



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Eurolog 2005

**« Logistics: The role of the European
Commission »**

Birmingham

7th June 2005

Fotis Karamitsos

Director



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Directorate-General for Energy & Transport

Responsible for developing and implementing European policies in the energy and transport field

➤ **Mission Statement:**

- ◆ To ensure that energy and transport policies are designed for the benefit of all sectors of the society, businesses, cities, rural areas and above all of citizens. The energy and transport sectors are pivotal to the European way of life and to the functioning of our economy; as such their operation has to be responsible in economic, environmental, safety and social terms.

➤ **Mechanisms:**

- ◆ Legislative proposals
- ◆ Programme management (including the financing of projects)
- ◆ Facilitating consensus and co-ordinating MS actions



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

European Policy Context

- **Transport White Paper** – Transport at the service of European industry and citizens.
- **Jobs and Growth** – Key priority of the Barroso Commission (2004 – 2009) to make Europe a competitive knowledge based economy.
- **Sustainable development** - de-coupling and demand management (e.g. route planning, load factors, consolidation)
- **Enlargement** – From 15 to 25 MS on 1st May 2004, Bulgaria, Romania in 2007
- **Neighbourhood Policy** - A more organised and structured relationship with the EU neighbours - Russia, Ukraine (Black Sea) North Africa (Mediterranean) etc.



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Why is the Commission interested in logistics?

- **Essential service to European industry**
- **Is itself a major part of the EU economy**
- **European geography makes freight transport difficult**
- **Historical barriers between modes and national systems**
- **European citizens are increasingly concerned about the environment**
- **Logistics decisions determine freight transport demand (sourcing decisions no. of shipments, size of shipments, delivery time windows, packaging design)**



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Need for better mutual understanding

- **To develop and implement good transport policy – we need to understand logistics**
- **Logisticians need to be more actively involved in achieving transport policy objectives**

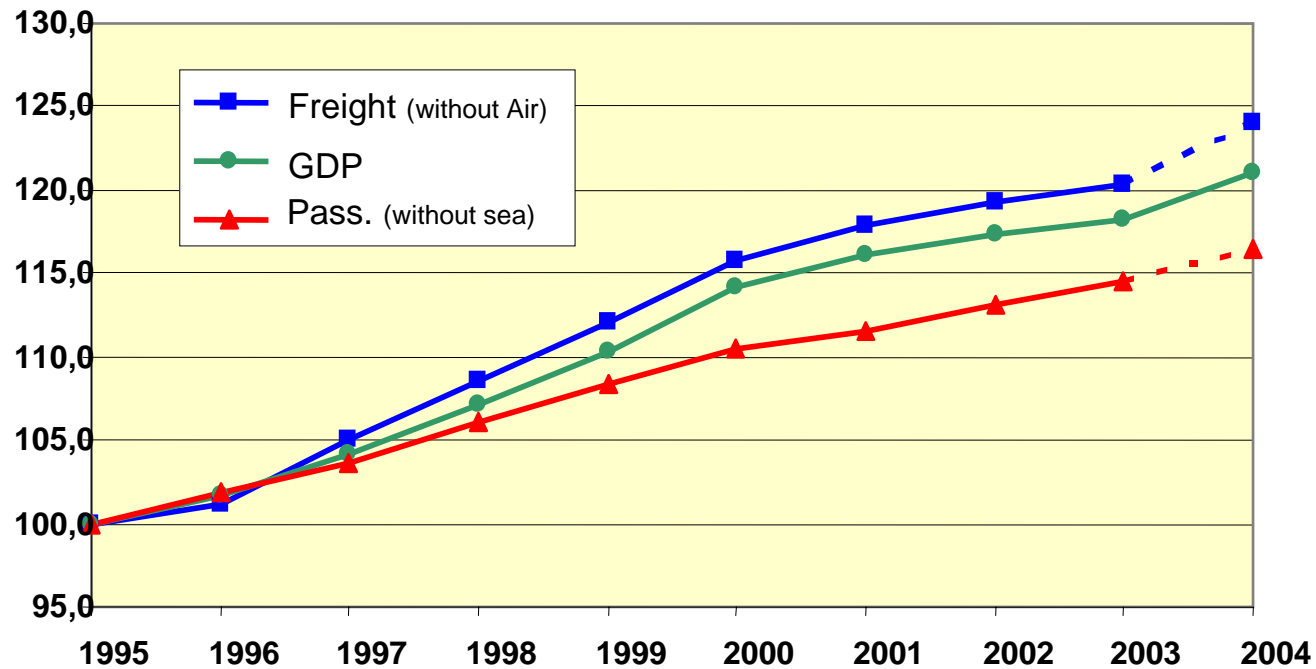


European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Growth in Transport Demand (EU 25) 1995 = 100



Freight volumes consistently increased faster than economic activity.

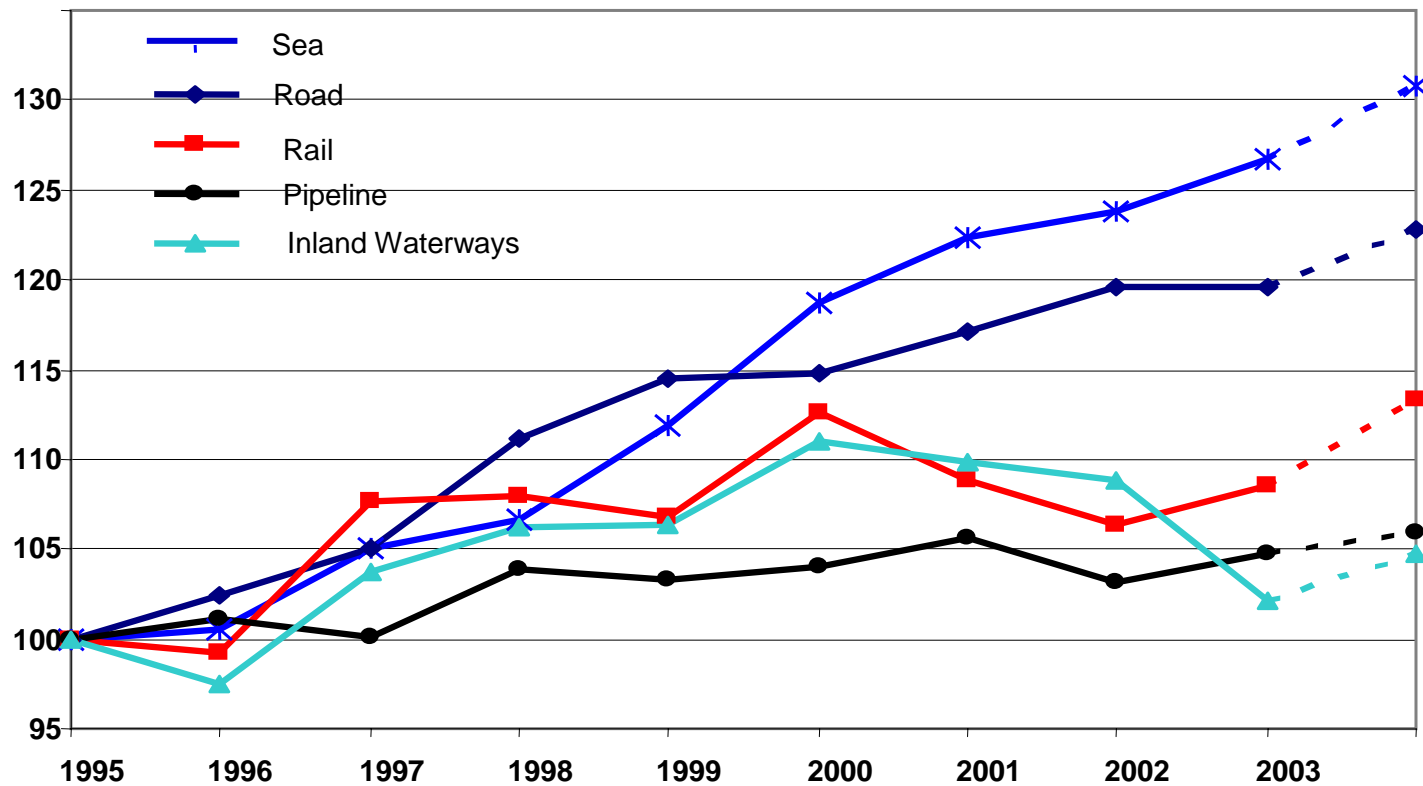


European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Evolution Freight Transport - EU 15





Freight transport problems

- **Productivity of road transport is declining**
 - ◆ Increasing congestion (from private cars) and lorries
 - ◆ Improving standards (working conditions, training, technology)
 - ◆ Some Member States are introducing road user charging

- **Capacity will not increase in line with growth - +60% by 2013**
 - ◆ cost of new infrastructure,
 - ◆ local objection
 - ◆ new capacity is taken by huge growth in private transport

- **Lack of suitable drivers etc.**

- **Environmental performance – rising CO² emissions**

- **Dependence on imported fossil fuels – future price instability**



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

WHITE PAPER

European Transport policy for 2010: Time to decide

COM (2001) 370 - 12 September 2001

http://europa.eu.int/comm/energy_transport/en/lb_en.html



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

The main action priorities

- **Shift the balance between transport modes**
 - ◆ Road: improve social standards,
 - ◆ Rail: freight cabotage, safety standards,
 - ◆ Integration of short sea shipping, inland waterways and Motorways of the Sea.
 - ◆ Intermodality: Marco Polo, Freight Integration etc.

- **Eliminate bottlenecks**
 - ◆ Revision of TENs guidelines
 - ◆ Efficient charging
 - ◆ Un-blocking the skies

- **Gear Transport Policy to users**
 - ◆ Passenger rights
 - ◆ Unsafe roads
 - ◆ Galileo



Financial support for “mode shift”

- **Pilot Actions for Combined Transport (PACT) (past)**
 - ◆ 1996-2001
 - ◆ 35 million € (approx. 7 million € / year)
 - ◆ Innovative mode shift actions only

- **MARCO POLO - 2003-2006 (present)**
 - ◆ 102 million € (approx. 20 million € / year)
 - ◆ Actions:
 - ▬ Mode Shift
 - ▬ Catalyst Action
 - ▬ Common Learning

- **MARCO POLO II - proposed July 2004 (future)**
 - ◆ 2007 – 2013
 - ◆ 740 million € (approx. 100 million € / year)
 - ◆ Broader geographic scope
 - ◆ More action types (e.g. traffic avoidance)



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Motorways of the Sea - Principles

**Unique geography of EU presents significant challenges
(mountains, peripheral regions, congestion at the centre)
but also significant opportunities - widespread
accessibility by sea.**

➤ Objectives

- ◆ Reduce impact of road congestion on freight transport**
- ◆ Improve access to peripheral and island regions**

➤ Concept

- ◆ High quality, frequent door-to-door intermodal services, relying on maritime transport for the long haul.**



Intermodal Loading Units

➤ Problems

- ◆ Many different types of intermodal loading units in use:
 - Swap bodies
 - ISO containers
 - Semi-trailers
- ◆ Complexity of handling in terminals
- ◆ No common maintenance or inspection procedures
- ◆ No common identification system
- ◆ Different handling and bearing surfaces
- ◆ ISO containers sub-optimal for use on European roads
- ◆ Swap bodies are not stackable and can't resist horizontal forces in SSS



Standardisation of Intermodal Loading Units (ILU)

➤ Existing ILUs

- ◆ Can be used until the end of their working life
- ◆ Have to be submitted to periodic inspections
 - First one within a five-year period
 - Then every 30 months

➤ New ILUs

- ◆ Certain common features mandatory



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Standardisation of Intermodal Loading Units

➤ European Intermodal Loading Units (EILUs)

- ◆ Compatible with road, rail, SSS and IW**
- ◆ Stackable (at least 4 units in sea conditions)**
- ◆ Can be top lifted**
- ◆ Optimised for euro pallets**
- ◆ Use not mandatory**



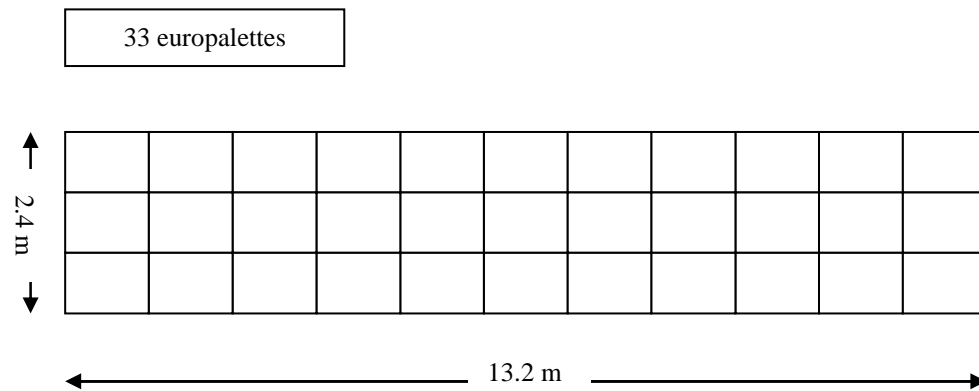
European Commission

Directorate-General for Energy and Transport

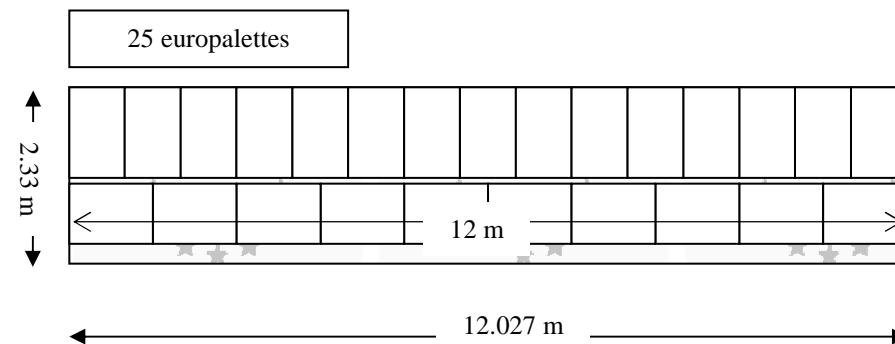
Directorate G - Maritime and Inland waterway transport; intermodality

EILU / 40' ISO container comparison

EILU



40' ISO





European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Supply Chain Security - Overview

➤ **Definition:**

- ◆ Intermodal security policy aims to protect the supply chain against serious interruptions from possible terrorist attacks.

➤ **Concept:**

- ◆ The quality of international and national (inner EU) transport can be increased by securing trade from possible terrorist attacks.

➤ **Legislation:** Possible legislative proposal in 2005

Note: Experience from (US initiated) ports security procedures have lead to significant improvements in logistics quality!



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Supply Chain Security - Actions

- **Progress already made with air and maritime.**
- **2004 consultation on intermodal security issues**
- **Study underway on the impact of a supply chain security Directive (inside EU, all modes)**
- **Approach:**
 - ◆ **Integrate security into daily business**
 - ◆ **Security is an ongoing process for the next years**
 - ◆ **Clear roles needed for public and private sectors**
 - ◆ **In international trade, the success of a policy on sustainable transport security depends on reciprocity.**



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Integrated Services in the Intermodal Chain

Improve the organisation of intermodal transport chains

Principles:

- ◆ **Combine the strengths of each transport mode**
- ◆ **Best service (efficient, cost effective, green, etc.)**
- ◆ **Single transparent scheme**
- ◆ **Integrating societal, shippers and operator interests**

Ideas being considered:

- ◆ **Information exchange (planning, management, recording)**
- ◆ **Common transport documents**
- ◆ **Training and education**
- ◆ **Responsibility, accountability, recoverability**
- ◆ **Quality systems / standards**
- ◆ **Promotion**
- ◆ **Terminals**



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Logistics Research Projects

- **Third Party Logistics Providers** - <http://www.logistik.tu-berlin.de/protrans/index.html>
- **Supply Chain Trends** - <http://www.logistik.tu-berlin.de/sulogtra+protrans/sulogtra/index.html>
- **Urban Freight Logistics** – www.bestufs.net
- **Logistics Best Practice** – to start in 2005
- **Freight Transport Management** – Integrated project – to start in 2005

.....and many more on technological aspects (DG INFSO)



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality



**There are excellent logistics companies /
practices in Europe**



From road to rail

➤ Henkel, German (chemical company)

- ◆ Reorganised its distribution system to take advantage of rail.**
- ◆ Distribution of washing powders and detergents now goes via nine regional centres throughout Germany (nearer to customers)**
- ◆ These centres are supplied by rail cars loaded at the end of the production line.**
- ◆ Annual saving of 22 000 lorry movements and each vehicle covers an average of 300 km (excluding empty runs).**
- ◆ These lorries have been replaced by 13 500 rail cars.**



New packaging design and journey planning

Vico, France (mashed potato producer)

- ◆ **Changed the size of its packaging boxes to improve to loading rate**
- ◆ **Reduced the required number of trucks by 2 000 (from 10 000 to 8 000)**
- ◆ **Reduced distances travelled by 960 000 km and fuel used by 300 000 litres.**
- ◆ **Payback time for the investments was less than one month.**
- ◆ **The combination of new packaging and specialised software for journey optimisation increased the loading rate by 60%.**



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

DHL Express Nordic

➤ Company Targets:

- ◆ To reduce by at least 8% the CO₂ emissions per tonne km on DHL's transport operations by 2012, thus matching the target for the European Union under the Kyoto Protocol**
- ◆ To increase ten fold the capacity of "Green Tonnage" as well as double the sales of Green Tonnage by the end of 2004 compared to the previous year**



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Maersk Nordic & Baltic

➤ Company Targets:

- ◆ To increase the share of train transport relative to road transport by 2% by 2004 (increase from 55% to 57% of the total for full containers)**
- ◆ To reduce NOx emissions from trucks by 5% by 2004 and furthermore by 5% by 2005**



Conclusions (1/2)

- We need further improvements in freight transport efficiency (reductions in transport demand, more intermodal, less vehicle km, better use of vehicles and infrastructure) – **logistics is the tool to achieve that.**
- There are excellent supply chain management practices in Europe - but the average standard is low and there are huge regional differences.
- Environmentally un-sustainable logistics is a problem for society at large.
- Marco Polo can be used to launch innovative intermodal logistics solutions.



Conclusions (2/2)

- There are significant benefits in moving from competition towards co-operation in transport – we start to see signs of this.
- Because of Europe's specific geography (physical barriers, peripheral regions, centres of production, concentration of population etc.) logistics is more important than for our international competitors. **So we must pay particular attention to logistics**
- If necessary we will come forward with a **Communication on Logistics in 2006**



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

What needs to be done?

- **Improve infrastructure and vehicle utilisation**
- **Better use of alternative modes – Motorways of the Sea, rail, inland waterways**
- **Develop advanced information and communication systems**
- **Standards for logistics equipment / services**
- **Training, education and best practice**
- **An EU logistics ‘observatory’**

What is the Commissions role?

Comments welcome !

**We look forward to a constructive dialogue with
your industry**



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Thank you for your attention



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

More information

- **Directorate General for Energy and Transport:**
http://europa.eu.int/comm/dgs/energy_transport/index_en.html
- **MARCO POLO Programme:**
http://europa.eu.int/comm/transport/marcopolo/index_en.htm
- **White Paper: European Transport Policy for 2010: time to decide**
http://europa.eu.int/comm/energy_transport/en/lb_en.html
- **Motorways of the Sea**
http://europa.eu.int/comm/transport/intermodality/motorways_sea/index_en.htm



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

More information

➤ **Intermodal Loading Units**

http://europa.eu.int/comm/transport/intermodality/legislation/standardisation_en.htm

➤ **The Sixth Framework Programme:**

<http://www.cordis.lu/rtd2002>

➤ **GALILEO Programme**

http://europa.eu.int/comm/dgs/energy_transport/galileo/index_en.htm

➤ **Calls for proposals**

http://europa.eu.int/comm/dgs/energy_transport/home/calls/proposal_en.htm



European Commission

Directorate-General for Energy and Transport

Directorate G - Maritime and Inland waterway transport; intermodality

Fotis Karamitsos

Director

European Commission

Directorate General for Energy and Transport:

http://europa.eu.int/comm/dgs/energy_transport/index_en.html

Telephone: + 32 2 296 3461

e-mail: fotis.karamitsos@cec.eu.int

**mailing address: DG Energy and Transport
B-1049 Brussels**

visiting address: rue De Mot 28, B-1040, Brussels