



## GUEST SPEAKER:

### **Ronald D. WIDDOWS, Chief Executive Officer, APL**

Minister Moutafchiev, Ministers of Transport, Distinguished Participants, Ladies and Gentlemen,

Thank you for your kind invitation to participate in this conference on the vital topic of transport congestion. We greatly appreciate the opportunity to provide you with a view of the situation, the challenges and some ideas about how government and industry can cooperate to enhance world trade into the future.

Today marks an important step in achieving global focus on congestion issues. This European Ministerial forum has been expanded to include other major nations to bring a truly international perspective to the challenges we all face in coping with the dramatic growth in transportation volumes; whether by ocean, land or air.

Over the past decade the outsourcing of manufacturing to lower cost locations, especially in Asia and Eastern Europe, has accelerated dramatically. This process of globalization has brought enormous economic benefits to billions of people. Consumers in western countries have benefited, and so have vast numbers of people in the developing world. There are clearly other consequences to the effects of Globalization that all do not see as positive, I am not here to discuss the broader social issues, but focus on the challenges of the need for accelerating the development of transportation infrastructure to enable the smooth flow of global commerce.

OECD reports show the enormous economic impact of global trade – \$117 trillion worth of trade occurs each year. It is this trade that our transportation infrastructure has to support.

The cost of congestion can be counted in the billions of dollars – estimates of the impact in the U.S. alone are over \$200 billion annually.....a staggering number! In reality however, the impact is materially larger as the total impact to supply chain cost resulting from inefficiencies, delays, and additional inventory carrying cost due to congestion is not captured.

The amount of investment estimated to be required in port and land transport infrastructure has been estimated to be hundreds of \$ billion a year – which will need to be injected annually, every year, throughout the foreseeable future.

This is a frightening equation. Where will we find these funds in a world where governments are finding it difficult to provide funding for what is seen as more pressing issues?

For its part, my industry – the international container shipping industry – is contributing substantial capital to servicing trade growth.

Trade has been the main driving force behind the unprecedented global economic expansion we have witnessed. Efficient international transportation services have been a key enabler of this growth.

We should not be complacent and assume that the gains that have been made will endure indefinitely, or that they are irreversible. Calls for protectionism can gain momentum. Progress can be halted. Growth rates can be slowed and economies damaged.

Today we have the opportunity to discuss in depth one of the major risks to this continued economic expansion – congestion which impedes the international flow of goods.

The gist of the problem is this: the global economy is growing rapidly, fueled by unprecedented growth in containerized trade centered around Asia. But in most of the world's key markets, and in some of its sourcing hotspots, transportation infrastructure can't keep up with the pace of trade growth.

My company is a major player in global containerized transportation and related logistics services. We operate a network of terminals in the U.S. and Asia and have extensive relationships with some of the largest companies sourcing goods from around the world. As a result our company is well placed to venture some opinions on the issues related to global transport infrastructure. As there are far more articulate speakers at this conference to address the challenges of air and surface transport of people, I will largely leave to one side the congestion issues faced by air travelers and road commuters

As Transport Ministers of developed countries, you have the responsibility of taking actions to avert the calamities which can potentially result from chronic transport congestion, and to create the environment for future economic advances.

Your consideration of this topic is extremely timely. Just in the past three weeks we have seen:

- Drewry Shipping Consultants of London report that, in the first quarter of 2007, only 46% of container vessels globally arrived at ports on time – the lowest levels on record.
- At the port of Rotterdam, only 35% of vessels arrived on time, and European ports saw over 70% of vessels arrive late.....I will comment more on this growing trend a bit later.

- The Port of Rotterdam restricting the flow of empty containers from their facilities as a result of heavy congestion.
- A front page story in the Wall Street Journal headlined “Activists Choke Growth of European Shipping” explaining the jamming up of Europe’s ports and the enormously long lead times involved in expanding port capacity in this continent.
- Release of a widely-reported study by Boston Consulting Group consultants encouraging manufacturers to re-examine their sourcing and distribution assumptions in the wake of transport bottlenecks and to consider ‘bringing manufacturing home’.....I do not subscribe to this dynamic developing anytime in the foreseeable future, however, should trade flows be disrupted due to congestion for an extended period of time, some changes in sourcing may well occur.

The problems of freight congestion are once again looming large and will have a negative impact on the global supply chain...it is only a matter of when, not if, congestion in Europe and the U.S. will develop to the point of significant impacts. Unfortunately, there are a number of key locations that quite simply do not have the ability; no matter how much is spent to affect the outcome in the near term.....it just takes far too long to build the type of infrastructure that is needed

Congestion puts at risk the ability of consumers to be assured of access to the goods they depend on for their everyday needs. Unless we start to address it now by strong policy actions, congestion will slow down future economic growth rates, add enormous costs to global supply chains and lead companies to reconsider their sourcing strategies.....in the end, the consumer will pay to a point, then demand is potentially impacted.

### **Ongoing World Trade Growth is Creating Congestion Strains**

The container transport industry services, and enables, the very strong growth we have seen in global trade throughout the past decade. The standard measure for cargo units in our industry is the TEU, or twenty foot equivalent container unit: in 2006, 90 million TEUs were moved in the four main trade lanes: Intra-Asia, Trans-Pacific, Asia-Europe and Trans-Atlantic. (headhaul volume only)

As the world’s economy grows, there is a multiplier effect for container traffic. Since the early 1990s world container traffic has been growing at almost three times world GDP growth.

This traffic has been driven by the outsourcing of production from developed countries to Asia, in particular China, Eastern Europe and other low cost regions.

China's share of overall trade into the US has exploded over the past decade, from about 600,000 FEU (forty foot equivalent units) in 1996 to over 7.5 million FEU in 2006, and the effect has been similar in other markets. China now represents over 60% of all volume moving in the Asia/Europe and Asia/North America trade lanes, and the % continues to grow.

Of all countries globally, China has focused more intensely on ensuring that their economy, which is still largely export oriented, has no impediments related to port/terminal and landside transport in the Coastal areas where most manufacturing takes place. They have spent hundreds of \$billions and continue to develop infrastructure at a pace never before seen to keep ahead of their growth. Clearly, the effect of China's admission to the World Trade Organization was widely underestimated.

If the infrastructure to sustain it can be delivered, we can expect a continuation of this rate of growth in containerized trade. Leading research house Global Insight estimates that, by 2010, global container volumes will be double the level of 2000 at nearly 120 million TEU. Projections beyond 2010 should be viewed with some skepticism as in some locations, gridlock will occur before projected volumes actually occur.....but if that is so, then the more ominous implications come to the fore.

For Europe, the implications of this projected growth are especially significant. In the period from now until 2015, it's predicted that Asia-Europe container volumes will increase by over 120% - in Eastern Europe, by a staggering 500%.

This burden threatens to overwhelm our seaports, railroads and highways.

Steady world GDP growth of 3% per annum is expected into the next decade. In key exporting countries such as China and India the growth will be of the order of 10%.

Foreign direct investment in Asia is expected to top \$100 billion a year, creating new manufacturing and exporting capacity, most of which is directed at China, India and Vietnam.

But all this assumes a continuing ability of the transportation and logistics industry to deliver product to market reliably. If our transport infrastructure can't keep pace with this rate of growth, then big question marks hang over the continuation of the kind of economic prosperity that's been delivered this decade.

That's a huge responsibility for the people in this room.

## The Impacts of Congestion

How does congestion impact on companies such as mine, and importantly, on our customers?

The most spectacular manifestation is when congestion crisis points occur. We had a glimpse of supply chain meltdown in late 2004.

During the 2004 peak season for global container freight, a labor shortage at US West Coast ports, combined with deteriorating rail transport velocities brought containerized trade to a standstill. Ships at anchor waited up to a week at the ports of Los Angeles and Long Beach for a berth. Trains poised to transport cargo east were late departing. Retailers risked going into the peak holiday shopping season without the goods they needed to keep their businesses afloat. And ordinary consumers and media became extremely alarmed as the events unfolded.

These scenes to a lesser degrees were duplicated at Rotterdam, Hamburg, Antwerp and Le Havre and other European ports as the ships that were delayed in the U.S. fell out of schedule in Asia, causing a cascading disruption which impacted the Intra Asia and ultimately the schedule of ships returning to Europe from Asia.

So it is important for all here to recognize that a disruption in a major market like the U.S. or Europe will have a knock on effect on other markets globally.....it truly is a global supply chain that we impact in any one location if that location is one of the world's major markets.

This "network-wide" implication was not well understood in 2004.

The immediate crisis dissipated as additional longshore labor was hired, and carriers moved to diversify their use of U.S. ports and lessen the burden on LA/LB. Customers also made changes to their use of gateways and diversified their distribution patterns where they could. These moves had the effect to eliminating the crisis in 2004 as well as "buying time" as a result of beginning to make use of some of the under-utilized capacity in other ports, pushing a recurrence of a 2004-like problem out into the future.....only question is how far?

Uncertainty in the transport network is forcing our customers to rethink their just-in-time supply chain strategies.

To take actions like adding in safety stock, building in extra buffer warehouse inventories, paying for transport workarounds, diversifying their product flows across multiple shipping services and port combinations, and diversifying their distribution patterns as a hedge against exposure to any single trade lane.

They sacrifice optimum efficiency to mitigate risk. This all adds costs, which will eventually be passed on to consumers

The issues are ever-present, and manifest themselves in the compromises constantly made by cargo owners choosing sub-optimal ways of moving their product.

In the long term, the stakes are high.

Infrastructure-related congestion issues threaten major disruption to international trade over the next decade, and our view is that we will experience intermittent 'crisis points' when there will be severe dislocation.

If we don't fix these problems, we face the risks of disruption of trade flows, drastic changes in sourcing patterns and, ultimately, barriers to global economic growth.

We are talking about a sclerosis which clogs the vital arteries of world trade.

### **Congestion is a Global Problem**

Throughout the past three years, APL and more recently others have been sounding the alarm about an impending freight transport system crisis. We've a part of a campaign in America to build some momentum for urgent action to address supply chain breakdowns there.

We've reached important audiences, including:

- Many of the most familiar companies in the Fortune 500,
- The U.S. Department of Transportation
- Legislative leaders in Washington DC, and
- President Bush's key domestic policy advisors.

We've had some success in raising the awareness of industry and government and prompting actions in the United States, though much more remains to be done.

Congestion in the freight transportation system is a global problem. This is because of the highly interconnected and integrated nature of the systems that today service international trade.

To implement the right solutions, we need a consistent worldwide approach. Action is needed globally. Supply chains are only as strong as their weakest links.

Congestion in any major part of the world's supply chain has global reverberations.



As highlighted earlier, in containerized transport, ships that call at US ports cycle onward to Asia and Europe. If vessel schedules are affected by longer turnarounds in the US, and ships don't make their allocated berth windows in Asia and Europe, there are impacts in ports there.

By way of example, if one looks at a key global supply chain bringing goods from the hinterland of China to Shanghai for onward movement to customers in southern Germany via other Asian ports, the Suez Canal, the port of Hamburg and connections to inland transport, you get a sense of the multitude of opportunities for things to go wrong that impact the timeliness of the flow.

Breakdown in any of these stages leads to timing problems and congestion – and this is frequently caused by creaking infrastructure.

The difficulties are not confined to shipping and port aspects. Congestion on the land side has knock-on impacts which slow down the movement of goods, clog the system, and may affect the ability of ports, which are key bottlenecks, to accept incoming cargo. In many locations, it is that inland transport capability; either truck, rail or barge that is currently more of a factor than the port/terminals which tend to be somewhat more visible.

## **The State of Global Freight Transport Systems**

As a starting point for discussions about the global congestion problem, it is useful to address the situation by region. Then, we can begin to consider measures to address the issues.

### **United States**

Let's start with the United States, and inland transport, which clearly demonstrates the challenges that I spoke of earlier.

The US trucking industry is under great stress. Thousands of drivers have left the industry in recent years. They've been chased out by high costs and relatively low pay. And they face congestion on a highway system that saw a 161% increase in vehicles from 1970 to 2000, but only a 6% increase in road mileage. Global Insight has projected massive congestion on main east/west routes by 2035. The problems will be particularly severe in and around the major metropolitan areas.....where of course most goods want to flow. The implications to the general population go well beyond the impact to trade flows.

There are problems looming with the US rail system. It has been woefully congested due to equipment shortages, overtaxed terminals and the need for double-



tracking/multi-tracking on major rights-of-way. The leading US railroads are making significant investments to expand capacity, but it's not nearly enough. Rail velocity has been declining in the U.S. for a number of years.

But rail freight tonnage is expected to increase by 50% by 2020. Again, by 2035, highly congested conditions on transcontinental railroad main lines are projected. More investment in infrastructure that adds incremental capability, and increases velocity is urgently needed.

US ports, with few exceptions are relatively inefficient compared to leading Asian and some European ports. What's more, in many locations they have either run out of room to expand or the time frames required for new development has become enormously long due to environmental issues. The US needs to improve operating methods, make better use of technology and gain the support of labor for change. The American Society of Civil Engineers is projecting a need for enormous growth in port capability by 2020 – most spectacularly at LA/Long Beach. But there's a huge question mark over the ability of US ports to expand their infrastructure to keep pace with container volumes.

On the bright side, the U.S. Department of Transportation has worked diligently to frame new transportation policies that are aimed at addressing the need to improve port, terminal, intermodal and road flows. Specific work is underway to address the need for public/private partnerships to begin to find the funding to enable much needed landside developments in the LA/LB basin, the busiest in the U.S.

However, the scale of the investments and the time required to bring about material changes is a daunting task.

That the leadership of the USDOT, and Undersecretary of Transportation Policy, Jeff Shane in particular is putting much energy into framing a transportation policy for the future and getting attention from within the Administration and the Congress focused on transportation as a priority is to be commended. It is an effort that warrants the support of my industry and the shipping community broadly.

## **Asia**

Over the last few years my company has commissioned major independent studies into general trading conditions and congestion issues affecting major Asian sourcing countries – China, India and Vietnam.

China, of course, has had no problem staying ahead of export demand growth thanks to massive investments, and a strong guiding hand by government. It is the one country on the planet that has achieved highly effective integrated transport planning, in

anticipation of growth. It has committed the capital and has been relentless about improving its infrastructure.

Having the development of ports and terminal capacity well in hand for the foreseeable future, China's infrastructure challenges relate more to the development in inland transportation capability as it begins to look for opportunities to grow manufacturing in the interior of the country and spread the economic growth beyond the Coastal areas. There will be a need for significantly more efficient rail transportation capabilities than exist today.

Whether road or rail, given the ability to focus resources in a manner that few others can globally, no doubt, the needed development will take place as required.

In parts of Asia – particularly in high growth locations such as India and Vietnam – inadequate infrastructure is a massive problem. Both these countries have great economic potential as manufacturers and exporters as well as being markets in the future for exports from Europe and the U.S., but they need rapid and significant investment in ports, railways and roads, or they will miss out on the opportunity. Foreign investment will help in this regard. India and Vietnam in particular have been actively seeking foreign investments in ports, terminals and other infrastructure projects to accelerate the pace of their development. As an aside, I'm pleased to say my company is growing its investment in container terminal expansion in Vietnam and, just today, we have launched a new container freight rail service in India, being one of the first to obtain a license to operate trains in that country.

## Europe

90% of Europe's trade with the rest of the world is shipped through its seaports, as well as about 40% of intra-European trade.

But in Europe today there are major existing bottlenecks affecting ports and hinterland infrastructure, with most major terminals at or near capacity. In a number of countries there are port and terminal expansion plans that will alleviate congestion problems in the medium term, however not all key gateways will be able to build sustainable capabilities over the longer term.

Road networks are congested around all major ports. Congestion is an increasing problem for all three European inland transport modes – trucking, inland waterways and rail.

Rail systems are not being developed sufficiently to deal with increasing volumes of freight demand. Rail bottlenecks exist on most major freight corridors.

As in the US, investments to expand rail capacity are being made, however most of that investment in Europe is related to the movement of passengers as opposed to freight transportation.

Europe's intermodal networks while small in comparison to the U.S. (from a goods movement standpoint) are already becoming "saturated", with 150,000 intermodal trains a year and intermodal terminals needed to replace shunting yards. New business models, dedicated lines and a more integrated approach that breaks down national barriers is needed for the pan-European rail system. Unfortunately, the physical characteristics of Europe do not lend themselves to the development of "double-stack" technology which would otherwise help to increase the flow capability as it did in the U.S. and may in other developing countries like India.

Capacity utilization at major North European ports is generally running close to or beyond saturation levels. Interestingly, there does seem to be a divergence of views regarding whether European ports are a constraint today. I can tell you from shipping and transport logistics company perspective that there already exist problems of significance that effect the ability to reliably move ships through a European service rotation and the congestion that exists at a number of ports is negatively impacting flow.

The rapid growth in Russian trade is congesting the port at St. Petersburg. At Rotterdam terminals are now periodically refusing to accept empty containers into their crowded facilities.

The consensus of industry research house forecasts is for double digit annual growth rates for the Asia to Europe trade in the next few years.

Analysis by Ocean Shipping Consultants forecasts very significant growth in European container port demand, across all regions, over the period to 2015. The container throughput of European ports is expected to almost double in a decade.

Even with over 150% growth in capacity, port infrastructure will be strained in a number of regions of Europe. The questions for Europe are: will the investments be big enough and soon enough, will they be able to be delivered in a timely manner, and will they be supported by landside transport improvements?

The rapid economic growth of Eastern Europe, in particular, will drive new service patterns, with container throughput at East European and Mediterranean countries expected to grow faster than in Northern Europe.

Importantly, significant investments are planned at ports across Europe to expand capacity, especially in northern Europe, where major expansions are programmed at Rotterdam, Bremerhaven (Wilhelmshaven), Antwerp and Le Havre, which will provide

some relief in the future. The U.K. in particular appears to have some significant challenges in the near term with its major port/terminals being close to or at capacity, the result of which shipping companies have begun to utilize the small ports, and look a feeding to a larger extent already.

As one looks into the future there is terminal expansion projects planned, but there will be significant issues with congestion in the near to medium term.....presuming that the environmental challenges that have either delayed or derailed developments in the past can be overcome, there will be some relief in the medium term..

To further complicate the picture however, new forces are at play.

A stress point will be the rapidly escalating size of ships in the Asia-Europe trade. Ship sizes have increased significantly over the history of our industry as sourcing patterns have evolved, and right now 6,000 TEU vessels are the average in the Europe trade. By 2015 the average is expected to be roughly 10,000 TEUs. The Asia-Europe trades are leading the way in introducing into service the world's new generation of mega-ships.

This poses several problems, not the least of which is water depth. According to analysis by Drewry, only six of Northern Europe's top 10 ports have sufficient depth to berth ships of more than 7,000 TEUs.

Beyond water depth is the ability of marine terminals to work ships of this size efficiently and the time required to turn a vessel through a port with significantly greater move counts and no real improvements in productivity. And beyond that there are questions about the capacity of container yards, railroads and highways to absorb the added peaking effect of big ships.

Land-side infrastructure has not yet adjusted to the demands these new vessels will create in terms of draft requirements, crane outreach and daily throughputs. Some ports will have better capabilities to do so than others, the result being a concentration of larger tonnage at the ports/terminals that develop the capabilities earlier.

The likely result is that vessels must spend additional days in port so that landside operations can digest the volume. This will result in changes to how shipping companies design their vessel networks; the number of port calls both in Asia and in Europe will be reduced to maintain schedule integrity, port call rationalization within ones own network, within operating alliances, and between carriers/alliances will be required. In some cases additional vessels in a rotation will be required. Some will have a greater capability to make the larger size ships work efficiently than others.

New patterns of trade will be created as large vessel calls focus on a more limited number of main hub ports, supported by feeder services. It's likely that some regions previously favored by direct services will increasingly be served by transshipment (e.g. the British Isles). The relative quality of infrastructure will be a key consideration in determining future mainline vessel calls.

The recent analysis by Drewrys mentioned earlier regarding the deterioration in vessel service reliability is a reflection of; the effects of congestion on ship schedule integrity in general but also the beginnings of the effects that the larger containerships have on ones ability to operate ships "on-time".

Networks will have to be re-designed to cope with these dynamics, until a greater number of locations globally develop not only the landside physical capabilities, but find a way of significantly improving productivity to turn these large ships in less time.

Finally, in Europe resistance to new port developments from environmental and community stakeholders, and complex planning requirements, constrains the ability of certain locations to expand and adjust quickly.....Europe is by no means unique in this respect of course. Work by governments to establish expedited processes for the necessary approvals/clearances that enable more rapid development is needed.

In general, in addressing congestion we need to be mindful of environmental concerns, and we know that if the case can't be made convincingly to governments, regulators and the communities that are affected by development, then growth in landside transportation infrastructure will be impeded.

It's up to us, the people in this room, to find solutions and ways to meet these concerns, because we must find ways to accelerate the pace at which changes can be implemented.. And if we don't, who will?

### **Finding Potential Solutions**

Clearly, the issues faced are highly challenging. There is no miracle cure, and the scale of the problem is enormous.

In the short term, there are some steps that can help to alleviate the impact of congestion. These tend to be technical in nature, or involve taking advantage of unused existing capacity in the system, like making schedule changes to take advantage of off-peak capacity, using off-peak hours in the terminals and gates to even the flow or use of less-crowded alternate gateways. Unfortunately, many of these steps have been taken, the result of which is that the slack capacity is being utilized to a greater extent every day.

In the long term, finding solutions to the potentially crippling causes of congestion is going to require great resolve and focus.

It will be vital that all key stakeholders have a clear and shared focus on what is needed, and that all are willing to pay their fair share of the cost of developing the capabilities that enable improved flow of goods.

Bigger ships and expanded marine terminals won't, by themselves, make cargo move smoothly. We need fluid transportation networks, from the points where products are manufactured to the places where they are sold to consumers.

From APL's experience in facing congestion issues, I would like to suggest eight pillars for action:

- Adequate funding
- Public-private partnerships
- Focus on productivity
- Speed of action on approvals
- Integrated transport planning
- Intergovernmental cooperation
- Collaboration - involvement of cargo interests
- Creating/maintaining awareness

I will elaborate on these key steps further:

## 1. Adequate Infrastructure Funding

First and foremost, it's about finding the money. That there is a huge appetite within the private sector for investments of this type is the good news, unfortunately governments are not yet willing to have private (or even foreign) investments in what may be seen as a "strategic" asset. Massive investment in infrastructure is required if the global transportation system is to avoid collapse. We are hundreds of billions (actually trillions of dollars) away from achieving long term solutions. Government will be more heavily engaged in some countries more than others, but it is clear that significant private investment will be required in many countries if we are to make the kind of progress and in the time frames that are required.

## 2. Public-Private Partnerships

Few Governments have the financial wherewithal – or the political support – to undertake such massive infrastructure investment. Even if they do, gaining consensus on funding priorities is extremely difficult. We need public-private sector collaboration.

Funding will be required from both Governments and business, and Government incentives may be needed in some cases to stimulate not only private equity but private industry, involvement.

### 3. Focus on Productivity

In ports and in rail transport in particular, there are very significant gains still to be made in extracting greater productivity from existing infrastructure. We must continue to focus on accessing any slack which exists in port and landside networks.

Best practice productivity arrangements must be put in place in order to extract full value from new investments in infrastructure. Increased productivity can be achieved through greater use of technology, as well as changes in operating and labor practices. U.S. and European productivity levels must improve.

Given the environmental challenges that exist relative to the construction of new ports and terminals, productivity improvements are a means of maximizing the capacity of existing assets and potentially bridging some of the time required for new development to take place. That improvement in productivity actually will contribute to lessening the environmental impact of existing operations is an associated benefit that many appear not to appreciate.

As a practical matter however, significant changes in productivity will be very hard to bring about, particularly in the U.S. and Europe for reasons highlighted earlier.

### 4. Speed of Action on Infrastructure Approval Processes

We've all heard the stories about developments being approved, built and commissioned in China in a fraction of the time required in developed countries. Often, this is dismissed by people in the West as signifying a lack of proper process, due diligence, or disregard for environmental issues.

The fact is that China is building capability at a faster pace than anywhere else on the planet. – what gives them their competitive advantage is that they clearly allocate responsibilities for decision-making, they dedicate resources to the analysis that takes place and they make decisions fast.....and, most importantly, transportation infrastructure development is a priority of the country's leadership and is recognized as a critical element of their economic growth.

In North America and Europe we must re-learn how to facilitate and enable developments that comply with the law and are economically important. Let's find ways to fast-track environmental analysis and introduce clear standards – which are uniform, international standards and not different in every country.

And let's apply the learnings from each infrastructure project's development process to the next one.

#### 5. Integrated Transport Planning

The example of China shows what can be achieved with focus and foresight, and by integrated planning, to develop improved transportation systems. A national transportation policy that makes goods movement a priority is needed in the US. And a truly pan-European approach is needed for the European continent.

The fact that this forum with representatives from governments globally has chosen to focus on the issue of transportation infrastructure is a very positive step.

#### 6. Intergovernmental Cooperation

It must be recognized that we are dealing with a global problem. The solutions put in place must create consistent outcomes worldwide. Nowhere is this need more evident than in Europe where, for example, rationalization of rail systems across national borders would be impossible without a shared commitment.

There must be greater appreciation for the interdependence of nations. The world economy is based on trade – and global perspective is required to sustain it. Governments must encourage and support one another, in view of these great interdependencies.

#### 7. Collaboration and Involvement of Cargo Interests

In the United States, real momentum was established around finding solutions to these issues only when major customers of the transport industry - companies whose business models hinge on global procurement and outsourcing – began to appreciate the severity of the situation and became engaged in finding solutions. In Europe, there are very significant companies – world leaders – who are affected by freight congestion. I urge the people here to reach out to these groups and seek their inputs into the needed solutions.

#### 8. Awareness Creation

Finally, we must overcome the current apathy of the general public towards these issues. Supply chain congestion is not on many people's radar screens right now. On the list of worldwide concerns, this does not rank very high. At this point, the public does not care. But past experience shows that when congestion does strike on a large scale – when ordinary consumers are suddenly unable to source everyday goods; at least, not at



reasonable prices – the community does care. At that point they ask: how did this happen?

Why didn't someone have the foresight to see this coming, and act to stop it? People do care, when they know that the prices of goods, jobs and economic stability are threatened.

That's why this conference is so important. It's important to spread the word about the impending infrastructure crisis. The delegates to this conference have the stature to give this message needed momentum

Everyone with a stake in global trade has a role to play. Governments, shippers, transportation providers – we must all do, and pay, our fair share. We must all contribute ideas. And we must expect that it will take a long time, and that freight transport will always present a certain degree of challenge.

I would like to congratulate the delegates to this conference for making supply chain congestion a priority. When you return home, I hope you'll reach out to companies like mine and the customers we serve to engage them in your deliberations on how best to address your respective transportation challenges.

Ladies and gentlemen: it's time! Time to face up to a vital mission: to overhaul our freight transportation systems, or risk derailing world trade growth.

If each of your respective governments decides that transport infrastructure is a national priority....., we **can** change the future.

Your influence can have a profound effect on the future of global trade.

Thank you for the opportunity to address you today.