



**Marco Polo  
Info Day  
Brussels Presentation**

10<sup>th</sup> February 2010



## 1. Description of the project (including also the duration of the Marco Polo)

- Reefer Express is a short-sea container service between the ports of Bilbao in Northern Spain, Tilbury in England and Rotterdam in the Netherlands with a funding duration of 36 months from July 2007.
- A big benefit of Europe's frontier-free single market is the fast delivery of often perishable products across the continent from producer to consumer.
- It sets out to show that sea routes can compete for this transport market.
- Among its principal clients are fruit and vegetable producers in southern Spain who supply the British retail markets.
- Before the service was established, this traffic all went overland by truck across the Pyrenees and France to the UK (via the Calais-Dover ferry).
- Refrigerated produce from Southern Spain is transported to Bilbao where it is cross-docked into refrigerated containers and loaded onto a vessel bound for Tilbury.



## 1. Description of the project (including also the duration of the Marco Polo)

- The service, operating on a fixed-day weekly schedule, was launched in July 2007 with one vessel. A second connection started in May 2009. General cargo, including tyres, tiles, foodstuffs, sanitary products, electronics and domestic appliances, is also carried. The main cargo on southbound journeys consists of paper, beer, foodstuffs, metals and chemicals.
- The trans-shipment facility in Bilbao has been extended and improved to handle more refrigerated cargo.
- Marco Polo funding has allowed MacAndrews to enter a market previously dominated by trucks and to prove the seaborne project works as a viable alternative to trucking.
- We have worked with haulage and rail suppliers in Spain to improve door-to-door transit times by coordinating delivery schedules and vessel departures.
- Respecting the integrity of schedules is paramount, especially for just-in-time cargo deliveries".
- Although customer support is growing and tonnages are rising, our biggest obstacle was, and remains, to convince traditional users of overland trucks that a seaborne route can provide a real alternative – commercially, economically, and environmentally.



## 1. Description of the project (including also the duration of the Marco Polo)



## 2. The Total Budget including the European Commission Subvention

Revenue	€78010125
Eligible Costs	€59780498
*Other Costs	€20219466
	€ 1989839
EU Subvention	€ 1714711
Loss borne by Reefer Express	€ 275128

\*Other costs are for inland distribution by trucks



### 3. State of Play of the Project

- 36 month project, now in month 31.
- Anticipate project loss to be in line with budget.
- Volumes and revenues lower than originally forecast, effect of which offset by:
  - > Lower vessel charter hire costs.
  - > Delayed introduction of second vessel.
  - > Increased usage of block trains in Spain.
- Service now stable.



### 4. State of Realisation (Modal shift/percentage of the project objectives achieved) and main achievements

<u>OBJECTIVES</u>	<u>Total Project</u>	<u>To end Dec 09</u>
■ Modal Shift (million t-km)	857	636 (74%)
■ Environmental Efficiency per t-km	0.026	0.023 (88%)
■ Environmental & Social Benefits	€22.1m	€14.9m (67%)
■ Cost per unit to customers	€1612	€1473 (91%)
■ Average Transit Times (hours)	92	97 (105%)
■ Weekly Sailings	2	2



## 4. State of Realisation (Modal shift/percentage of the project objectives achieved) and main achievements

### MAIN ACHIEVEMENTS

- Establishment and acceptance of the service product as providing a viable alternative to overland trucks in terms of price, reliability, transit time and environmental friendliness.
- Improving the sailing frequency to twice weekly.
- Despite the recent recession, evolution of the service into a stable, stand-alone business enterprise.



## 5. Problems Encountered and Solutions Found

- The current truck competition pricing model for fresh produce is based on a per pallet price to compete with the increased cubic capacity of a reefer truck we had to invest in specialised 45' palletwide reefer containers.
- Original plan was to move reefer traffic from Southern Spain to Bilbao via Rail direct in 45' palletwide reefer boxes. This proved to be problematic on two fronts, one being the practicality of getting power to the units via the rail, plus the added cost of moving empty equipment within Spain increased overall costs.
- We quickly moved to a system of using National refrigerated trucks to bring the produce up to Bilbao and cross dock the cargo into containers via a dedicated reefer facility purpose built for this activity within the port area. This facility has been extended as the volume of business has grown.
- Quality outturn of produce and fast transit times are a major concern for the market when looking at transferring fresh produces from road to sea. It is important that trust is developed between ourselves as the line and our potential new customer base. Personal contacts and time needs to be built into relationships, trials need to be made to prove the reliability and strength of the new supply chain. Due to the seasonality of the products this process can take a great deal of time.



## 6. Viability of the Project

Will the project continue after the Marco Polo subvention period?

- Project is now stable and we fully expect service to have a long term future after July 2010.





**THANK YOU FOR YOUR ATTENTION**



 **MacAndrews**  **MARCO POLO**  
NEW WAYS TO A BETTER WORLD  **CMA CGM** group

Page 13