

DP World's rail incentive to drive decarbonisation of UK supply chains

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DP World is directly incentivising customers to move their imported goods off the road and onto rail in a new initiative, strengthening its ambition to be the most sustainable logistics business in the UK.

The 'Modal Shift Programme' is designed to increase the attractiveness of intermodal rail for customers. The programme has the potential to prevent an estimated 30,000 metric tonnes of carbon dioxide being emitted per year, more than three times the total emissions of DP World's logistics hub at Southampton, where it will be trialled from September for an initial period of 12 months.

John Trenchard, UK commercial & supply chain director at DP World, said: "DP World in the UK has been a market leader supporting our supply chain partners with access to a comprehensive network of rail options to connect our logistics hub to inland locations across the UK. However, over the last few years there has been gradual decline in the share of rail. Through the Modal Shift Programme we aim to increase the rail share up towards 40 per cent by the end of 2025 - removing an estimated 30,000 tonnes of carbon dioxide from our customers' onward supply chains.

"DP World will mitigate the impacts of climate change by becoming a net zero logistics organisation by

2050. The announcement will help customers on their own decarbonisation journeys and supports the UK Government's stated ambition to drive the modal shift from road freight to more environmentally sustainable alternatives like rail."

The Modal Shift programme will charge a flat £10 fee on all import-laden containers. Customers whose container is moved to a railhead more than 140 miles from the terminal are reimbursed, and a £70 incentive is paid to those whose container is moved to a railhead within 140 miles of the terminal. DP World says the market economics for using intermodal rail for distances of 140 miles or more from Southampton already make sense. However, for deliveries within the 140 mile zone the economic difference is less clear, and this incentive aims to increase the likelihood of a modal shift to rail.

DP World operates two deep water ports at Southampton and London Gateway with access to freight rail terminals, and a rapidly expanding logistics park on the doorstep of the capital. Southampton enjoyed its greenest ever year in 2022 after delivering a 55 per cent reduction in net carbon emissions from its fleet and installations after eliminating fossil diesel from its operations and transitioning to Hydrotreated Vegetable Oil (HVO), a low emission diesel fuel alternative. The £350 million new fourth berth under construction at London Gateway will be the first all-electric berth in Britain when it opens next year.

DP World's investment in rail at Southampton and London Gateway eases traffic congestion, with 300,000 truck journeys taken off UK roads each year. Last year it launched a new weekly rail freight service connecting the two terminals, which takes up to 120 lorries a week off the roads, cutting carbon emissions by 80 per cent. These UK initiatives have contributed to DP World's global carbon dioxide emissions being reduced by 5 per cent in 2022, with a 20 per cent reduction in the European region alone.

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