

CLM's annual conference held in San Francisco

By Robert L. Wallack, AJOT

Distributing products to meet the needs of European Union (EU) retailers, multinational manufacturers, and consumers are fraught with differences in languages and cultures across an expanding membership of 15 countries. Transport and logistical challenges facing the EU were concretely outlined by the European Market speaker, and in discussion sessions during the Council of Logistics Management (CLM) Annual Conference, held September 29-October 2, 2002 in San Francisco. With a total population of 378.7 million, compared to the United States's 284.2 million people, and with a Gross Domestic Product of \$7,836.7 trillion, compared to the US's \$9,896.4 trillion (2000, OECD) the EU represents a multitude of logistical challenges.

Every Fall, the CLM, a non-profit facilitator of logistics education and information for business personnel, holds a conference featuring nearly 40 "tracks" or educational sessions covering issues in transportation, logistics, and supply chain management concurrently, over three days. Each "track" is led by a moderator with numer-

ous topics of presentation, "To provide an opportunity for dialogue among the participants, and balance supplier, consultant, and educator speakers with logistics practitioners," according to Luc Fabry, European Market, Track 20 conference moderator. Mr. Fabry is Director, Business Development, USA, Midwest, Flanders Foreign Investment Office (FFIO).

Other activities at this year's CLM conference included: an Executive Development Program, Logistics Educator's Conference, CLM's Distinguished Service, and Doctoral Dissertation Awards. Participants were offered trips to local factories such as Dreyer's Ice Cream, and the General Motors-Toyota joint venture in Logistics Facilities Tours.

The CLM, headquartered in Oak Brook, Illinois, was founded in 1963. Membership includes 15,000 women and men from a diverse worldwide population. This year's conference was attended by 3,914 registrants from 2,036 companies and 54 countries.

One of the most notable of the 13 European presentations was delivered by Dirk Ster-

ckx, European Member of Parliament, Brussels. His presentation was entitled, "Intermodal Policy of the European Union."

Sterckx, who is from the Netherlands, is responsible for the EU's Transport Policy. He has enjoyed a career as a journalist, a professor, and is well known throughout Europe for broadcasting a program similar to the "Larry King Show." He explained that a common transport policy of member states is a long-standing matter since 1957 when the EU was established. According to Sterckx, "There are tensions between a national approach and a European approach."

The EU Commission, the executive branch of the European Parliament, liberalized transborder shipments by trucks and air in the late 1980s. Trucking companies are licensed to offer services anywhere in Europe to increase competition. Air carriers were mandated by the Commission to, "...abolish state aid to flag carriers, which is vastly different than deregulated air trans- (CONFERENCE- continued on page 2A)

DHL announces expansion of US and Canada global service parts network

DHL Worldwide Express announced the kick-off of its global service parts logistics capability in the US and Canada with the opening of a key Express Logistics Center (ELC) in San Francisco, California.

"The opening of the San Francisco ELC marks the beginning of expansion plans for DHL's logistics offering in the US and Canada," noted DHL's Vice President Global Logistics, Charles Menkhurst. "DHL is the market leader in the provision of mission-critical service parts logistics solutions in regions

around the world. Our comprehensive roll-out into North America will secure a global offering for our customers."

In addition to the new San Francisco facility, DHL operates US-based ELCs in Cincinnati and Miami. DHL's ELCs operate in regions around the world including Brussels, Bahrain, Johannesburg, Hong Kong, Sydney and Singapore. An ELC will open in Tokyo this month.

DHL's ELCs serve multiple functions as both value-added regional (EXPANSION - continued on page 12A)

Globe Express Services enrolls in US Customs security program

US Customs has implemented a new Customs-Trade Partnership Against Terrorism (C-TPAT) program to increase supply chain and border security. Globe Express Services (GES) is pleased to announce its enrollment in this voluntary program as a way to play a more active role in the war against terrorism.

As part of the enrollment process, GES has completed a "Supply Chain Security Profile Questionnaire." Currently GES is conducting a detailed self-assessment of supply chain security including physical, procedural and personnel issues. In addition,

C-TPAT participants are required to develop, implement and maintain a program to increase supply chain security throughout their organization. Participants must comply with C-TPAT guidelines and those rules must be conveyed to all other companies in the supply chain.

The benefits for Globe Express Services and its customers include expedited processing of imports at US ports of entry, which could reduce overall customs clearance time. GES is committed to fulfilling all obligations of the C-TPAT program and considers supply chain security a top priority.

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port in the US," according to Sterckx. It took the Commission 10 years to establish the air transport principle. For example, last year, Belgium lost its flag carrier and went bankrupt. The Swiss government will not bail out the one half state and one half Swiss-owned Air carrier. He points out that the EU is, "...trying on a transnational role," and is, "...in part working with success in road transport and with reasonable success in air transport."

However, the air transport environment is still national as member countries do not want to give up control. "So far, there is no merger of any significance in European air carriers," Sterckx said.

Road congestion and environmental hazards from trucks plague Europe even more so than in the United States because of population density. Density per square mile in the EU is 302.3, whereas in the US, it is only 76.4 people per square mile.

As for infrastructure, motorway density is the highest in Belgium and the Netherlands at 57 kilometers (91.7 miles) per 1,000 square kilometers as opposed to Romania's one kilometer (.62 mile) per 1,000 square kilometers.

NO COMMON TRANSPORT UNIFORMITY

"Traditional motorway networks are developed in the north-south corridors and the east-west axis is being developed. To complicate matters and impede common transport policy in the EU, there is logistics legislation that varies, such as legal truck-load capacity of 40 tons in some countries, and up to 50 tons in the Netherlands, with no uniformity, yet," according to Professor Hendrik Vanmaele of Mobius Consulting, Belgium, and Peter Vanderchaeghe of the University of Ghent in their presentations.

The EU is planning to add

10 new members from Central and Eastern Europe by 2004, its first expansion since 1995, when three were added from North and Central Europe.

In order to lessen pressures from congested highways, as in the United States, railway and waterway transport is needed. Sterckx depicted a dire situation for the EU if a common transport policy for railway reform is not implemented. "Rail has not started to realize what it can. If Europe can't get its act together to build rail capacity and service through liberalization by 2008, which is key to intermodal traffic, then that will bring all traffic to a

halt. There are not enough roads and Europe will be in big trouble," he said. The problem is that a shipper moving an intermodal container from Belgium to Northern Italy cannot choose another service provider because most countries have a monopoly on service providers, according to Sterckx.

He points to waterways in Europe as essential to successful intermodal freight traffic.

"Water transport has an immense future, especially Flanders, Belgium because of the dense network of inland waterways. Short sea shipping has possibilities, however countries in Europe still find it difficult to give up long sea transport," he said.

MULTINATIONALS "LEVERAGE SYNERGIES" WITH FLANDERS OPERATIONS

The amalgamation of European Union members despite their differences is demonstrated by Flanders, Belgium which serves as a unifying factor. Flanders is the northern section of Belgium bordering the North Sea. It is an area with a long history of multilingual skills in English, French, German, and Dutch. It also has been well known as a center of international commerce. The Flanders Region

ports of Antwerpen, Zeebrugge, and Gent provide unparalleled logistics and transport service to old and new European Union members.

Today, 2,000 international corporations, 1,400 of them American, have their European headquarters in Flanders. A multitude of industries are established in Flanders, including logistics, automotive, and petrochemicals. Industries representing the new economy are also present. Flanders's Life Sciences, Multimedia, and Digital Signal Processing Valleys, to name a few. Multinationals Nike and DHL have a major presence in Flanders. "The logistics industry is a major investor and employer in Flanders, with three seaports, two airports, and an extensive inland waterway system, and high density of both road and rail networks. In addition, 60% of EU purchasing power lies within just 300 miles," according to Flanders Foreign Investment Office's Mr. Fabry.

The differences that appear to divide the EU in cultures and languages are what brought Nike, the US sports and apparel manufacturer to Flanders. Since 1992, Nike has invested \$167 million to consolidate 32 European footwear and clothing warehouses to one European Customer Service Center in Laakdal. The multilingual skills for customer service call centers and the access to sea, air, road, rail, and inland waterways enable Nike, "...to lower inventory costs, improve service to customers, and build brand," said Filip Peeters, General Services Manager, Nike Customer Service Center Belgium. Peeters said that a computerized warehouse management system coupled with the Belgium government's bonded warehouse software are essential to the, "...need to control the last step in the supply chain and control damage for good customer contact."

He said that while there

is not a "United States of Europe," "...the changing European environment creates opportunities to leverage synergies" from Belgium, the heart of Europe.

DHL World Wide Express, a division of Deutsche Post World Net, continues to expand its Belgium Pan European operations since establishing its sorting and distribution operations at the Zaventem Airport in 1985. DHL's hub at the airport moves 25% of its customers' shipments by road to neighboring countries. Mike Madelein, Manager of Partner Alliances, DHL explained that even though Belgium is the size of Maryland, "We are able to build a logistics gateway to Europe for spare parts outsourcing with KLA Tencor and Tandem Computer. The language skills, especially for the call center are essential to success."

Recently, Tropicana, the Continent's leading producer of fruit juices, Bridgestone/Firestone, and Toyota announced plans to open logistics centers in Flanders. These companies will be able to capitalize on current transportation advantages, as well as the Flanders Regions investment plans to extend railways for air intermodal transport, and improve waterway facilities to serve Europe.

For all of the European language, logistics legislation, and country specific consumer differences, Flanders ranks number one in European logistics centers based on logistics costs, transportation modes and multimodal facilities. Nike's Flanders distribution center for Europe, "balances regional thinking to local relevance," said Peeters.

European CLM participants are already planning educational presentations for next year's Annual Conference to be held September 21-24 in McCormick Place-Lakeside Center, Chicago, Illinois.