

SHIP2SHORE



50
YEARS

**THE UK'S
FIRST
CONTAINER
TERMINAL**
1967-2017

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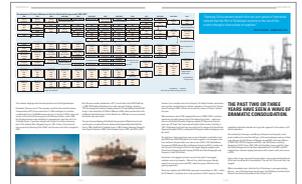
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SHIP2SHORE

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Commercial Enquiries

t: (01394) 602591
e: enquiries@fdrc.co.uk

Editorial

t: (01394) 602064
e: ship2shore@hpuk.co.uk

Published by:

Hutchison Ports (UK) Limited
Tomline House, The Dock
Felixstowe, Suffolk
IP11 3SY
United Kingdom

www.portoffelixstowe.co.uk



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**BUCKINGHAM PALACE**

The UK has always been a nation built on trade. From earliest times, through the 17th century when merchants sent ships to trade with India, North America and the West Indies, right up until today, trade has been the bedrock of our economy.

That first phase of growth in the 1600s has been matched over the last 50 years by a second phase as the global economy has continued to expand and become ever more closely integrated. This growth, which has raised living standards for people at home and abroad, would not have been possible without the advent of the shipping container.

As the UK's first operational container terminal, and still its largest container port, the Port of Felixstowe has played a vital role in this growth. My first visit to the port was in 1979 to open a passenger ferry terminal. I returned in 1986 to open Trinity Terminal and again in April 2011 when Berths 8&9 were first opened.

I would like to congratulate the Port of Felixstowe on the 50th anniversary of dedicated container operations. As we celebrate the past we must also look to the future, and I know the UK port industry is doing this by developing facilities for the latest generation of giant container ships upon which our trade depends. Good luck to everyone involved in this important work.



CEO COMMENT

Throughout 2017 we are celebrating 50 years of dedicated container terminal operations at the Port of Felixstowe. The port itself is, of course, much older than that with its origins dating back to the late nineteenth century. However, the advent of the container changed not only the course of the port's history but, in many ways, it has changed the world.

Globalisation could not have happened without the container. This simple steel box has generated immeasurable wealth for literally billions of people. The volume of trade made possible by the container has lifted large parts of the world out of poverty and continues to help developing economies to grow and developed economies to prosper. A world without the container is unimaginable.

The change at the Port of Felixstowe has also been massive. From a port employing just a hundred or so people prior to 1967, it has grown into one with 2,500 employees. A port that supports tens of thousands of jobs locally and adds hundreds of millions of pounds of value each year to the wider economy. Much of this growth, and the ongoing success of the port, is down to our employees past and present. We are fortunate to have a dedicated and committed workforce who take pride in the work we do and the success we have enjoyed.

The way we work, the tools and techniques we use, have changed beyond all recognition over the last 50 years and one thing we can say for sure is that the way we do things now will not be the way we do them in the future. Change is in our DNA. The Port of Felixstowe, and its people, fit well with the Hutchison Ports ethos of always seeking ways in which we can improve and generate greater benefit for our customers.

We do that by continual investment in people, systems, equipment and infrastructure. That has been a constant over the last 50 years and will continue into the future. We have recently received planning consent to increase the size of the container yard behind Berth 9, are about to commence a project to raise the height of ten cranes on Trinity Terminal, are adding two new cranes to Berths 8&9 and will be introducing Hutchison Ports' state-of-the-art nGen terminal operating system at Felixstowe in the near future. All of these investments have only one objective: to ensure that we focus relentlessly on the needs of our customers in order to remain the UK's No. 1 container port. It gives me great pleasure to take this opportunity to thank all our customers, past and present, on behalf of the port, for your continued support.

So, while we may pause temporarily to reflect on the past and celebrate the last 50 years of container handling, we remain very much focused on the future and making sure that we are equipped and ready for the next 50.

CLEMENCE CHENG
Chief Executive Officer

NEWS UPDATES



"Felixstowe provides us with a great operational gate-way to serve our customers in UK – we are pleased to be a strong partner with Felixstowe"

AMD I KROGH, MAERSK LINE

MORE RECORD BREAKERS AT THE PORT OF FELIXSTOWE

The latest two ships to hold the crown of the world's largest container ship both made their first European calls at the Port of Felixstowe in June 2017.

The 20,568 TEU *Madrid Maersk*, operated on the 2M [NEU2] Asia to Europe service, arrived at the port on 6 June with over 6,000 TEU for the UK loaded in China and Malaysia.

Its reign as the world's largest container ship was short lived. At the time of writing, its successor, the 21,413 TEU *OOCL Hong Kong* was due in Felixstowe

on 21 June on the Ocean Alliance LL1 service from Asia.

Commenting on these latest record-breakers, Clemence Cheng, Chief Executive Officer of the Port of Felixstowe and Managing Director of Hutchison Ports Europe, said:

"The Port of Felixstowe is firmly established as the go-to port in the UK for the largest mega ships. We were the first in the UK to handle this latest class of vessel and continue to offer the widest and most frequent range of services on the major Asia – Europe trade."

Built by South Korea's Daewoo Shipbuilding &

Marine Engineering, the *Madrid Maersk* is 399 metres long, has a beam of 58.6 metres and is the first of Maersk Line's 2nd generation Triple-Es, known officially as the EEE Mark II. The original Triple-Es have been regular callers at Felixstowe since 2013. Delivery of the remaining 10 Triple-E Mark II is expected to take place between now and the middle of 2018.

The *OOCL Hong Kong* was formally named at a christening ceremony held at the Samsung Heavy Industries (SHI) shipyard in Korea on 12th May. With a length of 400 metres and a beam of 58.8 metres it is the largest vessel in the OOCL fleet and the first of six similar vessels that will be phased into the Ocean Alliance service.

NEW RAIL RECORDS FOR THE PORT OF FELIXSTOWE

The Port of Felixstowe has continued to set new standards with record daily and weekly volumes handled by rail at the UK’s largest container port.

22,166 TEU were handled at the port’s three rail terminals in the week commencing 24 April 2017. The busiest-ever single day was Thursday 27 April 2017 when 4,388 TEU were loaded or discharged in a 24-hour period.

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

“The Port of Felixstowe offers the best option for shippers throughout the UK. It is the country’s major hub for the latest generation of ultra-large container ships which offer the greatest economies of scale, and the wide range of rail, feeder and road services

available at Felixstowe are unrivalled anywhere else.

“A significant majority of the record volume of containers handled by rail last week were destined for shippers in the Midlands and North. The range of deep-sea container services, coupled with 33 daily rail freight services and a huge choice of road transport options, gives them the most frequent, predictable and cost-effective range of logistics solutions to meet their supply-chain requirements.

“Demand for rail continues to grow and we will continue to invest to ensure that all port users benefit from the best infrastructure, the latest equipment and the highest possible levels of service.”

The port’s third rail terminal, the North Terminal, was opened in 2013. The port is also working closely with Network Rail and other local partners to ensure that capacity on the strategic network continues to expand to meet demand.



PORT OF FELIXSTOWE HOSTS EXPORT HUB

The Port of Felixstowe has hosted a visit by the Department for International Trade’s Export Hub as part of the Exporting is GREAT campaign.

The Export Hub brings together advice and practical guidance for all businesses on how they can find customers overseas for their products and services.

Clemence Cheng, Chief Executive Officer of the Port of Felixstowe and Managing Director of Hutchison Ports Europe, said:

“The Port of Felixstowe has more connections to more overseas destinations than any other UK port. As the country’s largest container port it is a key

gateway allowing UK exporters to get their goods to a large number of overseas markets. The port has already featured as part of the Government’s GREAT campaign and we are delighted to extend the association through this latest initiative.”

Alan Pain, Regional Director for The Department for International Trade in the East of England, said:

“We were delighted to bring the Export Hub to the Port of Felixstowe, the gateway to UK exporting. This is an excellent way to show businesses just how much demand there is out there for goods and services from this region, something from which many companies are already benefitting.

“With hundreds of live opportunities available

via great.gov.uk and the launch of a find-a-buyer service to match companies with worldwide demand, doing business overseas has also never been more straightforward.”

A range of exporters and potential importers were invited to the Hub where they received presentations on practical assistance for exporters from the Department for International Trade, Barclays Bank, Prettys Solicitors and the ETK Group which specialises in business support for Africa.

The Export Hub, which provides a flexible space for seminars and meetings, is touring England, Scotland, Wales and Northern Ireland as part of the Government’s effort to encourage UK companies to export their products and services.





FELIXSTOWE ON TOP

The Port of Felixstowe has emerged as the clear winner in the restructure of major shipping alliances brought about by the introduction of the Ocean Alliance and THE Alliance on 1 April 2017.

Together with the pre-existing 2M Alliance, the three groups will provide a large majority of all inter-continental container services and all those on the largest Asia-Europe route. The 2M and Ocean alliances have selected Felixstowe as their main port of call on the Asia-Europe trade lane.

Commenting on the changes, Lawrence Yam,

Commercial Director at the Port of Felixstowe, said:

“We are delighted that two of the three main alliances have chosen the Port of Felixstowe as their main UK port of call. We are able to offer the widest range of services from Felixstowe to the greatest number of overseas markets giving importers and exporters a one-stop-shop for all their shipping needs. The ability to consolidate cargo at Felixstowe improves efficiency and removes both duplication and cost from supply chains.”

The 2M Alliance of Maersk and Mediterranean Shipping Company (MSC) has called at Felixstowe since its inception in January 2015 but choice and

volumes will be enhanced in 2017 following the acquisition of Hamburg Sud by Maersk and the alliance’s agreement with Hyundai Merchant Marine.

The decision by the Ocean Alliance to call at Felixstowe has seen the return of OOCL to the port. OOCL is joined in the alliance by existing Felixstowe customers Cosco Shipping, CMA CGM and Evergreen.

There are connections available from Felixstowe to 709 different ports worldwide and trade with over 160 countries is handled through the UK’s largest container port.



NEW ‘NORTH EUROPE TURKEY EXPRESS’ (NET) SERVICE

The Port of Felixstowe has welcomed the first call of a new service connecting North Europe and Turkey. Known as the ‘North Europe Turkey Express’

(NET), the new weekly service is jointly operated by Cosco Shipping, OOCL and Hapag-Lloyd.

The first call for the new service was made at the UK’s largest container port on Saturday 8 April by the 1,924 TEU *Delphis Finland*.

Commenting on the inaugural call, Clemence Cheng, Chief Executive Officer of the Port of Felixstowe and Managing Director of Hutchison Ports Europe, said:

“This brand new service will further strengthen the comprehensive network of sailings available to shippers through the Port of Felixstowe. The port has provided important connections for trade with the Eastern Mediterranean region for many years and we are delighted to welcome the NET service as the newest addition to the route. The new NET container service provides UK importers and exporters with greater choice and frequency to an important and growing market.”

As well as calls at Felixstowe, the new service also calls at Hamburg, Antwerp, Piraeus, Istanbul-Ambarli (Kumport), Gebze (Yilport), Izmir and Salerno.

Cosco Shipping and OOCL are both members of the new Ocean Alliance which has chosen the Port of Felixstowe as the main UK hub for its main Europe to Asia services. The other members of the Ocean Alliance are Evergreen and CMA-CGM.

| | | Nominal TEU tdw | LOA m | Breath m | Depth m | Draft m |
|---|---|----------------------------------|--------------|-------------|-------------|--|
| OOCL HONG KONG 6 units in series from May 2017 |  | 21,413 teu 191,317 tdw | 399.9 | 58.8 | 32.5 | 16.0 Operated by OOCL Built by Samsung H.I. |
| MADRID MAERSK 11 units in series from Apr 2017 |  | 20,568 teu 210,019 tdw | 399.0 | 58.6 | 33.2 | 16.5 Operated by Maersk Built by Daewoo (DSME) |
| MOL TRIUMPH 6 units in series from Mar 2017 |  | 20,170 teu 192,672 tdw | 400.0 | 58.8 | 32.8 | 16.0 Operated by MOL Built by Samsung H.I. |
| BARZAN 6 units in series from Apr 2015 |  | 19,870 teu 199,744 tdw | 400.0 | 58.6 | 30.6 | 16.0 Operated by UASC Built by Hyundai Samho/Hyundai H.I. |
| MSC OSCAR 12 units in series from Jan 2015 |  | 19,224 teu 197,362 tdw | 395.4 | 59.0 | 30.3 | 16.0 Operated by MSC Built by Daewoo (DSME) MSC also has in addition 6 units built in Samsung and 2 units at Hyundai H.I. |
| CSCL GLOBE 5 units in series from Nov 2014 |  | 18,982 teu 184,320 tdw | 399.7 | 58.6 | 30.5 | 16.0 Operated by COSCO Built by Hyundai H.I. |
| Maersk 'EEE' 20 units in series from Jun 2013 |  | 18,340 teu 194,153 tdw | 399.2 | 59.0 | 30.3 | 16.0 Operated by Maersk Built by Daewoo (DSME) |

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"A pillar of the local community, a gateway to global trade for British importers, and exporters and a business partner to MSC for over 30 years. Congratulations on this special and well-deserved milestone."

MR DIEGO APONTE, PRESIDENT AND CEO, MSC GROUP

SCALING UP ... AND UP ... AND UP

What's so special about a metal box? Shipping analyst Martin Stopford once referred to containerisation as the great hidden wonder of the world and a vastly underrated business. As he put it: container shipping shrunk the planet and brought about a global economic revolution.

Like all great ideas, containerisation started small. But could anyone involved in those early years ever have imagined the sheer scale of things to come? Even when Stopford made those comments at the turn of the century, the largest containership in the world held a 'mere' 8,000 TEU or so. Perhaps the greatest wonder of all has been just how quickly containerships have grown, to today's 20,000 TEU giants.

This year, as the Port of Felixstowe celebrates 50 years of dedicated container terminal operations, it has continued to welcome yet more record breakers alongside its quays.

*“container shipping
shrunk the planet
and brought about a global
economic revolution”*

In early June, the 20,568 TEU *Madrid Maersk* made her maiden call at the port. Built by South Korea's Daewoo Shipbuilding & Marine Engineering, she is the first of Maersk Line's second generation Triple Es; known officially as the EEE Mark II, another ten of this class are due to be delivered by mid-2018.

When the *Madrid Maersk* was delivered in April, she snatched the record as the world's largest containership. That record had previously been held for just two weeks by the 20,150 TEU MOL Triumph, the world's first





containership to pass the 20,000 TEU mark.

And then – the record was broken again in May with the delivery of the *OOCL Hong Kong*, the first vessel to pass the 21,000 TEU milestone. This 21,413 TEU vessel, built at Samsung Heavy Industries (SHI) shipyard on Geoje Island, was scheduled at the time of writing, to call at the Port of Felixstowe towards the end of June.

But to put things in perspective, let's turn back the clock. Back in the 1950s, Malcom McLean, the acknowledged 'father of containerisation', used a converted oil tanker to carry his first consignment of 58 shipping containers from Newark to Houston.

The first 'containerships' to call at Felixstowe's Landguard Terminal were not the cellular vessels we are so familiar with today, but simply other vessels that had been converted and refitted, with the containers being loaded into the hold.

"Over the years Evergreen has been a satisfied patron of Felixstowe. Our experience of the port's service is one of reliability, flexibility and dedicated attention to our needs."

CHAIRMAN CHANG, EVERGREEN

However, from the 1960s onwards, new types of containers and purpose-built containerships began to emerge, together with the port facilities and equipment to match to handle them swiftly and efficiently.

In 1968, a regular caller at Felixstowe was the 732 TEU *Container Forwarder*. But already there were larger vessels, with the largest at that time being the 1,530 TEU *Encounter Bay*.

In the years since then, the Port of Felixstowe continued to invest and expand in order to handle the increasing length, breadth and capacity of the world's container fleet.

Notable callers along the way included the 2,950 TEU *Hamburg Express* in 1972; the 4,100 TEU *Neptune Garnet* in 1980, the 4,600 TEU *American New York* in 1984, the 3,606 TEU *Sealand Performance* in 1989. All of these had been built to Panamax limits – which restricted the width of vessels to that of the locks on the Panama Canal. The first post-Panamax ships to arrive at Felixstowe were Malaysia International Shipping Corporation's (MISC) *Bunga Pelangi* and the 5,511 TEU *Hyundai General* in the early 1990s.

The arrival of the 6,400 TEU *Regina Maersk* in 1996 marked another step change, and she was swiftly followed by the 8,000 TEU *Susan Maersk* in 1997, the 8,890 TEU *Charlotte Maersk* in 2002, and the 9,000 TEU *Anna Maersk* in 2003.

The recent spate of record breakers echoes the situation between late 2005 and the end of 2006. In that period, four record holders called at the Port of Felixstowe in quick succession. The 9,200 TEU *MSC Pamela* was quickly followed by the 9,449 TEU *COSCO Ningbo* and China Shipping's 9,572 TEU *Xin Los Angeles*.

THROUGHOUT THIS GREAT ADVENTURE, THE PORT OF FELIXSTOWE HAS LED THE WAY, AND STILL LEADS THE WAY, AS THE UK'S BIGGEST CONTAINER PORT BY FAR.

However, these ships, all considered huge at the time, were almost literally dwarfed with the arrival of the *Emma Maersk*.

The *Emma Maersk*, which captured headlines as 'the Christmas ship' in November 2006, drew large crowds and TV news crews to the port as well as introducing many people to the word 'leviathan'. Originally declared at 'only' 11,000 TEU, it was some time before the real capacity of 15,500 TEU was revealed. With a capacity 50% bigger than anything that had gone before it was a truly momentous leap forward.

Surely, many commentators suggested, we were reaching the maximum? Surely not, was the answer.

The mega-containership had arrived – 10,000 TEU was perfectly normal now and in early 2012, there were more than 150 containerships on order with capacities of more than that, including CMA CGM's 16,000 TEU *Marco Polo*, which entered service that year.

The following year, 2013, Felixstowe welcomed the first of Maersk Line's Triple-E container ships, the 18,000 TEU *Majestic Maersk*. The statistics that came with the Triple-E were staggering; the 18,000 boxes they carried would fill Times Square in New York City. At 400 metres long, 59 metres wide and 73 metres high, these were the largest vessel of any type on the water. The rationale behind them was obvious – growing trade volumes on the Asia-Europe trade, and a design concept to produce 20% less carbon dioxide per container moved.

As Neil Davidson, senior ports advisor at consultancy firm Drewry, said at the time: "It is clear that every major shipping line is going to large or very large ships. On the Asia-Europe trade it is at least 13,000 TEU and upwards for all the major carriers." Shipping lines would continue to take the opportunity to gain economy of scale, he predicted.



And so it proved to be. In January 2015, the Port of Felixstowe welcomed the 19,100 TEU *CSCL Globe*, once again the largest ship in the world. Two months later came the 19,224 TEU *MSC Oscar*.

Throughout this great adventure, the Port of Felixstowe has led the way, and still leads the way, as the UK's biggest container port by far. But that hasn't happened by accident. The focus has always been on investment and development, not only meeting but actually anticipating the needs of the world's container lines.

Felixstowe provided the first dedicated, purpose-built container facility in the UK when it opened Landguard Container Terminal on 1 July 1967. The new terminal came into operation with 500 feet of quay and one Paceco Vickers Portainer Crane!

Within eight months, the remainder of the new container quay (a further 800 feet) had been completed, including another Paceco crane, and 13 acres of land had been reclaimed.

From that point on, Felixstowe has continued to invest and expand. Landmarks along the way included the UK's first panamax cranes, the first post-panamax cranes, and the first super post-panamax cranes. Those initial cranes on Felixstowe's Trinity Terminal had a box outreach of 16 – that has steadily increased, to 18, 20, 22 and, now 24.

And where do we go from here? At the launch of the *OOCL Hong Kong*, Mr. C. C. Tung, Chairman of Orient Overseas (International) Limited, said: "While our industry seems to have the knack to 'outdo' one another in building larger containerships relatively quickly these days, this project is nonetheless an important moment for us. Faced with increasing competition and un-ending pressure on costs, we need to take the bold step in operating larger size ships of quality and high efficiency in order to stay relevant and compete effectively as a major container shipping company."

Once again, people are questioning whether the maximum vessel size has been reached and whether there are any more economies of scale to be found. Did anyone foresee the size we have now?

22,000 TEU ships have already been designed and are expected to be in operation next year, and some commentators are suggesting that 24,000 TEU might be just around the corner. Might that be the peak? It would be a brave person who put their money on that!

SEASIDE SHUFFLE

Tracking the development of the world's container shipping lines over five decades is a little like tracing a family tree – but in reverse. Family trees tend to have branches proliferating and expanding as the years go by; but in container shipping, it's a case of many roots (or ancestors) leading to a much smaller number of descendants. Over the years, we have seen the industry consolidating and amalgamating into a far smaller number of very substantial operations.

And, a little like Ancestry.com, there are forgotten names to be rediscovered along the wayside. Names such as Blue Star Line, Ben Line,



Ellerman Lines and Associated Container Transportation (ACT) have all been consigned to the history books.

The container shipping industry has long been characterised by mergers, consolidations, consortia, joint ventures and alliances. This is, after all, a high-octane, high-investment sector, and working together is often the only way to move forward in a highly competitive environment.

When containerisation first emerged, international routes were dominated by shipping 'conferences', where two or more shipping lines operated a service in common between designated geographical areas. Uniform rates and common terms were agreed – rules for membership could include rights to load or discharge at certain ports, and pooling of cargo.

The conference system was seen as a positive for many years, for preserving certainty and ensuring a stable and reliable service; but it was understandably unpopular with shippers, who were often unable to negotiate rates, rules, conditions or service.

Certainly the system seems antiquated in today's world; and the system was eventually to fall foul of new competition laws. In 2008, the European Commission's conference block exemption finally ended, making such agreements governing price and capacity illegal under European competition law.

The end of the liner conference seemed like the end of an era for many in the trade. Today's alliances involve shipping lines pooling their ships and other resources to benefit from economies of scale and provide a combined service – but shipping lines must always be aware of competition law and the risks of non-compliance under a strict regulatory framework. ▶▶▶

An aerial photograph of a large port terminal. The terminal is filled with stacks of colorful shipping containers (red, blue, green, orange) and several large gantry cranes. Two large container ships are docked at the pier. The port is situated on a riverbank, with green fields and a large white warehouse building visible in the background.

**OVER THE YEARS, WE
HAVE SEEN THE INDUSTRY
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SUBSTANTIAL OPERATIONS.**

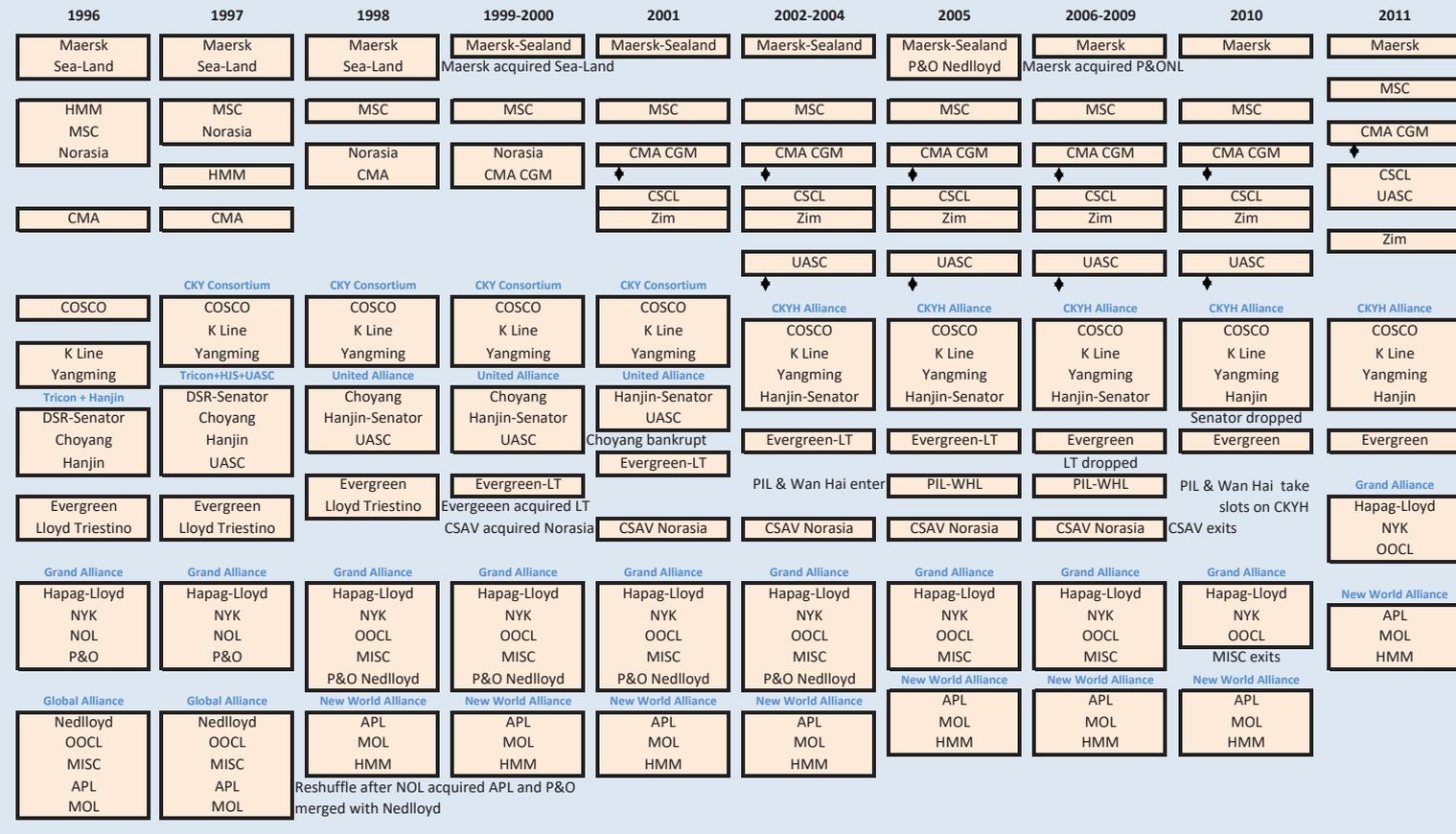
"The Port of Felixstowe has for a number of years been an extremely important strategic partner to Cosco Shipping's UK service brand. The benefits of our close partnership are undeniable."

ZHANG ZHENDONG – COSCO SHIPPING

"I moved to Felixstowe 40 years ago and over that time I have witnessed at first hand the way the professionalism and dedication of the people at the port has created a world class facility."

JOHN WILLIAMS – MARITIME TRANSPORT LTD

Development of Carrier Alliances on the Far East-North Europe trade 1996-2017



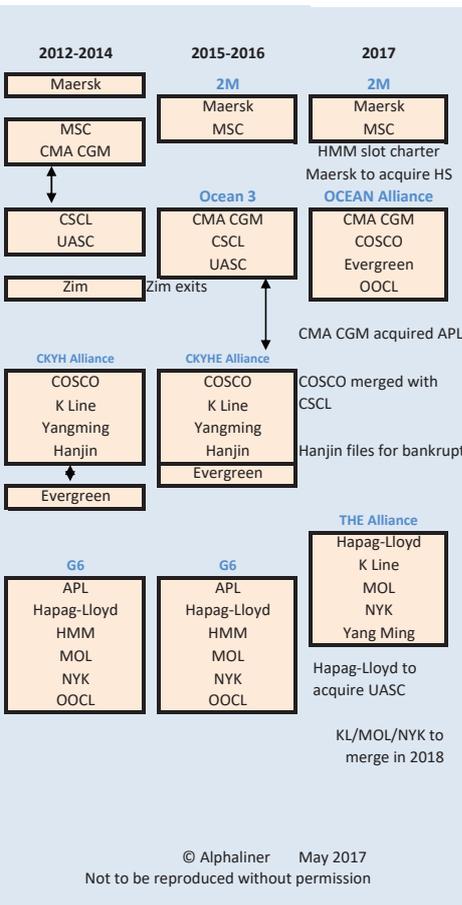
The container shipping sector has always been one of shifting landscapes.

Remember Ellerman Lines? The company joined the Associated Container Transportation (ACT) Group consortium in 1966 and began to introduce containerisation on its Mediterranean services. In the mid-1970s it was sold as part of the wider Ellerman group to the Barclay brothers, and in 1985 the shipping business was bought by its management, who later sold it to Trafalgar House. It was then merged with Cunard Line before becoming part of the Andrew Weir Shipping Group in 1991. Finally, Ellerman Lines was acquired by Hamburg Süd in 2003, and the name was finally dropped in 2004.

Blue Star was another shareholder in ACT; it was finally sold to P&O Nedlloyd in 1998. P&O Nedlloyd Container Line is also now part of history; formed in 1997 by merging the container shipping interests of Royal Nedlloyd and the P&O Group, it was acquired by A.P Moller-Maersk in 2005, which combined this with its Maersk-Sealand business to form Maersk Line. APM had, of course, acquired Sea-Land a few years earlier.

This year has seen Hamburg Süd officially become part of Maersk Line too; but over the years, as well as Ellerman, Hamburg Süd acquired Deutsche-Nah-Ost-Linie in 1986, South Pacific Container Lines in 1999, Crowley American Transport's inter-America Services in 2000, Costa Container Lines in 2007, and CCNI in 2015.





“Hamburg Süd customers benefit from the vast spread of Intermodal network that the Port of Felixstowe connects to the rest of the country through a diverse base of suppliers.”

RAJIV GHOSE – HAMBURG SUD



Senator Line is another name from the past; the Hanjin-Senator partnership was once the seventh largest container operation in the world, but Senator ceased trading in 2009, and we are all painfully aware of Hanjin’s demise last year.

Who remembers when CSAV integrated Norasia in 2000? CSAV’s container operations ultimately became part of the Hapag-Lloyd family – which also took over the British-Canadian shipping company CP Ships more than ten years ago. CP Ships itself had acquired another familiar name, Contship, in 1997. And Hapag-Lloyd itself has now confirmed its merger with United Arab Shipping Company (UASC), creating the fifth largest container shipping line in the world.

The past two or three years have seen a wave of dramatic consolidation. Last year (2016) saw CMA CGM (which as its name suggests is an amalgam of two lines and has in the past taken over names such as ANL, CNC, MacAndrews, Comanav and OPDR) absorb APL and Neptune Orient Lines (NOL), and this was also the year of the merger of China’s two largest shipping conglomerates, China Ocean Shipping (Group) Company (COSCO) and China Shipping (Group) Company, to form China Cosco.

Felixstowe’s two biggest customers are also the world’s two biggest container carriers by capacity – Maersk Line, which has grown through acquisition over many years and MSC, which has gone a different route, growing organically.

These two, together with CMA CGM, announced a new alliance in 2013 – called the P3 Network, it had been due to start operations in 2014. However, Chinese

THE PAST TWO OR THREE YEARS HAVE SEEN A WAVE OF DRAMATIC CONSOLIDATION.

competition authorities decided not to give their approval for the venture, so P3 did not materialise.

This led directly to the major reshuffling of alliances from that point; and in recent months we’ve seen the settling in of the new landscape made up of three large alliances: the 2M Alliance of Maersk Line and MSC; the Ocean Alliance of CMA CGM, COSCO, Evergreen and OOCL; and THE Alliance, including Hapag-Lloyd, UASC, K Line, MOL, NYK and Yang Ming. Having said that, there are further changes afoot as the three Japanese lines, K Line, MOL and NYK integrate their container shipping businesses with a view to start joint services in 2018.

And so, after a long, long round of musical chairs, are we now reaching the end of this most recent period of consolidation? Time will tell if the music really has stopped!

What is abundantly clear is that the Port of Felixstowe is once again leading the way – two of the three huge new alliances, the 2M Alliance and the Ocean Alliance, have chosen Felixstowe as their UK port of call.

SMOOTH OPERATOR

“Just as the computer revolutionised the flow of information, the shipping container revolutionised the flow of goods.” This was written by a journalist reviewing Marc Levinson’s excellent book, *The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger*.

What the journalist perhaps didn’t mention was the vital role that computers play in the swift and smooth flow of containers today. Yes, a metal box is a metal box – that seems simple enough and, let’s be honest, not particularly high-tech.

But we are talking about thousands of boxes, every day, all year. Ensuring that each box is in the right place at the right time – and being confident that each box can be instantly located with pinpoint accuracy – requires IT of extraordinary sophistication. Keeping the boxes moving through any modern port is almost entirely dependent on a Terminal Operating System, which streamlines and organises yard operations, manages staff and enables the team to monitor and organise the safe and efficient transition of containers from ship to final destination or from place origin to ship.

“There is a very special relationship between the Port of Felixstowe and CMA CGM. Our business in the U.K. has been growing successfully and so have our volumes through the Port of Felixstowe thanks to our excellent products. We expect this cooperation and growth to continue.”

**ROB WATERMAN -
CMA CGM (UK) SHIPPING LIMITED**

“What is most surprising, looking back, is the rate of change.”

It wasn’t always like that, of course. When Landguard Terminal opened in the 1960s, the operations team kept track of containers using a system of T-cards.

Checkers would write down the number of a container and make a note of where in the yard the RTG has placed it; two or three times in a shift, a piece of paper was handed in at the central admin building, where the information would be transferred on to T-cards which were put into a holder on the wall. Nothing ‘real-time’ there!

Ian Lowe, Senior IT Manager at the Port of Felixstowe, says: “In the early days of containers, all the work was done manually. The T-card would be upgraded and moved on a board to replicate where it was during the process. Today’s operations are a long way from the days of writing things down on a piece of paper!”

When Ian joined the IT team in 1986, computerisation was in its infancy at the port. The data centre was made up of half a dozen mainframe computers – huge machines which filled a whole room. The old-fashioned dial-up modems were a feature, and computerisation was mainly focused on the invoicing side of the operations. There were no word processors. “When I first came here, there was a room full of ladies typing everything in to generate invoices automatically,” says Ian. “Gradually, the gap between billing and operations started to close up and fully integrated systems were developed.

“What is most surprising, looking back, is the rate of change. How quickly we went from job cards managing the yard to where we are now, when we know where everything is, real time, via a fully wireless network.”

For a number of years, Felixstowe’s container operations were





"The Port of Felixstowe has been instrumental in establishing Yang Ming's presence in the UK Market since 1983. Yang Ming Line wishes the Port of Felixstowe well for the next fifty years of container handling."

**JOHN SHARPE -
MARINE MANAGER, YANG MING (UK) LTD**

"With a partnership extending over 40 years, Freightliner is pleased to provide rail and road services to support the Port's unrivalled rail links throughout mainland UK. Congratulations to all at Port of Felixstowe!"

ADAM CUNLIFFE, UK MD, FREIGHTLINER



controlled by TDSY, or the Transaction Driven Sub System. “TDSY would write programs on tape – everything was done in original code and we had a reader to read the code,” says Ian. This was later replaced by the Terminal Operating System CHARTS (Container Handling Automated Real Time System). Later, CHARTS was ported across to a Windows environment. And all of this was achieved in-house.

“We have been very fortunate over the years – we have had an IT department with its own development team, right down to having the people to pull the cables through,” says Ian.



Now the port is preparing for another step change, with the introduction of nGen – Next Generation Terminal Management System – due to be implemented at the end of 2017.

nGen has been developed and refined entirely in-house but rather than being a port-specific system, it has been developed at group level and is being steadily rolled out across the Hutchison Ports network worldwide.

“At Felixstowe, we have been working on nGen for nearly three years – work that includes analysis, preparation, simulation and testing,” says Ian. “nGen is a big change – it’s still in the family, but group-wide and not developed by us





// // nGen isn't one solution standing still; it is the start of another journey."

specifically. And it moves us into Oracle, while all our products so far have been based on Microsoft.

"What nGen sets out to do is bring a lot of things together, as efficiently and quickly as it can be. When you develop IT over the years, you do tend to develop them in parallel, so you end up with different systems. nGen will be a single view. It also brings in all the expertise built up in finding the optimum move of a container; understanding what needs to go where and ensuring it is in the right place at the right time."

Can I imagine a container world without IT? "It's impossible to contemplate! It would be thousands of containers a day. Trying to marshal and control that number of boxes wouldn't be possible.

"When containers first started, nobody imagined the kind of scale we have now. But year on year we have seen such rapid growth."

Over the years, he has certainly witnessed resistance to IT and even today, he notes, people don't like change. "People like to do things in the way they always have. That is something we have to break down when we try to introduce new developments – that natural reluctance to change. I can remember hearing people say: 'Computers will never catch on!'

"But computers complement people's ability. The technology used for nGen takes the best of people's expertise and puts it together for consistency. You can add to it with people's experience, you can fine tune, make it better each time. Feedback from our operations and from others will go into the Hutchison group, so we will all benefit from each other's experience.

"nGen isn't one solution standing still; it is the start of another journey."

DESTIN8

For more than three decades, the Port of Felixstowe's IT system has worked closely with those run by Maritime Cargo Processing (MCP), which operates the Port Community System. Set up in the 1970s by the port and a number of its then customers, MCP developed the world's first Port Community System.

"We fit neatly between the port's computer systems and the port's customers and their systems," says Alan Long, chief executive of MCP. "We allow the port to exchange information with its customers through a single interface. We also link all the other members of the port community together – freight forwarders, Customs and other government agencies, road and rail operators, etc."

Today's container operations simply wouldn't be able to cope without IT, says Alan. "In the past it would take several days to clear a container," he says. "Now it is ten minutes – and it could be cleared while it is still on the ship."

Ten years ago, MCP launched a completely new system, Destin8, and this has been constantly updated and enhanced ever since. The most recent major update was for the introduction last year of compulsory container weighing and the company has also recently upgraded all of its servers.

Destin8 and nGen will rely heavily on each other and MCP is working closely with the port to ensure that Destin8 is ready for the big switch-over in December.

LONDON THAMESPORT – A STUDY IN AUTOMATION

Felixstowe's sister port, London Thamesport, was way ahead of the game back in the mid-1990s, when it introduced the UK's first automated yard cranes. The port continued to lead the way in automation, despite facing the usual challenges and some disadvantages of being the 'first'.

Automation is now far more mature in terms of the technology involved, and far more reliable and predictable too. Six crane drivers from the Port of Felixstowe recently travelled to the Port of Sohar, where remote control ship-to-shore cranes are deployed. They were able to see how these cranes operated and how they can make a driver's job much more comfortable.

"Automation is now almost a commodity," says Ian Lowe. "In this situation it can make working conditions much better for employees. For example, instead of the crane driver looking down between his knees from height, he can be in a separate room with full visibility."

"Essentials for best service from a container port are excellent geographical position, infrastructure, speed, flexibility and innovation. The Port of Felixstowe has this in spades, many congratulations!"

**PETER LIVEY, MANAGING DIRECTOR (GB),
HYUNDAI MERCHANT MARINE (EUROPE) LTD**

HUTCHISON PORTS

The Port of Felixstowe is celebrating 50 years of dedicated container handling. For over half that time – since 1991 – the port has been part of the Hutchison group.

Back in 1991 Felixstowe was the group's only port operation outside Hong Kong. The initial step on the way to what was quickly to become the world's first international port group. Following the initial acquisition of the Port of Felixstowe the group developed quickly.

In 1993 Shanghai Container Terminals (SCT) and Yantian International Container Terminal (YICT) were formed as joint ventures with the authorities of Shanghai and Shenzhen respectively. As the group grew a new corporate structure was required and, in 1994, Hutchison Port Holdings (HPH) was formed to hold and manage the port and related interests of the diversified Hutchison Whampoa Limited group.

By the end of the 1990s, HPH had expanded its operations in Hong Kong, China and the UK as well as into the Bahamas, Panama, Myanmar,

Indonesia and the Netherlands. The first independent and truly international ports group had been born.

Growth did not stop there. The next decade saw further new ventures in China, Mexico, Thailand, Egypt, Oman, Pakistan, Sweden and Vietnam.

Today, with 48 ports in 25 countries, Hutchison Ports boasts the world's most comprehensive port network stretching throughout Asia, the Middle East, Africa, Europe, the Americas and Australasia. It also has a new identity. In September 2016, the name of the network was changed from HPH to 'Hutchison Ports'. The rebranding revolved around a modernised logo, which was designed to more accurately reflect the group's position in global trade as the world's leading port network.

Whilst the rebranding project required an extensive, worldwide update of signage, communications materials, office spaces and port nomenclature, it was also a chance to restate the values that have long underpinned how the group operates. ▶▶▶



RTS – UNITY



"A long-term partner of the Port of Felixstowe since 1984, we are proud of how together we have provided global container solutions for British Businesses. Congratulations."

**DANIEL EVERITT, MANAGING DIRECTOR,
MEDITERRANEAN SHIPPING COMPANY (UK) LIMITED**

"As the UK's largest container port, Felixstowe is a key facility for Howard Tenens, and is well placed for our customer base in supporting import and export activities offering robust road and rail links."

KARL HODGKINSON - HOWARD TENENS



The Hutchison Ports organisation uses the acronym 'UNITY' to mark a set of five values that sets it apart from its competitors. UNITY:

- **U**nrivalled standards
- **N**etwork strength
- **I**nformed decisions
- **T**rusted and honest
- **Y**our partners

Unrivalled Standards: Setting new standards, innovating constantly, going beyond expectations, providing the best service and value for all partners and customers.

Network Strength: Working together as one team, with a shared ambition to keep making the network better, showing respect and support for each other.

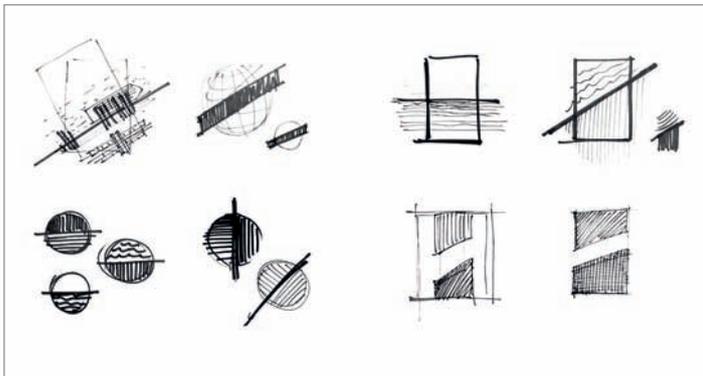
Informed Decisions: Seeing the big picture, and the small details, furthering knowledge and understanding of the industry and the world, with the future in mind.

UNITY IS WHAT HUTCHISON PORTS STAND FOR AND IT SUMS UP ITS VALUES AS A NETWORK.

Trusted and Honest: Approaching business professionally, ethically and honestly. Understanding our place in the world, and taking responsibility for actions and decisions.

Your Partners: Focusing on customers, tailoring solutions to their precise needs. Forming and maintaining strong partnerships with customers and employees.

UNITY is what Hutchison Ports stand for and it sums up its values as a network. The group philosophy is not just to focus on the here and now, but to look to the future with ambition to improve and progress. It is the word that best describes what the group is, how it operates and why it is the industry leader.



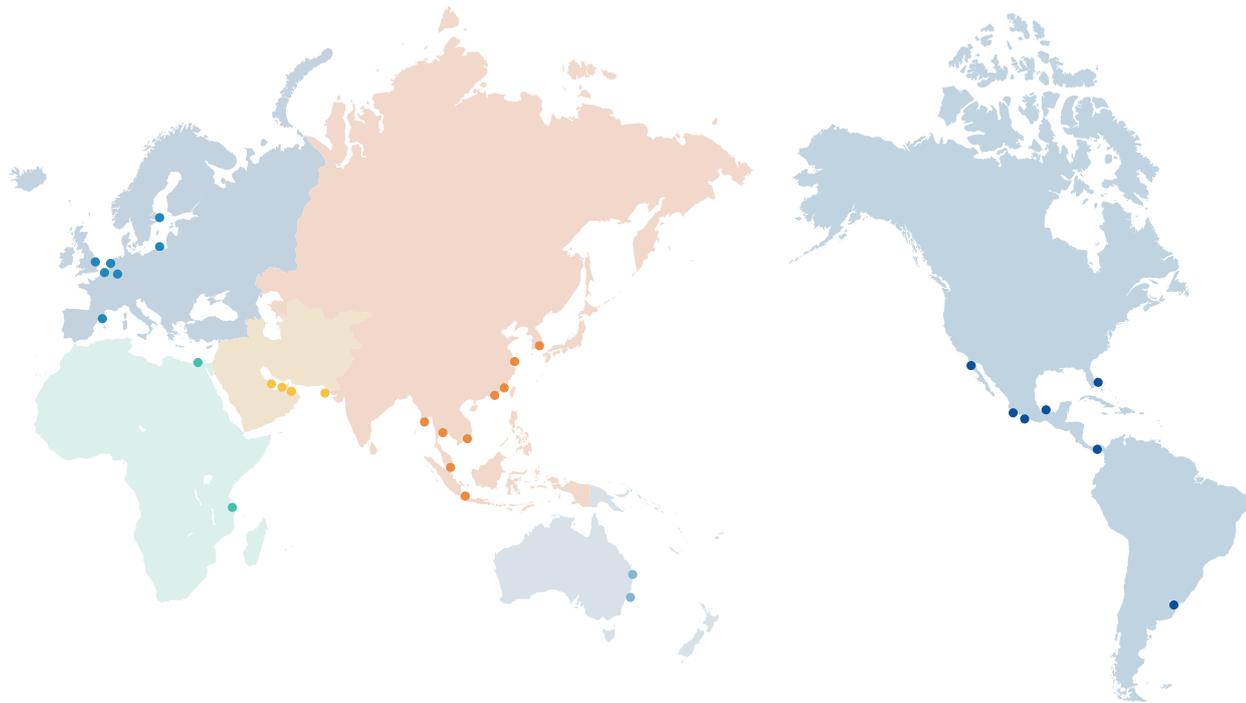
"Felixstowe keeps our food distribution business forward, even with the uncertainties that lie ahead.

Thank you and congratulations on fifty years, looking forward to the next fifty."

RONNIE LIU - COOKS DELIGHTS LTD

THE WORLD OF HUTCHISON PORTS

48 PORTS IN 25 COUNTRIES



EUROPE

BELGIUM

Willebroek

GERMANY

Duisburg

POLAND

Gdynia

SPAIN

Barcelona

SWEDEN

Stockholm

MIDDLE EAST

OMAN

Sohar

SAUDI ARABIA

Dammam

AFRICA

EGYPT

Alexandria
El Dekheila

THE NETHERLANDS

Amsterdam
Moerdijk
Rotterdam
Venlo

UNITED KINGDOM

Felixstowe
Harwich
London Thamesport

ASIA

CHINA

Huizhou
Jiangmen
Nanhai
Ningbo
Shanghai
Shanghai - Mingdong & Pudong
Shantou
Xiamen
Yantian

HONG KONG

Kwai Tsing
Tuen Mun

INDONESIA

Jakarta

MALAYSIA

Port Klang

AUSTRALASIA

AUSTRALIA

Brisbane
Sydney

MYANMAR

Thilawa

PAKISTAN

Karachi - West Wharf
Karachi - Keamari Groyne

SOUTH KOREA

Busan
Gwangyang

THAILAND

Laem Chabang

VIETNAM

Ba Ria Vung Tau

THE AMERICAS

ARGENTINA

Buenos Aires

BAHAMAS

Freeport

MEXICO

Ensenada
Lazaro Cardenas
Manzanillo
Veracruz

PANAMA

Balboa
Cristobal

OPINION

Eric Ip

GROUP MANAGING DIRECTOR, HUTCHISON PORTS



We have seen huge change in our industry over the 50 years that the Port of Felixstowe has been operating dedicated container

terminals. The industry today, and the ports that serve it, bear little resemblance to those of the 1960s.

However, change is not a discreet event. It is a constant, and it is something we embrace at Hutchison Ports. The world continues to change and evolve and we must change and evolve with it.

The pace of change over the last 12 months has been particularly high. We have seen the first bankruptcy of a major container line for 30 years, an acceleration in merger and acquisition activity and the emergence of two new global liner alliances. Between them, the 2M Alliance, Ocean Alliance and THE Alliance control the vast majority of capacity on the world's major trade lanes.

We are also experiencing rapid growth in the average size of vessels on these major routes. The number of 18,000+ TEU vessels continues to grow, 10-12,000 TEU ships are cascading onto other trades and the upgrading of the Panama Canal has seen the introduction of neo-Panamax vessels of

14,000 TEU onto new routes.

The increasingly complex and interconnected nature of global trade demands new ways of working. As we move forward into the future everything continues to grow in scale, speed and detail. Hutchison Ports is central to this complex chain, and to continue to lead we must continue to innovate.

As the world's leading port operator we are committed to the highest standards of operational performance and customer care.

We were the first international port network and the ports in our network are stronger together than they would be as stand-alone businesses. The value of working closely together and supporting each other has never been more important. We have more experience, knowledge and expertise than any other group and by pooling this through effective cooperation we are able to improve the service we offer our customers.

To better reflect our position as the industry leader and to recognise our focus not just upon current needs, but also on the future, we have recently updated and modified our corporate branding. The two main blocks of colour in our new logo represent the sea and the sky but, importantly, the horizon between them is angled upwards to symbolise progress and our commitment to improve and grow.

It is summed up by our philosophy of UNITY. UNITY is what we stand for: Unrivalled standards; Network strength; Informed decisions; Trusted and honest; and Your partners. It informs all we do and our commitment to our customers.

We are proud to have the Port of Felixstowe as an integral part of the Hutchison Ports network. Together, we will continue to respond to a changing world in a way that ensures we deliver the best operational solutions to our customers and to our customers' customers.

// The industry today, and the ports that serve it, bear little resemblance to those of the 1960s."



A (FEW) DAYS IN THE LIFE... . . .

Over the last 50 years the Port of Felixstowe has changed from a single berth container terminal with just one gantry crane to one of the world's leading container ports with over 3,000 metres of container quay and 33 – soon to be 35 – ship-to-shore cranes.

Developments over that time have been staggering but one of the things that remains constant, and which has driven much of the change, has been the commitment of its people. A group of ex-employees met up recently for lunch and a tour of the port to see what has changed since many of them retired. They shared some of their thoughts with *Ship2shore*.

The port might move over 4 million TEU per year and have over 2,500 employees, but it was not always like that...

Raymond Bull, Stevedore and Wharf Superintendent, worked at the port 1959 – 1976:

"The port has changed out of all recognition. When I first started all we did was general cargo, there weren't any containers. Later the cranes would lift only 35 tonnes and span 14 containers, now they can lift 80 tonne and go 23 containers wide. Such a vast difference, it's unbelievable. When I first started there were 60 people there, by the time I left there were 2,000."

Desmond Friston, Maintenance, Warehousing and Ro/Ro, 1966 – 2006:

"I started down the port in 1966, the place wasn't very big then, about 200 people. In those days Ian Trelawney went round the port in his car shaking hands with people, he knew everybody by name but obviously the place has grown and that's no longer possible. I had 40 years there and used to look forward to going to work."

Richard 'Slim' Mayhew, Timber Yard, Dock Worker, Foreman, 1961-69 and 1999-2009:

"The port's expanded and changed beyond comprehension. When I started there were 60 or 70 people and now there are 2,500. We were doing maybe 2,000 tonnes per week of conventional cargo and now its 4 million TEUs per year. When I started we had ex-War Department vehicles and cranes which would only lift a tonne and a half, now they got these massive cranes that will lift 60 or 70 tonnes, unbelievable."

Kenneth Rogers, Ship Worker, Dock Basin, 1967 – 1998

"We had all sorts of cargo in the Dock Basin. One I remember was a Greek ship with a load of tortoises. A lot of them were dying. They were all in crates so we brought them ashore, let them go on the quayside, and fed them lettuces."

Felix Newson, Tally Clerk, Driver, Dooley, 1967

'My first ship had baskets of oysters on the deck that came from France'

John Austin, Engineering, 27 years at the port:

"You can work for companies and the needs stay the same but the Port of Felixstowe has always grown because of the new technology brought in and embraced, you've got to use it to its full potential and not be afraid of it."



A lot else has changed. The port today has a huge focus on the safety of its workforce, ensuring that all work practices are safe, that fatigue does not lead to accidents and that the working environment is de-risked to the greatest possible extent. Safety has always been important but there is no doubt that attitudes used to be a little different

Bill Gordon, Engineering, Tank Farm, Ro/Ro, Double-Decker Bus Driver (at the old passenger terminal) and Tug Driver, 1961 – 1991 in two stints:

“We worked in gangs and if you didn’t do your share in the gang you could be out of the gate. So we all worked together and looked after each other. We had to look after each other to stop accidents because it was a dangerous job to start with. It’s all health and safety now, not like the old days and the risks we took. We were a rough old lot. You had to be. It was a tough job.”

It may have been tough, and the hours could be long, but it also offered people an opportunity to earn a good wage

Richard Mayhew:

“Today people work 12 hour shifts with days-on and days-off. One time I started at six o’clock in the morning and finished a nine o’clock the next day, 27 hours on the trot without more than an hour break. We really had to work to make Felixstowe Port work and it was because of that attitude of workers there that made the port become the success it has.”

‘Stormy’ Calver, Warehouse, Dock Basin, Riggers, 1972 – 2009:

“We used to start at 07:00 and work till four or five but we often used to carry on to get the ship finished. If it went past midnight it was called a ‘ghostie’ and I earned my first £100 per week that way.”

John Austin:

“The port brings a good deal of wealth into the town, the people that work there have a good stable income and that works its way back into the community. It helps it to grow and helps it to stay stable. Most of the people that have spent their working lives on the port will agree they’re better off for being there.”

Kenneth Rogers:

“I was on piecework and the basic wage when I started was £15.00 per week, but it was quite easy to earn £70.00 or £80.00 per week with bonuses. It was hard graft”

.... and it was not just the money, there were other perks ...

Jerry Horn, Dock Basin, 1967 – 95

“We’d get a free pint of milk a day, they were the days”

Bill Gordon:

“When you worked overtime you got a free meal.”

And it’s always been something of a family affair...

Kenneth Rogers:

“I started working on a building contract down the dock and they invited me to work there. Once I was there my brother followed and then my sons.”

Michael ‘Bodge’ Rogers, Stevedore, 1988 – present

“Dad was a shop steward for many years and when he stood down from the role I became a shop steward so it carried on [the family tradition].”

‘Stormy’ Calver:

“My dad worked on the ASN Ro/Ro terminal and now my boys are here. It’s given us a good life.”

Bill Gordon:

“My grandsons now work at the port, one is a crane driver the other works in the warehouses.”

Richard Mayhew:

“They were probably the best working years of my life, starting in 1960 or ‘61, it was a pleasure to go to work, it really was. Felixstowe Dock provided me with a house, clothing, food for my children but we had to work for it. “Ray (Bull) was there when I started in 1961 and we’ve been friends ever since. It’s 2017 and we’re still talking to one another! Even now we can go into the canteen and there are people who remember us and what we did. They were really good times.”

UNIQUELY PLACED TO HELP SHIPPERS

At Hutchison Logistics we are uniquely placed to help shippers make better informed decisions. Backed by Hutchison Ports, with a global network of 48 ports, we see the bigger picture and smaller details in and around each one.

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**...OR VISIT US IN PERSON FOR AN
EXCLUSIVE PORT TOUR AT THE
PORT OF FELIXSTOWE.**