Tom Hautekiet – CCO, Port of Antwerp-Bruges



With COVID's high demands and the drive for Co2 reductions, the maritime sector is growing in importance within the healthcare supply chain

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The newly merged Port of Antwerp-Bruges is the world's first GDP-compliant seaport. CCO Tom Hautekiet explains the significant role the Port is playing in global healthcare supply chains - leveraging Belgium's positioning as Europe's leading producer of vaccines -, how it is adapting and driving the green transition, and the need for agility and resilience in an ever-changing world.



The Ports of Antwerp and Bruges have recently merged. What was the reasoning behind such an important decision?

We made this deal happen for three main reasons.

Firstly, we had a synergy from an industry perspective. The Port of Antwerp is Europe's most important chemical port, and the second globally, and the number two container port in Europe slightly behind Rotterdam. Bruges on the other hand is the number one automotive port in Europe and stores 15 percent of the liquefied natural gas (LNG) for all of Europe. So from an industry perspective, it made complete sense as the ports had very complimentary operations.

Secondly, geographically it was an excellent fit. The Port of Antwerp is five times the size of Bruges and is designed for long-haul sailing to all parts of the world, while activities in Bruges are mainly focused on Scandinavia, the UK, Ireland and Southern Europe. So now the entire globe can be completely supplied by this joint mega port.

Thirdly and finally, we want to take a leading role in energy transition and by combining forces we are a lot stronger than going on this journey alone. Antwerp, as mentioned earlier, is a chemical hub and supplies the strong North Rhein Westphalian industrial region of Germany, while Bruges is an LNG centre. If we want to act as a lever to realize Fit for 55, Europe's green transition plan, combining forces makes perfect sense.

Who made this decision to merge?

It has been on the wishlist of many for many years. Both ports are owned by the cities, and it took a grass root approach and the right momentum to make it happen. Upon my arrival as the CEO of the Port of Zeebrugge in mid-2020, we engaged in new, fresh talks. So, one thing led to another, and today the outcome of these discussions is a known fact: a new merged mega port.

The Fit for 55 plan aims at cutting the greenhouse gas emission levels of 2019 by 55 percent by 2030. What impact will this have on overall operations?

If Europe wants to meet this target and stays as close as possible to the Paris Agreement, we will have to introduce green hydrogen in the energy mix of the future. For the BeNeLux region and Germany this means importing green molecules such as green hydrogen, green ammonia, and green ethanol. From an economic perspective, it is a lot cheaper to produce these green chemicals in Southern Europe due to the abundant availability of wind and solar power, something we lack in Europe. Therefore, the import of green molecules is the answer.

Obviously, this will require large investments as it is a completely new business. The region will have to construct new infrastructure and be financially ready to pay for this initially more expensive fuel. This will be done through the development of new incentive schemes such as taxing C02s consumption. At a certain time, there will be a crossover point as businesses will see the CO2 taxes they are paying outweigh the extra costs of the greener fuel, which will convince them to transition. These greener agreements are being backed by President Biden's Inflation Reduction Act (IRA), a USD 400 billion initiative to drive the global energy transition forward and the European Hydrogen Bank to stimulate and support investment in the sustainable production of hydrogen

This green transition is obviously upon us. What are you doing specifically in the ports to meet green targets?

We aspire to be the first port to reconcile climate, people and economy. Therefore, we have developed three strategic goals: sustainable energy, sustainable industry and sustainable shipping. In each of these domains, we are playing our role by joining existing or creating new coalitions, such as Antwerp@C. If we want to reduce our Co2 emissions by 55 percent by 2030, we must capture around nine billion tons of the 18 billion tons of Co2 we produce annually. Together with seven leading chemical companies, we are working on ways to liquify and store the captured CO2. It is a massive investment program, in which also the European Union has expressed its belief by granting nearly half a billion euro in support of the project.

It is important to understand that if we as a port, or any business for that matter, don't take these actions, we risk losing the attractiveness of running industrial operations. At a certain point, Co2 taxes will be so high that operations no longer will be sustainable.

Port of Antwerp-Bruges is the world's fifth-largest bunker port. In support of the green transition of the maritime industry, we are creating the conditions to further expand our offer of maritime fuels: regular bunker fuel, LNG and hydrogen are already available, and we are looking forward to new developments in the maritime industry.

Certain regulations on maritime vessels are already being put in place and companies must think ahead. Dual fuels, such as running on LNG and ethanol, are becoming a must. It will be a transitional program, but it has clearly started, and everyone is preparing.

Global supply chains were heavily impacted by the COVID-19 pandemic. As an industry expert, what is your reflection on this period and what shifts have you witnessed since?

COVID certainly brought about some significant changes in the global supply chain. The price of everything went up and the delivery times blew out. Even basic items like bicycles had huge disruptions. There was massive supply chain congestion and terminals were completely blocked, with prices for transport going up 10-fold.

The pandemic made it clear to everyone that our society heavily depends on the transport of goods from across the globe and that ports are critical nodes in this global supply chain. As a port, we did whatever we could to stay open and allow products to arrive, even if late. Also, the blockage of the Suez Canal was an eye-opening event that demonstrated the vulnerability of the global supply chain.

Pharmaceutical companies must adhere to an incredible amount of regulation around the serialisation and storage of therapies. How do you work with these companies to ensure you meet these stringent guidelines?

In the past, companies were more inclined to use the aviation industry to deliver their highly sensitive medicines. With COVID's high demands and the drive for Co2 reductions, the maritime sector is growing in importance within the healthcare supply chain. In turn, we are doing all we can to gain knowledge about concepts such as storage, serialisation, and digitalisation. Our terminals are meeting with quality managers from the pharmaceutical side to better understand how to facilitate their demands.

Port of Antwerp-Bruges is the world's first GDP-compliant seaport, and we must learn how to act and operate as such in support of the needs of these new customers and markets. If you realize that Belgium is Europe's first and the world's second-largest vaccine-producing country, you will agree that there's an untapped potential for our port.

What exactly does being a GDP-compliant port entail?

It entails understanding every step of the process, so that it is possible to control and trace a medicine as it moves across the supply chain. This requires a high level of interaction with stakeholders, who must all understand how GDP works. Obviously, this includes the port authority

officers and the pharmaceutical companies, but also the terminals, sailing companies and ports on the other side of the world. There are GDP airports in Singapore, Switzerland, and Belgium but no other seaports yet. It is a learning process.

Pharmaceuticals are not currently a big part of your business, but what plans do you have in place to amplify this?

Belgium is a country for which, due to its size and good logistics, it is quite easy to import and export products, which makes it appealing to global pharmaceutical players. In the future, we will cooperate with them further to better understand what value we can offer them in the supply chain.

How important is it to be competitive in terms of pricing?

The tariffs between ourselves, Rotterdam and Hamburg are not that different. If you look at the cost of ports along the supply chain from manufacturer to delivery, the pricing differences are marginal. Really, it is not about price, but more about the service and flexibility of a port and the partnership we have with companies.

At what level are you interacting with airports?

We have a close interaction with Brussels Airport, and it is important we speak the same language and have the same processes for suppliers and customers. We do not want to see large differences between land and sea. If a customer wants to shift how they do things it will be a relatively pain-free process.

Over the years, how has the maritime industry shifted from a human perspective?

A clear two-track shift has happened. If you look back in time, the industry was mainly white male-dominated, not entirely uncommon for many of these types of sectors. Today, we see great diversity in terms of gender and cultural backgrounds. Meanwhile, we also saw an increase in the efficiency of operations due to technological innovation and a need for other professional profiles and skills to handle these new tools. For example, we are evolving towards becoming a digital-

driven sector in which each link in the supply chain can access information., this shared information in its turn will lead to greater efficiency in the transport of goods. This requires not only new skills but also a mind-shift on data confidentiality. We are grateful to see that more companies are embracing the idea that sharing data empowers the platform and increases the efficiency of individual cargo flows.

Is the role of ports also shifting over time?

For sure. The port authority used to act as kind of a landlord and the port was an area in which cargo passed through. Today we operate our own vessels and are a regulator that sets rules for what can and can't be done. We are also a facilitator and community builder and are working together with all the stakeholders who operate within our strategic boundaries. New roles in support of the challenges our society and industries face are being explored and are evolving to become the port of the future.

For example, we are the first port in the world to have digital twins of our port up and running. We have connected sensors all around the port that measure a panoply of things such as noise and light levels, wind energy and vessel emissions, … and all this data is integrated in real-time in a digital copy of the port, which brings this digital twin to live for monitoring purposes and predictive analytics.

In the process of positioning the newly merged port as a global leader, how much do external crises, such as pandemics and wars, affect your planning?

Each year we experience a different crisis, or they happen at the same time. For example, while dealing with the aftermath of the COVID pandemic, the world witnessed the blocking of the Suez Canal, then we all saw an increase in energy prices, a continuing global imbalance of the spread of empty containers, rising transport prices, an unexpected war in Ukraine and a new uprise of the energy prices,… who knows what will be next? We have to understand that stability does not exist in our industry, so we need to ensure that we are agile and resilient, ready to deal with any issue. Digitization is one way to ensure that we have better insights and tools to predict and deal with unexpected situations. In our ever-more digitizing world, we are forced to invest heavily in cyber security. You can imagine that an industry that makes up five percent of the Belgian GDP triggers online threats and needs to be guarded 24/7.

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