



Role of freight forwarders : Actors of multimodality and appropriate modal choice

Working Party on Intermodal Transport and Logistics (WP.24)

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Agenda

- CLECAT
- The importance of logistics
- Role of the Freight Forwarder/LSP
- Role of governments in designing freight transport
 - “appropriate” modal choice

CLECAT

- CLECAT (European Organisation for Forwarding, Logistic, Transport and Customs Services)
 - Umbrella organisation of European forwarding associations
 - based in Brussels
 - Companies of all kind: Global players, SMEs and regional operators, small and family businesses using all modes of transport
 - Over 19.000 companies Business coverage: ≈ 90% of Customs, 70% maritime, 90% air, 50% road and rail operations in Europe
- Close links with FIATA
 - global organisation of Freight Forwarders
 - Established in Zurich



OUR ROLE

- Removing barriers and burdens/red tape
- Supportive of all available facilitation
- Build understanding
 - Convey the 'language of business' to politicians and European Commission and the language of politicians and the EC to industry
 - Between stakeholders (shippers, freight forwarders and carriers)

**CUT
RED
TAPE**



WHY LOGISTICS MATTERS

- Logistics industry in Europe is **14% of GDP**. Logistics generates €1 trillion of revenue and provides employment to over 7 million Europeans.
- Six countries out of the global top-10 logistic performers are from the EU in 2012 but are competing in a global economy
- On average, logistics costs account for **10-15% of the final cost of the finished product.**

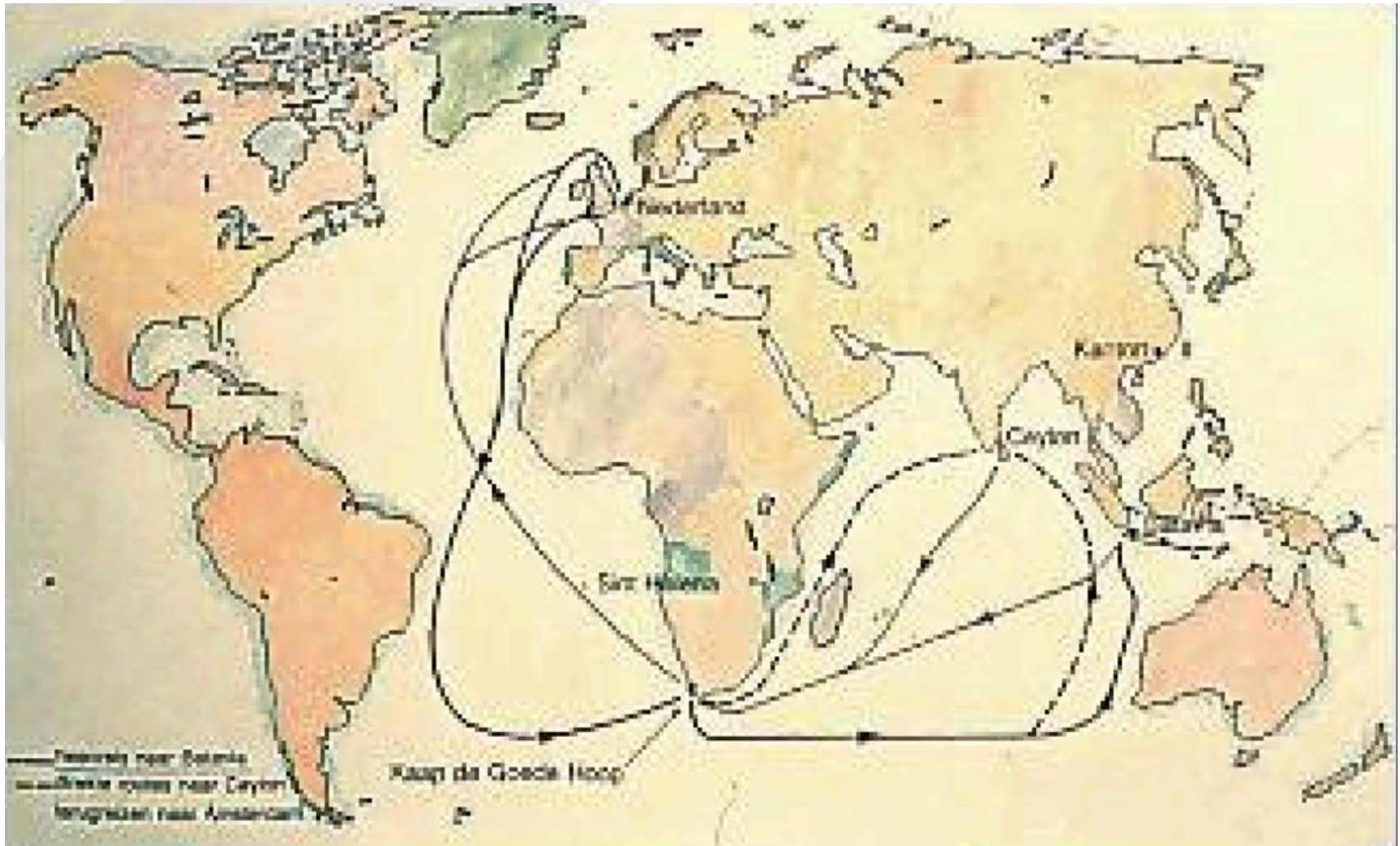
WP 24: “**Efficient supply chain management** has become a crucial tool for the industry to **stay ahead of its competitors and the transport of freight is a very important component of such chains.**”

Why logistics matters?

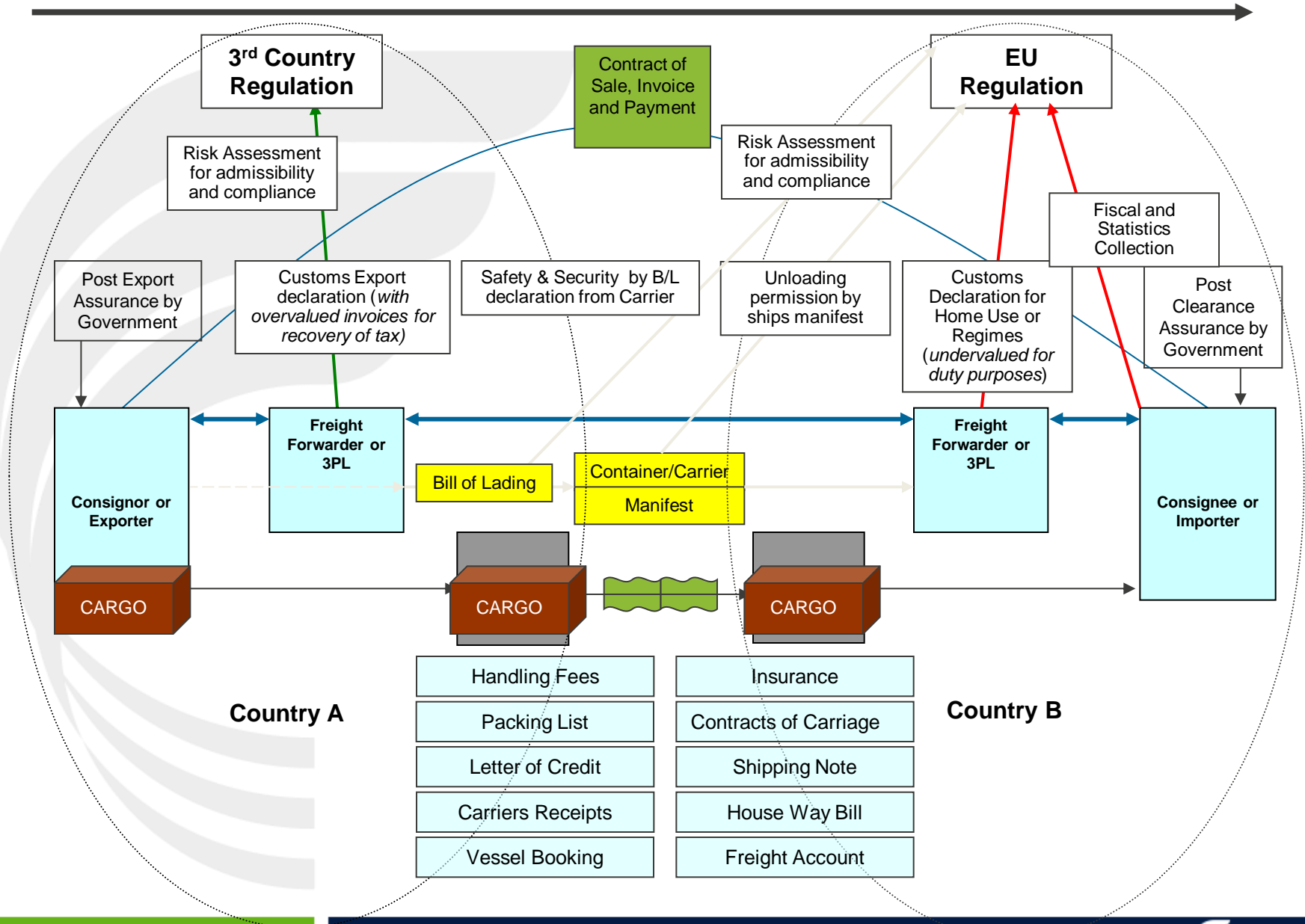
For logistics Service Providers to compete successfully they need:

- Sufficient and well maintained infrastructure
- Sufficient trained personnel
- Efficient and reliable transport services in all modes
- Business friendly regulatory environment
- excellence in facilitation tools
- Drive and conditions to promote innovation

Globalisation in the past



Current International Trade Systems



Globalisation now

- **Much the same** (ship manifest, contract of carriage, trade arrangements)
 - Exponential growth
 - Complexity
- **Need to regulate** → trade compliance in
 - Economic (import/export/transit)
 - Fiscal (VAT, fraud)
 - Safety & security (FAL, ENS/EXS)
 - Health (veterinary, phytosanitary)
 - Environment (TSCA)
- Increased administrative burden threat seamless supply chains
- Ultra-large container ships - Cargo traceability along supply chain (visibility)
- New roles of ports; transforming into effective logistics platforms

Need for simplification but business becomes more complex :

- Regulatory constraints may impact on flexibility and resilience
- Regulatory constraints may work as driver for change:
 - Emissions rules
 - Liberalisation in rail market
 - Innovation as a driver for growth:
 - New technology & processes (e.g. mobile ICT, RFID, OBU, spatial governance)
 - Consolidation and integration of services

The role of Governments in Freight Transport? (p 14)

“Logistical processes organized and optimized by the private sectors do not necessarily constitute optimal solutions for the overall economy or the country as a whole.”

- Suggestion **public hand would “know best”** ?
- **Policies from government are only needed where there are impeding barriers.**
- Plea for a ‘holistic’ supply chain approach
 - Complexity of the supply chain
 - What is gained on one side should not be lost on the other side
- At par 17 the WD rightly identifies the areas where there is a role for governments to be effective:
 - *“transport and infrastructure policies, and research, education and raising of awareness”.*



Asking the right questions

- The mode specific (wrong?) view: mono-modal solutions
 - Focus on shipper vs. asset: multimodal (co-modal) solutions
- Intermodal transport: one of the tools of logistics
 - intermodal is successful on a select number of dedicated corridors
 - Intermodal transport often pretends to be sustainable, reduce congestion and contributing to lower CO2 emissions.
- Challenges' for the road freight sector (congestion, pollution) but in the meantime
 - railway productivity, market shares and reliability do not show visible improvements with exception of a few segments/ corridors
 - Wider adoption of **road charging for trucks** based on distance seems to be a strong trend perhaps **driven more by revenue needs** than by strategic goals of competitiveness and sustainability

Asking the right questions

- What are the **most cost-effective solutions** to enhance supply chain connectivity and reliability and who – government, LSP's, shippers, transport companies, others – is **responsible for their implementation?**
- How to create better intermodal integration
- What are the biggest hindrances for interoperability? For example differences in technical standards or **institutional structures?**
- In times of financial constraint where do the **priorities for investment** in seamless supply chains lie – port capacity, customs service, data exchange, hinterland operations

Role of governments

- Support Logistics and connectivity at the Political Agenda
 - *No growth without trade, no trade without transportation*
- Prepare for investments in Infrastructure and Innovation
 - *More efforts to integrate modes in support of interoperability*
- Invest human resources/education
- Harmonisation & standardisation (GHG emissions, ICT..)
- Ensure alignment of legislative measures
 - *Mutual recognition, regional agreements, WTO etc*

Sustainable solutions: Message for the legislator

- **Develop standards for measuring emissions**
 - Don't make it mandatory but ensure a common base
 - Develop solutions at international level; regional solutions are prone to conflicts
- **Ensure Competition/liberalisation**
 - If there is limited effective competition there will be less need to innovate
 - do away with antiquated system of bilateral agreements in road transport
- **Ensure awareness Training and Research**
- **Charging is not the panacea:**
 - In the long run will not contain emissions and does not remove accountability of the industry but fair pricing based on distance
- **Allow for economies of scale in all modes**



**THANK
YOU
for
YOUR
ATTENTION**