Mr. Doll discussed that there are future cargo opportunities in biofuels by new opportunities being created for IMO classed tankers and dry bulk carriers. The advent of high fuel costs may alter and have an effect on the “war on want” summarized by Mr. Gavin Roser question “do we need strawberries in January?”

### **4. Market Trends**

There has been consistent growth since 1970 and in 2007 growth increased by 5.5% and the boom in china is having a regional effect There has also been a large increase in ship size since the 1980's, which has implications on ports and storage. Currently the world fleet is old and is expensive to replace. Europe has the largest volume of intra regional trade registering at 10billion tonnes of cargo per annum within Europe and incorporating all modes. Intra regional trade between American, Europe and Asia equals 23% of world trade. Although growth in short sea

shipping was modest in 2005 and 2006, growth was highest where deep sea and ferry routes dominated and most growth seen in the Benelux, German and Nordic ports which reaffirms the dominance of European North western ports. There are increasing market trends due to high steel demand which is leading to opportunities for trading, as steel trading patterns changing in favour of short sea trading. High fuel prices has also opened opportunities for alternative routes, fuels and trading patterns. In terms of short sea, the short sea friendly nature of the port was also discussed. An important element of short sea it is access to the hinterland but also that the hinterland connections are also physically supportive. Mr. Roser did pose a valuable question in that, *“where would the major transportation and distribution centres be if European nations had less borders?”* Ports need to co-operate to provide such extensive and short sea viable hinterland connections as ports need to be short sea friendly. This is not an absolute demand for the short sea operators but when ports, like the port of Amsterdam, discover that the majority of there throughout is short sea, they must provide the customer with best practice and good service. As echoed throughout the conference, it is the supply chains that compete and not individual transport modes and world markets determine individual economies as opposed to individual governments.

**Event Website**

<http://www.navigateconferences.com/shortsea2008.html>

**IMDO Website**

<http://www.imdo.ie/main.htm>