

SMART AND SUSTAINABLE LOGISTICS SOLUTIONS THROUGH MULTIMODAL TRANSPORT

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CLECAT held its 2017 Freight Forwarders Forum, on “**Smart and Sustainable Logistics Solutions Through Multimodal Transport**” at the Port of Barcelona on the 24th November. More than 80 experts, policy makers, and stakeholders in the supply chain discussed the challenges of multimodal transport, ahead of the 2018 European Year of Multimodality.

Introduction and Keynote Speeches

Steve Parker, President of CLECAT, welcomed participants by stating that multimodality is the life-blood of freight forwarders, who as such think about supply chains and how to make them connect better. Logistics service providers require a smart and seamless network of interconnected corridors and hubs allowing efficient logistics operations and supporting supply chains, therefore adding value by reducing costs and increasing efficiencies. An efficient multimodal transport chain would allow goods to bypass congestion, achieving value pricing through economies of scale and flexibility serving customer needs and bringing important environmental benefits to the supply chain.

Sixte Cambra, Chairman of the Port of Barcelona, highlighted the evolution of ports in the past decades, where their activity is now more diverse than ever. This has in turn transformed the position of port authorities, requiring them to take a leading role in coordinating the strategy and actions of port community, of which forwarders are a significant part, building the most efficient logistics chains. The Port of Barcelona had been successful in boosting multimodality, with a strong growth in rail connections in recent years and first-class Motorways of the Sea services to Italy and North Africa, bringing efficiency and environmental benefits from taking trucks off the road. He presented the port’s strategy for sustainable development, which concentrated on economic, social and environmental sustainability, with green port actions, digitalisation and innovation aiming to boost efficiency and add value. The Port of Barcelona’s Digital Port project included a start-up incubator and innovation lab, preparing the way for the smart port of the future, where innovation and sustainability go hand in hand.



Fernando Liesa, Secretary General of ALICE, presented the work of ALICE, the European Technology Platform for logistics innovation through collaboration, particularly in the field of sustainability. With climate change advancing at a rapid pace, he said that rapid action is required in order to be effective and to ease adaptation. For the freight transport sector to contribute to the EU target of 60% reduction of transport emissions by 2050, and considering the expected growth of transport demand, it needs to reduce its emissions by a factor of 5 or 6. The ALICE collaborative innovation clouds initiative was



therefore working on pathways to achieving zero or neutral emissions by 2050, which would require smart (de)regulation and changing the mindset of customers giving more priority to long term sustainability. He demonstrated how digitalisation in logistics could be an enabler for decarbonisation but that this will depend on the aims of new digital companies coming online. A critical element will be connecting the numerous digital platforms in logistics, which requires building trust in connectivity and active governance on data, both from the EU and from a more active industry.

With regard to intermodality, Mr Liesa showed how ALICE is examining the ideal transport system and how it would connect supply and demand, building an interconnected system to take full advantage of digitalisation. He said that efficiency in the system is essential as even if a full shift to electric vehicles is made, the best use must be made of the available infrastructure to reduce congestion and unneeded investments. In this regard, freight forwarders have a lot of power and the capability to make hyperconnected networks happen. To make effective progress, the transport system needs a change in the intermodal approach in order to focus on connections, volume and frequency, rather than being characterised by high costs and long lead times as at present.

Matthew Baldwin, Deputy Director General of DG MOVE at the European Commission, hailed the vital role of freight forwarders as mode-neutral architects of an efficient logistics system. He argued that the Mobility Package is intended to correct the difficulties in the road transport market, in order to restore cooperation in Europe, ensure that rules are enforceable, to reduce administrative burdens, and the build a sense of trust in the road haulage community. He said that rail transport is fundamental to achieving the decarbonisation and modal shift goals of the 2011 transport white paper, but the way ahead currently lies with the sector itself in terms of technical solutions, maintenance and operational improvements. Regarding the growing phenomenon of vertical integration in the transport chain, he said that this may be just one of the consequences of digitalisation, and while the Commission will ensure that competition is respected no one party has a sacrosanct place in the chain and all need to ensure that they can compete.



Mr Baldwin argued that digitalisation would be the key to the future of multimodality, but this would require investment in the details of digital transport and going further than simply abandoning paper. The solution would rather be to look at data exchange and a common data model for digital transport, ensuring that digitalisation works in practice as well as in theory. The 2018 Multimodal Year would therefore focus on digitalisation as an enabler for multimodality, with initiatives on digital transport documents, building support for physical and digital infrastructure in the CEF, and providing appropriate economic incentives for multimodal transport.

Panel 1: Frontrunners in Multimodal – What Makes Them Successful?

Moderated by **Tom Antonissen, EU Affairs Adviser, Association of European Vehicle Logistics**

Jürgen Schmitt, Director of EKOL Logistics Spain, presented EKOL's development of a multimodal logistics business model. The company had developed as a provider of ro-ro and block train connections to Turkey, responding to market demand for faster transport to move more commodities in a more efficient and more ecological way. Future development would be reliant on legislation moving in a direction which enables greater multimodal transport, and examining how EKOL can accommodate its customers' growing market activities. While EKOL owns over 5,000 trucks and trailers it still faces a driver shortage and needs to offer fast transport from Turkey, making multimodal transport an attractive competitive option.



Mr Schmitt also presented EKOL's green logistics goals, which are greatly served by intermodal transport, which as well as extensive environmental advantages also brings operational, financial and social benefits. In order to enable more efficient logistics, Mr Schmitt said that laws need to change in order to remove administrative obstacles which would otherwise cause operators to lose on short-haul legs the earnings which they make on long-haul.

Sam Bruynseels, Managing Director of Lineas Intermodal (created out of the former state-owned B Logistics), presented the company's work in developing a new rail freight service with bundled freight. He said that the company was responding to concerns that the current transport model in Europe is not sustainable in the long-run, as the expected 35% increase in transport volume would threaten economic growth due to its effects on congestion as well as the environment. Shifting traffic to rail is the right choice, because of its higher safety record, lower environmental costs and better use of existing capacity; moreover, it's crucial for sustainable logistics in Europe.

In order to properly facilitate shift to rail, he said that the rail industry should benchmark itself against trucks and compete with road. Infrastructure and regulation should be modernised in order to make running a train through Europe as easy as running a truck. Furthermore, road transport's external costs should be taken into account in order to nudge traffic towards rail. The rail sector also needs to improve its service offering, he said, by asking its customers what the sector needs to get them to shift to rail and to ensure that price, quality and ease of use are optimum, while enabling business and profits to grow.

Mr Bruynseels presented Lineas' reinvented offering in this regard, namely its Green Xpress Network which bundles different types of cargo in a high frequency service between economic hubs in Europe. While previously the Gent-Basel transit time was 7 days, with 4 stops, the Swiss Xpress now offers five round-trips per week with a 2.5-day transit time. Organisationally, however, a lack of flexibility from infrastructure managers remains a complication, he said, particularly for short-term bookings. Lineas has booked five train paths per week which run according to a fixed schedule, but then encounters flexibility problems if things go wrong and short-term modifications need to be made.

Sebastiano Cirnigliaro, Commercial Manager of Grimaldi Logística Spain, presented his company's multimodal transport strategy. Grimaldi had been a pioneering in multimodal transport, particularly Motorways of the Sea between Spain and Italy, combining rail, road and maritime modes. The economic situation gives the company margin to grow in this market, and with the automotive sector recovering and North African economies growing, Mediterranean short-sea shipping is currently a strong business opportunity. Demand in all Mediterranean ports was forecast to grow, and in response Grimaldi was increasing efficiency by updating its fleet and buildings and digitalising its short-sea shipping network. From a regulatory point of view, in order to encourage efficient, low-emission multimodal services, Grimaldi would like to see a special port taxation regime for zero-emission vessels, support for investment

in digitalisation and incentivising short-sea shipping through a European ecobonus. Mr Cirnigliaro concluded by presenting ALIS, an Association of Logistics and Sustainable Intermodality which brought together players from across the supply chain with a network of Motorways of the Sea connections to promote sustainable intermodality, supported by CONFALIS which conducts government relations on these subjects.

Regarding incentives to develop and potential subsidies, **Mr Cirnigliaro** said that services should be sustainable by themselves, but it would be fair for a business to receive help when competing with others which are subsidised. **Mr Bruynseels** argued that it was better to nudge the market if it is not working and not to subsidise inefficient companies indefinitely. **Mr Baldwin** said that the European Commission was not afraid to use investment such as the CEF II, but with the blending element in order to increase private participation, in order to boost market performance.

Panel 2: Changing the Mindset & the Rules for Booking Multimodal

Moderated by **Eduard Rodés, Director of the Escola Europea de Short Sea Shipping**

Rebecca Descarrega, Business Analyst Procurement Europe at BASF, presented BASF's use of multimodal transport in its shipments. The company aims to add value, innovate and provide sustainable solutions, and as such multimodal transport offers economic, environmental and social advantages, making it a sustainable option. Spain's peripheral position in Europe and the expanse of the Iberian peninsula present particular distance challenges for rail transport, as do the different rail gauges in Spain compared to the rest of Europe. For multimodal to succeed for BASF, good collaboration is required between industry and government in logistics clusters, and for the rail leg to be long-distance, keeping the first/last mile short, and operating at a regular frequency in multi-client, multi-product trains. BASF already has intermodal terminals at Ludwigshafen and Antwerp, and is planning a third in Tarragona, but in order to do so requires extension of the UIC gauge to Tarragona.

Mark Scheerlinck, General Manager of Centraal Boeking Platform, presented the platform's service in enabling the booking of multimodal transport services. Its mission is to provide easy access to multimodal service while remaining neutral, to reduce empty mileage and to enable the re-use of containers in the hinterland. The platform works by receiving orders from forwarders and then generating solutions which are as multimodal as possible and which reduce empty mileage. The tool covers all of Europe, and furthermore provides a CO₂ calculation.



Denis Choumert, Chairman of the European Shippers' Council, argued for strategic collaboration between shippers and forwarders in multimodal transport, the complexity of which necessitates tailor-made solutions. He said that shippers were looking at collaborative platforms for chartering trains, or even doing so as a single customer. He argued for greater vertical integration such as terminal management by rail undertakings, and horizontal integration such as intermodal operators doing door-to-door services and forwarders acquiring road/rail operators as further potential solutions. He also called for an upgrade in the provision of information for multimodal transport through portals providing information such as costs and end-to-end travel time, covering the complete network. He suggested that the Commission could fund a public service type of information portal, which would be consistently updated and provide rough information on costs and footprint benchmarks, on a small-fee "pay per view" basis. Regarding the revision of the Combined Transport Directive, he called for 44 tonne units to be

allowed upstream and downstream of the CT operation; effectively ensuring that terminal funding is properly spent; regularly studying the coverage of external costs by different modes; and incentivising modal shift by providing funding which goes to the shipper. Potential game changing opportunities for multimodal would be One Belt-One Road; the need for larger terminals to cater for Ultra-Large Container Vessels; and the increased cost of road transport from new rules on the posting of workers. On the threat side however, semi-autonomous truck platooning would compete heavily with intermodal.

Panel 3: Learning from Innovation in Logistics

Moderated by **Dominique Willems, Senior Manager, CLECAT**

Jef Hermans, Director of Portmade, presented his company’s work in addressing the challenges of customs through digital solutions. The Union Customs Code was overcoming the problems of the old transaction-based customs system, which required just in time declarations and selection of goods for scanning or a customs inspection, with a system-based approach, deferment of customs inspection, and disconnection of the declaration and the physical moving of the goods. Digitalisation would be a central factor in successfully implementing the UCC, and the Xynaps Social Enterprise Data



Platform would allow the input of hard copy and Edifact messages, which it would then translate to digital formats enriched by big data. With regard to the challenge of ensuring customs representation in all Member States, Portmade was aiding in setting up customs competence centres for centralised clearance. Mr Hermans said that the great advantage of digitalisation for companies was optimisation of capacity through greater visibility and predictability. He said that for digitalisation to succeed, users should be able to connect with their different app providers to simplify processes, but this would require a change in mindsets concerning data-sharing, as well as support from authorities.



Jean-Christophe Cuvelier, Executive Vice President Business and Innovation Development at Crystal Group, presented his company’s work to harness the opportunities and address the challenges of digitalisation. In order to properly do so, Crystal Group must work with clients and along their own chains. The economic situation in recent years had led to more and more stock in transit in order to reduce storage costs, with just-in-time deliveries. This creates a need for visibility and track-and-trace, which in themselves require companies to collect huge amounts of customer flow data.

This implies a large upfront investment cost, but clients are not prepared to pay. To receive customer buy-in, Crystal Group must create new service offers built around personalised data, which requires investment in R&D, skills, data management and building of a network of data providers to create added value. This would need to be accompanied by reduction of internal costs, particularly through automation, and recruitment of the right people, in order to ensure return on investment.

Guillermo Belcastro, CEO of the Barcelona Europe South Terminal (BEST), presented the innovative concepts behind the terminal’s development, which challenges several commonly-held paradigms. The first paradigm, that there is “not enough infrastructure in southern Europe”, was being disproved by the physical expansion of the Port of Barcelona to create the BEST. The semi-automatic terminal offers large

capacity, privileged sea access, and unrivalled performance with over 40 moves per hour on average, and on a reliable basis, but could go further. With regard to the notion that 80% of Mediterranean freight is actually handled in northern Europe, BEST is aiming to set up an efficient terminal to boost hinterland connections and avoid traffic going through northern Europe, by competing on service, lower emissions, fuel savings and a lower transit time. He said that the trend was changing already, with 30% growth in imports from Asia to Spain in the past four years. The third paradigm, that “rail is not an option in Spain”, was being challenged by the construction of the largest port rail terminal in the Mediterranean behind BEST, with 750,000 TEU capacity, and the provision of hinterland connectivity by the setting-up of a rail operator to develop the market and hinterland terminals. This was part of the terminal’s Go Green initiative which aims for a CO2 emission reduction of 4kg/TEU, and 57% overall. In response to the claim that the Mediterranean corridor does not extend beyond the French border, he said that BEST was linked to the corridor via double-gauge railway.

He said that further improvement would come from lines thinking more regionally and customs improving to offer a one-stop shop service. He added that private operators should be encouraged to take the initiative on the Mediterranean corridor. Asked whether BEST was becoming an LSP through its service offering, he said that the Port of Barcelona was quite advanced in terms of what it is doing outside of terminal boundaries but as rail is the answer to expanding the port’s hinterland, it was essential for stakeholders to take the initiative in expanding this market.



Steve Parker, President of CLECAT, concluded the Freight Forwarders’ Forum by hailing the spirit of collaboration and organisation between supply chain parties which had been embraced in the discussions, and which would be vital to developing successful, modern intermodal transport.

The Port of Barcelona was thanked for hosting the event and speakers for their excellent contributions.