

Case Study

Sea and Water

Thanks to ASDA it's greener up North

ASDA's import centre at Teesport saves more than 2 million road miles and thousands of tonnes of carbon emissions each year

In 2006 Sea and Water supporter PD Ports made land available for a significant investment into new-storage facilities by retailing giant ASDA in the development of a £20 m import centre at Teesport. This successful development means that 70% of ASDA's non-food imports now go directly to the North by sea, rather than by road from Felixstowe, saving ASDA more than 2 million road miles each year -- that's equivalent to four trips to the moon and back - while improving ASDA's reputation, efficiency and environmental standing.

Following ASDA's research into the movement of goods destined for its Northern consumers, the retailer found that lead times involved in road collection of containers from the south-east ports was not only affecting customer service but also the availability of general-merchandise lines. This led to unnecessary road miles and increased carbon emissions.

Part of ASDA's decision to establish a base at Teesport was based on PD Ports' plans to develop The Northern Gateway Container Terminal (NGCT) – a £300 million deep-sea container terminal. This major development will greatly reduce lead times for retailers (including ASDA) by enabling deep-sea vessels to call direct to Teesport. The need to develop an import distribution centre was generated by growing demand for imported products from the Far East, particularly China and the need for a flexible way of routing these lines through the ASDA distribution network. The ability to get the containers collected from the Port and processed through the import centre in very short lead times played a crucial role in the success of the facility.

ASDA opened its Import Deconsolidation Centre in March 2006. The whole activity around Teesport is a great contribution to the economical growth of the North-East. This has included the creation of some 200 new jobs in the Deconsolidation Centre itself, not to mention local hauliers.

In September 2006 the report by the National Consumer Council: *Greening Supermarkets how supermarkets can help make greener shopping easier*, stated that 65% of supermarkets' transport was made using roads, while goods moved on the sea equated to only 12%; marginally above air freight. The report commended ASDA on its initiative and stated "The arrival of ASDA at Teesport is a landmark deal for the industry. The new Import Deconsolidation Centre at the port is the largest, port based import centre in the UK and there is available land for at least four more of these facilities.

"Not only has ASDA's arrival created much needed jobs in the region but has clearly demonstrated the benefits of using a Northern-based port to serve Northern consumers. This further strengthens our case to develop The Northern Gateway Container Terminal and will help us to attract more deep-,ontainer shipping lines to deliver via Teesport," said Martyn Pellew, Group Development Director of PD Ports.

"The development of our Import Deconsolidation Centre at Teesport has enabled ASDA to make a step change improvement in the way we flow products, improving responsiveness and customer availability while at the same time supporting our sustainable transport strategy of fewer and friendlier road miles through a significant modal shift to sea," said Simon Pearson, Head of Central Distribution Operations, Asda/WalMart.

Moving goods by water is cost effective particularly over long distances which is reflected in the fact that 95% of UK imports come via the UK's ports. Water is available and accessible now and in the UK the opportunity is limitless with more than 2,000 miles of rivers, estuaries and canals and 11,072 miles of coastline connecting to 300 ports.

Dr Heather Leggate, the research director at Sea and Water, said:

"Sea and Water applauds this investment which makes better use of water and in so doing saves many lorry miles. The UK has an impressive network of ports and it is important that we realise the potential of all of them to reduce congestion on Britain's roads."

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About ASDA

ASDA was formed in 1965 and was an independent business until 1999 when it became part of the US-retailing giant Wal-Mart Group. Since then ASDA has grown to become one of the Britain's largest food retailers operating over 300-stores nationally. ASDA sells in excess of 20,000 food-product lines. It has also increased its non-food range by 5,000 products creating a total range in excess of 12,000 products. ASDA's overall strategy is to significantly reduce its road miles, use of water and rail instead of road within the ASDA Distribution network currently saves 9 million miles a year.

About PD Ports

PD Ports is a UK-ports business offering end-to-end, supply-chain solutions. With headquarters based in the North East of England, PD Ports operates at many key UK ports and logistics centres with a growing mainland European presence.

The Location of Teesport

Located on the North East coast of England, the Ports of Tees and Hartlepool provide lock-free access to 6,000 vessels each year. The River Tees is at the heart of an area strongly associated with petrochemicals, manufacturing and

engineering. The area is home to many companies serving these industries as well as offshore and other river-related activities.

Further perspectives

PD Ports' plans to develop the NGCT has generated huge interest and support. In June 2007 Hanbury Davies Limited, one of the largest, privately-owned distribution and logistics companies in East Anglia, also announced the opening of a new distribution and logistics depot at Teesport Commerce Park.

Based in Felixstowe (Suffolk) and already operating from 18 locations across the UK, Hanbury Davies has chosen Teesport as the latest site from which to run its container-transport business. One of the deciding factors behind the company choosing Teesport is the port operator's plans to create the NGCT.

Speaking on behalf of PD Ports, Commercial Director, Graham Wall commented: "We are delighted that Hanbury Davies has chosen Teesport Commerce Park as a new site for its distribution and logistics activities."

Ian Morton, Senior General Manager responsible for the new Hanbury Davies depot, said: "PD Ports' huge proposed expansion project at Teesport is very exciting for the shipping liner and container-transport industries. We are all aware of the increased volumes of containers arriving into the UK from Europe, Scandinavia and the Far East, which has put tremendous strain on our ports. When PD Ports' plans are given the go-ahead, this will give the shipping lines greater access into the UK and transport companies an ideal base from which they can more economically service the North of England and Scotland."