



**THE EUROPEAN SHORTSEA CONGRESS
DUBLIN JUNE 2008**

NEW TERMINAL DEVELOPMENT

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June 2008

2. New Terminal Development

- What do we mean by New Terminal Development?
 - Greenfield site? Incremental development? Refurbishment and renewal? Supply chain value added development?
- The drivers for and the inhibitors of development.
- The (difficult) business case for development.

I will review overall and then by short sea sector:

Bulk: liquid bulk, including oil and gas + dry bulk

Unit Load: container, intra Europe and feeder + RoRo freight ferry

I will give a few examples and reflect on the future.

3. The Drivers for Development

- Sector traffic growth / meeting expansion – only unit load
- New traffic – not a frequent occurrence, e.g. a new mine
- Larger ship pressures on quay length, draft, storage capacity
 - coupled with urban renewal pressure to move out of City
- Renewal and refurbishment
- Customer supply chain developments + added value
- Coastal highway + roads-to-water conversion?

I will give some examples later.

4. The Inhibitors

- New development is generally incremental development.
- Except for the growing unit load trades and a few new traffic flows, demand results from regional mismatches and changes in ship size and type.
- Generally no shortage of port capacity, although often it is in the wrong place and of the wrong type.
- Competition for port land + price of port land and constraints on expansion
- Environmental and neighbourhood pressures
- Poor road access and requirement to contribute to infrastructure costs

Thus, much competitive pressures and tariff/contract rate, environmental and cost pressures..... whilst the financial justification depends on new expensive capital costs versus only incremental revenue.

Therefore, need to: add value and work in partnership with customers

- seek additional volumes and economies of scale
- intensify the operations
- secure regeneration contribution and other benefits

5. Development of Added Value and the supply chain

Grimaldi recently criticised shortsea ports for not investing enough in facilities and efficiency – seeking something for nothing?

But a port/terminal company needs:

- Additional revenue - from larger volumes and/or value added.
- Partnership to secure the term commitment to back development.
- Sharing in the added value from the supply chain activities of conversion/processing, warehousing storage and distribution.

And it is still hard to provide all that the customer wants whilst rates for shortsea goods and ships are low and costs (investment, land and operating costs) are high.

- A major change over the last 20 years has been the role of ports/terminals in the supply chain as market entry and distribution centres (or export consolidation and storage centres) and the extension of the port/customer partnership.

6. Liquid Bulks

The largest shortsea trade, but now declining.

Crude oil shuttling (KOAS). CP Product and gas distribution (20mtpa +).

Higher contribution revenue per tonne, but higher terminal costs and environmental costs.

Recent developments only in:

- replacement/refurbishment of aging tanks) tank farm
- Environmental and H&S enhancements) upgrades
- Blending facilities, including biofuels
- more/smaller tanks for additional grades of fuels and speciality liquids and chemicals.

The only new oil terminal for many years – and the first in Ireland for 50 years – is that at Londonderry.

More normal today is withdrawal of capacity and non-replacement, pushing oil products back onto the roads as pipelines are full.

7. Dry Bulks

Low revenue per tonne so does not pay for new infrastructure.

New terminals are superstructure in the form of:

- Smaller multi-purpose sheds for regional flows.
- Larger value added facilities for larger flows.
 - viz Foynes and Cork Ringaskiddy
- Supply chain distribution centres for particular flows such as forest products, viz Tilbury

8. RoRo Freight Ferry

- Growth mainly seen in larger ferries and/or increased frequency.
- Terminals seek new services but reality is ferry company and service consolidation and larger vessels.
- All operators want peak slots; harder to utilise off peak.

Less infrastructure (quays) demand than LoLo but much larger land requirement for (unaccompanied) RoRo

- often port expansion impossible
- often expensive reclamation required

viz Dover, Calais, Zeebrugge, Dublin

9. Container Intra-Europe and Feeder

- Drivers are
- traffic growth
 - rising ship sizes
 - urban renewal pressures

High infrastructure costs (deepwater quays, etc) and high terminal superstructure (equipment) costs require high throughput to justify

- often helped by / needs help from offsets and cross subsidy from urban renewal, viz Waterford, Cork Oysterbank, Dunquerque
- or, conversion of existing infrastructure, viz TeesDock, Dublin Alexandra Quays
- or, development of major new port area out of City, viz currently Helsinki, Oslo and soon Riga + the imaginative future Bremore scheme by Drogheda P.C.

10. The Future
