



## WHAT'S FREIGHT TRANSPORT FOR IN A POST COVID, POST BREXIT WORLD?



Fancy a pint? Allowing yourself to think about some plans for summer? If the COVID pandemic has taught us anything is that outside factors can make a mockery of carefully laid plans. But due to the near miraculous work of scientists and the vaccine roll-out programme (in which the freight and logistics sector has played its own part) perhaps we can allow ourselves to even tentatively make some plans for the future.

That may be coming to terms with the new world of booking a pub table for some well earned refreshment. But also it might be planning for some more fundamental changes to how freight transport works in a post COVID world and even – at the risk of getting all philosophical about it – what freight transport is for. Here's three areas that occur to us in the major ports sectors, areas that offer both challenges and opportunities for all of us in the freight sectors.

### *Delivering more resilient supply chains*

Although COVID, Brexit and the recent issues around the Suez have their own very specific (and individually serious) causes and effects, a combined strategic lesson is about relooking at supply chain resilience. Our experience – at least so far – is that there's lots of serious thinking going on amongst cargo owners about the balance between efficiency and resilience. However, its way too simplistic to declare the end of global supply chains, just-in-time and other approaches that have been so instrumental in driving efficiency and lower costs for end consumers. The solid business logic and, lets face it, cost drivers are still there.

So instead of completely up-rooting the supply chain foundations, there are a lot of conversations about how the balance between efficiency and resilience is struck. If the whole supply chain is unlikely to be re-shored, can some



of it be near-shored? Where can critical stocks physically sit within the supply chain? How can optionality be expanded for not only sourcing but supply chain routing? And how does more visibility and data driven decision making happen to act on such optionality?

These dialogues provide challenges to the freight sector – unsurprisingly customers don't want to pay a lot more, but also we have to be able to work more flexibility and adjust at pace. But it also provides opportunities as well – including increasing the space for freight players to act as partners and service providers. For ports, the opportunity is expanding the proven success of 'port-centric' models of logistics hubs and manufacturing facilities as resilient and in some cases near-shored facilities for customers.

### *Making the net zero transition at pace*

It's been heartening that the pandemic hasn't subsumed the importance of addressing the climate emergency. Indeed, the pandemic has forced many of us to make significant changes in work and personal contexts that bring environmental benefits. It remains to be seen how permanent these changes will be, but some hopefully bring advantages for freight (such as the freight / passenger balance on rail).

From an industry perspective I'm impressed about the investment and development going on amongst the major port operators to play their part in the transition to net zero. That's for own activities – and I know many other freight sector colleagues can say the same. But also for the role we play as enablers for other sectors. A clear example for ports is supporting the development of the UK's offshore green energy revolution. Going forward we look forward to working closey with colleagues across other freight modes to act as low emissions and alternative fuels hubs as part of net zero supply chains.

Freight, sometimes unfairly castigated in the press and by environmentalists, is working incredibly hard on transition and is part of the climate change solution, not the problem. But this transition is not easy and it's not cheap. This honesty – and the resources to address the barriers – is often missing from the wider net zero conversation.

The Government – who's mind is no doubt focused by hosting the major UN climate change conference later this year – has doubled down on targets and rhetoric. They also have a crucial role to play in implementation, particularly if that is to be achieved at real pace. That's not just in the R&D stages of solutions, although this is crucial, its also in the seemingly less fashionable but

vital transition stages where technology is in principle available but too far from being cost effective. There are asset change over challenges here, but also smoothing the 'in use' opex where fuel cost differentials can be significant.

### *More than just transit – transport as a catalyst for jobs and prosperity*

'Levelling up' seems to be a buzz phrase of the moment. Although there seems to be an ongoing and politically charged debate about what that actually means, because we're practical people in the freight sector lets just simply assume it means increasing investment, jobs and prosperity throughout the UK.

Of course the fundamental role of the freight sector remains the safe, efficient and sustainable transit of goods throughout the UK. But I think we as a broad sector have an important 'levelling up' role to play as well. Our very ubiquity and nationwide presence makes us a ready made channel for job creation throughout the UK. Where we have hubs – and ports are a case in point here – they can too often be in areas facing significant socio-economic challenges, but have bags of potential. In such locations our success as a sector is a crucial part of the prosperity and opportunity of the surround communities. We do good by doing well.

I'd suggest that Government – at all levels – has ready made partners in the freight sector for delivering growth and social value such as skills. In the ports sector we have had the announcement of freeports. These are welcome potential step change opportunities, although its very early days. But there are more communities in the UK that would benefit from boosted investment by freight and other sectors.

This doesn't necessarily have to cost Government a fortune – in fact I'm sure many sectors and operators would prefer that Government acts to encourage private investment than potentially distort markets through direct intervention. The ongoing reform of the planning system is a clear priority here – its not just about housing, it needs to factor in business and freight properly.

So, plenty to ponder over that carefully planned, socially distance compliant pint. But my hope is that the post pandemic landscape not only sees the freight sectors continue to play their fundamental historic role for the UK, but expand our contribution significantly. Cheers to that!

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