



International Chamber of Commerce

The world business organization

ICC Policy Statement

The need for investment in port and freight transportation infrastructure

Prepared by the Committee on Maritime Transport

Around the world, freight transportation infrastructure into and from ports and to the regions they serve is increasingly incapable of adequately handling current cargo volumes. These volumes are expected to rise further. Infrastructure must keep up with the pace of international trade. Freight industry stakeholders and public authorities must act now to eliminate infrastructure bottlenecks and to ensure the smooth flow of international cargo shipments.

The ICC Committee on Maritime Transport, which brings together maritime transport providers and transport users, calls on all parties in the international supply chain to work together in planning and arranging for the necessary expansion and efficient usage of freight transportation infrastructure supporting ports, for the benefit of world trade.

In many ports around the world, containers are piling high in many terminals because of transportation bottlenecks. This means costly delays, missed berthing slots in subsequent ports, higher fuel costs to make up schedules, readjusted schedules, missed ports, missed feeder and train connections, changed documents and penalties. Access roads and intermodal connections are insufficient to ensure the swift and efficient transportation of containers that have been unloaded in terminals. Inland waterway barges and feeder ships compete with ocean vessels for berths. Access roads of ports and highways are congested, as are the railways. Problems in one region affect the performance of ports, waypoints and carriers in all modes along the entire supply chain, all incurring and causing additional costs.

Delays have serious effects on just-in-time distribution systems, which seek to reduce inventory and distribution costs, and on lean production techniques, which seek to cut down on sources of waste in manufacturing. Delays result in huge costs for importers and a serious lack of predictability and reliability in supply chains.

The number of international containerized cargo movements is expected to rise substantially. Already at 281 million TEUs* worldwide in 2003, the number of loaded TEUs handled by world ports may rise by eight to 10 per cent per year. Trans-Pacific cargo is estimated to grow at an anticipated 10 to 12 per cent this year. Russia's container traffic is rising by 15 to 20 per cent per year. Container traffic between China and its trading partners will continue to expand.

To cope with the surge in container traffic, action is required now. Owners and operators of ports and terminals are called upon to identify measures to increase efficiency and throughput and to adjust their investment plans accordingly. Public authorities at the local, regional and national level should act to ensure that the necessary planning, investment tools and funding sources are in place to allow owners and operators to make timely and informed decisions for the future freight transportation infrastructure. What expansion areas are available for ports? What inland waterways will be dredged? Which highways and railways will be built? What funds will be made available? Legislators at all levels should act to implement commercially oriented frameworks offering genuine competition within port areas to create highest possible efficiency. Carriers, freight forwarders and shippers should work together to improve the forecasting of cargo volumes and exchange information to help reduce bottlenecks and to improve decision-making.

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World trade and commerce depends on sufficient and reliable freight transport services. So does the economic health of individual trading nations, their businesses, their workforces and ultimately their citizens.

ICC, the world business organization, urges ports and freight transportation infrastructure operators and public authorities around the world to consider that:

- the current situation of inadequate port and freight transport capacity around the world harms world trade;
- the demand for such capacity will continue to rise;
- public authorities should develop and implement the necessary planning and investment tools for the expansion of port and freight transportation infrastructure; and
- public authorities should ensure adequate funding for required infrastructure developments.

The international business community calls for immediate steps to ensure an adequate freight transportation infrastructure is in place to facilitate and move world trade effectively and efficiently - today and in the long term.

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*TEUs - "twenty foot equivalent units" - the standardized measure for container volume.