



The Rt Hon Grant Shapps MP  
Secretary of State for Transport  
Department for Transport  
Great Minster House  
33 Horseferry Rd  
London, SW1P 4DR

8<sup>th</sup> December 2020

Dear Secretary of State,

**The logistics sectors response to surges in shipping container activity**

We write following a cross-supply chain roundtable on 25<sup>th</sup> November convened by your Department with attendance from across Whitehall. We discussed the situation around the movement of shipping containers in, around and out of the UK at this time.

We, the undersigned trade associations representing the full supply chain of the movement of shipping containers, felt it would be useful to summarise the headline context that is shaping the current situation. We also wanted to put in writing the commitment of us and our members to work together, as the logistics sectors does day in, day out, to maintain resilient supply chains and keep goods moving.

COVID-19 has caused unprecedented volatility in the global supply chains on which all of us in the UK depend. Whilst some of the impact is direct – e.g. manufacturing and retail activity going into lock down for differing periods around the world – a major influence comes from underlying changes in consumer behaviour, such as the rise of ecommerce and different products benefiting from discretionary spending.

This volatility has inevitably impacted the shipping patterns that are the main arteries of global trade. Ports all around the world, from Sydney to Los Angeles, are experiencing significant congestion in shipping container movements. Demand has surged and there are significant issues at Asian ports causing disruption at source which ripples across the world. This recent trend is on the back of global imbalances that have built up in the location of shipping containers following disruption to the normal ‘conveyor belt’ of mega-vessels moving between Asia and Europe or N. America.

Local factors in the UK add additional complexity. The run up to Christmas is traditionally a busy period. Businesses are bringing in more stock ahead of the end of the UK's transition period out of the EU. The requirements of large volumes of PPE have played a role. And although the logistics sectors have remained highly resilient and operational throughout the pandemic, there is inevitably an influence. More strategically, we must all – industry sectors and Government – consider to what extent structural changes in consumer behaviour (such as the surge in e-commerce) and the wider environment (such as climate change) are creating structural change in supply chains. Current challenges may present some symptoms of these underlying shifts.

The UK's logistics sectors have a proud tradition of resilience and seamlessly delivering all manner of goods to factories, shops and homes sourced from all over the world. It was heartening to hear at the roundtable that while pressure remains high the situation of backlogs and congestion is improving through the actions of logistics operators themselves and intensive interaction between different supply chain players. These interactions are not always easy and will not always be successful. There is a duty on all parties to double down on their efforts to work together at times of particular challenge to find a way through. But there is a history and commitment across the logistics supply chains to seeking solutions ourselves.

We are not complacent. Although we are hopeful that the current peak of port congestion has passed high volumes remain and could persist for some months, running into the period of the end of the EU transition. Therefore challenges remain. The current situation has arisen in part from imbalances that accumulated over months. Reversing this accumulation is not an overnight task. We must also acknowledge that the current situation with deep sea container traffic has demonstrated again that the UK is part of an interconnected global system, the dynamics of which are not fully in our control. Additionally, UK factors such as the imminent end of the EU Transition period may well bring disruption, at least in the short term – an area where more urgent work is required and where container movement has until very recently received little attention in the Government's planning.

Neither should Government be complacent. In the immediate term whilst solutions largely lie with industry action, Government can support this through providing sensible flexibilities and easements that enable industry solutions, principally around the movement of containers on and off ports. For road haulage and indeed wider logistics activity these include flexibility and support to better operate within 'off peak periods'. For rail freight these include in areas such as flexibility on track access, availability of pathways (including if and when passenger rail ramps back up) and longer train lengths. In addition to freight movement there may also be some specific planning requirements for some warehousing locations. In some areas the role of Government is within the scope of the DfT. But some key easements, such as around planning, require action from other Government departments. A whole-Government commitment is required. But it would be a mistake to see several of the aspects of the current situation as only a discrete, short-term issue.

It is clear that whole sections of the economy are being reshaped at a speed beyond most forecasts in response to the COVID-19 pandemic, accelerating existing trends and introducing new disruptions. Brexit is also likely to have a role in this reshaping. We – Government and industry together – should seize this opportunity to reform the conditions that would make acute freight congestion less likely in the future. A future that is likely to be structurally different to the past. Investment in the strategic road and rail network. Better recognition of the importance and value of freight in planning and infrastructure decision making. More adequate funding and support for the transition to the Net Zero future we all want to see. We as industry look forward to re-energising the development of these improvements alongside Government. The whole logistics supply chain approach taken on the call we participated in is a model worth replicating to shape this development. But we would stress that

however resilient and adaptable the logistics sectors are, Government has a crucial and meaningful role to play as well.

In the meantime, you can be assured that the logistics sectors, in their various modes and roles, will be doing their utmost to maintain business as usual – keeping supply chains resilient and trade flowing efficiently, safely and sustainably.

Yours sincerely\*,



**Bob Sanguinetti**  
Chief Executive, UK  
Chamber of Shipping



**Tim Morris**  
CEO, UK Major Ports  
Group



**Richard Ballantyne**  
CEO, British Ports  
Association



**Robert Keen**  
Director General,  
British International  
Freight Association



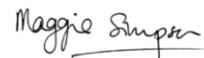
**Shane Brennan**  
Chief Executive, Cold  
Chain Federation



**Richard Burnett**  
CEO, Road Haulage  
Association



**Elizabeth de Jong**  
Policy Director,  
Logistics UK



**Maggie Simpson**  
Director General, Rail  
Freight Group



**Peter Ward**  
CEO, UK Warehousing Association

\* Listed in order of the inbound stages of a shipping container journey to its UK destination

CC:

Department for Transport Ministerial team

Secretaries of State – BEIS, DHSC, DEFRA