

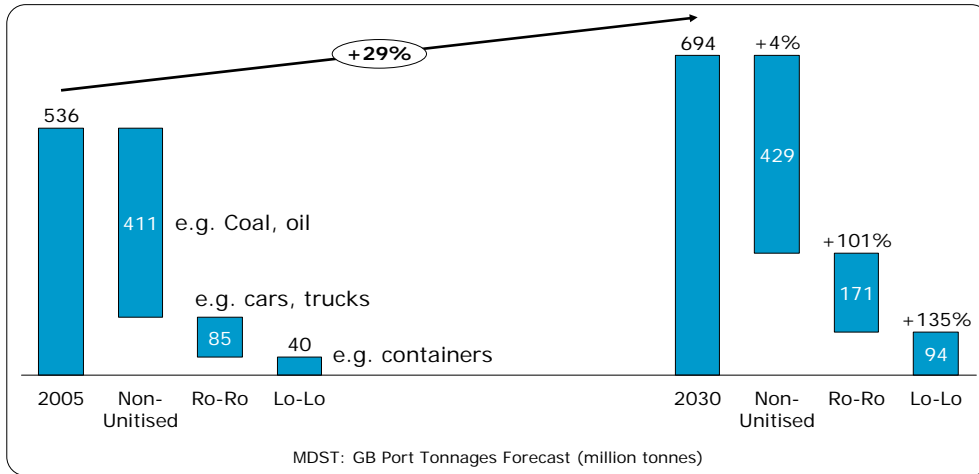
## Great Britain's Freight Network – part of the Global Supply Chain

Tom Falcon

Ours is an import economy

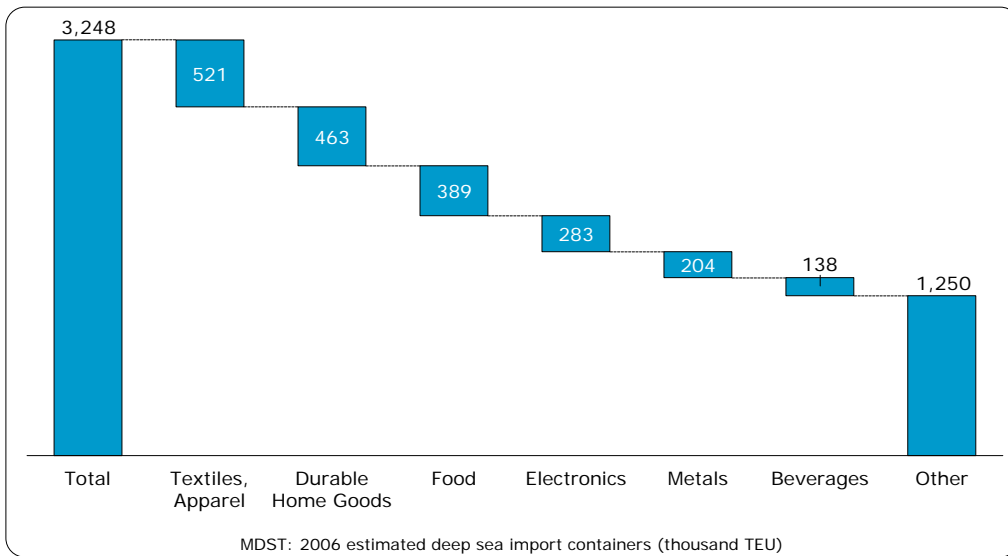


### The manner in which we import is changing

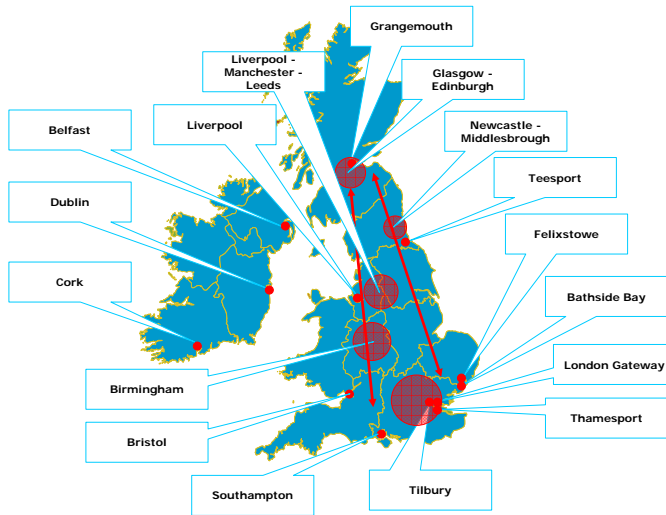


- > Container volumes in tonnes will grow 135%
- > Deep sea container volumes in TEU will grow 180%

### Containers are now used for all manner of commodities



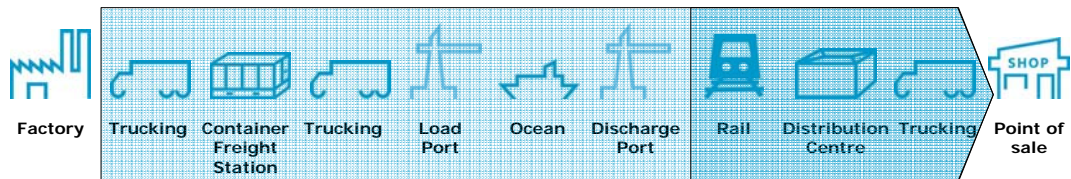
## Location of container terminals, projects and consumption



- > Major consumption areas located near ports (except Birmingham)
- > Two primary North-South arteries
- > Strong growth in Felixstowe and Southampton

## The Global Supply Chain for Containers

GB: 15-20% of total logistics cost



### Coffee – a real example



Coffee Smallholding, Busunju



Coffee Grading and drying, Kampala



Container Freight Station, Kampala



Container Terminal, Mombasa



Container Terminal, Felixstowe



Coffee Roaster, York



Distribution Centre, Leeds



Supermarket, Manchester

## GB's supply chain requirements and constraints

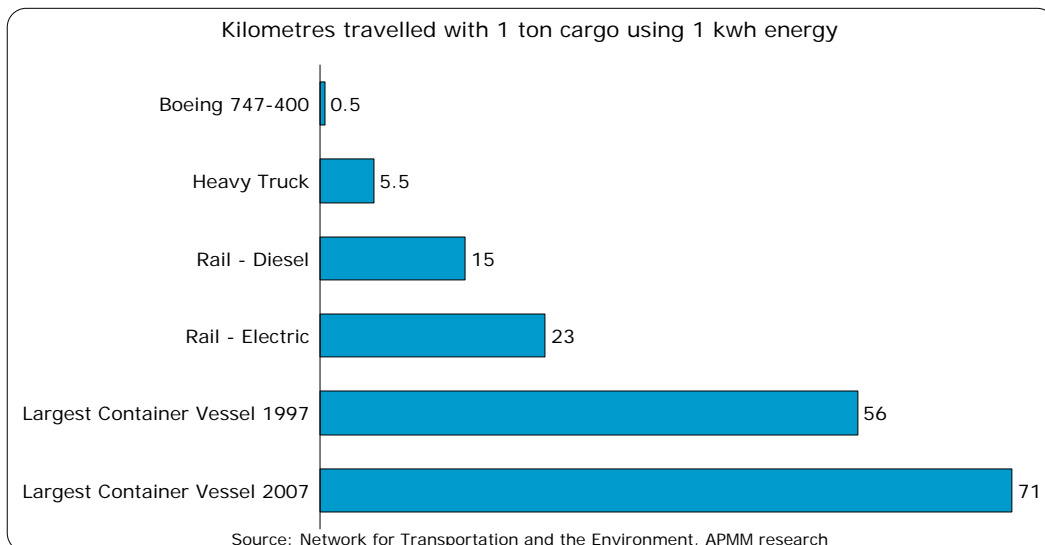
### Requirements

- > Transport goods from a to b efficiently
- > Reducing inventory and other types of waste
  - > Lower cost
  - > Increased reliability
  - > Higher frequency
  - > Higher speed
  - > Lower emissions
- > Increased sensitivity of supply

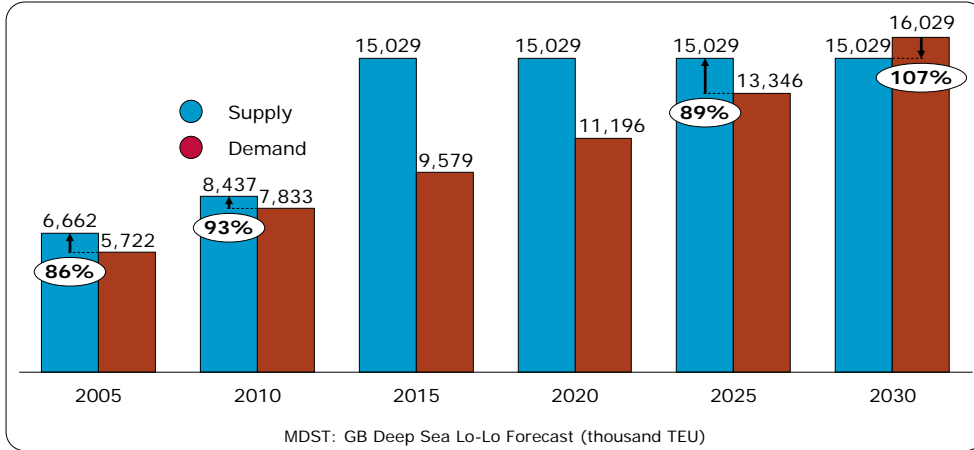
### Constraints

- > Infrastructure (ports, rails, roads)
- > Hardware (wagons, trucks)
- > Software (drivers, dispatching)

## Shipping provides the lowest emission transport

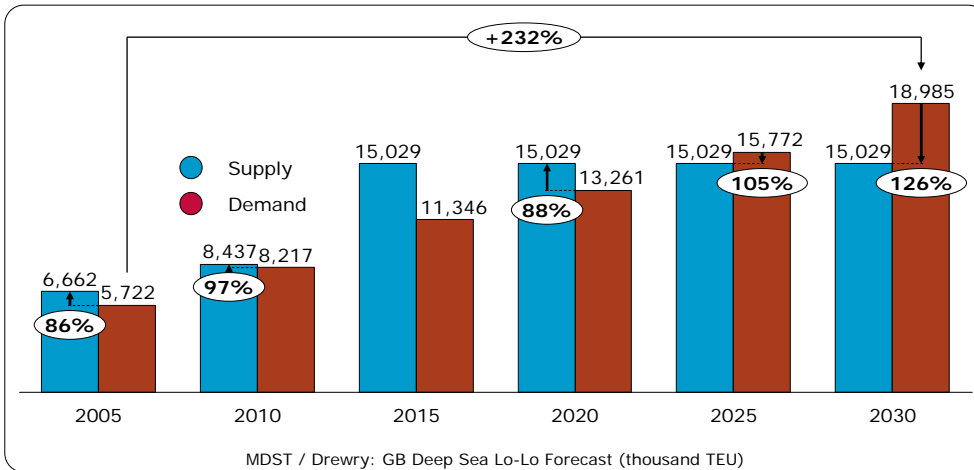


### Optimistically: Capacity crunch until 2015, again in 2025



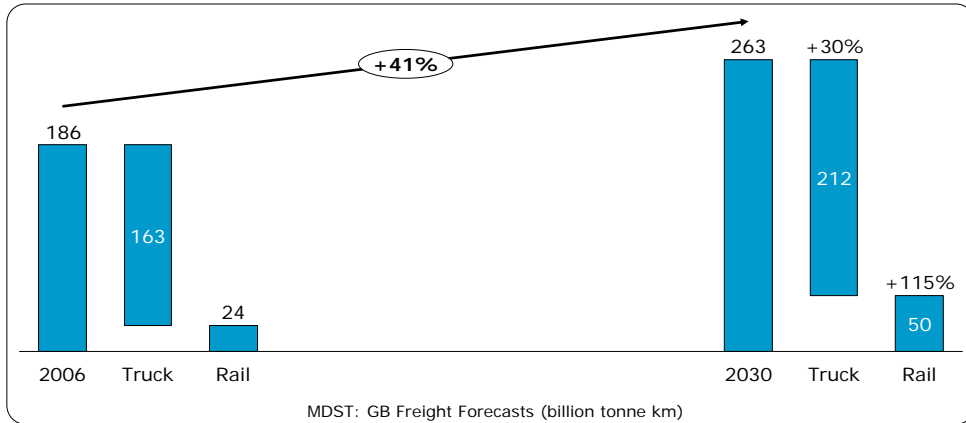
- > Assuming existing consents built out (126% growth)
- > Assuming conservative 4.2% demand CAGR (180% growth)

### However, current trends create a more worrying forecast



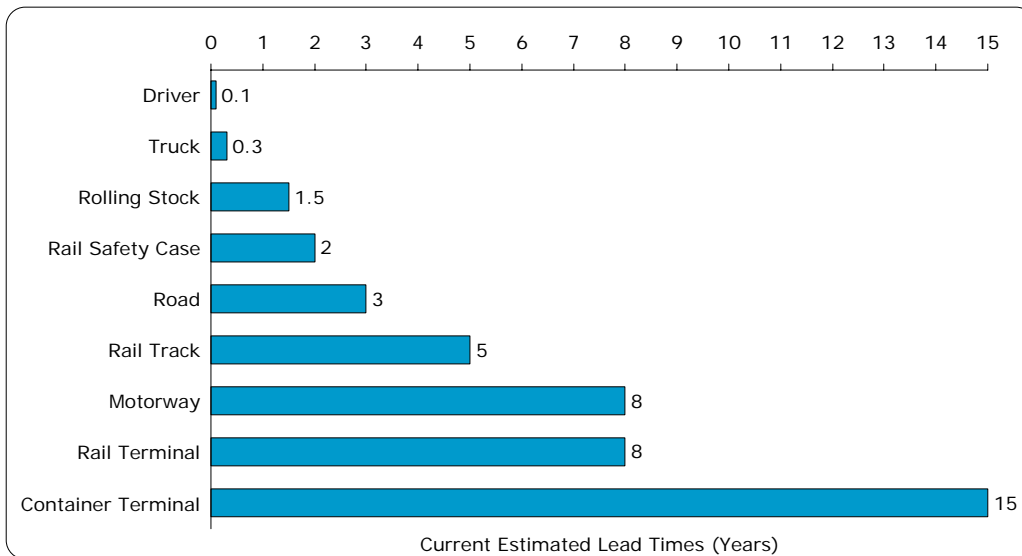
- > Using Drewry assumption of 2005-10 CAGR of 7.5% versus MDST's 6.5% and 2010-15 CAGR of 6.7% versus 4.1%, thereafter the same
- > Still assuming existing consents built out

### Our landside network will face similar challenges



- > Increasing imports concentrates freight on a few 'gateways'
- > Road haulage, which is very labour intensive, will become more expensive
- > Demand for inland rail freight terminals will increase 600% by 2030

### Tomorrow's business is today!



## Building for tomorrow, today

### Today's business

- > Transport costs disguised at consumer price level
- > Used more efficiently, we have sufficient capacity today
  - > Work smarter, work longer
  - > Extended delivery periods
- > However, economic incentives need to be made clear
- > Supply risk

### Tomorrow's needs

- > Tomorrow's needs must be planned today
  - > To deliver a competitive network
  - > To remove economic constraints
- > Future growth requires:
  - > Increased terminal capacity
  - > Increased rail capacity
  - > Reduced planning timelines
  - > A focus on modal links