

Report to Partnership Meeting 15 June 2012

EUROPEAN PROJECTS

Food Port - Lifting the Spirit

Summary

The Report provides Members with an update on progress in promoting a trial of moving whisky product by rail between Moray and the Central Belt through the Food Port Project which has been developed as part of the North Sea Region INTERREG IV Programme.

About Food Port

Food Port aims to develop the North Sea Region (NSR) as the best food cluster and hub in Europe for food products delivered via efficient and sustainable transport systems e.g. 'green transport corridors'. Food Port brings together partners from six North Sea countries (Belgium, Denmark, Germany, Norway, Sweden and the United Kingdom) to find practical solutions to improve the efficiency, effectiveness and sustainability of the food supply chains. The Food Port project operates under the umbrella of the INTERREG IV B - North Sea Region Programme, part of the European Regional Development Fund. The project started on September 1st, 2010 and runs until August 31st 2013. The total project budget is 4.9M€, of which the ERDF co-finances 50%. The project will investigate and develop green transport corridors for food products between regions around the North Sea. This will lead to concrete modal shift pilots along the identified green transport corridors and to the development of (new) food platforms or hubs. In order to improve the food-logistics chain, new technological solutions will be incorporated, such as a technical support platform.

Central Aims of Food Port: Optimization and coordination of food logistic chains in the North Sea Region; improve the accessibility and transport logistic system of different food clusters in the North Sea Region; strengthen the food industry within the NSR: strategic position as FOOD HUB.

Food Port Priorities: Promote the development of multi-modal and transnational transport corridors; promote the development of efficient and effective logistic solutions.

Whisky by Rail Trial

Around 85% of all Scotch malt whisky is produced at the 77 malt distilleries which lie in the HITRANS area. Since the whisky industry currently accounts for the majority of Scottish food and drink exports, producers directly employ around 10,000 workers, with the industry supporting a total of 35,000 jobs. The industry contributes £2.7bn of 'Gross Value Added' (excluding its contribution to the Scottish tourist industry) and is expected to experience significant growth in the coming years, with investment in new production regularly announced.

Following our much heralded work on Whisky Logistics in 2011, HITRANS has submitted an INTERREG IVB bid to the Food Port project to fund trial movements of bulk spirit by rail. 50% intervention is available, with match funding anticipated from the private sector and ourselves and partners. We have approval in principle, but owing to a delay at Third Level Control in Europe, official confirmation of funding will be in summer 2012.

HITRANS is working through the Scotch Whisky Association with a number of distillers in Speyside to identify volume availability, location, distance from railhead, loading time, loading facilities etc. A plan will be devised for the efficient transfer of 16-20 containers of bulk spirit to move 2-3 times per week from Elgin to Central Scotland. Terminals at Elderslie, Mossend, Coatbridge and Grangemouth will be considered in order to minimise road delivery distance. Data from our Rail Freight Capability Study 2010 will be used to inform gauge, length and routing. The exercise will be cost neutral to the distillers. The first trains could run in autumn 2012 for 15-20 weeks.

HITRANS will tender for rail haulage and for container tank lease. Specialist consultancy may also be required. Initially rail freight companies will be invited to express interest and provide indicative costs before a preferred partner is selected. Road collection and delivery will be managed by distillers through existing contractual relationships.

The true costs of the rail operation will be established, and environmental benefits calculated. There will also be resilience, performance and road maintenance benefits. The environmental aspects of project will be audited by an academic partner. All data captured will be available to the whisky industry and to Food Port partners.

The total project value is Euro 200k, with £50k from HITRANS already committed. Additional resource to promote additional value through the project may be available through HIE Moray.

Next Steps

1. Demountable container tanks that maximise gauge and are compatible with individual distillery loading points need to be sourced.
2. Discussions with distillers will identify what volume is available from which site, and a dummy loading plan drawn up.
3. Trial runs with a container on a skeletal chassis will establish loading viability at the distillery.
4. A preferred rail haulier will be procured.
5. Elgin Yard will require inspection.
6. Train pathing needs to be examined.
7. A working group of key logistics personnel from the whisky industry needs to be established.

Recommendation

1. Members are asked to note the report.

Risk	Impact	Comment
RTS delivery	√	This project fits well with a number of RTS Horizontal themes.
Policy	√	This project has integration and environmental benefits.
Financial	√	This project is fully funded
Equality	-	No impact on equalities issues.

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European Union



The European Regional Development Fund



The Interreg IVB
North Sea Region
Programme

