



**Hutchison Ports (UK)**

**Hutchison Ports (UK) Limited**  
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**Chris Lewis**  
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22 January 2007

Dear

### **OPEN LETTER TO PORT OF FELIXSTOWE CUSTOMERS**

On the 1<sup>st</sup> of February last year we were delighted to receive the news that the Secretary of State for Transport and the Deputy Prime Minister had granted consent for our Felixstowe South Reconfiguration. This project, which will involve the re-development of Landguard Terminal, the former P&O North Sea Ferries Terminal and the original Dock Basin, will increase the container capacity at Felixstowe by approximately 50%.

This expansion, driven by rapidly increasing demand for imports, will help to meet the UK's need for additional container handling capacity and deep-water berths in the coming years.

This Government consent is subject to a number of conditions, the main one being that a legally binding commitment has to be given by the Port to fund external road and rail upgrades, before construction of the expansion can begin.

The cost of external infrastructure upgrades would previously have been funded by the Government, with the Port of Felixstowe being responsible only for the developments within its boundaries. However, due to a change in Government policy in 2004, external infrastructure costs are now levied directly on the industry.

Such upgrades are outside the scope of our normal port operations and cannot be funded by our usual level of charges for services provided to our customers. I am therefore writing to advise you that the Port of Felixstowe will have to introduce an Infrastructure Charge to recover the costs associated with the external infrastructure upgrades.

The Infrastructure Charge will also cover the on-going public inquiry and approval costs relating to these Road and Rail upgrades that are external to the port. The Charge will be levied on laden import containers only and will be invoiced to the "declarant". The current estimate of cost is circa £85 million, of which the Port of Felixstowe has already spent £4 million in design/preparatory works with significant levels of expenditure forecast for 2007 going forward.

The Port of Felixstowe plans to fund these infrastructure upgrades on the basis of recovering the investment over the next 20-30 years. Initially, the port will levy a surcharge of £5.50 per container from 2<sup>nd</sup> April 2007 until the end of 2008. The timescale for recovery and cost per container beyond 2009 will be determined over the next 12 months, when the capital costs for these works become more certain and we have consulted with you, our customers, on the most effective term and rate.



A member of the HPH Group  
A Hutchison Whampoa Company



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I appreciate that there will be many questions relating to this subject. We will therefore be holding a number of presentations and meetings over the coming weeks, to provide more details and answer any outstanding questions.

In the meantime, please do not hesitate to contact either Andy Herriott (tel 01394 602747 – email [infrastructure@fdrc.co.uk](mailto:infrastructure@fdrc.co.uk)) or myself (tel 01394 604640 – email [lewisc@hpuk.co.uk](mailto:lewisc@hpuk.co.uk)) if you have any questions relating to this letter.

Yours sincerely

**CHRIS LEWIS**  
Chief Executive Officer



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