Profit from Agricultural Logistics

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The subject of my presentation is agricultural logistics. The purpose is to inform you of the latest developments of that subject and our vision for its future.

I have divided my presentation in two parts
To begin with I will give you a definition of agricultural logistics and what we are aiming for in the future. I will end that part with an outline of our vision.
The second part will look into the implementation of that vision.
Later on there will be an opportunity for questions and discussion.

Well I started with a promise of a definition of agricultural logistics.
Agricultural logistics is the transport, the storage, distribution and logistic coordination of agricultural goods: food, feed, flowers.

Now what is the aim of Agricultural logistics?
We want to improve transport efficiency and sustainability. Our ultimate goal is of course our long term competiveness and specially the food industry.
What this means is less unnecessary transport. In other words transport reduction, faster delivery of fresh products and cost reduction, for instance less kilometres, no half empty trucks and if possible shared transport costs. And a more climate -neutral transport system.

Before I tell you about our vision, I will describe to you the sense of urgency behind it.

In fifteen years the amount of transport of goods will be doubled. In the Netherlands 1/3 of the trucks are hauling agricultural products. By the way 97 % of the products go by road, the rest finds its destination by water, train and plane.
So the flow of goods is growing while the transportation network slows down increasingly.

In addition to that, you must consider the nature of the product. Most of them are perishables, for which time and a constant temperature are critical factors.

Another aspect of agrologistics than the usual economic one, is its relationship with social responsible enterprise, for example: food safety and environment.

Let us look at the environmental aspect in more detail. More transport means also more pollution by Carbon dioxide emission. Well that's relevant for the climate discussion.

So we have to cope with a growing traffic problem. The environmental demands become more and more severe. But there are other developments which are affecting logistics: the influence of the retailers, such as just in time deliveries, e- commerce and globalisation. The consequence of this development is that the nature of processes is changing and that ICT is going to play a more and more important role.

This brings me to the second part of my presentation, about what are we actually doing to better the situation.

Well we think that we can find the solution in three keywords.

Clustering, connecting and directing.

Let me go into that further.

We start with the keyword clustering.

Clustering means that you want to have groups of agricultural businesses instead of a scattering. Bringing together those activities will decrease the amount of transport movements. And an extra bonus: you can create an industrial ecosystem by reducing use of energy, waste and materials.

The second keyword is connecting, in fact connecting of clusters.

Now every business has it own supplier of materials and its own distributor. That means a lot of crisscross movements and sometimes half empty trucks. By connecting clusters you create "fat" and efficient supply lines. It offers the possibility to deploy other means of transport, such as trains, boats and even pipelines.

The last keyword is directing.

It means literally organising agricultural flows, which together create a network. Modern information and communications technologies open up opportunities for new ways of cooperation on a global scale. But it only works if you work together on a basis of trust and standardization.

The keywords share at least one characteristic: tackle the problem at the root, focus upon the underlying processes. They challenge

government and entrepreneurs to look out for innovations and their implementation.

It will result in: a better environment by less transport movements, a more efficient business process and less cost for entrepreneurs in the chain. And these are beneficial things for the company, the consumer, the environment and the economy as a whole.

What are our working methods, in other words how did we put these ideas into practice?
We have chosen thirteen pilot projects which are very innovating and involved with clustering, connecting or directing or a combination. We use them as an example for other initiatives and to increase cooperation in the sector.
Two examples: Diary Park and Fresh Corridor. You read more about it in the brochure.

The Dutch cheese cooperative processes 600 million litres of milk annually to produce, cheese, milk powder and whey. Until 2003 the process of cheese ripening was carried out at various locations. From a logistical point of view this was far from ideal and restricted growth opportunities. Now they have built new premises with a better accessibility and the possibility to set up production more efficient in terms of logistics, water and energy use. There is also a slicing and packing company on the same site. Consolidating and shorting the various links in the cheese production chain has significantly decreased transport needs. The new set up offers environmental benefits too. For instance the water used in the cheese production is obtained from the whey. And they optimize the energy use by using a heat power generator which allowed heat, released during the production process, to be re-used.

The other example is Fresh Corridor. Its much bigger and more complicated then the Diary park example. The outline is as follows. In the Harbour of Rotterdam goods (fresh) will be transferred in barges and by inland waterways transported to Venlo in the South of the Netherlands. This is becoming more and more an import hub for perishable goods. From there on the goods will be transported into Germany. It sounds simple, but it is very complicated and a lot of parties are involved: Frugi Venta (the Dutch Fruit and Vegetables Trade Association), the auction Flora Holland, the Fruitmasters, shipping Companies, Central Bureau for Inland Shipping and of course the harbour of Rotterdam and the inspection.

The pilot projects are all business driven. And that is a good thing, because we do not give them subsidies. The private parties must do it themselves. What do we do instead? Well we organized a board, the platform Agrologistiek. This forum consists of entrepreneurs, scientists and policy makers, people with influence and position.

They don't get a salary, but do this work because they think it's important. Each member has adopted one or two projects and helps them with their knowledge, experience and network.
For the different ministries it is important that they work together. For example we often cooperate with the Ministry of Transport and the Ministry of Economic Affairs.

We have been working now for 4 years and we see that the concept is really viable. When 13 pilot projects are in full flow than there will be a reduction of 3 mln. transport kilometres and 2600 ton CO_2 every year.

Well this looks like a lot but is not very much in relation of the high ambitions of the EU to reduce the greenhouse effect. These projects are important as showcases. The challenge is to create a multiplier

effect. The Platform itself is very limited in people and means and facilitating dozens of projects is beyond the means of the organisation. That's why the Platform has put a lot of effort in communication:

a website , congresses, workshops, newsletter, press excursions etc. We created an electronic experience box and an on line guide to the relevant subsidies.
Now we are busy to develop with secondary school and universities education programmes for agrologistics.
And together with the Programme Sustainable Logistics we are testing a tool to make sustainable logistics in industry more visible to the outside world: a green label.

But: Clustering, connecting and directing had to be practiced at a big scale, making more mass.

When we started, traffic jams and the growth of the transport of goods were the central theme.

Now climate change and the high prices of petrol are becoming more and more important. This makes the principles of agrologistics aimed at reducing unnecessary transport movements more actual than ever.

Without saying good bye to the projects the Platform is going now into a new phase.

We need a bigger scope directed at a large context. All relevant parties and in the first place the government must aim for a more cohesive approach for example: tuning of different programs, get rid

of or adjust regulations, create better conditions and incentives. Only then we can create fundamental new solutions.
Of vital importance is that people are looking a different way to a specific problem and therefore will organise things different.

At the International Transport Forum in Leipzig in May this year, most of the solutions had a technical flavour, like cars that use less petrol, or an economical way of driving. The necessary "orgware" was hardly a point of discussion. Orgware is not only the capacity of organising things and the role of social and cultural aspects. Orgware is also the capacity of renewing processes and keeps it going and connect short and middle long term targets. In short: making renewing processes more sustainable. An important item but a difficult one.

Another example is time. Despeeding in the chain. It is not necessary that all products will be delivered in 12 hours. For some of them is 48 hours good enough. Then you can use for instance other modalities or creating fatter streams.

The willingness to change will increase when there are strong incentives which underline the benefits and necessity. For agrologistics the incentives not only gain strength, they also increase in number!

Agrologistics does not stop at the Dutch border. The Netherlands is an agricultural export country and has also an important distribution function. So it is an issue in Holland. But we think that our neighbours have more or less the same problems or challenges. Therefore the Platform orientates itself on similar international developments and is busy to build a transnational network with governments and institutes.

Important items that need a big scope will be co modality, inspection, ICT and (interregional) cooperation and room for experiments. But we can only create a larger scope when agrologistics get attention and support on a European/international scale.

If we want to have a competitive Europe and a competitive food industry, agrologistics is an issue to all EU countries.
Which strategy will you advise? More intergovernmental consultations and planning? Joining forces of the EU countries, for example to establish a European Platform or a European agrologistic think tank? How do we attain uniform standards for ICT and inspection? And what about more interregional projects? And how do we involve the European and international business community? In a European Union were there are no borders for the free flow of goods and commodities, do we need to plan consolidation centres and hubs on a new scale?