

# SHIP2SHORE



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# CEO COMMENT

Mergers and alliances have been a feature of the container shipping industry, as liner operators continue to seek the economies of scale that deliver highly efficient and cost-effective services.

The latest phase of consolidation began last year with the acquisition of NOL/APL by CMA CGM. On 18th February, I attended the ceremony in Shanghai for the formation of China Cosco Shipping Group, the new company created by the merger of Cosco and China Shipping.

In recent weeks the Shanghai Containerised Freight Index (SCFI) has slumped to the lowest level recorded since its 2009 launch. Whether or not the latest consolidation will be sufficient to restore and stabilise freight rates remains to be seen. However, it will presage another shake-up of shipping alliances as the lines all talk to each other about new alliance structures. The industry expects announcements relating to this in the second half of 2016.

By then we will also know the result of the In/Out referendum on the UK's membership of the European Union. In March, we were honoured to welcome the Prime Minister back to the Port of Felixstowe for his second visit in a little over 12 months.

In an address to a big gathering of workers and users of the port, Mr. Cameron spoke passionately about the benefits to the UK of our continued membership of a reformed EU. These include free access to 500 million consumers in the world's largest trading bloc and participation in over 50 trade deals the EU has with other markets around the world. Both of which are hugely important to our industry that exists to serve international trade. Furthermore, the borderless trade with Europe, through a single customs regime, and our ability to influence European legislation all help the UK economy.

A few commentators have cited the recent proposal from the European Commission for a Port Services Regulation (PSR) as the latest example of damaging legislation from Brussels.

No one dislikes regulations more than me, but the latest proposal will not actually harm UK ports. What does harm UK ports is unfair competition brought about by subsidies and state aid. These are given to various ports, particularly those on the continent, and one thing the PSR will deliver is greater commitment to transparency of public funding. Something the UK industry has argued in favour of for many years.

Moreover, the PSR is a great example of how membership of the EU benefits the UK. The DfT and trade bodies had fought hard to shape this piece of European legislation and achieved a reasonable compromise. This is important because no one can tell us what a vote to leave the EU means for future access to European markets. It is quite likely that, to secure full access, we will have to adopt certain EU laws even if we are no longer members in much the way that Norway does.

But why should we have to choose between free access to the EU or the ability to influence the laws which dictate how we operate? Membership of a reformed EU gives us both and is why I support the Prime Minister's position on this crucial vote.

The UK is a trading nation and, as a port operating company, we have a very international outlook. I hope the voters of the UK will see the benefits of continued membership of the world's largest trading block when they vote on 23 June.

**CLEMENCE CHENG**  
Chief Executive Officer

# NEWS UPDATES



## BUMPER HARVEST FOR HARWICH

This year promises to herald a bumper grain season for Harwich International Port. Located within the UK's agricultural heartland, Harwich has long been associated with the export of bulk foodstuffs. However, it is the port's ability to accept and load larger vessels, with parcels in excess of 25,000 tonnes, which truly sets it apart.

Working on behalf of Nidera UK Limited, headquartered in nearby Ipswich, the port recently welcomed the bulk carrier IVS Orchard, which loaded the largest consignment of grain

to yet leave the facility. Utilising a dedicated 6,000m<sup>2</sup> purpose-built warehouse within the port and supplemented by further deliveries by truck directly from road, the vessel sailed with a record-breaking 27,243 tonnes of wheat on board.

Commenting on the achievement, Mark Seaman, HPUK Finance Director and Executive with responsibility for the port, said:

"The relationship between Harwich International Port and Nidera UK Limited spans over 20 years and with the record loading to the IVS Orchard, yet another significant milestone has been

achieved. The port is delighted to support this important sector of the regional economy and looks forward to many more years of successful cooperation with our partners at Nidera".

Not content to rest on its laurels, Harwich remains optimistic that 2016 will see further records broken, with a stream of larger vessels scheduled to call at the deep water berth in the coming months.

Capable of accepting vessels in excess of 300 metres in length and a 9.5 metre draft, with 11.5 tonne crane grabs and access for elevators, the berth has proved ideal for operations of this type.

## FOOD FOR THOUGHT

Hutchison Logistics, the logistics arm of Hutchison Ports, recently hosted an exclusive event at the Port of Felixstowe for some of the most influential leaders from the British Food Industry.

The event, which was organised over two days, included a business dinner for 30 senior executives from the food and agri sectors followed by a round table discussion with Clemence Cheng, Managing Director, Hutchison Ports Holdings Europe. On the second day, the delegates enjoyed a presentation by Hutchison Logistics, a full port tour, including a behind-the-scenes visit to the new £4 million state-of-the-art Examinations Facility, and the opportunity to meet with Port Health and DEFRA representatives.

“The purpose of this unique event was to share valuable insights with UK businesses to help them make better informed decisions” commented Mark Taylor, General Manager, Hutchison Logistics. “Bringing these industry leaders together into the busiest port in Britain to witness the size and scale of our port operations and our in-house expertise and capabilities to seamlessly handle and process their cargo as part of their complex global supply chains hopefully was of value.”

## PRIME MINISTER RETURNS TO THE PORT OF BRITAIN

The Rt Hon David Cameron MP has paid his second visit to the Port of Felixstowe in a little over 12 months.

He visited the port in March to speak to a group of employees, port customers and local councillors about the benefits of the UK’s membership of the European Union.

Accompanied by Clemence Cheng, Chief Executive Officer of Hutchison Ports (UK) Limited and Managing Director of HPH Europe division, and Christian Salbaing, Deputy Chairman of Hutchison Whampoa Europe, the Prime Minister visited the recently opened extension to the port’s Berth 9 before delivering a speech at one of the port’s engineering workshops.

Speaking about the importance of the forthcoming EU referendum, David Cameron said:

“I can’t think of anywhere better to talk about this issue of whether we should stay in a reformed European Union or whether we should leave.

“We are a trading nation and we feel this more than ever here at the Port of Felixstowe, the biggest container port in our country.



And the positive feedback received afterwards from the delegates certainly seemed to endorse the best intent of Hutchison Logistics in holding this industry focused event. Comments include “Cracking event”, “Eye-opening scale”, “Quite breath-taking” and “Your experienced team looked after us exceptionally”.

“Given the success of our Food For Thought event,

we plan to hold similar events to share our supply chain insights later in the year. We want to focus on other key sectors contributing to the British economy and who see the Port of Felixstowe as an integral part of their supply chain.” Mark Taylor added. “We’re certainly open to suggestions if any business leaders from other interested sectors would like to get in touch. Please email - [taylorm@hutchisonlogistics.co.uk](mailto:taylorm@hutchisonlogistics.co.uk).”



“I’m absolutely convinced the right decision for Britain is to stay in a reformed European Union.”

Clemence Cheng said:

“We were honoured last year when the Prime Minister chose the Port of Felixstowe to launch the Government’s economic plan for the East of England

and we are very pleased that he has visited us again, this time to speak about the importance of our continued membership of the European Union. 26% of exports from Felixstowe go to other European Union countries and during his speech Mr Cameron acknowledged that good trading relations are important with all countries to help the UK economy continue to thrive.”

## NEXT GENERATION OPERATING SYSTEMS

Work at the Port of Felixstowe on nGen, its innovative new Terminal Operating System (TOS) is about to enter the testing phase.

The TOS is the nerve centre of the port which controls all operations from booking a vessel to dispatching a container from the port to its final destination. There are a large number of complex processes that need to combine effortlessly in order to ensure port operations are delivered to the customer in the most efficient way.

Rather than use various third-party systems, Hutchison Port Holdings has developed its own made-to-measure system to ensure its ports get the best bespoke solution. The port's dedicated team is working with various specialists from across the port and with its Hong Kong head office to ensure a smooth transition to the new system.

Felixstowe handled over 4 million TEUs in 2015 but is committed to a programme of constant improvement to keep it ahead of the competition. Stephen Abraham, Chief Operating Officer at the port, explains:

"Implementing a new Terminal Operating System is a hugely complex task. However, we have the



experience of 21 installations at ports around the world behind us which means we get a proven product delivered by a highly experience team of developers. We are about to begin testing of various elements of nGen which, when combined, will support our ability to achieve the next level of operating efficiency.

"In port terms, we are very much a Champions League team but, like any top team, we recognise the need to refresh and renew to stay at the top. nGen will complement the investments we continue to make in physical infrastructure to ensure we remain the port-of-choice for shipping lines, shippers and receivers long into the future."



## PORT COMMUNITY FUND CELEBRATES COMMUNITY GIVING

The 'inspirational' achievements of the unique Felixstowe-based Port Community Fund have been highlighted at a special awards ceremony.

The event, held at Felixstowe Town Hall, brought together members of the Port Community Fund with business, charity and community representatives, including the Mayor of Felixstowe, Doreen Savage, who presented PCF plaques to several organisations supported by the fund.

The Port Community Fund was created in 2008 when a group of companies in and around the Port of Felixstowe – including the port itself – decided to

pool their resources so that together they could do more to support local charities and build a 'mutually supportive relationship' with the local community.

To date, the Port Community Fund has made 168 grants to 62 different organisations, with a combined value in excess of £310,000. In addition, the members are building an endowment fund to provide for grant making in perpetuity; this already exceeds £150,000, and the ambition is to reach £1 million.

The fund is managed by the Suffolk Community Foundation, whose chief executive, Stephen Singleton spoke at the ceremony and praised the Port Community Fund as 'enlightened and absolutely inspirational'.

The Mayor handed out plaques to the Disability Advice Service (East Suffolk), which received the first ever grant made by the fund, and to East Suffolk Association for the Blind, Felixstowe Area Community Transport, Suffolk Cruse Bereavement Care, the Woolverstone Project and Bumblebee Children's Charity.

Mike Deacon, chair of East Suffolk Association for the Blind, said: "Without the funding from the Port Community Fund, quite simply we couldn't manage."



### CHINA COSCO PREFERRED PARTNER

Hutchison Port Holdings (HPH) has signed a preferred partner agreement with China Cosco Shipping Group, the new line created by the merger of China's two largest shipping conglomerates Cosco and China Shipping.

The agreement was signed by Clemence Cheng, Managing Director, HPH Europe and a member of the HPH Executive Committee, and Wang Haimin, General Manager, Deputy Secretary of the CPC Committee of COSCON. The signing was overseen by Eric Ip, HPH Group Managing Director (second

left in picture) and Captain Xu Lirong, Chairman of China Cosco Shipping (second right).

Speaking after the ceremony, Eric Ip said:

"We are delighted to be one of just seven companies chosen to sign preferred partner agreements with China Cosco at the ceremony launching the new group. Both Cosco and China Shipping have been long-term customers of HPH at many ports worldwide and this agreement will help cement our already strong relationship."

Clemence Cheng added:

"We are excited at the prospect of working with the new group in future to ensure our mutual customers continue to receive the highest quality shipping and port services."

Following the merger, China Cosco has become the world's fourth largest container shipping line with 1.6 million TEU capacity across its fleet which includes some of the world's largest container vessels. However, the group has an ambitious newbuilding programme and capacity will increase to 2 million TEU by 2018.

### PORT OF BRITAIN HITS THE ROAD

BAP Transport has taken delivery of the first of a fleet on new trailers that will carry the Port of Felixstowe - The Port of Britain branding.

The BAP group has been operating from a base at the Port of Felixstowe for over ten years. They provide a range of warehousing and logistics services for a variety of importers and exporters including major retailers.

Commenting on the new trailers, Lawrence Yam, Commercial Director for Hutchison Ports (UK), said:

"The Port of Britain branding reflects Felixstowe's position as the country's leading port for unitised trade. Nearly one-half of all containerised imports come through Felixstowe and, through this initiative with the BAP group, our branding will become a familiar site on roads throughout the country."

Ronnie Brooks, Managing Director of the BAP Group, added:



"We are delighted to receive the first of our new trailers in the Port of Britain livery. We have had a good relationship with the Port of Felixstowe for a number of years and this new venture cements the cooperative approach we have to providing the right

solutions for our mutual customers."

The trailers will be used to deliver goods arriving through the port to destinations country-wide.

# A WEIGHT OFF SHIPPERS' MINDS:

the Felixstowe Container Weighing solution

**O**n the face of it, providing an accurate weight for a container before it is loaded on to a ship might sound pretty straightforward. However, as the July 1 deadline approaches for implementation of the new SOLAS (Safety of Life at Sea) Convention amendments, there is still huge uncertainty and debate in the

industry as to just how, where and when this new requirement will be met.

Can container weighing be achieved without creating bottlenecks and delays at critical points in millions of containerised supply chains, especially when some shippers and logistics professionals are apparently still unaware of what's on the horizon?

The new regulations state clearly that from July 1, any container departing any port worldwide

must have a shipping document, signed either electronically or in hard copy by the shipper, giving its verified gross mass (VGM). If there's no VGM, the container doesn't get loaded.

There are two accepted methods of establishing the weight. First, the entire packed container can be weighed using certified and calibrated equipment. Second, a 'calculated weight' method can be used – this means adding up the tare weight of the container plus all the individual 



*Our weighing service will be operational in good time to ensure all exporters can be compliant by the time the new rules come into force."*



items packed and the packing materials, using an approved process. Either way, an estimated weight will not be accepted.

As the UK's largest container port by far, the Port of Felixstowe has already taken a leading role in the consultation exercise by the UK's Maritime and Coastguard Agency (MCA) on the implementation of the new rules.

But it is also taking practical action to support UK shippers; in February, the Port of Felixstowe announced that it will provide a container weighing service to ensure that shippers can comply with the new regulations. This will take the form of a weighing station to be operated before the 'in gate', using reachstackers fitted with load cell technology, with a charge for the service.

This doesn't mean that any container arriving by road without a VGM will automatically be directed to the port's weighing facility. "A container will still be allowed on to the terminal without a VGM," says Stephen Abraham, Chief Operating Officer at the Port of Felixstowe. "However, the VGM must subsequently be provided at least 24 hours before the loading vessel's arrival, to allow for stowage planning. If the VGM isn't made available in time, we will then weigh the container ourselves and provide the VGM on the shipper's behalf. The charge for weighing at that point in the process would be higher, to reflect the amount of work involved in locating the box, taking it out of the stack to the weighing station, and delivering it back."

There will be some exceptions to the rules. Any boxes containing class 1.1, 1.2 and 1.3 hazardous

goods would not be able to have a VGM provided by the Port – these containers require prior approval by the Port's Dangerous Goods Department and, if approved, they are then delivered direct to the vessel by the haulier, so a VGM must be in existence before arrival at the terminal in order to meet the usual Port procedures.

For containers arriving outside normal working hours, (between 15:00hrs Saturday and 23:00hrs Sunday and Bank holidays) advance notice must be given if the weighing service is required. There is also the question of how a haulier will know if they are to proceed to weighing station before the in-gate. This will be covered by the Vehicle Booking Service (VBS), which will be updated to identify which bookings involve containers which do not have a VGM.

Whether a container is weighed at the Port weighing station on arrival or later, once the VGM has been established, the result will be sent back electronically to Destin8, the Port Community System operated by MCP, and the shipper will be deemed to have appointed the Port as the person authorised to provide the VGM to the shipping line.

Destin8 is at the heart of the 'spider's web' of electronic information that keeps trade moving through the Port of Felixstowe. Enabling and allowing for container weighing will be another essential part of that spider's web – but changes will be kept to a minimum, says Steve Lamb, General Manager of MCP.

"In order to ensure a compliant and consistent approach for terminal operators and shipping lines using the Destin8 Port Community System, MCP will

be adding SMDG VERMAS message functionality, modifying a number of export transactions and associated Destin8 Inter System Link (ISL) and EDIFACT messages," he says.

Destin8 will provide the functionality and messaging to enable the processing and exchange of VGM information and other requirements between the terminal and carrier systems, he explains.

"To limit the impact on our respective systems, changes have been kept to a minimum and, where possible, used existing data or otherwise harmonised data elements, such as UNECE official codes."

The changes will enable export bookings to be made with or without a VGM in the first instance, with the flexibility to add this prior to vessel planning as required. Destin8 will also accept VGM data and forward it to all respective parties when the VGM is generated by the terminal weighing facility. Full implementation of the Destin8 changes is scheduled for June 7.

Looking at the issue as a whole, the container weighing rules do have the potential to cause significant disruption to export supply chains, says Stephen Abraham – hence the decision to provide the weighing facility at the Port. "We have met with many customers and, it is clear from their feedback, that there was still a lot of uncertainty amongst exporters about the new rules. Our weighing service will help them avoid any difficulties they might otherwise have had and allow the continued smooth functioning of export supply chains."



# SIZE MATTERS

– Shipping Lines seek Scale





It was Heraclitus of Ephesus, a fifth-century B.C. Greek philosopher, who was first credited with the saying that ‘the only thing that is constant is change’.

He wouldn’t have been familiar with how modern day container shipping would develop but his observation is as true today as it was 2,500 years ago. Ever since the introduction of container shipping, the industry has been characterised by an ever changing mosaic of companies and partnerships.

The first European container lines, companies such as Overseas Container Lines (OCL) and Associated Container Transport (ACT), were themselves formed from alliances between a number of general cargo lines and both were eventually consumed by subsequent mergers and acquisitions.

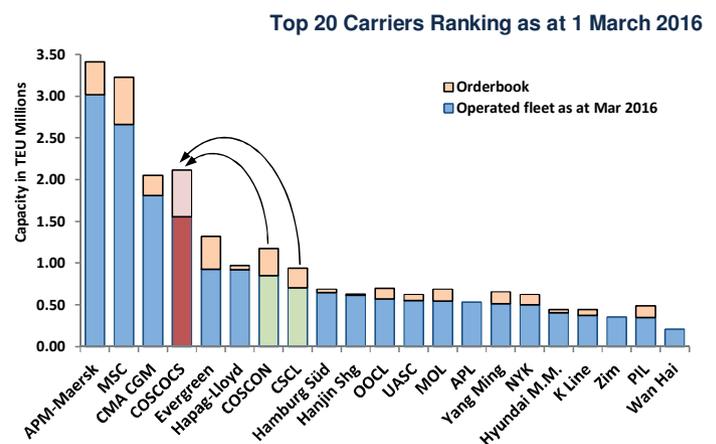
Since then, other venerable shipping companies have also been subject to the same process. The operator of the first dedicated container service in Europe, Sealand, is now part of Maersk as is P&O and Nedlloyd. The world’s third largest container line, CMA CGM, was itself the result of a merger of the two French companies that constitute its name, and is currently in the process of acquiring Singapore’s APL.

It is not just about mergers for mergers sake. What it is about, increasingly, is scale. And there is more than one way to achieve it. Whilst many lines have been active one way or another in the M&A market, others, notably Mediterranean Shipping Company (MSC) and Evergreen have grown organically. They now rank as the second and fifth largest lines in the world respectively.

The latest phase in this process of change occurred on 18 February 2016 when a new shipping entity was officially born. China COSCO Shipping Corporation Limited has been created through the merger of China’s two largest shipping conglomerates, China Ocean Shipping (Group) Company (COSCO) and China Shipping (Group) Company.

The total China COSCO Shipping fleet, including bulkers and tankers, and container, general cargo and specialised cargo ships, comprises 1,114 vessels with a capacity of 85.32 million dwt, putting it at number one in the world. The container fleet capacity alone adds up to 1.58 million TEU, ranking it fourth in the world behind Maersk, MSC and CMA CGM.

“The vision of China COSCO Shipping Corporation is to undertake the mission of globalising the Chinese economy, consolidate advantageous resources, take global shipping, integrated logistics, and shipping related financial services as core business, and develop diversified industrial clusters, so as to build a world-leading business entity that provides integrated logistics and supply chain services” said the new company in a statement. It will be focusing on four strategic dimensions: scale growth, profitability, anti-cyclical capability and building a global company.



Source: Alphaliner.



Xu Lirong, the former President of the China Shipping group but who previously also worked for COSCO for 36 years, has been appointed Chairman of China COSCO Shipping Group. Described in the media as well respected in both companies, he led the joint working group that worked out the merger plan.

Lawrence Yam, Hutchison Ports UK Commercial Director, said: "We have a long relationship with both CSCL and Coscon and were delighted to have been named a preferred partner of China COSCO Shipping Group. We look forward to having the opportunity to continue serving the new enlarged company and, importantly, supporting its vision for the future."

The other major shipping deal of the moment, the takeover of Singapore's APL by France's CMA CGM, will create a combined fleet with an 11.5% share of the world's capacity, reinforcing its position as the third largest container shipping

line. The acquisition will create a fleet of 563 vessels; final approval of the deal is expected by mid 2016.

"At a time when the shipping industry is facing strong headwinds, scale is more critical than ever to capitalise on synergies and capture growth opportunities wherever they arise," CMA CGM vice-chairman Rodolphe Saadé said in a statement.

Drewry Maritime Equity Research Director Rahul Kapoor commented: "This is a welcome move. The industry needs consolidation." The 2M service of Maersk and MSC is the only global shipping alliance untouched by this latest round of consolidation and many of the lines involved are already deep in negotiations over a realignment of the current arrangements. Speculation is keen as to what new alliances will emerge, but one thing is certain; the whole process will prove that, once again, Heraclitus is right, and change is the only constant.



*The vision of  
China COSCO  
Shipping is to undertake  
the mission of globalising  
the Chinese economy”*





*// // Tugs today are all highly computerised, more powerful and much more complex than the tugs of years ago."*

A photograph of a tugboat on the water, viewed from a distance. The tugboat is dark blue and white, with a yellow stripe along its side. It is moving across the water, leaving a white wake. In the foreground, several thick, braided ropes are visible, extending from the top of the frame down towards the water. The background shows a clear blue sky and a distant shoreline with some buildings and a small sailboat. The overall scene is bright and clear.

# ART OF TOWAGE



For those not familiar with the wonderful world of tugs, the idea of ‘indirect towage’ just doesn’t seem right. Don’t tugs tow? How can they do that ‘indirectly’?

Time for a conversation with tugmaster Tracey Cushing. Now aged 57, he’s been in towage man and boy, having started straight from school at the age of 16, working in London Docks in the 1970s. Back then, the tugs he worked on had a modest 16 tons bollard pull and he started his career as a cook onboard, before working his way up to deckhand and eventually skipper.

Probably he could never have imagined the highly sophisticated tugs he skippers in Felixstowe today, with 70 or 80 tons bollard pull and a host of highly sophisticated technical systems to help guide the world’s largest container ships to and from their berths.

Svitzer Towage has four tugs based at Felixstowe – the most recent arrival being the *Svitzer Deben*, skippered by Tracey. The *Svitzer Deben* entered service at Felixstowe in November 2015, and is due to be officially named in April.

“She is an 80 tons bollard pull tug with azimuth stern drive and has 10 tons bollard pull more than anything else we have based at Felixstowe,” he says. “The three others – *Svitzer Sky*, *Svitzer Shotley* and *Svitzer Stanford* – all come in at 70 tons bollard pull.”

But it takes a good deal more than sheer force to manoeuvre the 200,000 ton mega-vessels calling into Felixstowe – this is a task that demands close communication with the pilot on the bridge, precise timing, a very good eye for detail and, of course, plenty of training.

Bow-to-bow towage is one technique that has been pretty much routine at Britain’s biggest port for some years. Indirect towing has been used as well, but never so much as it is now.

Tracey explains: “Historically we had conventional tugs, which means they were not multidirectional, so we would do the pick-up [of the tow rope] over-aft. With the azimuth stern drive, we can pick up head-to-head, which means that as the ship comes round the corner into the harbour, we lay in the channel waiting for it. We wait for the ship to close up to the tug and gradually build up our power so we are running with the ship; they then throw a line down. Yes, it can get a bit intense!

“You might then tow bow-to-bow or the pilot might want you on the shoulder to either push or tow.”

Indirect towing happens from the stern of the ship. “Ships come in through the main channel and must do a hard right turn into the harbour. The pilot will ask the tug to go indirect on the port side and effectively push on the rope rather than pull, to prevent the stern swinging around too far. The same technique, on the other side, is used for going out.”

The *Svitzer Deben* was designed with the large container ships specifically in mind, Tracey explains – it is equipped with a purpose-built winch for escort work or indirect towage. “The Deben has a render recovery winch which allows you to adjust rope while the tug is on full power and under full load.”

Harwich Haven Authority pilots normally board an incoming vessel at the Sunk, and give VTS (Vessel Traffic Services) their tug requirements at that point, including number of tugs and position.

"Maybe we will get one hour's notice," says Tracey. "How many tugs are required depends on the pilot's way of working, the master and the weather. But we have noticed that where in the past the average tug requirement was one or two, now we get ships that want three or four almost every day. That's due to the increasing size and draft of the ships calling at Felixstowe."

Pilots and tug crews have been through simulator training, working together, at HR Wallingford, organised by Harwich Haven's VTS.

Svitzer's crews work a week on/week off rota; each tug is crewed by three at a time, including the Skipper, Engineer and Mate.. Five crews will be on duty per week, with two off-duty crews on call.

Tracey left school on a Friday afternoon in 1975 and started work with Sun XXIII on the Monday morning, later working for Alexandra Towage. He moved to Felixstowe in 1988. He followed a family tradition in his career choice – most of the men on his mother's side worked on the tugs. So how would he compare then and now?

"Tugs today are all highly computerised, more powerful and much more complex than the tugs of years ago, and crew do need time to familiarise themselves with the equipment," he says. "However, the basic thing about a tug and how it works isn't really that different!"



# HUTCHISON PORTS THAILAND

– Laem Chabang



It is not surprising that the world's largest port operator would be represented in one of Asia's most dynamic economies, and Hutchison Port Holdings has been active in Thailand's major gateway port of Laem Chabang since 2002.

Laem Chabang Port is the largest port in Thailand and handles over 6.5 million TEU annually. It is located 130 kilometres to the south of Bangkok in the coastal province of Chonburi.

The Port Authority of Thailand (PAT) is responsible for the development of this natural deep water facility, while private terminal operators, including HPH, have been awarded concessions by the PAT

to manage individual terminal operations.

Hutchison Ports Thailand (HPT) was formed in 2006 to consolidate the management of HPH's terminal operations companies at Laem Chabang; Thai Laemchabang Terminal Co., Ltd and Hutchison Laemchabang Terminal Limited.

Stephen Ashworth, Managing Director of Hutchison Ports Thailand, explains: "These facilities in Laem Chabang Port are conveniently located on the doorstep of the Rayong and Laem Chabang industrial and manufacturing zones, home to many of the world's largest producers and manufacturers. Excellent road and rail connections to these and other industrial





areas of Thailand enable the terminals to facilitate the swift and efficient movement of cargo to and from the country's hinterland."

Thai Laemchabang Terminal Co (TLT) has been operating at a site known as A2, a multipurpose terminal located at Basin 1 of Laem Chabang Port, since 2002. The terminal includes a 400 metre quay equipped with container and general cargo handling equipment and facilities.

Hutchison Laemchabang Terminal Limited (HLT) operates one multipurpose terminal at Basin 1 (A3) and five container terminals at Basin 2 (C1, C2, D1, D2, and D3). The A3 terminal officially commenced operations in 2006. A3 and A2 share a combined quay length of 750 metres, which can simultaneously handle either two 6,500-TEU container vessels or one 6,500-TEU container vessel and two feeder vessels.

HLT's C1, C2, D1, D2 and D3 are designed to handle some of the largest vessels currently in operation. C1 and C2 have been operating since 2007, while construction of the latest phase of development, D1, D2 and D3, will commence in 2016. When completed, Terminal D will be equipped with the largest quay cranes currently in operation.

Construction of Basin 2 began in 1998 and is a major component of Thailand's 8th National Economic and Social Development Plan. Designed to facilitate the country's growing container traffic, this phase of Laem Chabang Port's development seeks to strengthen its competitive advantage during its transition towards becoming an international maritime hub.

Basin 2 consists of six container terminals (C1–C3 and D1–D3).

When HLT completes the construction of D1, D2 and D3, Basin 2 will be fully operational, and will also provide a full range of auxiliary services, including a Container Freight Station (CFS), a double track railway and improved highway connections with Thailand's hinterland. These developments will greatly increase the attractiveness of Laem Chabang as a preferred destination port for shipping lines operating on the Asia-North America and Asia-Europe trade lanes.

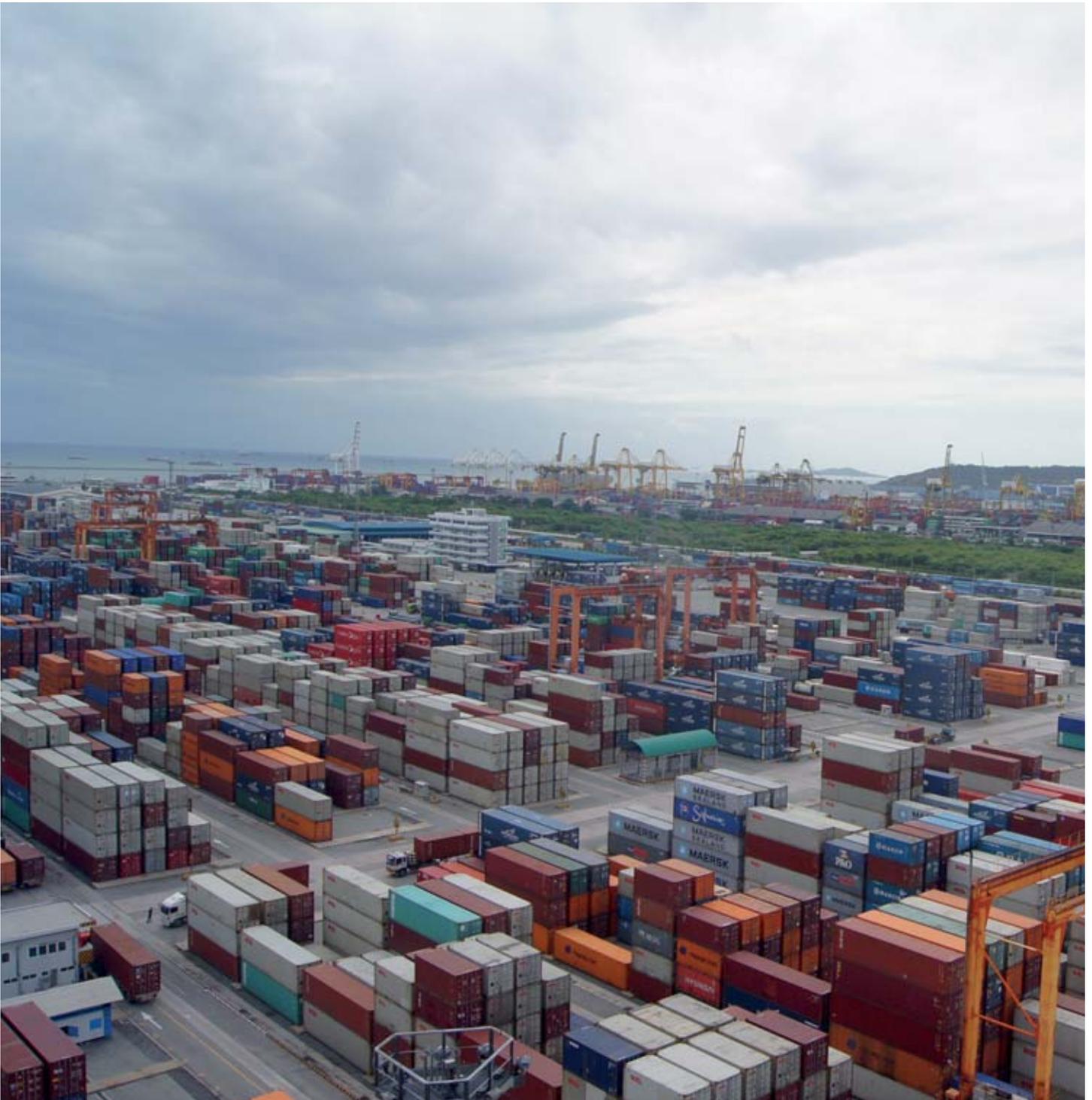
The depth alongside the quays of Basin 2 is 16 metres which allows it to handle some of the largest vessels currently in operation.

Construction of Laem Chabang Port began in 1987 with the development of Basin 1. In 1991, operations officially commenced at B1 and B3, the site's first two terminals. Nine additional terminals were constructed throughout the 1990s.

Basin 1 has 11 terminals, including seven container terminals (A2, A3, and B1-B5), one coastal and service berth (A0), one passenger terminal (A1), one general cargo terminal (A4) and one car terminal (A5). The depth alongside is 14 metres, allowing the handling of vessels of up to 6,500TEU.

Basin 1 provides a comprehensive range of services, including cargo handling, warehousing and cargo distribution, pilotage, sewage treatment, garbage collection and disposal, ship repair and vessel maintenance by a floating dockyard with a 140,000 DWT capacity.

*Laem Chabang Port  
is the largest port in  
Thailand and handles over 6.5  
million TEU annually."*



# OPINION

Alistair Lindsay

Global Head of Inbound Logistics & Wholesale Operations, Tesco



**T**esco has more than 3,500 shops in the UK, ranging from our largest 'Extra' stores – 250 of them – to our Express and Metro convenience stores.

When our customers come into our shops, they expect to find whatever they need on the shelves. Our job is to manage the supply chain to

make sure they do. Of course, that has always been a complex task – but the massive changes in the retail environment over the past few years have made it even more so.

Fifteen years ago, if people wanted groceries, they went to the shop and bought them. Now they can be at home and do their weekly shop, ordering anything they want from their armchair.

Sourcing patterns are changing, too. When sourcing from overseas, we've seen a shift from China to other countries – India is becoming more prominent for the sourcing of textiles, for example. A general move to 'closer-to-home' sourcing means we are seeing more goods coming from southern Europe and North Africa, too.

So, whether it's clothing from China and India or bananas from Central/South America, my team is responsible for making sure the goods get from

source to the distribution centre (DC), where we pass the baton on to the distribution teams.

We move about 100,000 containers a year into the UK and central Europe. Felixstowe, as the UK's number one port, handles a very significant amount of that volume, including significant numbers of boxes shipped by feeder vessels to our general merchandise depot at Teesport.

Our commitment on the environmental front is reflected in our determination to move as much as possible by sea. We will only ever use air freight where absolutely required. We also maximise our use of rail for transport inland in the 'greenest' way possible.

Yes, there is a land bridge option all the way into the UK when goods are being sourced from southern Europe, but the focus remains on achieving the right balance of sea and truck. Loading everything on trucks might be faster but it is more costly and more damaging to the environment. We are committed to doing this the right way – not only from the environmental perspective but also from the cost perspective.

Bearing all this in mind, the arrival of the mega container ships has been good because of the economies of scale from both environmental and operational perspectives – but how do we deal with the knock-on impact in the supply chain?

As a graduate trainee with Maersk, I recall seeing what were then the 'monster vessels' being built in the shipyards; they were 6,600 teu. Now, only 17 years later, we have vessels three times that size! There are concerns that this rapid growth in vessel size could create bottlenecks in the supply chain; one vessel dropping 4,000 containers into port at a time means much more dramatic peaks than ten years ago.

All of those containers must be moved from the port to the DCs. Could this lead to more delays and bottlenecks on the road network and even the rail network?

Bringing the container 6,000 miles across the sea is fine – that just 'happens'! But landside bottlenecks can be really disruptive to the 'last mile'. This is something we must consider seriously and collectively – hauliers, rail operators, ports and end users such as ourselves need to put our heads together and take action now to push for any necessary infrastructure investments and avoid the bottlenecks being disruptive for everyone and impacting our customers.



*// // We are committed to doing this the right way – not only from the environmental perspective but also from the cost perspective.”*

# RICHARD HERBERT

HUTCHISON LOGISTICS (UK) LIMITED – HEAD OF OPERATIONS



2013 to date: Head Of Operations, Hutchison Logistics (UK) Limited.

2008: General Manager, Hutchison Logistics (UK). In line with the growth of the business my focus was developing the multimodal and landside services in the UK to compliment the Ocean Freight volumes and intra-European logistics services via Felixstowe.

2003: Vice President Sales & Business Development SupplyLINE Logistics Limited. Leveraging the experience of Supply Chains using OVA we evolved to delivering managed logistics solutions. My responsibility was to set up the logistics capability in the UK, Holland, Germany and Italy to handle inbound Containers being shipped from Hong Kong, China and S.E Asia into Europe and the UK.

2000: Vice President Sales & Business Development - Logistics Information Network Enterprise Limited. I joined the HPH Hong Kong e-logistics Business Unit to sell customised managed logistics services and related Order Visibility Application and Transport management systems in the UK and Europe.

## A DAY IN THE LIFE...

08:00

Catch up on main global news and read the HPH daily news report. Follow up any outstanding emails from overnight emails from USA and China. Drop into our 3rd party Supplier warehouse at Felixstowe to discuss the week ahead over coffee and walk around the warehouse to see the cross docking operation.

09:00

Prioritise my emails and then briefly discuss the day ahead with the team to ensure we are all aligned to meeting our customers latest challenges and determining how best we can assist them in a timely manner. Every day is different and we need to be agile and focused on their requirements.

10:00

Spend valuable time discussing and exchanging specific solutions with our Hutchison Logistics Hong Kong, China and Europe colleagues to continuously improve our door to door supply chain solutions. Access to this local knowledge is paramount in keeping our customers up to date with the latest logistics services, any new origin and destination regulations and building regional relationships with shippers.

11:00

Work on the details of specific customers' requirements with our partners in the UK and Europe to ensure our joint services are scalable and are in line with our customers' growth projections. This can involve pulling together the skills of our origin offices and selected partners to ensure their capabilities and service levels exceed our customers' expectations.

13:00

Meeting with HR to ensure the skills and knowledge of each individual in our team is sufficient to deliver the service our customers deserve and identify any training needs.

14:00

Meeting with potential customers and listening to their challenges and plans for the years ahead before showing them the port and the benefits of its comprehensive services and seamless connectivity to our bespoke logistics capabilities.

16:00

Visit and meet with potential new customers and new service providers to continuously build and expand our capabilities. Much of our time is devoted to working with customers and trusted partners to share ideas and implement best practises that meet the demands of ever changing global supply chains where leading edge technology between the parties is an important factor in any successful supply chain solution.

18:00

Prepare for tomorrow, think about ideas, innovation and new ways to do more with less and head for home.

**Q** Describe your Role at Hutchison Logistics (UK) Limited:

**A** To grow our business with the HL Team focusing on our Customers' requirements and ensuring we have the operational capacity and IT solutions to meet our objectives.

**Q** What is the Biggest Challenge of your job:

**A** To keep our focus on aligning our skills and knowledge and delivering operational capacity to ensure we continue to expand in line with our Customers growth expectations.

**Q** What do you find Most Satisfying about your role:

**A** Building a business with the support from a dynamic and motivated Hutchison Logistics global Team and our Stakeholders.

**Q** What do you like Best about working at Hutchison Logistics (UK) Limited.

**A** We have the specific skills and professional disciplines within our local Hutchison Logistics UK Team and HPH Colleagues to deliver bespoke logistics services to our Customers every day.

**Q** Describe your best day at work:

**A** The start of new business from a Customer that identifies the benefits of Hutchison Logistics and the choice of services that the Port of Felixstowe and the local landside logistics service providers can offer them.

**Q** Favourite film:

**A** Out Of Africa

**Q** Ideal dinner guest:

**A** Sir Ranulph Fiennes

**Q** First record bought:

**A** obladi oblada – The Beatles

**Q** Last CD bought:

**A** Pulse – Pink Floyd

**Q** Favourite book:

**A** Seven Pillars Of Wisdom - T. E. Lawrence

**Q** Favourite meal:

**A** Thai Fish Curry

**Q** Ideal holiday destination:

**A** Sailing, diving around Tortola, BVI.



# LOGISTICS PARK

Build-To-Suit Distribution Warehouses

1.4m sq.ft within the  
Port of Felixstowe

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Port of Felixstowe