



## BEHIND THE WHEEL

**EUROPE •** CHEMICAL PRODUCERS ARE NOT ALWAYS UP TO SPEED ON THE CHALLENGES THEIR LOGISTICS PARTNERS FACE. THOSE THAT ATTENDED ECTA'S ANNUAL MEETING LEARNED A LOT

FOR ONE DAY each year, Europe's chemical transport leaders gather in Düsseldorf for the annual meeting of the European Chemical Transport Association (ECTA). There is official work to be done and also time to sit and eat with colleagues and old friends in a convivial atmosphere.

There is also a conference, which takes up the larger part of the day between breakfast and cocktails. And it was this as much as anything that attracted some 130 delegates to ECTA's 2017 annual meeting on 23 November. Those delegates represented both the chemical industry and its transport and

logistics providers, helping deliver a provoking and productive day.

The event also marked the 20th year of ECTA's existence – a remarkable achievement, especially considering the doubts expressed as to the need for such an organisation when the subject was first discussed more than two decades ago, as Andreas Zink, director of LKW Walter and ECTA's president, recalled in his introduction.

### A SHORT HISTORY OF RAILFREIGHT

The transport of chemicals in Europe is these days a multimodal business. Industry has responded to political pressure to remove as much freight as possible – not least dangerous goods freight – from the roads and onto rail, intermodal waterways and shortsea shipping routes. Therefore, ECTA does not just concern

itself with road transport.

Indeed, the first presentation of the day, from Bernhard Kunz, CEO of Hupac, addressed the current and future challenges to the use of intermodal transport – especially rail transport – for the chemical industry within the EU. Or, to put it another way, as Kunz began his presentation, "Is rail freight traffic in Europe at risk?"

Hupac was founded 50 years ago so has plenty of experience in the ups and downs of the intermodal road/rail business. Nevertheless, Kunz said, 2017 was "a black year for rail" and a year that highlighted vulnerabilities within the current rail industry structure.

Hupac's aim since its formation has been to invest in its own intermodal terminals and its own rolling stock. This is, Kunz said, "the only way to guarantee independence". In the decades since, rail freight volumes have grown strongly, especially since deregulation in 2002.

However, the economic and financial crash in 2008 hit the sector hard; volumes dropped by around 25 per cent, with a consequent knock-on effect on investment in infrastructure. This led to problems on the rails, with lower profits hindering the »



ANY DISCUSSION OF EUROPEAN CHEMICAL LOGISTICS HAS TO RECOGNISE THE MULTIMODAL ASPECT

sector's ability to recover to the necessary level of investment. In turn, that led to poorer performance and lower customer satisfaction.

More recently, the pace of infrastructure investment has picked up again but, Kunz said, that has also led to disruption. The system has "no room to breathe", he said, meaning that any engineering work inevitably causes delays.

The period since 2008 has also been characterised by consolidation, with many small operators being taken over. Nonetheless, in Germany it is still the case that 43 per cent of freight on the rails (and 60 per cent of that moving intermodally) is carried by private operators.

### LESSONS OF RASTATT

There has been a lot of work on the north-south corridor during 2017, Kunz reported, but that investment has not been well coordinated, which led to a reduction in effective capacity. Then in August, groundwater broke into a new rail tunnel under construction near Rastatt, Germany, on the main line from Karlsruhe to Basel. The line had to be completely closed – unfortunately other main lines between Germany and Switzerland were also closed for engineering work.

As it happened, the impact was not at first a problem – this was the middle of holiday season and there was less traffic on the line. However, instead of being repaired in a week or two, as might normally have been expected, the track was out of action for two months.

What this event showed, Kunz said, is that DB Net, the German infrastructure manager, clearly has a national focus and is oblivious to the importance of international rail corridors. "Infrastructure managers need to improve their risk management," he said. "Construction work needs to be coordinated on an international basis, with the involvement of transport ministries." Basically, he said, there is a need for overall, international control of the European rail network.

The Rastatt incident also highlighted the language problem. Train drivers are required to be able to speak the local language, so normal trains could not simply be re-routed through France – the drivers did not speak French!

Assuming the lessons of Rastatt can be learned, the future of railfreight in Europe looks bright, Kunz said. There is a broad commitment to grow intermodal freight volumes and a lot of money is coming in. A move to longer trains will help further.

But he also sounded a warning: the cost of low quality is high; there needs to be a middle way between lower prices and higher quality and business associations have a role to play in navigating that path.

"Rastatt was an alarm," Kunz concluded. "It needs a response. We don't want it to happen again."

### FLAT PACK LOGISTICS

An opportunity to look outside the particular needs of the chemical industry was provided by Christophe Leclercq and René Horsch, managers in the IKEA Group's global transport department. Effective logistics is essential to IKEA's market position and, ECTA hoped, their perspective would give some insightful lessons for its members.

Horsch explained, for instance, that IKEA is committed to decarbonisation; one element of that is greater use of intermodal transport – mainly road/rail. The share of multimodal transport in IKEA's overall mix has increased from 9 per cent in 2011 to around 20 per cent in 2017 and, he said, it will reach 40 per cent in Europe in 2019.

IKEA has also changed its approach to the market, switching to what Horsch called a "collaborative network approach". Rather than engaging in competitive tendering, the company opened dialogues with a portfolio of carriers, sharing information on its international flows and inviting comments and ideas. This approach aims to identify strategic logistics partners that can help develop the network and achieve the decarbonisation targets that IKEA has set itself.

This process has, Horsch said, already generated some surprising results, not least the potential offered by shortsea shipping. The connections are already there and in some major sourcing areas (especially Poland, Lithuania and Romania) are better than other multimodal options.

Horsch also said that he had been surprised by the extent and capability of telematics solutions now being offered to the market, up to and including machine learning capabilities.

IKEA is now experiencing better reliability in multimodal transport, Horsch concluded, but it needs to monitor performance and manage







its stakeholders. The company is, for instance, finding that private rail operators are more reliable and flexible than state-owned firms.

#### ONLINE CLEANING

Peter Devos, joint managing director of ECTA, introduced an important work project – the digitalisation of the European Cleaning Document (ECD). Around four million ECDs are generated each year and, at four copies each, that is an awful lot of paper. But it is not just about saving trees – digitising ECDs will lead to better accuracy, better security, better data quality and easier distribution of the documents between those who need to have the information.

ECTA has been involved in the project alongside the European Federation of Tank Cleaning Organisations (EFTCO) and Essenscia, the Belgian chemical industry association. Although the concept of the 'e-ECD' is "not rocket science," according to Devos, the number of parties involved has meant that it has taken a lot of organisation to get this far.

Those involved in the project identified a number of hurdles, not least data ownership. As a result, the system has been designed

on a 'pass-through' basis, with concentrated access into the system but decentralised data within it.

A pilot project is expected to start in the first quarter of 2018. If the concept is proven, further investment will be necessary to allow full roll-out to start later in the year – ECTA itself needs to find €120,000 and both Essenscia and EFTCO are going to provide similar amounts. Devos estimated that it will take four years for the e-ECD to have complete coverage – there are more than 600 companies involved across Europe.

But Devos was clear that projects such as this are inevitable and he sees e-ECD as a first step towards the digitisation of all safety systems in the chemical transport chain.

That inevitability was echoed after lunch by Lars Nennhaus, head of corporate development at Duisport, who spoke about the 'Startport', an innovation hub for supply chains opened in October 2017. The aim of the hub will be to develop tailor-made solutions for various industry sectors, including chemicals, by leveraging IT capabilities and cooperative and collaborative agreements.

#### BEING RESPONSIBLE

A regular aspect of the ECTA annual meeting is its discussion of Responsible Care issues and the Safety and Quality Assessment for Sustainability (SQAS) system, a key element in benchmarking Responsible Care performance in chemical logistics operations. Luc Renier,

EU transport safety and security leader at The Dow Chemical Company, explained that, while logistics service providers (LSPs) may initially see SQAS audits as a burden on their time, the results can provide the basis of an improvement plan.

LSPs can even structure their management systems along the lines of the SQAS questionnaires, which not only provides a rational basis but also makes life easier the next time an auditor pays a visit.

But shippers can also use SQAS audit results for their own ends, as Dow does, Renier explained. It uses SQAS data to help it define its relationships with its carriers – not only their head office but any depots and sub-contractors that may be involved in handling Dow product.

Renier then introduced the big word: 'sustainability'. How can SQAS play a part in a company's assessment of its own sustainability? Renier explained that the best companies will, if not now then very soon, have to benchmark their environmental footprint against the benefit that their activities create. This will in due course inevitably involve the public reporting of emissions – future 'licences to operate' will be founded on this basis.

SQAS as an audit system is constantly evolving and it seems that, before too long, its questionnaires will have to address sustainability issues. How that will happen is open to question – and that question generated a lot of discussion among the audience, without much in the way of conclusion. Happily, the European Chemical Industry Council (Cefic), which manages the SQAS programme, will be starting a more formal dialogue on the topic.

More on the topic of SQAS came from Evert de Jong, joint managing director at ECTA and its Responsible Care coordinator. He reported that the SQAS questionnaires are to be revised in the first half of 2018, based at least in part on feedback from ECTA members. "Feel free to comment," he urged delegates.

De Jong then looked in more detail at an ever-present problem: lost-time injuries (LTIs). The number of LTIs at loading sites and during transport has been falling for some time but there has been no »



OPPOSITE: CLOSURE OF THE MAIN NORTH-SOUTH RAIL CORRIDOR AT RASTATT LAST YEAR HIGHLIGHTED A LACK OF COORDINATION AND LACK OF SPARE CAPACITY IN THE SYSTEM



corresponding improvement at unloading sites. Indeed, he reported, in 2017 two ECTA members stopped deliveries to particular sites because of their lack of action to remedy unsafe conditions. This indicates the seriousness of the situation, de Jong said: carriers do not often refuse work.

One ECTA member has calculated that drivers are five times more likely to suffer an LTI at unloading sites than during transit or at the loading site. There is, therefore, a need to focus on working conditions at (some) unloading sites. ECTA would like to have more data from its members on this issue, where there is clearly more work to be done.

De Jong moved on to the vexed issue of carbon dioxide calculation methodology. The established key performance indicator (KPI) reporting system is to be revised in light of

comments made at a Cefic-led meeting in May 2017.

#### POINT OF CONTENTION

The last session focused squarely on road carriers' number one problem: the availability of drivers – or, rather, the lack of them. This is not a new issue, said Bernhard Haidacher, director of LKW Walter and a committee member of ECTA; the problem was being discussed in 2006, before the sudden economic downturn in 2008 masked the issue. But it is now getting worse.

There are a number of factors involved, Haidacher said. Increasing economic activity means there is more demand for drivers across all industries and the chemicals sector has to compete for them. The rise of internet shopping means there has been a rapid increase in home deliveries and many drivers have been tempted away from heavy, long-haul business into the cosier world of local distribution. There are regulatory inefficiencies too: working time restrictions

mean drivers can do less, especially if their 'active' time is taken up by road congestion, in-plant delays and increased border controls.

Cefic and ECTA have now introduced an initiative on driver shortages, looking for ideas to ameliorate the problem. Suggestions have been made to harmonise driver training programmes and to harmonise legislation across the EU, both of which would permit greater labour mobility. Action is needed on behaviour at loading and unloading sites. And there is talk of setting up a fund to attract young drivers.

A subsequent panel discussion, moderated by HCB's editor-in-chief Peter Mackay, talked through some of these ideas in greater detail, but it was apparent from the very lively discussion among delegates that there is plenty of disagreement, not least on who will have to pay for all this. Doubtless this will be a subject of interest at this year's ECTA annual meeting, details of which will be made available later in the year on the Association's website, [www.ecta.com](http://www.ecta.com). **HCB**



THE NUMBER OF INJURIES TO DRIVERS AT UNLOADING SITES REMAINS A WORRYING ISSUE