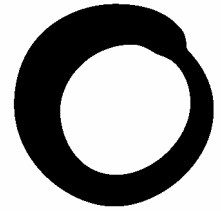


February 2003



**Friends of
the Earth**

Briefing

UKplc:



Associated British Ports (ABP): destroying local communities and wildlife

Associated British Ports (ABP), a UK company, intends to destroy the quality of life of local communities and damage wildlife sites. It is determined to construct a vast 202 hectare “superport” on the New Forest side of Southampton Water in Hampshire. Rather than make better use of its existing ports, ABP are prepared to destroy a Site of Special Scientific Interest (SSSI) at Dibden Bay and part of the proposed New Forest National Park, and cause damage to a Special Protection Area (SPA) and a Special Area of Conservation (SAC). Most local people oppose the port, the financial profits are questionable and it will devastate the natural environment, yet ABP are pressing ahead with this controversial and speculative venture [1].

ABP provides a clear example of why the Government needs to change company law, to stop UKplc putting profits before people and the environment.

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ABP basics:

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Website:
www.abports.co.uk

Associated British Ports Holdings (ABPH) Group Chief Executive: Bo Lerenius

Associated British Ports Holdings (ABPH) board non-executive director and Chairman-designate: Ross Sayers

ABP Profits: Group Turnover: £213.7m. Underlying profit before tax: £67.6m

Potential conflicts of interest: Lord Crickhowell, director until April 1999, has been retained as a consultant for ABP

Substantial shareholdings: The following had notified substantial share interests in ABP as of 19th February 2003:

Investor	Number of Shares	Percentage or issued ordinary capital
1. Threadneedle Asset Management	31,349,807	9.5
2. M&G Investment Management	28,110,527	8.6
3. Jupiter Asset Management Ltd	26,076,971	7.9
4. Deutsche Asset Management	19,391,195	5.9
5. Schroder Investment Management Limited	15,234,548	4.6
6. Harris Associates LP	15,056,694	4.6
7. Scottish Widows Investment Partnership	14,240,113	4.3
8. Marathon Asset Management	13,426,153	4.1
9. Aegon Asset Management	12,324,660	3.8
10. Legal & General Investment Management	10,107,512	3.1

Source: ABP Report and Accounts 2002

Company overview

ABP is one of the principal companies belonging to the UK's leading ports group, Associated British Ports Holdings (ABPH). Before its privatisation ABPH was known to us as The British Transport Docks Board but in 1983 it was floated on the London Stock Exchange. ABPH's business is owning, operating and developing ports and their services. Among other business ventures, ABPH operates a property division and owns a company called AMPORTS, a major stake-holder in the American Ports industry. ABP itself is the UK's leading ports group, owning and operating 21 ports and a number of transport related businesses around the UK. Together, the ABP ports handle about a quarter of the UK's shipping trade [2].

The Port of Southampton is jointly owned with P&O ports. It handles more than 35 million tonnes of cargo a year [3]. In 1998 the docks handled six per cent of all British port trade, 850,000 container units, and 50 per cent of the UK's trade with Asia. More than 5 million new cars pass over the quayside every year – around 70 per cent of them for export [4].

Now ABP want to build a huge new port within the proposed boundaries of the New Forest National Park. This is a scheme that would be catastrophic for both the natural environment and the community but ABP is adamant that the peace and tranquillity of local residents, as well as precious wildlife sites should be destroyed.

ABP Impacts

Destroying precious wildlife

The massive Dibden bay container port would irreparably damage nationally and internationally designated wildlife sites. The site, or land immediately adjacent to it, is designated, or proposed to be designated, under just about every form of wildlife classification possible under UK wildlife law including;

The full wildlife impact of ABP's plan cannot be over-estimated. In its submission to the Dibden Terminal Public Inquiry, English Nature - the Government's wildlife watchdog - concluded that ABP's plans would "directly or indirectly" impact no fewer than 8 nationally important Sites of Special Scientific Interest (SSSIs) and 4 internationally designated sites. The nature conservation agency concluded that "*...the proposals as a whole would severely damage the nature conservation resource within and around Southampton Water in ways and to an extent which cannot be avoided or fully mitigated*" [5].

Threatening quality of life

This "superport" proposal has caused enormous controversy in the area. It would utilise all the available green space between the villages of Marchwood and Hythe. This is an area where people have chosen to live specifically to escape the urban environment of the Southampton conurbation. It would completely change the lives of local residents and have knock-on effects across the region.

It would take the best part of a decade to build the port during which time, the disturbance to the local community would be immense. But life would never get back to normal. The twenty-four hours a day, three hundred and sixty-five day a year operations would bring noise and light pollution, yet more contamination, polluting fuel spillages, leaks and oil dumping.

Local people are particularly concerned that the port would cause traffic congestion and pollution. There could be up to 4,684 extra vehicle movements daily [6]. Traffic, travelling to and from the Dibden Bay port, would increase pressure on roads including the M3, which is already snarled up at peak times.

ABP predicts the port would create 3,000 jobs but most of these will probably be in short-term construction contracts. It is unclear whether the rest would be permanent contracts. The precedent is not good however. ABP is moving in the direction of increased automation and last year the group announced 150 job losses at its other ports [7].

Economically questionable

Even if ABP's financial management was sound, the benefits of this controversial scheme would not outweigh the huge environmental costs. Independent financial analysts question the basic financial viability of ABP's speculated profits. *"The Base Case analysis indicates that the return will not cover the interest costs of the project, let alone make a return commensurate with the risks attached to the project."* Even the best case scenario estimates it would take 20 years to pay off the costs of the development plus the interest payments. Unless the project was frequently refinanced, shareholders wouldn't get increased dividends before the whole venture was paid-off sometime in the 2020's [8].

Not in the public interest

The Dibden Bay scheme proved so controversial it went to a year long Public Inquiry with a decision expected sometime in late 2003. ABP must prove there is an *"overriding public interest"*, outweighing the damage caused by its proposal [9].

ABP struggled to demonstrate why it hasn't improved the efficiency of its operations at the port in Southampton instead. There are plenty of ports in the UK that operate more efficiently. Southampton itself already has seven shipping berths with car storage space, yet ABP only uses four of these existing berths [10].

ABP's claims that Southampton and the UK need an extra deep-sea container port at Dibden Bay are also undermined because of a number of other port proposals in the UK. If they all went ahead it is highly questionable whether there is enough business to share round.. As Hampshire County Council's expert's evidence at the Public Inquiry highlighted, *"It is simply not the case that there is no true alternative to the development of the terminal – major planning and development investments are well advanced that will significantly alter the balance of the UK market. Dibden Terminal is simply, therefore, one possibility for port development to meet UK requirements. It is further noted that the simultaneous development of all these projects would result in a severe over-capacity position in the UK,"* [11].

Selling off Southampton docks

There are suspicions that an underlying reason why ABP would rather build this massive new port is to enable the company to continue the lucrative practice of selling off pieces of the existing Southampton Docks. Caroline Lucas, Green MEP has noted that *"...despite the claimed need for increased port facilities, ABP has been releasing land at Southampton port for commercial and residential development. Much of this development is not related to harbour business but has been driven by the company's desire to capitalise on rising land values"*. Paradoxically it is financially cheaper for ABP to build anew on the valuable wildlife sites at Dibden Bay and continue to sell off land at the existing docks than to use them more efficiently. But for the natural environment and people the real costs are unacceptably high.

The Humber Dispute

In August 2001 pilots on the Humber, one of the UKs busiest rivers, approached ABP to renegotiate their contract. Unhappy with the existing deal governing pay and conditions, Humber Pilots Limited (HPL) were advised to strike when ABP would not negotiate. In

response ABP terminated its agreement with HPL, stripping employees of their livelihoods, and began appointing its own pilots, displaying a complete lack of concern for local workers and for the skills and experience needed to pilot the Humber.

Steve Holland, Chairman of HPL explained: “With ABP recruiting from around the world to find people prepared to take our jobs, we had little alternative but to take strong action. In days gone by, these people would probably have been referred to as ‘scab labour’. We consider ABP’s plans to be fraught with danger. The Humber has huge environmental importance, and its safety should not be gambled with in this manner.”

Fears that ABP were putting profit before safety have proved well founded with evidence of inexperienced new pilots working in the Humber and masters of large tankers (that would normally be subject to compulsory pilotage) being asked by ABP harbour masters to navigate leaving port themselves due to a lack of pilots [12] [13].

Greenwash

In its 2002 annual report ABP boasts:

“The group values all of its stakeholders. Recognising that they are the foundation of the business and key to its success, it works closely with them to develop effective and lasting relationships”.

The company acknowledges many of its ports are in areas of the UK that, “*represent some of the country’s most important ecological assets*”. ABPH also says it is so serious about the environment that its Chief Executive, Bo Lerenius is taking “*personal responsibility for environmental issues and environmental policy*”. Environmental affairs are now reported to the ABP Board twice yearly. Yet despite these ambitious claims and intentions ABP has:

- Threatened to take the UK Government to court over the EU Habitats Directive designation of the Humber Estuary
- Trenchantly opposed the designation of the land at Dibden Bay as a Site of Special Scientific Interest (SSSI)
- Objected to the inclusion of Dibden into the proposed New Forest National Park.

Rather than face up to its environmental and social responsibilities and listen to local people and environmental groups who don’t want this damaging new container port at Dibden Bay, ABP is fighting for its speculative profits every step of the way.

Community opposition

People from around the New Forest and Southampton area have joined forces with Local Friends of the Earth groups in the New Forest and Southampton and the Residents Against Dibden Bay Port group (RADBP). They are determined to fight and defeat ABPs damaging proposals.

Julie Astin a New Forest Resident said:

“We are concerned that the economic gains that ABP claim for the area may be short-lived, if there are any at all, but the terrible destruction of these important wildlife sites will be

UKplc: ABP

irreversible. ABP has not demonstrated the need for this port to be developed here – efficiency improvements should be made at the existing port in Southampton before such an expansion is considered.”

All of the main environment and non-government organisations are against this development including the RSPB, Wildlife Trusts and CPRE. The three top Government Agencies, English Nature, Countryside Agency and the Environment Agency are so concerned about the proposal they actively oppose it.¹

Tony Juniper, Executive Director at Friends of the Earth says:

“This proposed port is unnecessary, unpopular and will cause enormous damage to one of the most sensitive and supposedly-protected areas in the UK. It is astonishing that such a well known corporation as Associated British Ports is seriously proposing it. Quite simply it must never be built.”

ABP top facts

- Dibden terminal would destroy 8 nationally and 4 internationally important wildlife sites.
- The port will damage the proposed New Forest National Park.
- The port will cause coastal erosion because of the dredging operations
- Constructing the port will be noisy and polluting and will take about nine years, disrupting local people’s lives irreversibly.
- Things will never get back to normal. The port will cause noise and light pollution 365 days a year, 24 hours a day.
- Up to 300 lorries a day will drive in and out of the port, causing. pressure on roads

Change needed to UK Company Law:

ABP provides a clear example of why changes are needed to UK company law, to stop companies putting speculative profits before people and wildlife. Leaving big business to regulate itself on social and environmental issues fails.

The government recently completed the most comprehensive review of UK company law in 150 years and it is expected to introduce its Company Law Bill into parliament within the next couple of years. This represents a unique opportunity to create a legal framework that ensures UKplc behaves in a way which reflects stakeholder concerns, and helps deliver sustainable development. To do this, the Government’s legislation needs to place duties on directors to take steps to minimise any negative social and environmental impacts of their business operations. It also needs to provide mechanism by which communities, in the UK and abroad, can hold the company accountable and seek redress when directors fail to uphold such duties.

These and other measures have been proposed in the Corporate Responsibility Bill, tabled in the 2001-2002 parliamentary session and promoted by Amnesty International (UK), Christian Aid, Friends of the Earth, GMB Union, New Economics Foundation, Traidcraft, Unison and Unity Trust Bank amongst others (see www.corporate-responsibility.org for more information). The Bill has already secured the support of over 280 cross-party Members of Parliament (MPs).

But, at the moment, the Government's proposals contain no such measures. This will result in yet more unsustainable business as usual by UKplc, both in the UK and abroad and we will be even further away from achieving sustainable development.

Links

More about the CORE Bill and corporate responsibility campaign: www.corporate-responsibility.org

More about Friends of the Earth's campaigns challenging corporate globalisation: www.foe.co.uk/campaigns/corporates/index.html

Residents Against Dibden Bay Port : www.dibdenbay.freeserve.co.uk

New Forest Friends of the Earth: www.newforestfore.fsnet.co.uk

New Forest District Council: www.nfdc.gov.uk

ABP argue their case at: www.abports.co.uk

Dibden Bay Public Inquiry: www.planning-inspectorate.gov.uk/dibden

[1] ABP website www.abports.co.uk

[2] ABP website. Dibden terminal homepage www.abports.co.uk/news/readnews.asp?newsitemid=416

[3] David Cromwell (Jan 2001) Conservation threatened by progress as Southampton plans port expansion, *Guardian*

[4] www.english-nature.org.uk/news/enquiry/dibden.asp

[5] ABP (Sept 2000) Environmental Statement – Non technical summary, www.dibdenterminal.co.uk/SUMMARY/ESCHAPTE/1NEEDFOR.PDF

[6] <http://www.tssa.org.uk/company/abp/ redund021230.htm>

[7] James Cooper (September 2001) Financial Viability of the Dibden Bay container Terminal Project” *Proof of Evidence to the Dibden Public Inquiry*.

[8] DeTR Guidance on application of the Habitats Directive (articles 6(3) and (4), May 1998

[9] In 1999 Southampton handled 681 TEUs (Twenty Foot Equivalent units = standard measure of containers) per metre of quay. Rotterdam handled 1500 TEUs, Felixstowe - 1100. Ocean Shipping Consultants.

[10] Hampshire County Council Proof of Evidence, The Need for Dibden Bay, Andrew Penfold, 2001

[11] Pilot dispute threatens Humber (2001) *BBC News*

[12] The Pilot Magazine (2003) An analysis of the dispute between HPL and ABP (2003) <http://www.pilotmag.co.uk/THE%20HUMBER%20DISPUTE.pdf>

[13] Various proofs of evidence at www.planning-inspectorate.gov.uk/dibden/