



Understanding the legal framework and meeting the challenges of 2020

## Outcomes of F&L Lucerne



WELCOMING F&L members, government representatives and new participants to the meeting of the European Freight and Logistics Leaders in the Swiss Museum of Transport on 10<sup>th</sup> May 2012, F&L Secretary General Gavin Roser urged those present to engage in a [constructive dialogue for the sake of Europe's competitiveness today and tomorrow](#).

The two day agenda focused on TEN-T/White Paper 2011, the role of Intermodal in a competitive Europe and on key actions for shippers and carriers to meet the challenges of 2020.

Continuous interaction between speakers and the audience did ensure maximum participation and exchange of views.

From Antti Vehviläinen, Vice President Stora Enso OYJ:

1. Major change in world dominance (USA/EU to China/India) will [shift segments of European industry location as well as affecting intra-European transport modes/routes](#).
2. More emphasis on [values before profit](#) rather than on the traditional profit first.
3. [Intermodality will dominate](#) the future development of transport flows as sustainability becomes increasingly important.

"These issues will be quantified and addressed in upcoming F&L meetings", said Secretary General Gavin Roser. "The [F&L Think Tank](#) has

[an important role in 2013 to help F&L members prepare for these realities](#).

In the dialogue between the European Commission and the F&L Think Tank group (currently Mars, LKW-Walter, BASF, Kombiverkehr, Stora Enso, GEFCO, ATB Conseils, Imperial Logistics and Ge-eX) on the EU White Paper Transport Policy 2050, 4 priorities were outlined:

1. [Dedicated freight corridors and terminals](#).
2. [Harmonisation](#).
3. [Earmarking of revenues](#).
4. [Sustainability](#).

Discussing conclusions of priorities 1 and 2, the Think Tank emphasized [policy consistency and continuity to enable necessary long term investment](#). They also suggested [optimization and integration of the existing network](#) and advised that interconnectivity [between modes and within modes](#) was critical.

"A completed and functional network could offer high added value for the EU", said Cesare Bernabei, Policy Co-ordinator European Commission, explaining that "[7 priority projects](#) out of 30 have already been completed and they are [highly successful](#)". With specific examples from priority projects 1, 18 and 30, Mr Bernabei discussed financing of the infrastructure and the resulting impressive benefits, providing also some insight on the EU strategy for the Danube River basin and a multimodal approach which [sees inland waterways fully integrated into the transport](#)

[network](#). A series of impressive maps and Mr Bernabei's candid approach were appreciated by members who enjoyed open dialogue.

It was stressed by some that the 2011 White Paper only provides the strategic framework for those developments with little visibility on key projects. Gavin Roser confirmed that it was policy for F&L to "[build relationships with the European Commission and with other policy makers](#) which influence business decisions and related transport priorities – not to achieve our own goals, but to [promote dialogue and understanding](#)". Agreeing, Mr Bernabei said that it was "useful for all of us to reflect on how to [better communicate](#)".

Mr Roser added "If it has been a challenge for the Think Tank - which represents major shippers and transport suppliers across Europe – to prepare a model for implementation of the White Paper, how much further behind are many companies across Europe? And what are the consequences for the competitiveness of Europe?"

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["This is perhaps one of the greatest challenges Europe is facing today"](#)  
he said

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"In the future", said Mr Roser, "we almost see the [Think Tank challenging from a shipper's and carrier's perspective the EU TEN-T corridors and acting as supporters](#)



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or critics by corridor”.

The Think Tank group promises further discussion in a **WebEx broadcast on Friday 14<sup>th</sup> September at 1400 CET** and at F&L’s meeting in London later this year.

“There is **huge potential for growth in Eastern Europe and Russia**” said Dr Bertschi who led an intermodal debate with Alessandro Valenti (HUPAC), Michail Stahlhut (SBB Cargo International) and Tobias Hohermuth (Tuchschmid). Dr Bertschi stressed that demand for freight will **increase by 80% by 2050** and outlined the various steps that need to be taken by shippers, LSPs and regulators to maximize the potential of intermodal.

**Intermodal vs Road:**

- **60% < CO<sup>2</sup>**
- **55% < environmental impact**
- **75% < accidents**
- **50% < energy consumption**
- **Improvement in driver working conditions**

Announcing his F&L strategy to “digitize, connect and accelerate”, new F&L President Frank Arendt, Associate Director Procter & Gamble Europe, said:

1. Building infrastructure takes too long to absorb growing traffic. Hence, it is essential to make more **efficient use of all transport modes** to fill the gap until further infrastructure is in place.
2. **Transport is international.** Therefore legislators must create **one Europe** with equal regulations including weights and dimensions of trains and trucks and paperwork required. Mr Roser commented that interoperability in the context of infrastructure must run in parallel.

Extensive discussion on shipper priorities for 2020 (F&L Bologna November 2011) culminated in a

statement from Harald Bortolotti, LKW-Walter, that there is **no longer a master/ slave relationship between shippers and LSPs**. “While it is the responsibility of shippers to smooth demand for LSPs, it is not easy to give suppliers certainty”, said one leading petrochemical company. **“Good planning is critical but a truly stable supply chain lacks innovation”**.

Several major shippers agreed that it was a **priority to listen to LSPs as they bring great innovation** to the table. TT Club (international transport and logistics insurance) agreed that more communication between shippers and LSPs was necessary. “There is increasingly a significant gap between cover and liabilities. Are shippers putting too much responsibility on transport supply?” asked Andrew Kemp. **“It is essential to strengthen the relationship between the two parties to create a better environment for all”**.

“The deep sea logistics market is in troubled water” said Andreas Georg of Mars. **Demand no longer matches capacity** which leads to an unsustainable market situation with many carriers being at the limit of their financial capabilities. The up/down in rates leading to record losses in 2010, record earnings in 2011 and another difficult year in 2012 is **hard to digest for ocean carriers and shippers**. Sharing the risk (eg index-based contracts between parties) may not be the solution when the **volatility is caused by odd investment decisions in new mega liner vessel capability**.

Further discussion revealed that shipping lines go out of their way to assist major shippers with slot availability whereas smaller shippers do not get the same level of commitment. “These matters will be addressed in London” said Mr Roser who plans to invite a number of shipping lines and UNCTAD to the F&L London meeting to discuss further the current pressures on the global shipping industry.

In discussion on Switzerland specifically, members were impressed to hear Switzerland’s long term perspective and plans for active investment in infrastructure from deputy Director Pierre-André Meyrat (Federal Office Transport).

Acknowledging Switzerland’s role in keeping Europe moving, leading European freight wagon providers stated some concern about the impact of regulation in Switzerland. Rail productivity is down 30% in 3 years; “yes, safety is critical but it must be affordable” said one Chief Executive. “On the same theme, the significant costs related to the retrofitting of existing noisy wagons means that shippers will eventually have to pay more”, said another. “Is this the intended outcome?” asked Mr Roser, “In the present economy?”

F&L members met Professor Ojala, co-author of the World Bank Logistics Performance Index. “This gives a unique perspective on the world and is an essential aid rather than a means of navigation” said Mr Roser, urging members to look at the latest results of the study ([link](#)).

**“The next F&L meeting (London, 8-9th November) will address head-on these challenges and pressures on European business”** said Gavin Roser. **“We will be producing a “London Protocol with key actions for businesses today”**.

Accommodation in a London riverfront hotel with good rates has already been reserved. Please contact F&L for full details.

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