London Gateway: DP World answers critics

Will the opening of new deep-sea container port London Gateway in Q4 2013 bring the cash shot which the UK economy so desperately craves or is the £1.5 billion already spent constructing this new terminal and logistics park a lamentable waste considering the Asia-Europe trade downfall?

According to Mohammed Sharaf, Chief Executive Officer for project owner DP World, a long view should be taken of the London Gateway project as apparently with any new terminal, those seeking instant gratification are unlikely to be satisfied. "For a port, you never look at it in the same way as you would with any other project," he said, noting that port performance cannot be measured within the first few years of operations – more likely within the first 30 years.

"London Gateway was carefully thought of when we decided to move ahead. It is the closet port to the main market in England – London and its surrounding areas. It is equipped with intermodal [freight transport] which allows cargo to reach destinations faster and more efficiently and it is also in line with reducing cargo emissions. So far we have received an excellent response from our customers and we believe this project is going to be advantageous to the industry.

"I would like to add that London gateway is not about economic growth or the downfall of economic activities in the UK – it's not about the last or additional volume that's coming. It's about the first container entering the UK, the first 3.5m containers coming to the UK – this is where the value comes in for the local economy.

"What is the best time to operate? We must take into consideration that this is a long-term project, but looking at it on a short-term basis, we should consider what the UK market needs today – it needs efficiency and an effective logistics network and London Gateway will provide that. Almost half of UK trade goes to the London market and all the major ports are around at least 100 miles away from this major market – goods must go from a port, to the Midlands then they are transported all the way to the city. London Gateway will be shortening that distance, which will mean savings for cargo owners and for the consumers in the UK. This is what everybody is looking for today."

He added that London Gateway is not merely a port, but a huge land space and logistics park which is already prepared and available. "There is no other port today in developed countries where logistics can be side by side with the port – the beauty of London Gateway is it has so much space. Usually when you put logistics next to a port, this is when it becomes most successful – it is a dream for people in shipping. London Gateway is a game changer – it's not normal business."

Pointing the finger

Roger Lewis, Underwriting Director, International Transport & Intermediaries Club (ITIC), on why agents must beware of misdirected liability arrows.

In many countries, ship agents – and, in some cases, ship managers – can find themselves embroiled in liability claims only because of their role as agent of the ship owner or charterer. This happens because of a joint and several liability under local law or port statute, or so-called 'statutory liability'.

Examples of where this happens include cargo claims, customs duty and penalties, removal of wrecks, abandoned cargo and containers, dock damage, immigration fines and repatriation costs, and oil pollution. All of these liabilities should, in the normal course of events, be handled by the principals and their insurers, the P&I clubs. Sometimes, however, things do not go according to plan.

In most jurisdictions, even where there is a joint and several liability, the principal - and not the agent – is the prime target for claims. However, authorities in a number of countries will look to the ship agent, rather than to the principal, for statutory claims. These countries include Argentina, Australia, Bangladesh, Brazil, Canada, Chile, Colombia, Ecuador, India, Kuwait, Pakistan, The Philippines, Qatar, Spain, Taiwan, Turkey, the UK, the US and Venezuela. This is not an exhaustive list, however, and consideration must be given to changing laws and to the revision of port authority enactments.

Of the countries listed, several have legal systems which take many years to process claims. This means that, during the intervening years, there is always the risk that a ship will be sold, for example, or that an owner will cease trading, in which case the agent will be left to deal with the claim.

If the agent becomes aware of the claim while the ship is still in port, attempts should be made to obtain a P&I club letter of guarantee before the ship sails. If there is substantial damage to cargo, or dock damage which cannot be defended or disputed, then it may be possible to do this amicably. When a letter of guarantee is provided it is essential to check its wording to ensure that the agents' liability is protected fully and that adequate consideration is given in respect of both interest and legal costs.

In the event that the claim falls outside the scope of P&I club cover, or the club refuses, for whatever reason, to provide a letter of guarantee, the agent should look directly to its principal for security – preferably in the form of a bank guarantee. It is probable that the courts will not allow the ship agent to arrest the ship for an anticipatory claim, but this may be possible where there is an actual claim on the ship agent, for example from the port in respect of damage to harbour installations.

When first made aware of any statutory liability claim, the agent should immediately inform its principal of the loss or claim, and seek confirmation that the principal will indemnify the agent as per its duty and obligations in accordance with the law of agency and of any current agency agreement.

In a recent case, ITIC was able to help persuade a reluctant insurer of wreck removal liability to step forward, without which initiative the agent would have been left to fund the entire wreck removal.

Detail of mosaic, Parc Güell, Barcelona

Spanish ports show no cracks

Spain may be at breaking point, but its ports could help glue the pieces back together.

The country's largest container ports have experienced impressive growth in box traffic (comparing the first half of 2012 to the same period in 2011), with Valencia increasing by 3% to 2.2m teu (including 1.1m teu transhipment) and Algeciras increasing its container traffic by 27% to 1.8m teu.

However, Málaga is the definite rising star in the Spanish 'port-folio', as the Costa del Sol hotspot has become Spain's fastest growing port, owing to massive cargo growth. Throughput at Málaga increased to 3.8m tonnes in the first half of 2012, making for a very respectable increase of 167%, largely due to a great increase in container transhipment business which the ports of Algeciras and Tangier Med would, arguably, otherwise struggle to cope with.

Meanwhile, at the Port of Barcelona, transhipment levels have decreased but shipping businesses based at the Catalonian capital are surely rubbing their hands together at the news that container exports have increased by 5%, while shipment of commodities such as cars has also increased healthily.

Barcelona's port authority has cited such exports as an essential form of traffic in order to combat the 'onslaught of the recession' and 'a fundamental element in the diversification of falling internal trade both in Spain and Europe that is guaranteeing the survival of many businesses'.

The port has also put its energies into railway investment, with container dealer TCB putting down €60m to build a larger stocking area and to develop the port's multimodal transportation capabilities, particularly railway installations connecting the port to France and Northern Europe.

But transhipment business can be flaky and difficult to maintain, so Spain must focus on future investment in the country's transport infrastructure and make efforts to preserve traffic which could disperse in difficult times. In addition, the Spanish Government is boosting the country's logistics and intermodal infrastructure, enhancing the standing of the country's state-owned ports and ensuring volume levels keep on climbing. Viva España.

Time for tea

Andrew Moffat, Chief Executive, Port of Tyne and Nigel Smith, Chairman, Ringtons Tea, enjoy a cuppa after agreeing a three-year deal which will see the Port handle up to 250 containers of tea per year – enough to brew 1.48 billion cups annually!