LOGISTICS FOR EUROPE

On 14 November 2019, CLECAT held its annual Freight Forwarders' Forum at the Residence Palace in Brussels, under the theme '**Logistics for Europe**'. Gathering more than 120 experts from industry and policymakers, the event discussed digitalisation and sustainability in logistics.

In the opening session, Mr **Sandro Santamato, Head of Unit D1 Maritime Transport & Logistics of DG MOVE** outlined how digitalisation facilitates logistics by offering the possibility to monitor relevant factors for logistics in real time and to take decisions on that basis. He noted that it was of essence to understand the benefits of exchanging information digitally in a trusted environment. In this regard, he referred to the Regulation on Electronic Freight Transport Information (eFTI), which obliges authorities to accept transport documents in an electronic format, as well as the work of the Digital Transport and Logistics Forum (DTLF). With regards to the second topic of the Forum, sustainability, he referred to the ambition of Commission President Ursula von der Leyen to achieve a climate neutral Europe by 2050 and highlighted the importance for industry to start preparing for action for this purpose.

Ms **Maria Rautavirta, Director of the Data Business Unit at the Finnish Ministry of Transport and Communications**, provided a keynote speech on how to make Digitally Connected Logistics work in Europe. The issue is of great importance to the Finnish Presidency of the Council. Finland is of the view that decentralised data exchange is the way forward, while not all data needs to be shared to all parties, but according to their various roles within the chain. Therefore, the focus should not be on the ownership of data, but on the rights to use it. Regarding the EU climate targets, she argued that significant and rapid emission reductions in the transport sector are required, which can be enabled through a human centric approach and digitalisation of logistics, as it has the potential to increase cost efficiency and effectiveness of operations.

Mr **Steve Parker, President of CLECAT**, introduced CLECAT's "Logistics for Europe" initiative. The initiative illustrates the value of the borderless Single Market, ensuring the free movement of goods. It further highlights that business needs a stronger Europe through further opening of markets and harmonisation, rather than protectionism, as well as removing barriers instead of creating new ones.

Mr Parker noted that creating an integrated transport policy will translate into improved logistics chains, greater environmental sustainability, and increased competitiveness of the EU on the global stage. Europe is currently the world's most globally connected region and a leader in trade flows and the movement of

people, and this should be cherished. The EU should continue to lead the way by remaining a world champion of open and free trade, as well as an engine for growth. Mr Parker then presented the Memorandum with the logos of 160 associations and companies in Europe supporting the initiative.

Panel 1: Digitally Connected Logistics – How to Make It Work

The first panel, which was introduced and moderated by Mr **Dominique Willems, Senior Manager at CLECAT**, focused on harmonisation, standardisation and cooperation in IT. In recent years, there were many public and private initiatives in this field across Europe and new technologies and concepts come and go fast. Questions for debate included what lessons can be learned from these initiatives, what is the way forward, which standard, technology or concept will prevail and what is needed from the EU to improve and accelerate harmonisation.

Mr **Thomas Bagge, Managing Director & CEO at the Digital Container Shipping Association (DCSA),** explained that the main aim of the new association of container shipping lines is to develop information technology and security standards that help to exchange data across the industry. He confirmed the importance of standardisation of data and interfaces. However, he argued that digitalisation in itself is not the key to success, but rather using it as a tool to change the way we work. Moreover, he emphasised the importance of cooperating within and across industries to agree on operational elements to exchange information more efficiently.

Mr **Roderick de la Houssaye, CEO at Nedcargo**, explained that his company had the idea to become a marketplace for transport, but soon realised that freight forwarding was much more interesting as a business. The company now employs 840 persons and is moving goods to and from 160 countries. Nonetheless, he questioned the role of the freight forwarder in a digital age. He concluded that despite technological changes, the costs of using a freight forwarder are low, while the value of the traditional services, sometimes as simple as having someone picking up the phone if needed, is still high. The business model will definitely change with new technologies, but the main business opportunity is to use these developments in delivering a better service to the customers.

Mr **Matjaž Auflič, Head of Developments at TRINET Informatika,** presented the perspective of IT service providers, which are united under EurTradeNet. He highlighted the importance of basic requirements, such as timely and accurate specifications and proper testing facilities. He also argued that digitalisation of documents is not a goal in itself, and that a pure technology driven approach is not suitable. In the light of this, he questioned hype-technologies such as blockchain. Additionally, he provided some lessons learned from artificial intelligence initiatives, where the re-use of existing standards and data are still key.

Ms **Maria Rautavirta** noted that in Finland, a multi-stakeholder approach had been undertaken, through which data sharing is being promoted. She referred to the need for intra-EU exchange of data between stakeholders and that the interoperability should be ensured. Ms Rautavirta added that fragmentation was a big challenge in Finland and within the EU as a whole. Therefore, she emphasised the importance of creating an open data-sharing environment and that Member States should not fight against each other, but instead they should cooperate to improve the EU's competitiveness.

Ms **Lia Potec, Policy Officer at the European Commission's DG MOVE**, presented the upcoming Regulation on electronic Freight Transport Information (eFTI), which will oblige Member States to accept transport information in a digital format. The companies will be able to make available the data required by authorities for regulatory purposes through so-called eFTI platforms. The "platforms" can be any IT solution that is currently used for generating and processing transport information, as long as it is certified according to the rules of the Regulation. Ms Potec explained that the eFTI Regulation provides at the same time a solution for fragmentation in IT by establishing and enforcing common data sets and harmonised IT interfaces and operating procedures for authorities. Thereby, it will lower costs and efforts for companies to get rid of paper transport documents and start exchanging information in an electronic format.

Panel 2: An Internal Market for Sustainable Logistics

The second panel focused on gearing up the EU internal market for sustainable logistics. Ms **Nicolette van der Jagt, Director General at CLECAT**, moderator of the session, introduced the discussion by shedding light on the ambitious European decarbonisation targets and the role of the transport and logistics sector in meeting them. As part of the European Green Deal, the incoming European Commission has pledged to increase the EU 2030 decarbonisation target to 50% and to bump it up to 55% when appropriate. This means that the transport and logistics sector must step up its game to deliver its share even faster, explained Ms van der Jagt. She then argued that the most cost-effective transport decarbonisation solutions must be found to accommodate the growing freight transport demand and emissions, without curbing mobility and services.

Delivering a keynote introduction to the panel, Mr **Edgar Uribe Casillas, the Global Head of Environment and Sustainability at Kuehne + Nagel**, presented K+N's commitment to achieve the CO2 neutrality by 2030. K+N's global programme to neutralise its CO2 footprint, dubbed 'Net Zero Carbon', is going to address CO2 reduction in transport and logistics services worldwide, including the company's own carbon neutrality.

As of 2020, K+N is planning to be fully carbon neutral worldwide for all direct and indirect emissions in its own sphere of influence. To reduce the client and supplier-generated third-party CO2 emissions, K+N will introduce visibility, reduction and offsetting measures. Over the next decade, an array of greener shipping services will be launched, starting with less-than-container-load shipments in 2020 and reaching fully carbon-neutral shipments by 2030. Mr Uribe Casillas explained that Big Data and predictive analysis will be used to select transport routes and modes that are less carbon intensive. In addition to CO2 reports, K+N will offer full visibility via digital CO2 emissions visibility platforms for all

transport modes, with the shipping-related emissions already available in K+N's SeaExplorer platform for liner services in container shipping.

Mr **Erkki Valtonen, Managing Director Finland at Blue Water Shipping**, provided the freight forwarders' position. According to him, the best way to be sustainable for SMEs was to be as cost-efficient as possible, make planning in such a way that a maximum payload was ensured and consolidating shipments as efficiently as possible. The problem he identified was that customers still wanted to receive their goods as soon as possible, often expecting next-day delivery. Therefore, he said, a freight forwarder could only play a role in imposing the sustainability requirements upon its sub-contractors, for instance by requiring them to utilise the best equipment available or use alternative fuels. The digitalisation of logistics processes was also important, as it allowed for more efficiency in the supply chain.

Asked about the social and market access aspects of the 1st Mobility Package, Mr Valtonen expressed concerns about the limitations to the internal road transport market proposed by the co-legislators. For example, the mandatory return of vehicles and drivers would create a lot of empty runs and inefficiencies, while the weekly rest outside of the vehicle would only increase the cost of transport and make the EU less competitive. The stricter posting rules would change the whole market, Mr Valtonen claimed, adding that the time limits on cabotage were simply unworkable in some countries due to their vast geographical territory. In these cases, shifting to rail was problematic due to the lack of infrastructure and capacity.

Mr **Sergio Barbarino, Research Fellow at Procter & Gamble**, spoke about the role of innovation in ensuring sustainable logistics in the future. To meet the challenge, he stated, there is a need to have a different way of operating for all stakeholders and a need to change the mindset, moving away from the traditional way of operating towards collaboration with the overall aim to achieve the carbon zero objective. He noted that many companies and organisations that use or provide freight services have yet to develop their own roadmaps. By means of collaboration, large efficiency gains and benefits can be achieved by doing more with less. The existing idle capacity of assets and infrastructure in all modes of transport could be better used, and flows could be managed in a more integrated way. Open logistics services and networks connecting seamlessly (the Physical internet) will maximise capacity utilisation. Value creation by efficiency should be used to speed up the transition to greener and cleaner assets, instead of transport price reduction and an erosion of margins with the current assets. Illustrating this he noted that the immediate delivery is rarely a real consumer need; it is rather a custom resulting of the new economy. Therefore, early planning is needed to avoid the need for last minute delivery. To increase efficiency further, it should also be possible to match goods that have very different service requirements, as this would in turn lead to better utilised truck capacity.

Mr **Alexandre Paquot**, **Head of Unit for Road Transport at DG CLIMA,** noted that transport represents almost a quarter of Europe's greenhouse gas emissions and that the transport sector has not seen the same gradual decline in emissions as other sectors: emissions still remain higher than in 1990. Within this sector, road transport is by far the biggest emitter accounting for more than 70% of all GHG emissions from transport in 2014. The Commission was seeking to address the decarbonisation challenge through an integrated approach, which includes increasing the efficiency of the transport system by making the most of digital technologies, smart pricing and further encouraging the shift to lower emission transport mode; speeding up the deployment of low-emission alternative energy for transport, such as advanced biofuels, electricity, hydrogen and renewable synthetic fuels and removing obstacles to the electrification of transport and moving zero-emission vehicles. While further improvements to the internal combustion engine will be needed, Europe needs to accelerate the transition towards low- and zero-emission vehicles. Mr Paquot emphasised that the EU's long-term emissions strategy as well as the European Green Deal would provide guidance on what else needs to be done on top of what was already achieved in order to further decarbonise the transport sector.

Mr **Philippe Mangeard, President at TK'Blue Agency**, briefly introduced the agency and the services it provides to freight-forwarders who prefer to use a trusted third party recognised by their customers to accurately calculate GHG emissions of transport operations. In addition to measurement and automatic reporting, the tools developed by TK'Blue help Freight Forwarders to promote their eco-responsible performance in terms of CO_2 emissions and also CSR, i.e. societal nuisances (particles, NOx, SOx, pollutants, noise, congestion, accidents). TK'Blue's founding idea was precisely to propose a single quality index for carriers' fleets to help companies improve the economic, qualitative and environmental performance of their transport chain. This index is directly calculated according to the quality of the materials, equipment and drivers for each carrier. Mr. Mangeard then presented the TK'Blue online platform, now also compliant with the GLEC framework, which automatically calculates the accurate environmental and societal footprint of transport operations, aggregates results, performs mandatory reporting and thus encourages and helps companies to reduce their emissions and seriously demonstrate their progress.

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