



The European Freight and Logistics Leaders Forum Conclusions of F&L Rotterdam

20-22nd November 2013

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“Priorities in the Global Supply Chain”

ON BOARD THE LAST GREAT DUTCH SHIP OF STATE
SS “ROTTERDAM”, F&L WELCOMED 96 PARTICIPANTS
FOR VIGOROUS DEBATE ON SHIPPING, COLLABORATION
AND HINTERLAND CONNECTIONS FOR ALL MODES



This has been an incredible conference” said Gavin Roser, F&L Secretary General. “Content, the attendance of key players, the quality of debate. Listening to so many different viewpoints has really triggered our thinking”.

“Doors are open and there is a willingness to understand the other perspective” said Erik Kessels (Manager Sourcing and Contracting Supply Chain Polymers SABIC) of the open and constructive debate that he chaired between **Maurizio Aponte** (Executive Director and Board MSC), **Andreas Georg** (Head of Global International Transport MARS) and **Theo Zwijgers** (Director Supply Chain EAI Lyondell Basell).

Shippers value **transit time, reliability** and cost, but **volatility of shipping prices constrains how they deal with fluctuations** and drives reluctance to put eggs in one basket.

But shipping lines are frustrated when procurement officers block **discussions at top levels which would focus on strategic alignment** and enable shipping lines to **invest and increase service levels**.

“Price is always the main concern in negotiations” said Mr Aponte “but we want to be a valued partner in the supply chain – not a commodity at the end of the line”.

Both parties agreed that **increased data exchange will improve flexibility** and help optimize the supply chain. **Standard transport units**, addressing **container imbalances in trade lanes** and new ways of doing business were also suggested which could **include employing ships as open access floating warehouses** and **using the ‘Easyjet’ model** for booking freight.

“We need a Steve Jobs of the supply chain” said **Miroslav Skorepa** (Logistics Director EMEA, Bacardi).

“Do you realise that we are **relying on nature to sustain the whole consumer-driven economy?**” asked Gavin Roser. Introducing Emeritus Professor of Hydrology **Ghislain de Marsily**, Mr Roser said water was a critical resource for the supply chain and feared the **global economy would be caught unaware** again as it was during the ash cloud.

“Globally we do not consume all the fresh water that becomes available every year, but locally the situation can be very different” explained Professor de Marsily. **“21.5% of mankind currently lives in arid zones with only 2% of the water resources of planet Earth”**.

Covering various solutions including the energy inefficient possibility of towing icebergs to arid

countries, Professor de Marsily suggested that **no one solution can fit all countries** and that water content of food – particularly animal products – is one of the big issues.

He said **“it is soil not water which will be the limiting factor for global food production**. Water and land resources management will become very demanding”.

“F&L is looking to organise a side event at OECD ITF’s ‘Transport for a Changing World’ Summit of 54 Transport Ministers in Leipzig 21-23 May 2014” said **Andreas Römmert** (Head of Logistics KWS Saat AG).

“We must achieve a **common understanding of sustainability among all stakeholders** and it is time for a **joined-up approach across the global supply chain”**.

“From the perspective of Supply Chain Practitioners, we will **define sustainability and give a view on what we need to do**.

Most importantly, we will identify **tools and elements which companies can use practically** to achieve more sustainable operations.

There is a **chasm between the sustainability visions of many companies and what is actually measured** and we will address this



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issue” said Mr Römmert.

Announcing findings from the ITF Transport Outlook to be published in December, **Jari Kauppila** (Economist and Manager of Statistics Unit ITF OECD) said that freight would increase by 2-4 times current volumes and that emissions will grow by 4-8 times current levels in some countries. **“Almost all Government National Logistics / Supply Chain Strategies only contain elements of sustainability (like efficiency) at present”** he said.

“Collaborate or die” said **Martin Kvych** (Director LKW-Walter) summarizing the *Economies of Scale / P3 Network* (vessel sharing agreement for east/west trade) case study. “It is the **volatility in shipping rates from Asia to Europe** which makes planning so difficult. We need a **common booking platform** and most importantly to ensure that all **stakeholders agree on the same mindset**”.

“Heinz, Mars and Bavaria have moved over 15,000 road trips to inland waterways by consolidating goods and it’s been done in a profitable way” said **Ron Buitelaar** (Sales Director North West Continent Samskip Multimodal) explaining the *Blue Road Project* between three shippers and Samskip.

“We need **a re-think to deal with unbalanced traffic and much closer strategic alliances with suppliers**” said **Knut Hansen** (Senior Vice President Stora Enso Logistics). Giving details of a short sea venture which Stora Enso invested in, he said **“everyone wanted something different** out of that traffic flow”.

“We need to **get much closer to all the stakeholders and almost get agreement on one business model with one modus operandi and shared risk**” he said.

Gavin Roser commented that **“many companies are so busy being busy with their internal affairs that they are missing the external opportunities for collaboration around them”**.

“Collaboration can boost profits and drive improvements in R&D, purchasing and procurement, operations but **any stakeholder has got to buy into ALL of these inputs**” Mr Roser argued.

Explaining some of the current trends in UK rail consolidation services with **Lord Tony Berkeley** (Chairman of the Rail Freight Group), **Kenneth Russell** (Director John G Russell Transport) said **“we are seeing the shippers themselves collaborating on trains and although this has the full approval of the retailers, it’s not being driven by them”**.

“The **new TEN-T corridors are real drivers for collaboration**” said **Franco Castagnetti** (President Newopera Aisbl) describing the Commission’s €700 billion project to **eliminate physical and administrative bottlenecks** with the TEN-T corridors.

“This is **one of the most important projects ever undertaken in an integrated Europe**” said Gavin Roser. “While it’s not yet perfect, it’s about **interoperability and eliminating political borders**. F&L will examine a corridor from every possible angle at each of its meetings over the coming months and years”.

Demonstrating the scale of the investment in Port of Rotterdam with the new Maasvlakte 2 terminal which is ready to handle the future, **René van der Plas** Vice President Projectorganization Maasvlakte 2 said “this is a €3 billion project and it has been important to get the sustainability and ROI aspects right”.

Discussing connections to the hinterland with all modes, **Harald Bortolotti** (Director LKW-Walter) urged panelists to **“whine less and focus on the future to make it happen”**, citing the USA where logistics operations are often impressive.

“The supply chain is increasingly more complex” said **Jan Blomme** (Chief Advisor Strategy and Development Port of Antwerp) “and the lines dividing the elements are more blurred but **data transmission is not yet the fourth mode**”.

“Two themes have been prevalent throughout this conference” said F&L Vice President **Andreas Georg** (Head of Global International Transport MARS). “These are the almost necessity now for **closer strategic alignment with your suppliers and customers**, and the increasing need for **open data interchange**. F&L will expand on these”.

Sincere thanks to sponsors Port of Rotterdam, MSC, Unit45, Samskip, BACARDI, Royal Wagenborg, A2B Online and CCT Moerdijk.

F&L’s next meeting will be 12-13 June 2014 in Prague – email for details and please pencil the date into your diary.