



Response of Hutchison Port Holdings
(HPH) to the Commission's
consultation on future Trans-
European Transport Network policy

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Introduction

This paper sets out the response of Hutchison Port Holdings (HPH) in Europe to the Commission's consultation on the future Trans-European Transport Network policy.

HPH is part of Hutchison Whampoa Limited (HWL). It holds and manages HWL's ports and related services in 25 countries throughout Asia-Pacific, the Middle East, Africa, Europe and the Americas. Committed to innovation, HPH is one of the most technologically advanced port operators in the industry. Today, HPH has interests in 306 berths in 50 ports. It is the world's largest privately owner container terminal operator. In Europe HPH operates the following container terminals:

European Container Terminals (the Netherlands)
Amsterdam Container Terminals (the Netherlands)
Port of Felixstowe (UK)
London Thamesport (UK)
Harwich International Port (UK)
TCT Belgium
Terminal Catalunya (Spain)
Taranto Container Terminal (Italy)
Gdynia Container Terminal (Poland)
DeCeTe Duisberger Container Terminal (Germany)
Container Terminal Frihamnen (Sweden)
Container Terminal Nynashamn (Sweden)

Summary

In summary, HPH makes the following points:

1. HPH agrees with the Commission's proposal to define a core network and to target funding on that.
2. The starting point for the core network should be the existing infrastructure, which offers significant environmental and economic benefits because of its scale and efficiency. The Commission should not attempt to create a theoretically 'ideal' network. That is simply too costly. The Commission should build on the network that exists today and seek to improve its efficiency.
3. The core network should include links to major overseas trading partners. The EU is not isolated from the rest of the world and an efficient transport infrastructure must take account of the global nature of trade.
4. TEN-T funding should be targeted on key bottlenecks, so that the funding available achieves the greatest value to the EU economy. Inter-modal connections are often a bottleneck and improving these offers significant benefit and should form a major part of the revised TEN-T programme.
5. Investment in ICTs is increasingly important to an efficient transport system and should be eligible for TEN-T funding.

6. To realise the benefits of TEN-T funding, the Commission should in parallel remove the legislative and procedural bottlenecks to a more efficient transport infrastructure.

HPH further notes that the Motorways of the Sea (MoS) programme has proved difficult to apply. It does not reflect the way transport nodes function and can lead to distortions of competition.

In terms of implementing the TEN-T programme, the Commission should define the calls more narrowly and consider providing a higher percentage funding rate to each project.

Detailed response

HPH supports the overall approach outlined by the Commission in its consultation document of maintaining a “comprehensive network” but defining a “core network” of the vital transport axes and nodes within the EU and between the EU and major trading partners. Given that the Commission’s budget available for the TEN-T programme is limited, the Commission should target its funding carefully so that it achieves the maximum positive impact.

Defining the core network

The Commission proposes to define a comprehensive network based on the current comprehensive network updated for any changes since the last version. The core network would be built on strategically important axes and nodes. The key task facing the Commission is to identify the nodes and axes that form the core network. HPH would like to make the following preliminary points concerning the core network.

- The starting point for the core network should be the existing transport infrastructure. This may reflect historical trade patterns and may not be the theoretical ‘ideal’ infrastructure based on current traffic flows. However, considerable amount of expertise, infrastructure, distribution centres and supporting businesses have built up around existing nodes and axes. This gives the existing transport infrastructure significant advantages in efficiency and economies of scale. Furthermore, given the limited resources available to the Commission and Member State governments, building on the existing infrastructure is likely to offer the greatest economic and environmental return. It is simply too expensive to try to build a new infrastructure network. Therefore, the objective of the revised TEN-T programme should be to improve the efficiency of the existing infrastructure. This entails removing bottlenecks and filling in the missing links. The Commission should think carefully before investing TEN-T funds in entirely new transport nodes.
- The core network should be consistent with the EU’s policy objectives. For example, the core network should take account of the Commission’s objective of reducing carbon emissions. This is also likely to favour building on the existing infrastructure, where there are considerable scale advantages.
- Whilst recognizing the necessity of linking all Member States and their capitals in the interest of cohesion, the Commission should not forget that there may be greater transport flows between Member States and countries outside the EU.

The EU is part of a global economy and one of the objectives of the TEN-T programme should be to ensure connections with trade partners are efficient. This is in the interests of Europe's export and import industries and consumers. It means that the main points of entry into and exit from the Union should form essential parts of the core network.

Interconnection between transport modes

As explained above, HPH believes the revised TEN-T programme should concentrate on improving the existing infrastructure. This will entail removing bottlenecks and filling in missing parts of the network. It will also mean investing in the existing infrastructure to ensure it is able to take advantage of the latest innovations in transport and logistics. In this regard, the interconnection between different transport modes should be a focus of attention.

Points of interconnection between modes are often a bottleneck in the transport chain. For container terminals this typically means the hinterland connections, whether by rail or inland waterway. HPH is investing in rail terminals inside its container terminals in Barcelona and Felixstowe. It is investing in inland terminals with rail and inland waterway connections to its ECT terminal in Rotterdam. Inter-modal investments such as these contribute to a modal shift from road to rail. They reduce carbon emissions and they reduce road congestion around busy port areas.

HPH believes that investment in efficient inter-modal connections will make a significant contribution to the efficiency and sustainability of Europe's transport network and should be a priority for the future TEN-T programme.

Intelligent transport systems as part of TEN-T

Information and Communications Technologies (ICTs) are an increasingly essential part of an efficient transport system. They also contribute to improving the environmental performance of transport.

For example, within a container terminal, an efficient terminal operating system can reduce movements and the turnaround time of trucks coming to the terminal. This not only reduces costs and congestion and improves the economic efficiency of the terminal operations, but it also reduces greenhouse gas emissions.

HPH is involved in an FP7 research project called "Integrity", which uses a shared IT platform to allow all parties to the supply chain (for example, shippers, shipping lines, terminal operators and customs authorities) to access the information they require about a container through its journey through the supply chain. The Shared Intermodal Container Information System (SICIS) is linked to a global satellite positioning system that tracks the containers and vessels. Together, this improves the visibility of the supply chain and gives the different parties greater security and predictability. End-customers can improve their stock management by having more knowledge about the timing of deliveries. Similarly, customs authorities have more information about the movements of containers on which to apply their risk assessments, which can further enhance trade facilitation. Deployment of IT systems such as these will play an increasing role in improving the efficiency of transport infrastructure.

Future TEN-T funding programmes should recognise that investment in ICTs may be just as important as investment in physical infrastructure in improving the EU's transport network. The revised programme should anticipate more funding on IT systems.

Other policy initiatives should support the TEN-T programme

Defining a core network should help the Commission not only to set TEN-T priorities but in its wider policy making in the field of transport. When identifying the bottlenecks and barriers to more efficient transport, the Commission should look not only at where investment in infrastructure is required, but also at the legislative or procedural changes that are necessary.

Customs procedures and cooperation between customs authorities is an example of where administrative practice is not keeping up with efficiency improvements in the logistics chain. For example, the Extended Gateway concept being deployed by HPH at its ECT terminal in Rotterdam links Rotterdam to inland terminals by rail and inland waterway. So far Rotterdam is linked to inland terminals in the Netherlands (Venlo and Moerdijk), Germany (Duisburg) and Belgium (Willebroek). Extended Gateway provides inter-modal connections and an efficient way of bringing containers closer to the customer. However, realizing the full benefits of the Extended Gateway requires customs authorities in different countries to cooperate, so that clearance can be obtained not in the Member State in which the cargo first enters the EU, but in the destination Member State.

A further difficulty arises in some Member States where the customs authorities clear cargos but not containers. Since there may be several cargos in a container, the terminal operator cannot be certain whether the whole container can be released unless the custom authority clears the whole container.

These examples demonstrate that the TEN-T programme alone cannot produce an efficient transport infrastructure. Once it has defined the core network, the Commission should determine where the bottlenecks and missing links exist. The bottlenecks should include not only those that can be solved by investing in infrastructure through the TEN-T programme, but ones that need policy intervention to solve. TEN-T funding and transport policy should then be coordinated. Without this coordination there is a risk that the benefits of TEN-T funding are not realised.

Motorways of the Sea (MoS)

The MoS funding programme has proved difficult to apply. It funds new sea routes between two transport nodes. This is problematic for two reasons. First, efficient sea ports tend not to be point-to-point axes, but rather hubs serving a hinterland with connections to several other hubs. Subsidising a single route is unlikely to contribute to the creation of efficient and long-term sustainable transport hubs. Second, there may be several competing routes (or possible routes) and subsidising one of them will be at the expense of the others, leading to a possible distortion of competition.

TEN-T implementation

Given the limited resources available for the TEN-T programme, the Commission should be concentrating its resources on where it can have most impact. This probably means

providing more funding to fewer projects. The Commission should examine the possibility of increasing the percentage funding rate it provides to each project.

The calls for proposals should be more narrowly defined so that only projects meeting strict criteria are invited. In that way, applications that have little chance of success are filtered out at an early stage rather than unnecessary resources being spent on them. It is incumbent on the Commission to set a clear policy that is easy to understand and apply and that does not place unnecessary burdens on applicants. This will also help to ensure only applications for high quality projects are submitted.