



# ONE FOR THE ROAD

**REPORT •** ECTA'S 2019 ANNUAL MEETING REFLECTED THE NEW NORMAL IN THE CHEMICAL LOGISTICS INDUSTRY, WITH PLENTY OF TALK ABOUT DIGITISATION AND SUSTAINABILITY

There is a huge appetite for knowledge these days. The world is changing fast and those in the chemical logistics business are being affected by new technologies and new demands on their activities. That much has been made apparent over the past year by the major events in the industry, particularly in Europe, where all operators are coming under increasing pressure to improve their environmental performance.

So it was that the European Chemical Transport Association (ECTA) ended up having to turn away potential delegates as it filled the available space at the Hyatt

Regency in Düsseldorf, Germany, its regular venue for its Annual Meeting, for its 2019 event this past 14 November.

Welcoming the delegates, ECTA president Andreas Zink, director of LKW Walter, declared that the unavoidable topics for 2019 were digitisation and decarbonisation. "We won't be able to solve everything today," he said but, echoing the theme of the previous month's annual meeting of the European Petrochemical Association (EPCA), "we can carry on the journey."

## MINING FOR DATA

LKW Walter embarked on the digitisation journey some time ago, as evidenced by the first speaker, Vincent Beaufils, managing director of Veroo, a company formed by a spin-off from work done by LKW Walter to

leverage estimated time of arrival (ETA) data. LKW Walter realised that this information, which was requested by its customers, could also be used for internal planning.

Beaufils explained that ETA cannot be simply calculated on the basis of the distance from the load point to the delivery point; any ETA calculation has to take into account such factors as the weather and road congestion. Driver behaviour also has an influence but, Beaufils said, that cannot be gauged by talking to drivers: it needs to be based on machine learning using data derived from the vehicles. Another major influence is the profile of each individual loading and unloading point, taking account of the time taken to load or unload at different times of the day and different days of the week.

Alert readers will have spotted that this implies the collection of a large volume of data and, Beaufils questioned: what do you do with it when you have it? In essence, he said, data is "fuel for innovation". It also implies a move away from static, relational databases to streaming data. In a digitised world, systems need to handle live information, but existing systems are not designed to do that.

The other change that operators need to get used to is that the information they need is not all under their control, and ownership is

shared across several parties. To make good use of good data will require collaboration and openness – a point we have heard many times before and one that is not going away.

## TAKE THE HIGH ROAD

We have also heard that the demand for accurate delivery time information is being driven to a great extent by individuals' experience in the B2C world, where online purchases arrive at a pre-announced time. Jesper Bennike, executive vice-president of the mysteriously named project44, gave some advice on how to find solutions to build a two-sided network to provide an Amazon-style experience in B2B markets.

As Beaufils had already noted, a major challenge is to create an environment in which carriers feel comfortable in sharing data. That environment also needs to be simple enough so that carriers can onboard themselves. It is also important that all parties in the supply chain get some value from the network.

This all means a move from 'isolated' to 'collaborative', from batched to real-time data, and from manual to automated processes.

This is where the other challenge comes in, Bennike said. The haulage market is extraordinarily fragmented – he said that there are more than 200,000 hauliers in Poland alone – and yet 90 per cent of shipments are managed by the large EU carriers, which sub-contract a lot of the business to small operators. It is obvious that it would be impossible for each carrier to have its own system and for each to expect hauliers to join them all.

In order to build the system that is needed, project44 first had to define a data sharing standard so that carriers could trust that their sensitive information would not be shared. It needed a simple carrier onboarding tool while being able to cope with the complex level of subcontracting in the industry and still ensure that the right data only goes to the right parties.

Bennike said that project44 is aware that it is the custodian of carriers' data and it only shares data that relates directly to loading and unloading. Fundamentally, he said, it's about

breaking down silos. "The benefits for all are obvious," he concluded. And for those who are keen to solve the riddle, project44 was set up by 20-year supply chain veteran Jett McCandless in Chicago; he took the name from Highway 44, which opened in 1953 as an ambitious piece of transport infrastructure to solve the problem of increasing congestion on Route 66 – and project44 is aiming to do the same for the digital highway.

## MAKING IT WORK

"Shippers want to delight their customers – satisfaction is no longer enough," began Simon Hardy, rather optimistically. Hardy, described as a digital business network evangelist at Elemica, was certainly keen to spread the good news but, he said, customers have become used to a level of disappointment. They aim for 'on time in full' (OTIF) but so many things can go wrong in the supply chain that carriers are working on 'HOTUF' – hopefully on time, usually in full.

What this means is that carriers spend a lot of time on managing expectations as well as managing exceptions. Speed of response is crucial to maintaining customer satisfaction and that cannot be achieved by manual systems, Hardy said.

His words led seamlessly into a panel discussion involving all three of the morning's speakers, who were presented with the provocative question: do IT advances mean that carriers will just become asset owners, rather than partners in the chain? Hardy was having none of it: "IT takes a lot of 'grunt work' out of the system but there's still a need for emotional intelligence and exception management," he said. Indeed, Bennike said, sharing data can bring shippers and carriers closer than ever before, though Beaufils stressed the need to keep in mind who owns what data.

Referring back to Beaufils' presentation, Hardy said that shippers will only want ETA data if they find it is usually accurate; if so, »



ECTA'S 2019 ANNUAL MEETING ATTRACTED A SELL-OUT CROWD TO TALK ABOUT THE WAY FORWARD



then they will build it into their KPIs. It is a lot neater than relying on GPS data. And, he added, carriers have an interest in their ETAs being accurate, as being late can involve costs.

From the audience, Michael Kubenz, chairman of Kube & Kubenz, asked the panel for advice on the digital ‘black holes’ in international transport. How can the supply chain provide data on shipments going by deepsea vessel or by air, or fill in the gaps in batched messaging? Beaufils said that intermodal transport needs to be seen as a set of different transports; shippers and carriers then have to rely on information coming from different partners, which may not always be accurate. Hardy said there are solutions, through linking

○ SIMON HARDY (BELOW) PLAYED THE ROLE OF EVANGELIST FOR DIGITISATION IN THE CHEMICAL SUPPLY CHAIN



different sources of information. For instance, in deepsea transport it is possible to use vessel tracking data and port data, of which there is plenty available. One thing that is needed is a set of standard codes for ‘points of interest’, something that Elemica has done a lot of work on, though he admitted that there is more to do.

Bennike agreed that “it’s about stitching it all together”. Different transport modes have different logics and a software provider has to be alert to those. For instance, he said, some trucks ‘disappear’ when they pull into a truck stop and the engine is switched off; a system cannot generate an alarm at that point or it will undermine confidence in the system as a whole.

Jan Roed of Borealis had another provocative question for the panel: is the future eight Elemicas, with chemical companies having to sign up to each and with all carriers on all platforms? Bennike agreed that the digitised space is getting crowded,

with a lot of new companies moving in. He predicted that there will be consolidation over time and that there may be only two or three different platforms to deal with; they may also be regional, particularly in Asia.

Beaufils said it is down to the chemical industry to determine what it wants. But platform owners will need to establish common standards to make it possible for shippers and carriers to cope with the variety of options, something that Hardy said would take about five years.

For the traditionally minded, the panel session was perhaps a little confusing. Were the three companies represented on the panel competitors? Were they collaborators? In fact, they were both, but that is how the new world of the digitised economy will operate. Hardy did, though, offer an interesting way of thinking about what platforms do: they act like a pump and filter in a fuel station, but with data, keeping it clean and keeping it moving.



ON THE RIGHT TRACK

After lunch, discussions moved first to rail transport. Geert Pauwels, CEO of Lineas, formerly the Belgian state-owned railfreight firm B Logistics, ingratiated himself by opening with the comment: “I understand you’re all struggling with rail.” He was referring to the problems shippers are experiencing in trying to shift more freight off the roads – a lack of interoperability across Europe, last-mile issues, disorganisation in maintenance work, and the comparatively high cost of using rail. “What do we need to do to change that?” he asked.

It is not a lack of capacity that is holding the modal shift back, it’s more that shippers are not making use of the capacity that is there, Pauwels said. Around 75 per cent of freight in Europe still moves by road and that is simply not sustainable. Road freight volumes are forecast to increase by 30 per cent by 2030 – that’s about 1 million more trucks on the road (the same as the existing German truck fleet). That cannot be accommodated within the Paris sustainability targets. “That 30 per cent growth needs to go by rail,” Pauwels insisted.

The European rail community has recently come together to draw up a strategy to help encourage that modal shift: RailFreight Forward sets a plan of doubling railfreight volumes in Europe by 2030. But the rail industry cannot do it alone, Pauwels said; it will need the cooperation of shippers.

Last-mile delivery to the customer will always have to go by road but, he said, rail should be the backbone.

How is the rail industry going to get to the position where it can provide that backbone? For a start, Pauwels said, rail companies need to modernise. It’s an old industry and the state-owned mindset still prevails. Rail companies need to provide services that customers want; they need to improve productivity; and they need to be open to the use of innovative systems.

Pauwels was optimistic: “There’s a wind of change,” he said. “The rail industry is now addressing this as a community.” But, he reiterated, it cannot do it all on its own.

Driving a truck across Europe is straightforward, Pauwels said, but driving a train across Europe is a pain. Infrastructure owners need to address interoperability; the rail industry is leaning on them to take action but it will take time.

Finally, there needs to be a level playing field across the modes in terms of costs; road transport has hidden subsidies – companies shipping by road are not expected to make a contribution to road building and maintenance, yet the cost of shipping by rail includes an element that goes to the infrastructure owner. The rail industry has taken this to the European Commission and to individual EU states and the message is beginning to get through, Pauwels said.

WHAT THE CUSTOMER WANTS

If it is to be taken seriously as an option for freight movements, rail has to be reliable, competitive on price, and easy to deal with. “How can we deliver that with what we have?” Pauwels asked. Lineas has taken this challenge head-on and come up with a new product that delivers what customers want – and is profitable – the Green Xpress Network. This bundles conventional and intermodal wagons into regular services, giving shippers confidence that their goods will be delivered in a timely manner.

Lineas has also been investing in additional capacity in the Antwerp market, to cope with expected rising demand for railfreight as major roadworks are due to start on the ring in July 2020.

Pauwels also explained that Lineas is gearing up to scale its services up across Europe, with a new management team in place and digitised systems being applied. This surely provides a model for some of the larger state operators to follow – though he mentioned that some of them have yet to start.

If rail provides an obvious answer to the EU’s sustainability targets, alternative fuels may also be part of the solution. Paolo Indiano of Evonik Industries and Volker Wehber of Evonik Resource Efficiency gave the audience »

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an insight into recent developments, noting that alternative fuels are “not the fancy stuff of the future,” they are already here.

Evonik has been working on a way to take organic waste and, though anaerobic digestion, generate heat and gas (methane and carbon dioxide); it is now working on using that system to produce pure methane, for use in power generation, home heating and as a transport fuel. The speakers noted that there are currently around 280 references around the world.

THE MAN WHO KNOWS

The afternoon ended with presentations from ECTA’s leading personnel, beginning with managing director Peter Devos, who gave an update on the Association’s current work. Along with the European Chemical Industry

Council (Cefic), ECTA is involved in a Network of Experts Working Group looking at the issue of driver shortages, which is a “structural problem,” Devos said. The EU is aware of the issue and is working on trying to attract young drivers to the business. This is not just a chemical industry problem. Devos advised the audience to “stay tuned” as things will start happening.

Devos also referred to the new Supply Chain Visibility Work Team, established late last year by a number of tank container operators. The project charter has been completed and phase one output is due in the first quarter 2020.

ECTA took a leading role in the development of the electronic EFTCO Cleaning Document, the e-ECD. This is now ‘live’ and has more than 150 users in Germany, Belgium and the Netherlands. The platform is there and

waiting for more participants, Devos said. He also noted that some enhancements are in development, which will include an electronic proof of previous load. The partners in the project are also looking at extending the concept to cover, for example, ETA visibility, equipment pre-notifications and e-CMR documents. This will need the agreement of stakeholders to share more data fields through Eclic.

At the 2018 ECTA Annual Meeting there were some stern comments from Evert de Jong, ECTA’s Responsible Care director, about the way in which the chemical industry had come to use the Safety and Quality Assessment for Sustainability (SQAS) scheme; Cefic responded to the criticisms expressed by ECTA and others, establishing a SQAS Task Force in January 2019 to follow

up. Some very important steps have since been taken, de Jong said, and these will improve the system for the benefit of all involved.

A key issue is the promotion of SQAS; ECTA had been concerned that it had become taken for granted, or overlooked by those who had arrived in the industry since the inception of SQAS. Cefic has since taken the initiative and de Jong reported that, while supplementary inspections are still taking place, they are getting fewer in number.

Throughout 2019, ECTA and Cefic held discussions on Responsible Care with the aim of developing a revised Responsible Care template and linking the focus areas of Cefic and ECTA. The template also now includes a lot more questions.

SETTLING FOR SAFETY

It is now ten years since ECTA’s Responsible Care programme was started – and de Jong recognised the efforts of Rose-Marie Pype at the start of the process – and things are now changing. For instance, the UN’s 17 sustainability goals will require a change in focus on aspects such as the circular economy and decarbonisation, and these will need to be reflected in Responsible Care.

ECTA has drawn up a plan to move things forward by 2025, the tight deadline being designed to focus attention and highlight the urgency of the changes. Fundamentally, de Jong said, Responsible Care needs to be able to identify the difference between a good logistics service provider and a bad logistics service provider. Those who sign up to (and abide by) ECTA’s Responsible Care charter need to be recognised as having better safety and environmental performance.

ECTA wants better alignment with the chemical industry (and not just Cefic), a better tool for internal use by its members, a better tool for promotion, and greater clarity



MICHAEL KUBENZ (ABOVE) WAS ONE OF MANY DELEGATES WHO QUIZZED THE SPEAKERS AT THE ECTA MEETING

on what is expected. A new Charter and new Commitment Document will be rolled out in 2020 to reflect this new focus, with key areas in terms of limiting waste, reducing emissions, and limiting the number of injuries.

De Jong once more expressed his frustration at the length of time some ECTA members take to get their annual Responsible Care reports to him; these will now be expected by the end of the first quarter and companies that do not meet that deadline will be removed as Responsible Care members. “We’re choosing quality,” he said.

On the theme of accident prevention, the dinner speaker was Graham Hall, European logistics manager, industrial gases, at Air Products. He explained that, after a number of accidents in 2013, his company introduced a new rollover prevention programme but this did not deliver the desired improvement. In 2014, the focus changed.

Air Products decided to install forward-facing cameras in its trucks, to some resistance on the part of drivers. However, once they saw how these cameras could exonerate them in incidents when they were

not at fault, there was more acceptance and the cameras achieved some safety improvements. Air Products then added a more sophisticated and integrated system, including G-force sensors, contextual speed monitors and other equipment.

The data collected by this system now feeds into driver coaching programmes, not just to determine the need for corrective action but also to recognise and reward good behaviour. Following coaching there has been a significant fall in the number of videos captured, due to a reduction in the number of triggers. The system has also identified a number of black spots, with accidents happening more frequently close to the home depot, or when the driver is coming home empty after a long day.

It had been a long day for delegates too, but after an excellent dinner and plenty of talking, all were left better fed and better informed. ECTA does an excellent job of packing so much into one day and will be planning to do it all over again in November 2020. Keep an eye on ECTA’s website ([www.ecta.com](http://www.ecta.com)) or HCB for details on that and other ECTA events coming up this year.