

SHIP2SHORE



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SHIP2SHORE

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INTRODUCTION



As we move into 2014, there are signs that, after a difficult few years, there may be some light at the end of the tunnel for troubled western economies. Not all parts of the world were affected equally by the recession but many economies that were, including the UK, are returning to growth. The UK has now seen three consecutive quarters of economic growth and the International Monetary Fund has upgraded its growth forecasts for the UK by more than any other advanced economy. Britain is now expected to outpace many of its European peers in terms of growth for the next five years.

Throughout the recession Hutchison Port Holdings continued to invest in new facilities at the country's largest, and most important container port. Berths 8&9 opened in 2011 and in 2013 we opened the port's third rail terminal; the new North Rail Terminal.

Outside the port, major improvements are underway or planned to both road and rail connections. The new Ipswich Chord increases the efficiency with which freight trains can travel to and from key inland destinations and numerous improvements are planned to the strategically important A14.

Upgrades include a major scheme to remodel the A14/M1/M6 junction and in December, the UK Government confirmed that the new section to be built between Cambridge and Huntingdon will be toll-free.

Our own investment plans also continue unabated. In 2014 we will be extending the quay at Berth 9 to give greater flexibility for the very largest vessels and, beyond that, we will be improving still further the facilities for warehousing and logistics services on the port.

Felixstowe's position as the Port of Britain has been built upon a long record of delivering on our customers' real needs. That remains the key focus of our attention and will continue to drive all that we do throughout 2014 and beyond.

CLEMENCE CHENG
Chief Executive Officer

LATEST DEVELOPMENTS

WORLD'S LARGEST CONTAINER SHIPS CALL AT PORT OF BRITAIN

The Port of Felixstowe has become the first port in Britain to handle an 18,000 TEU container ship. The *Majestic Maersk*, one of Maersk Line's Triple-E class of ships, was one of four mega vessels to call at the port in 24 hours.

The period of intense activity at the UK's busiest container port began with the arrival of the 13,000 TEU *MSC Capella*, and included maiden calls by the 18,000 TEU *Majestic Maersk*, currently the largest class of vessel in the world, and the 13,400 TEU *Cosco England*. The 14,000 TEU *MSC Gaia* was the fourth of the quartet.

Commenting on the series of Ultra Large Container Ships (ULCSs) calling at the port, Paul Davey, Head of Corporate Affairs of Hutchison Ports (UK) Limited, owners of the Port of Felixstowe, said:

"The global shipping industry is witnessing rapid growth, not just in the size of container ships, but also in the number of the largest ULCSs calling in Europe. Seeing four of these giant ships at Felixstowe in 24 hours

demonstrates our unique ability to handle multiple calls by the very largest ships simultaneously.

"We are committed to an on-going programme of investment to ensure that we stay ahead of the game when it comes to providing the facilities and resources necessary to turn even the biggest container ships around in the quickest possible time. It is also testimony

to the skill and experience of our workforce that all the vessels were completed on or ahead of planned schedule."

The Port of Felixstowe is the largest container port in the UK. It benefits from being the closest UK container port to the main ports of Northern Europe and having direct marine access from the North Sea.





PORT OF FELIXSTOWE GETS NEW CONTAINER HANDLING FORKLIFT FLEET

The Port of Felixstowe has taken delivery of 16 new empty container handling forklifts and reachstackers. The machines were supplied by Kalmar, a division of Cargotec.

The 4 new reachstackers have a capability of 45 tonnes and can stack up to 5 containers high.

The 12 empty containers handlers are each able to stack empty containers up to 7 containers high.

Commenting on the new equipment, Stephen Abraham, Chief Operating Officer for the port, said:

“This latest investment reflects our commitment to provide the best equipment to meet our customers’ requirements. All of the new equipment meets the latest emissions regulations to reduce fuel consumption and therefore reduce further the port’s carbon footprint. The machines will be fully maintained by Kalmar’s own team of Engineers supported by the port’s own Engineering department.”

All of the machines were built at Kalmar’s newest factory in Stargard in Poland where

the machines were inspected for quality prior to delivery to Felixstowe by ship. After a full commissioning and testing process, the reachstackers and forklifts are entering service during the first quarter of 2014.

The new machines will be used on the port’s Trinity Terminal as well as at the new Berths 8&9. The Port of Felixstowe has a total storage capacity of over 110,000 TEU at its two major container terminals, including 34,000 TEU dedicated to empty container storage.

Stephen Abraham added:

“Due to the imbalance in the number of full import and export containers, all our customers ship a lot of empty containers outbound. In order to give them the maximum operational flexibility, it is important that we provide them with buffer stocks of empty containers. The new machines we have acquired will increase the efficiency of this important element of our operations.

“Some of the new equipment will also be used to support our rail terminal operations. With 60 freight train movements each day through our three rail terminals, we are handling more containers by rail than any other UK port.”



PORT OF FELIXSTOWE TO HAVE FIRST ELECTRIFIED RUBBER-TYRED-GANTRY CRANES IN EUROPE

The Port of Felixstowe has appointed Kalmar to convert four rubber-tyred-gantry cranes (RTGs) to full electric operation. The project is the first of its kind in Western Europe. The contract was signed in September 2013 and installations will commence in the second quarter of 2014.

The complex engineering task includes provision of the electrical services infrastructure for two RTG container blocks, each with a length of 217 metres. Two additional 217-metre container blocks will be converted to house the electrical infrastructure, including substations required to connect the cranes to main power grid.

Stephen Abraham, Chief Operating Officer, commented: “A strategic objective for the port is to reduce fuel costs and lower the emissions on our RTG fleet. This initial project will provide proof of concept and act as a base from which we can roll out this project across the port.”

The project forms part of the port’s strategy to reduce its environmental impact. Carbon emissions at the UK’s largest container port have fallen by 13% in recent years and the port has a programme to increase this to 30% by 2017.

CARS IN CONTAINERS

The Port of Felixstowe has won a contract to load Jaguar Land Rover cars for India. The cars are loaded into containers by Port of Felixstowe subsidiary Felixstowe Port Container Services Limited (FPCS) before shipment with Chilean line CSAV.

FPCS receive the vehicles, including Land Rovers, Range Rovers and Jaguar saloons, by car transporters from the company's production sites in the UK. Once at the port, they are loaded into containers and secured by FPCS personnel.

Commenting on the new contract, Stephen Abraham, Hutchison Ports Executive member with responsibility for FPCS, said:

"Felixstowe Port Container Services is ideally located in the heart of the port to offer its customers a range of services. These are high-value cars and it is essential that we undertake this operation efficiently but, importantly, with zero-damage. FPCS's unique location at the centre of our operations allows it to move containers to and from the operating terminals without delay."

The contract with CSAV is expected to see about 60 cars passing through the facility each week.

In addition to container stuffing services, FPCS provides a comprehensive inspection, cleaning and repair facility for empty containers, as well as reefer repair, pre-trip inspections, cleaning, and container sales.

In recent months it has also diversified into bespoke container conversions, demonstrating that the versatility of the steel shipping container knows no bounds. FPCS are taking advantage of the growing market by converting containers into anything from basic storage to hot shower blocks and changing rooms.

Among the many uses of containers are as offices, storage units, garages, laboratories, sheds, café/restaurants, site offices, club houses, canteens, shower blocks, changing rooms, workshops, conference rooms, classrooms, stables and exhibition stands.



MACANDREWS SWITCHES TO LONDON THAMESPORT

Having moved three of its short sea services to London Thamesport in the Spring of 2013, MacAndrews & Company Limited, a wholly owned subsidiary of CMA CGM, confirmed the switch to London Thamesport of its last remaining service, from Tilbury.

The 750 TEU *Canopus J* operating on the Bilbao – UK service of MacAndrews made its first scheduled call at London Thamesport on Sunday 10 November.

Commenting on the move, Clemence Cheng, Chief Executive Officer of Hutchison Ports (UK) Limited, owners of London Thamesport, said:

"We welcome MacAndrew's decision to switch all its calls from Tilbury to London Thamesport. The choice of London Thamesport by MacAndrews for all their South East calls reflects the high level of customer service we provide and our relentless efforts to provide a highly efficient, individual service to our customers.

"We have proven over the last few months our ability to adapt quickly to a changing environment

and deliver the levels of service MacAndrews quite rightly demand. We look forward to building on this new line of service and delivering the products to the market."

Geoffrey Smith, Managing Director of MacAndrews & Company Limited, added:

"We have decided to consolidate all four of our weekly multimodal services at London Thamesport following the excellent berth productivity and minimal truck turnaround times given by the port over the last 6 months.

"Port operations are an important link in our multi modal door to door supply chain to our customers and our services from Iberia, Scandinavia and the Baltic require fast and efficient operations to provide customers with their products in the minimum transit time and that is something London Thamesport can guarantee."

London Thamesport is one of the UK's leading ports. Situated just 35 miles from London, it boasts a depth of 15 metres of water alongside, 655 metres of quay providing 2 operational berths equipped with 8 ship-to-shore gantry cranes, allowing high intensity operations and excellent operational performance.



COSCO ENGLAND MAIDEN CALL

The 13,400 TEU *Cosco England*, the newest addition to the Cosco fleet, has made its maiden call at the UK's Port of Felixstowe.

Registered in Hong Kong, the giant container ship is deployed on Cosco's NE1 Asia – Europe service. With an overall length of 366 metres and a 153,666 deadweight tonnage, the *Cosco England* is the largest container ship in the Cosco fleet.

Speaking at a ceremony on board the vessel at Felixstowe's Trinity Terminal, Clemence Cheng, Chief Executive Officer of the Port of Felixstowe, said:

"Our relationship with Cosco dates back to 1989 when their first vessel called at the Port of Felixstowe, and we are honoured that they continue to make Felixstowe their UK port of call. We are the major gateway for trade with China and the *Cosco England* is a magnificent testimony to the importance of the Europe – Asia trade.

"It is appropriate that this magnificent ship has been christened the *Cosco England*, reflecting the increasingly strong economic ties that link China and the largest part of the United Kingdom. We are proud of the role we play in facilitating this trade and committed to providing the facilities and level of service that these modern mega-vessels require."

Simon Yang, Chief Executive of COSCO UK, said:

"The UK is absolutely one of the most important markets for Cosco Group, we have set up our bulk

shipping, and logistics business in this country, plus a fleet of 7 container ships flying the red ensign. With the ever growing investment, trade, cultural exchanges between China and the United Kingdom, Cosco is trying to do more to cover the whole UK and Ireland market, to improve efficiency, definitely with help of our partners like Hutchison and our customers."

The guest of honour at the event, His Excellency Liu Xiaoming, Ambassador of the People's Republic of China in the United Kingdom, added:

"Almost one and a half centuries ago, the Cutty Sark was travelling between China and Britain. Her predominant business was to carry tea from China. Today *Cosco England* has a new mission in China-Britain trade. Apart from tea, *Cosco England* will bring a multitude of items such as household consumer goods, mechanical and electronic appliances.

"In turn, *Cosco England* will carry to China not only wine, beer and whisky, but also vast quantities of aviation equipment, cars, machinery and medical instruments. *Cosco England* will become a symbol of China-Britain cooperation in the twenty first century, which is more extensive and substantial. More importantly, this cooperation is now based on equal-footing and mutually beneficial."

Cosco owns 187 container vessels totalling over 840,000 TEUs which are deployed on over 100 routes, covering 140 principal ports in 44 countries and regions. As well as Felixstowe, the NE1 service also calls at Ningbo, Shanghai, Hong Kong, Nansha, Algeiras, Hamburg, Rotterdam and Singapore.

NEW RECORDS BY ROAD AND RAIL

The Port of Felixstowe set new records for the highest numbers of containers handled by both road and rail in the final weeks of 2013.

Felixstowe is the UK's largest container port and the period in the run up to Christmas is traditionally the busiest time of the year.

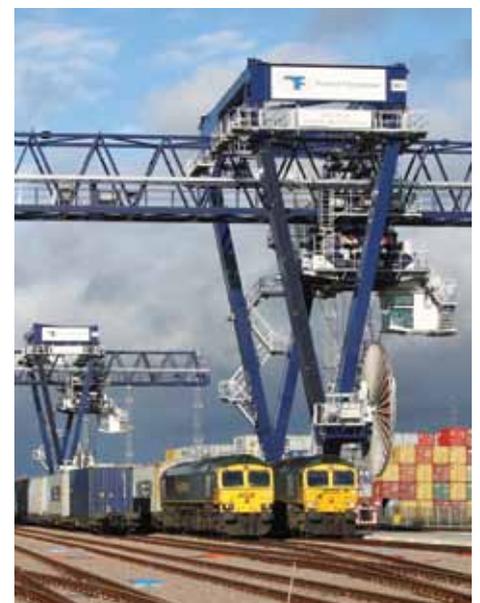
The rail throughput record was broken first. In the last week of October, 11,730 containers were handled to or from the port's 60 daily freight train movements.

A new road haulage throughput record was set on the last full working week of the year when 32,522 containers were received or delivered to road users.

Commenting on the records, Stephen Abraham, Chief Operating Officer at the Port of Felixstowe, said:

"We have put a lot of effort into improving the service to both road and rail operators. We opened the new North Rail Terminal in June last year and have had the first full year of the self-service terminals at the haulier in-gates and completed the roll out of a new system of hand-held units for our gate staff. Felixstowe is the only port in the UK that has the facilities to allow these sorts of volumes to be handled."

The port is continuing to invest in new facilities for both road and rail users. Two new Rail Mounted Gantry Cranes have been ordered for the new North Rail Terminal and, as reported on page 5, the port will acquire its first electric-RTGs in 2014.



THE NISSAN SUPPLY CHAIN

A VITAL LINK



Every day, Nissan's Sunderland plant produces a brand new Qashqai, Juke, Leaf or Note at the rate of two cars every minute. With over half a million cars produced every year, it's been the UK's largest car manufacturing plant for the past 16 years.

Along with every Nissan plant globally, the Sunderland plant operates the 'Nissan Production Way', a unique manufacturing system designed to produce high quality products, in sequence and delivered on time to meet customers' expectations.

This means that every car part and component, right down to the smallest washer, nut or bolt, must be in the right place at the right time to meet the plant's production plan.

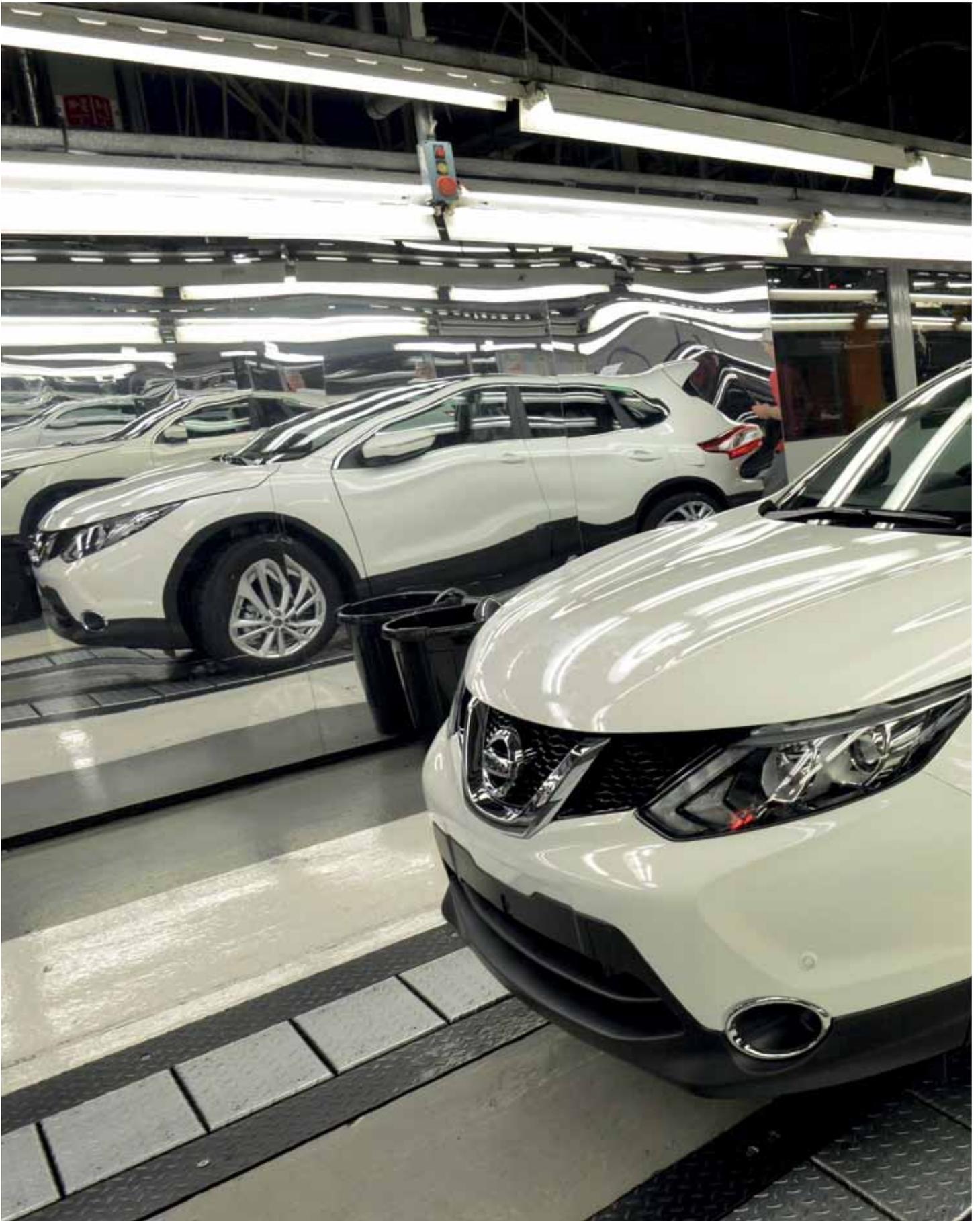
"When a customer walks into a dealership and places an order, we schedule that car into the production process within seven days," says Dave Christie, Plant Logistics Controller, Nissan. "Therefore we have to be ready to adapt and react very quickly – and with parts and components coming from all over the world, a reliable supply chain is critical to our operation.

The Port of Felixstowe is an integral part of Nissan's parts logistic network, with approximately 50% of NMUK's sea freight coming into the port

on five routes – from China, Japan, India, Thailand and the United States – with an average of four deepsea vessel calls a week.

Most of the containers then complete their journey to the North East via Unifeeder's coastal shipping service into the Port of Tyne. But the choice of onward transport modes is another crucial factor.

"Felixstowe is our preferred EU port of entry," says Dave Christie. "Reliability is the number one priority, followed by transit time. By using Felixstowe, the overall transit time can reduce by a number of days, depending on the frequency of the feeder service, when compared with other ports. ▶▶▶







"Our ideal scenario is a reliable shipping line with on-time delivery and shorter transit times and coming into Felixstowe ticks all the boxes."

Nissan has two production lines at Sunderland, each producing a car a minute.

Line 1 produces the all new Qashqai, as well as the 100% electric Leaf.

Line 2 produces the new Note, which was launched last September, the compact crossover Juke and a special NISMO version of the Juke.

In 2015, Sunderland will start production of a new Infiniti model, the Q30. Infiniti is the luxury arm of Nissan and this model will be the first Infiniti to be built outside the United States.

"2013 was a very busy year for the plant with three new model launches," says Dave Christie. "A new model can typically involve a change to parts sourcing; where the parts are coming from and how they get to us. Our purchasing organisation strives to achieve best parts quality in order to remain competitive at all times.

"We also have a battery plant on the same site, producing batteries for the Leaf and also for export, and parts are delivered via Felixstowe for this production, too."

He adds: "Routing containers through Felixstowe means we can have cargo in the UK

Routing containers through Felixstowe means we can have cargo in the UK quickly"

quickly, which can result in reduced inventory. It is a constant cycle. When parts arrive into the Port of Tyne from Felixstowe, they are required for production the following week. If the schedule changes because of customer demand, that is when we have to start looking at alternative delivery by road or even by air. And in the case of road delivery, Felixstowe offers a more reliable and quicker option."

Nissan's contract agreements are with the deepsea shipping lines but that certainly doesn't leave the Port of Felixstowe on the sidelines.

Dave Christie says: "Although we don't work directly with the port on a daily basis, we do talk regularly. If we're ever faced with a delay in parts reaching us, the Port of Felixstowe is always willing to help and on occasion have adapted their operations to our advantage." ■

HUTCHISON LOGISTICS

SEAMLESS CONNECTIVITY





*unparalleled
seamless
connectivity across
end-to-end supply
chains”*

At Hutchison Logistics, the purpose is clear; to offer unparalleled seamless connectivity across end-to-end supply chains to help their partners succeed.

Backed by the world's biggest investor, developer and operator of ports, Hutchison Port Holdings, Hutchison Logistics is uniquely positioned to leverage fully their extensive global asset base of 52 ports in 26 countries. HPH's network of trusted relationships can also be used for the benefit of its commercial partners and to create an unmatched independent, transparent and sustainable end-to-end logistics service offering.

Supply chains are becoming ever more complex. This is inevitable to meet changing demand patterns, diversity of manufacturing locations and the increased pace of business in order to flourish in today's global economy. Traditional approaches for companies to manage their supply chains, by either retaining full control of their logistics activities in-house or outsourcing transactional logistics activities to individual service providers, are becoming out-dated. Such an approach can lack the complete visibility, control and reliability required by most

// We take our time to fully understand our customers' needs"

companies. There is no longer a one-size-fits-all solution for managing end-to-end supply chains.

Instead, companies increasingly recognise the need to determine carefully the most appropriate logistics solutions relevant to each of their regions, markets, sectors or environments in which they operate. As Mark Taylor, General Manager, Hutchison Logistics says, "Companies are continually looking for their logistics solutions to offer greater flexibility, scalability and sustainability whilst at the same time maintaining the complete visibility, control and reliability necessary

to meet and exceed the demands of their customers. As such, increased complexity in the supply chain is an inevitable consequence and companies are looking for better ways to improve, manage and maintain seamless connectivity on a global basis.

"At Hutchison Logistics, we recognise this real and growing challenge being faced by today's leading organisations and we aim to help our partners succeed by offering unparalleled seamless connectivity across their end-to-end supply chains."

The approach at Hutchison Logistics is always to offer logistics solutions which exactly meet the needs of its customers. They recognise that both parties share a common goal.

However, historically, achieving this common goal tends to be an infrequent experience for many customers in the logistics market. This can be due to a number of reasons:

- The needs of the customer were not entirely clear or understood, either due to time constraints, lack of knowledge and/or lack of data;
- The logistics solution may be designed to primarily utilise an existing network of assets/facilities rather than remove waste from the supply chain;
- The logistics solution may meet the requirements of today but is simply too rigid, failing to offer the flexibility, scalability and sustainability required by the customer to meet future changing demand patterns; or
- The logistics solution may be offered and sold as a complete integrated package. In hindsight, a single provider may prove incapable of delivering complete visibility, control and reliability across all links in the customer's end-to-end supply chain.

Hutchison Logistics aims to change this experience. As an independent logistics provider backed by Hutchison Port Holdings (HPH) it has absorbed the HPH ethos of service delivery. All HPH's ports provide open access and this trusted independence runs through into the core values of Hutchison Logistics. As such, logistics solutions are designed using a collaborative vendor-neutral approach and always seek to find the best combination of reliable and trusted service providers with the most appropriate skills and capabilities to meet our specific requirements both locally and globally.

"THERE IS NO LONGER A ONE-SIZE-FITS-ALL SOLUTION FOR MANAGING END-TO-END SUPPLY CHAINS."

Explaining its approach, Mark Taylor added, "We take our time to fully understand our customers' needs through open, mutual exploration of the many opportunities, challenges and issues available to us jointly when considering and designing logistics solutions which exactly meets their needs.

"Given our unique position to fully leverage HPH's extensive global asset base and trusted relationships for the benefit of all our commercial partners, we offer our customers seamless connectivity across their end-to-end supply chain using our real-time IT systems. In most cases, data is captured at source through our unique ports' tracking systems, to offer first-hand unmatched accuracy, completeness and timeliness of data for complete visibility."

Mark Taylor stresses that Hutchison Logistics is committed to find sustainable logistics solutions for their customers which protect the environment and encourage collaboration to eliminate waste across the supply chain.

The purpose is clear: to offer unparalleled seamless connectivity across end-to-end supply chains to help partners succeed in their respective businesses. Hutchison Logistics does this through the provision of a full range of local and global services in three core areas: Ocean Freight Forwarding, 'Port & Pack' Services, Inland Intermodal Networks.

For more information about Hutchison Logistics, please contact us at:

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CUSTOMS AND BUSINESS

A BETTER CONVERSATION

DAVID HESKETH AND JIM ROPPER, CUSTOMS DIRECTORATE,
HM REVENUE AND CUSTOMS

HM Revenue and Customs (HMRC) is striving for a balanced approach to both regulatory control and trade facilitation. Our ambition is to put our customers at the heart of everything we do – to understand them, respond to their behaviours and expectations and help them to meet their obligations. Within the Customs Directorate of HMRC this means striving for a different and better conversation with business, characterised by trust and openness.¹

Our work on trade facilitation is aimed at simplifying and harmonising international trade procedures – a key policy for HMRC Customs. European exporters and importers are responsible

for 22 per cent of world trade: Facilitating these operations brings benefits to both the United Kingdom and the economies of our trading partners.

Customs has a major role to play at all levels of

**“SIMPLIFYING AND
HARMONISING
INTERNATIONAL
TRADE
PROCEDURES”**

trade facilitation. This includes drawing up the framework and rules to make this possible and then putting into place the tools and processes at operational levels.²

REDUCING SUPPLY CHAIN BARRIERS

A recent World Economic Forum report shows that supply chain barriers to international trade pose a greater impediment than tariffs. Reducing supply chain barriers could increase Gross Domestic Product (GDP) by nearly five per cent and trade by 15 per cent by minimising resource waste, reducing complexity and improving visibility.³

As the UK Customs authority, one of our most significant tools is the law. So modernising our primary legislation, the Union Customs Code (UCC), has kept us busy for some considerable



time. The UCC entered into force on 30 October 2013 and will be legally applicable from 1 May 2016. Because of the high levels of IT development needed, the code will be phased in over a four and a half year transitional period, finishing on 31 December 2020.

HMRC's Customs Directorate fully supports the need to modernise existing customs controls to ensure that they support economic growth. Developing customs for the future must be taken forward with trade partners to ensure that new controls are proportionate and add value for both customs and economic operators. We must avoid, wherever possible, increasing costs and administrative burdens for economic operators.

HMRC's vision for the future of trade includes

- risk based controls;
- facilitating legitimate trade;
- improving the security of the international

supply chain;

- working in partnership with economic operators; and
- reducing administrative burdens.

The current EU customs legislation (the Customs Code and its implementing legislation) is very much a product of its time. Since its adoption in 1992, the world of commerce has changed significantly. There have been booms, busts and recession, as well as the rise of new global markets. The use of IT by both customs and economic operators and the complexity of supply chains have developed to previously unthought-of levels; all this in a political landscape shaped by 9/11 and an increased awareness of supply chain security.

The key aims of the UCC are to simplify customs rules and to facilitate legitimate trade. In the main, these aims have been met. While UK negotiators were unable to overturn the need for a financial guarantee for those

Reducing supply chain barriers could increase GDP by nearly 5% "

authorised for a special procedure or to operate a temporary storage facility, they were, in co-operation with other Member States, able to secure a reduction in the level of the duty deferment guarantee.

It was a UK initiative that saw the retention of a transit simplification which, if it had not been achieved, would have cost businesses millions of pounds over the course of a year. This success was particularly noteworthy as it was a collaborative effort between HMRC and UK airlines which swung the argument; ►►►

a clear example of the customs/business partnership which is at the core of our vision.

In other areas such as temporary storage, single transport contract, centralised clearance and self assessment, UK negotiators managed to secure or retain simplifications to assist economic operators. The job is not over though, the work on the supporting legislation is only just beginning and we must ensure that we do not lose any of the ground that we have gained.

This is a great opportunity for legislators to ensure that the new legislation promotes simplification and burden reduction to contribute to economic growth.

KEEPING THE SUPPLY CHAIN VISIBLE

Unfortunately, the international trade supply chain has grown in complexity to a point where visibility is masked from many of those who need to know what is going on. The concept of a seamless, integrated data pipeline linking the seller/consignor and the buyer/consignee, as well as the interested economic operators in between, has been spearheaded by UK Customs through the Cassandra Project and, in 2014, through the new CORE project.⁴

CORE stands for Consistently Optimised Resilient Secure Global Supply Chains and is more of a demonstration programme than pure research.

As this project will be concerned with sea container traffic in the United Kingdom, we will focus on the premier Port of Felixstowe and the port community system most widely used in the UK which is *Destin8* from Maritime Cargo Processing plc, based in Felixstowe.

The new CORE Project presents the opportunity to focus on better co-ordinated border management, stronger engagement by shippers, buyers and sellers and making better use of existing initiatives such as 'pipelines' developed by UK forwarding and logistics companies.

The Union Customs Code supports ground-breaking initiatives such as Cassandra and CORE. It recognises that facilitating legitimate trade

“uncertainty and a lack of clarity could be avoided and delays reduced or eliminated”

and the fight against fraud requires simple, rapid and standard customs procedures and processes, simplified customs legislation and the use of modern tools and technology. Customs procedures should be merged or aligned and the number of procedures reduced to those that are economically justified, with a view to increasing the competitiveness of business.⁵

The UK Prime Minister, David Cameron, has publicly stated that he would like to see the UK in the top five countries of the World Bank ranking for ease of doing business across borders.

Within HMRC we think that our strenuous efforts in influencing the Union Customs Code go some considerable way to demonstrate our commitment to making trade easier. Modern legislation and supply chain visibility are key elements to achieve this.

In his consideration of supply chain dynamics, the engineer, Jay Wright Forrester concluded that uncertainty and a lack of clarity could be avoided and delays reduced or eliminated by building in real time data management or feedback loops. In essence this is the basis of modern day demand for supply chain management and our public-private partnership in creating IT-based supply chain visibility through the pipeline concept.⁷

The better conversation that's happening between HMRC and international trading businesses operating in the UK is helping to make these visibility goals a reality. ■

¹ HMRC, Making a difference: Review of Links with Large Business, Budget 2008

² European Commission, DG Taxud http://ec.europa.eu/taxation_customs/customs/policy_issues/trade_facilitation/index_en.htm

³ World Economic Forum, Enabling Trade Valuing Growth Opportunities <http://www.weforum.org/reports/enabling-trade-valuing-growth-opportunities>

⁴ Hesketh D, World Customs Journal, Volume 4, number 2 <http://www.worldcustomsjournal.org/media/wcj/-2010/2/Hesketh.pdf>

⁵ 2012/0027 (COD) Union Customs Code, (12)

⁶ Jay Forrester, 1961, Industrial Dynamics, Waltham, MA: Pegasus Communications

⁷ Hesketh D, World Customs Journal, Volume 3, number 1, page 30 <http://www.worldcustomsjournal.org/media/wcj/-2009/1/Hesketh.pdf>



**"THERE HAVE BEEN
BOOMS, BUSTS
AND RECESSION"**

UK Border Agency



PORT-CENTRICS

UNDERSTANDING THE BENEFITS
AND REALISING THE OPPORTUNITIES...

IAIN LIDDELL, CEO AND FOUNDER OF THE UNISERVE GROUP



We are immensely proud that the Uniserve Group, which is the largest British privately owned international freight and supply chain management company in the UK, is celebrating its 30th anniversary later this year. Portcentrics has been a key element of our strategy throughout this period and is one of the reasons behind our acquisition of 27 acres of land immediately adjacent to the Port of Felixstowe early in 2009.

We have facilities at most of the main sea and air ports in the UK, which allows us to be close to the cargo at point of entry or exit from the country and also means we can maximise the benefits of the portcentric supply model. Portcentric operations can show a significant saving on the supply chain costs and gives a major competitive advantage with lots of other benefits

including green initiatives and speed to market.

So what is Portcentrics – simply put, it is the combination of various elements of the supply chain centred around a port and a facility at that port. It combines the port of entry with administration, customs, warehouse, distribution, assembly and manufacturing processes and buildings, with various modes of transport including sea (both deep sea and short sea), road and rail in order to maximise the efficiencies and minimise the costs of the supply chain from “origin to destination” – the manufacturer to the customer.

Portcentrics is an intelligent solution, it is all about more effective supply chain management by reducing the touch points of goods, stripping out duplication and maximizing the efficiencies of getting goods to market and reducing the time inventories are in transit. Uniserve’s strategy will place it ahead of its rivals, and through its portcentrics facilities Uniserve will be able to offer its customers unique facilities and services.

We have seen manufacturing sites move to the Far East and Asia and at the same time competition has

intensified and the consumer has become increasingly cost sensitive. The challenge has never been greater for supply chain and logistics directors to identify ways of optimising the economics and the process of moving goods around the world.

The shift towards a greater reliance on imported goods in the UK, and the increasing costs of moving these goods on UK roads between the ports and the distribution facilities which have traditionally been located in the heartland of the UK, and then on to the consumer markets themselves, is forcing everyone to consider and challenge their old supply chains, with many now understanding the advantages that can be offered by locating a facility at the port itself.

Interest and investment in this approach by both retailers looking to increase margins and logistics providers alike has increased over the last few years. A recent survey undertaken by Gazeley and the UK Logistics Fund, found that 83 percent of respondents stated a strong belief that portcentric operations were set to increase.

Portcentric operations streamline the supply chain for retailers who previously managed their own UK logistics through what was often a fragmented process. By taking charge of the door-to-door process, portcentric operations provide a highly efficient solution, cutting 10-15% of time out of the supply chain from the Far East for example. This obviously reduces both costs and equally important, cuts the road miles and carbon output when containers are moved inland to consolidation centres and then moved to the consumer market, while the empty container is returned to the port for repatriation to the ship. The potential benefits of portcentric logistics are becoming clearer as a source of competitive advantage for cargo owners and retailers alike.

It has been calculated that ocean shipping is six times environmentally friendlier per tonne-mile than carrying the same goods by lorry. This is increasingly becoming an important consideration with the European

Union recently stating that freight distribution tasks over 300km should not be carried out using road transportation.

Ports such as Felixstowe, already the UK's largest container port and destined to stay that way, are ideally positioned to become centres for portcentric operations with excellent transport links via road as well as rail and equally important via Ro-Ro and feeder ships to the Northern European markets offering UK based operations the opportunity to export goods to the Continent via UK based portcentric operations.

This is the reason that Uniserve is developing a new modern 47,000 sq m (500,000 sq ft) 40m high bay multi-user facility in Felixstowe later this year, having recently secured detailed planning permission earlier this month.

We have planned to develop a large portcentrics

operation in Felixstowe for many years and with the planning approval recently secured, we intend to commence construction soon for operation in 2015, and with more than half a million sq ft feet plus future mezzanine floors we will be able to offer our customers the economies of scale and all the advantages of direct arrival and distribution. We will be providing a variety of operations including cross docking, storage, drinks logistics, fashion distribution, e-fulfilment, reworking and assembly, amongst others.

An investment on this scale is recognition that the future lies in large-scale highly efficient port operations and confidence in the Port of Felixstowe itself.

With continued pressure to improve the efficiencies of supply chains, port location and economies of scale are undoubtedly important factors to create the perfect supply chain model.

**“PORTCENTRIC
OPERATIONS
CAN SHOW A
SIGNIFICANT
SAVING ON THE
SUPPLY CHAIN
COSTS”**



RICHARD FLEMING

LOGISTICS DIRECTOR SAINSBURY'S



Sainsbury's

- 1993: Trained as a chartered accountant at Touche Ross, which would ultimately become Deloitte.
- 1998: Joined Bhs, which was then part of the Storehouse Group, as a financial analyst. Whilst there, we were bought out by Philip Green, so I guess my first taste of private equity.
- 2001: Moved to Sainsbury's performing a variety of roles within the finance function, ending up as the director of group finance.
- 2012: Became logistics director, to gain operational experience and see life on the front line!

Q&A

Q Describe your Role at Sainsbury's:
A I am responsible for the daily operational performance of the Sainsbury's logistics operation, which delivers approximately 25 million cases of product each week to our supermarket and convenience shops across the UK, as well as leading the logistics strategy and change programmes that will support our 2020 growth vision.

Q What is the Biggest Challenge of your job:

A Planning in an uncertain world. Infrastructure investments are expensive and timing these to maximize returns, as well as delivering the people and process change that accompany them, whilst still delivering excellent operational performance in the interim is a constant challenge.

Q What do you find Most Satisfying about your role:

A The blend of day-to day operational delivery, knowing you are playing a key part in delivering for our customers, and thinking about the challenges of the future. I'm lucky in that I have a great leadership team, who hold all the logistics experience, to which I can bring my commercial experience and work together to deliver an ever-improving service.

Q Describe your Best Day at work:

A It has to start with a clean overnight delivery schedule of our fresh product into our stores. Thereafter, spending quality time with my team or colleagues in the depots, to get their thoughts and challenges, which can really help provide fresh perspectives on the issues you might be considering.

Q Favourite Film:

A Usual suspects

Q Ideal Dinner Guest:

A Victoria Coren – a very intelligent lady and a mean poker player!

Q Favourite Book:

A Any sporting autobiography – Agassi's was particularly good

Q Favourite Meal:

A A good curry takes a fair bit of beating

Q First Record Bought:

A A-Ha, Take on me

Q Last CD Bought:

A Imagine Dragons, Night Vision

Q Ideal Holiday Destination:

A Skiing

A DAY IN THE LIFE...

07:00

The day starts early, as details of the overnight delivery schedule come through. We then have a conference call at 0730 every day of the year (except Christmas Day) with all the depots to report performance and any issues for that day. We will have also seen yesterday's sales figures and be revising forward volume demands accordingly.

08:00

Catch up on emails and read the daily press cuttings and financial market reports as they relate to Sainsbury's.

09:00

I will normally be at one of our depots across the country so will spend time with the General Manager to get a flavour of current performance and discuss any projects or future plans that are forthcoming. I may also conduct a rapid site survey, which focusses on health, safety and the environment or discuss action plans for the site's top risks and how we are continuing to ensure safe working conditions across our depots. I may also conduct a colleague listening group to hear their thoughts and concerns.

11.00

Chairing one of our leadership team or project review meetings. We currently have two big projects in-flight, being the re-development of our Basingstoke depot and the build of a new General Merchandise and import centre at Daventry. Making sure these are on-track and that issues are being managed is vital as we invest significant sums to support our 2020 vision. And then there is also Christmas 2014 to plan for...yes it starts in January!

13.00

Lunch is a sandwich grabbed at any desk I can perch on, whilst keeping the emails at bay and catching up on any phone calls.

14.00

Further meetings, this time with key stakeholders around the business. Change is a constant feature of our business, so ensuring that this is being delivered consistently and with engagement is important. The growth of our non-food and import operations is an example of this change, and with two thirds of our imports coming through Felixstowe, managing an effective operation and relationships at the port is vital for our business.

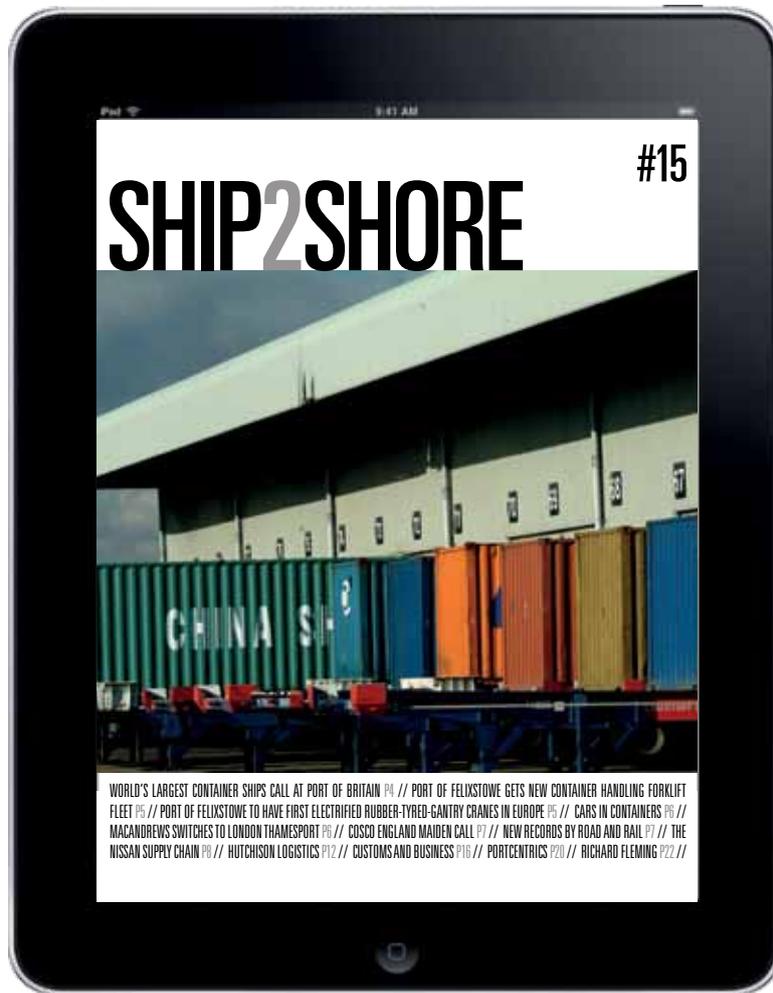
16.00

A one-to-one catch up with one of my direct reports. Spending quality individual time to share thoughts and issues is key to ensure we are clear on priorities, that I am able to provide support and direction, plus to cheer on our progress.

17.00

A quick check that the network is well-set for another overnight schedule. Watch-outs will be the weather, road conditions (especially on a Friday) and any supplier issues. The phone is always on and the emails don't stop either...as my wife keeps reminding me!

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