

Business case shortsea corridor Oostende – St. Petersburg

POM West-Flanders & Port of Ostend

Food Port Slot conference: 20/02/2014

Agenda

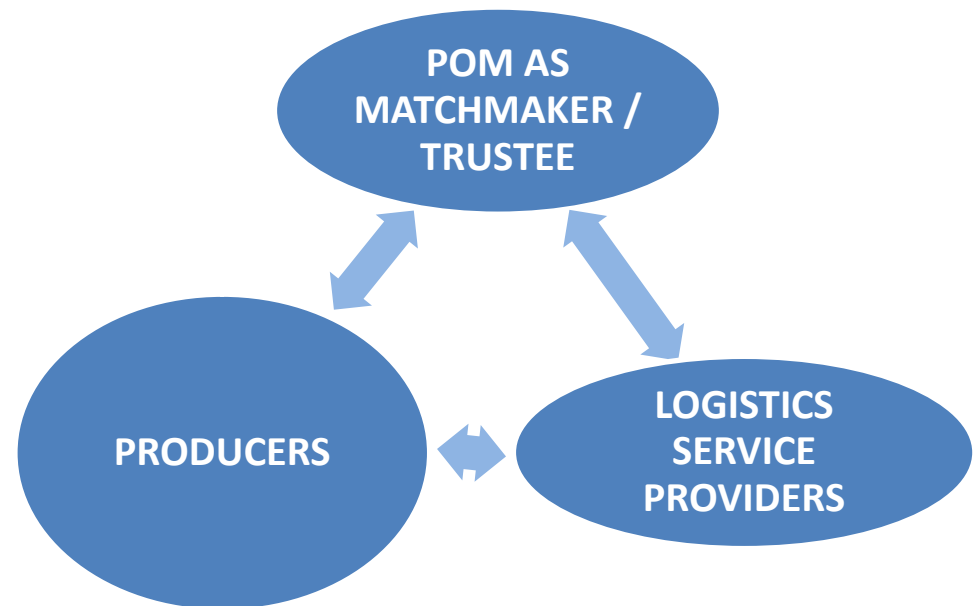
1. Main goals + role POM WV
2. Why port of Oostende and why focus on St.-Petersburg?
3. Development of a **flexible business case** (price calculations, service requirements, sustainability);
4. Main results of the case within Food Port Project;
5. Lessons learnt!

1. Main goals + role Regional Development Agency West Flanders (POM)

Main goals

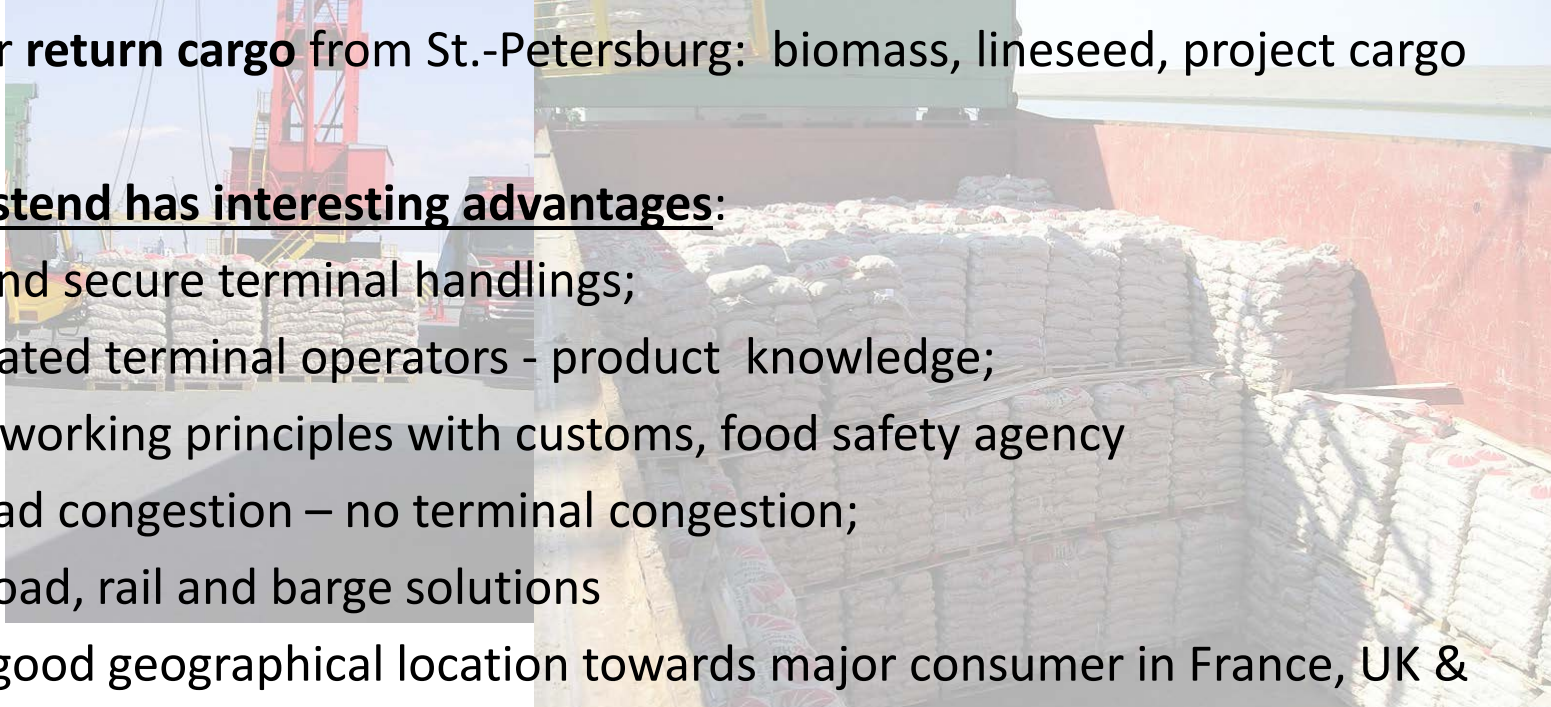
- Bring together West Flemish traders / Food producers (DEMAND DRIVEN)!;
- Work out an appropriate shortsea solution for the corridor Ostend - St. Petersburg
- Be aware of importance of INCO terms : **CIF** St. Petersburg
- Implementing structural and sustainable transport solutions

Role POM West flanders



2 Shortsea corridor(s) Ostend – St.-Petersburg (1)

- opportunities for **major potato, vegetables and fruit flows** from West-Flanders
 - > 60.000 tons of potatoes;
 - > 30.000 tons of vegetables (carrots, onions,...)
 - > 30.000 tons of fruits (conference pears, apples,...)
- Search for **return cargo** from St.-Petersburg: biomass, linseed, project cargo
- Port of **Ostend** has **interesting advantages**:
 - fast and secure terminal handlings;
 - dedicated terminal operators - product knowledge;
 - good working principles with customs, food safety agency
 - no road congestion – no terminal congestion;
 - Road, rail and barge solutions
 - Very good geographical location towards major consumer in France, UK & BeNeLux



Operational insights: Oostende- St. Petersburg

- Start-up phase: 2 departures/month (incl. Saturdays)
- New (2011) ships (up to 4200 tons)
 - Belgian and Russian Flag
- Total door to door lead time (min. 7 days/max. 9 days):
- Post haulage service can be arranged
 - Paris (Rungis market) – < 3,5 hours driving from Port of Ostend;
 - London – < 5 hours driving from port of Ostend;
 - Brussels – only 1 hour drive from port of Ostend.
- holds are specially developed for pallet transportation:
 - Box hold;
 - pallet wide;
 - Temperature control is possible – dedicated reefer plugs.

Possibility to load (reefer) containers

- Capacity - deck: 76 TEU / 36 FEU
- Capacity - hold: 102 TEU / 48 FEU
- 15 reefer plugs

3. Development of a flexible business case

A BUSINESS CASE -Port of Oostende - ST. Petersburg

Maritime Transport Road Transport General Input Results Analysis Overview

TAABEL



foodport
Connecting Food Port Regions
Between and Beyond



POM
maakt werk van West-Vlaanderen



Port
Oostende



European Union



The European Regional Development Fund



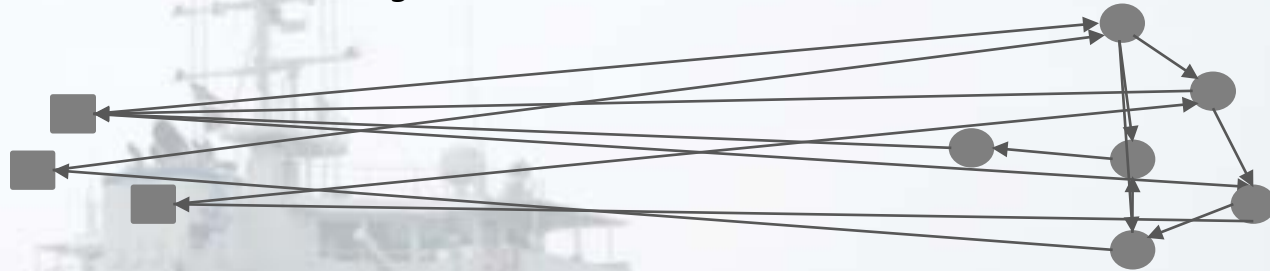
The Interreg IVB
North Sea Region
Programme

3. Important Parameters and assumptions

- Shortsea shipping solution is a **door-to-door solution**;
- Current road transportation is the benchmark;
- Shortsea solution based on;
 - T/C
 - Current MDO - prices
 - Different sailing speeds (10-12knots)
 - Port dues/charges
 - Stevedoring
 - Extra cost for container rental
 - ...
- Different end- destinations possible
- Calculations based on a **market approach** ('defensive' approach);
 - No ECO-Bonus;
 - No Marco Polo.
- Pricing is based on inco term: **CIF** St. Petersburg
- Defensive approach regarding return cargo

4. Major CO₂ reduction

Door-to-door road haulage



Carbon footprint up to 60 %

Intermodal transportation



4. Important project results

- **Insights in the potential (food) flows** between West-Flanders and St. Petersburg;
- **A business case instrument**, based on actual market information, taking into account different scenario's regarding:
 - Volumes;
 - Palletized goods and containers;
 - Different inco-terms.
- A business case instrument in Excel that helps **in the decision process**, especially focusing on the shippers;
- A professional power point that can be used as a **marketing tool** for attracting both West Flemish and Russian shippers.
- Everything is ready for the **start up of a pilot case**.

5. Lessons learnt

- A SSS-corridor between Oostende en St. – Petersburg can be **(cost & service) competitive** in comparison to road transportation
- A constant focus on the **win for each stakeholder** is of crucial importance.
- Working out an **integrated logistics concept / offering is crucial** for the shippers, with focus on the **right INCO-term**, only a SSS solution is not enough for receiving commitment;
- Setting up a new corridor (logistics SSS service) is **time consuming**;
- Setting up a new corridor (logistics SSS service) is **extremely challenging**;

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