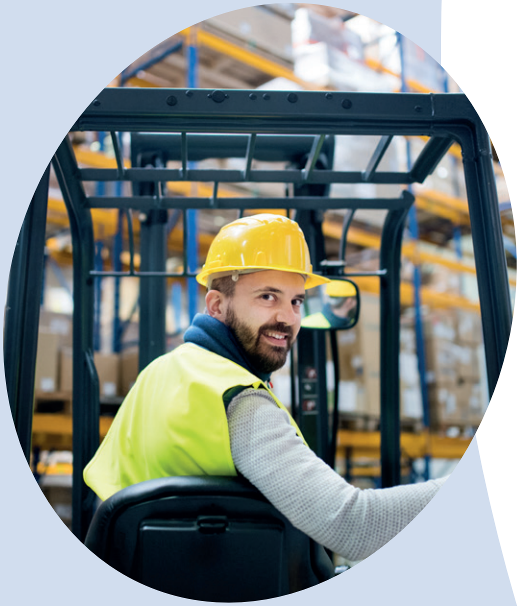
European
Logistics
Platform

LOGISTICS CONNECTING THE WORLD



THE ELP

PROMOTES A BETTER UNDERSTANDING OF LOGISTICS AND ITS IMPORTANCE TO THE EU COMPETITIVENESS

Logistics operations (excluding in-house operations) represent a market volume of €878 billion (2012) in the EU.

The ELP is a platform for dialogue between policy makers and all supply chain actors, from freight and logistics operators (of all modes) and their suppliers, to ports, terminals and the retailers and manufacturers relying on efficient logistics services. The ELP organises events focused on the key challenges facing the logistics sector, from digital transformation to sustainability, trade and access to skills. Our events are designed to create an open forum for discussion between industry and policy makers to find solutions to common problems and challenges. They aim to inform policy making by introducing concrete case studies and industry developments from all areas of the logistics sector and supply chain.

LOGISTICS
IN TRANSITION

Logistics underpins every aspect of modern life. From delivering goods to city centres, collecting waste from our homes, refuelling petrol stations, supplying money to banks, transporting key manufacturing equipment, raw materials and parts or delivering vital medicines to our hospitals: the logistics sector is indispensable to our daily life.

Logistics consists of the organisation and management of flows of goods related to purchasing, production, warehousing, distribution and the disposal, reuse and exchange of products, as well as the provision of added value services. It represents the backbone of highly complex and globally extended supply chains, which require the efficient, cost - effective and reliable flows of goods and information.

The logistics industry currently plays and will continue to play a substantial role within the overall economy. Within the EU, logistics represented a market volume of nearly € 878 bn in 2012[1]. It accounts for about 7% of EU GDP[2] and 5% of total employment in the EU[3].

Logistics is an enabler for both global trade and local economies. Efficient and sustainable logistics plays a vital role in the smooth functioning of many other services and activities in the economy. For instance, 18% of the wholesale and retail trade sectors' added value originates with logistics services[4].

The members of the European Logistics Platform (ELP) represent shippers (i.e. cargo owners), logistics service providers (using and operating all modes of transport), terminal operators, hubs, ports and vehicle manufacturers. They have all observed the changes in the sector resulting from the external developments and trends, detailed in this brochure.

To support this key sector and secure Europe's place as a logistics leader, EU policy must underpin these changes and provide the means required to transform the logistics industry into an engine of growth. The best way to do this is cross -sectorally, by removing bottlenecks and supporting the sector through smart integration of climate change, infrastructure, innovation, skills and trade policy measures as part of a comprehensive action plan.

Europe is the world's most globally connected region, including 8 of the 10 most connected countries. Europe takes the lead in trade and people flows, while North America is the top region for information and capital flows.

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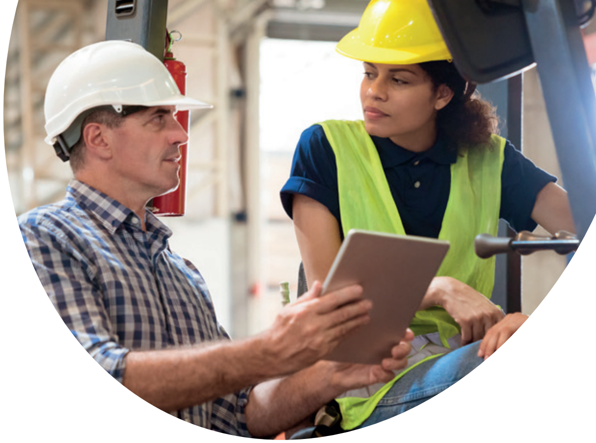
1 Fact-Finding Studies in Support of the Development of an EU Strategy for Freight Transport Logistics - Final Report, European Commission, 2015
2 Fact-Finding Studies in Support of the Development of an EU Strategy for Freight Transport Logistics - Final Report, European Commission, 2015
3 EU Communication on the Future of Transport, European Commission, 2009
4 Fact-Finding Studies in Support of the Development of an EU Strategy for Freight Transport Logistics - Final Report, European Commission, 2015



1. BUILDING A NEW SKILL SET TO PREPARE TOMORROW'S WORKFORCE

Logistics increasingly faces difficulties attracting the right skills and renewing its workforce. This is partly due to a lack of visibility and appeal, which impacts skills shortages across the board, from warehousing to customs clearance. Other factors also come into play, from gaps between the educational system and business needs to strong competition for certain expert functions[5].

This skills shortage is particularly visible in the existing driver shortage in rail and road with, for example, a fifth of heavy-duty vehicles (HDVs) driver positions unfilled in Europe[6]. The reasons for this include the poor image of the sector, and the challenge to attract young talents and women.

The industry also suffers from an ageing workforce. In Europe, the majority of road haulage companies employ drivers whose average age is 44[7], while over 40% of the railway workforce is over 50[8].

Investing in skills and human capital is as crucial as improving the image and general understanding of the sector. Actors in the logistics sector are taking time to engage with young people to promote the industry; they are also providing training activities with their own funds. However, public support is also needed to tackle a problem of this magnitude. On top of its own investment, the logistics sector needs an educational and vocational offer that matches business needs. Co-funding of vocational training at EU, national and regional levels will be crucial in narrowing this gap across the board.

5 Promoting Employment and Attractive Working Conditions in the European Rail Sector – Final report, ICF Consulting for CER, ETF, EVA Akademie, 2016
6 Tackling the Driver Shortage in Europe, IRU, 2019
7 Tackling the Driver Shortage in Europe, IRU, 2019
8 Sixth Report on Monitoring Development of the Rail Market, European Commission, 2019

In 2018, a fifth of driver positions were unfilled in Europe, with shortages in most European countries. Skills shortages extend to other fields, from warehousing to customs clearance.

According to the Commission's study on the EU logistics market[9], there will continue to be an increase in automation while logistics will become complexer and more global. As technology changes the working environment, different skills are required for entry-level and formerly low-skilled roles. Analytical, IT and soft skills are becoming even more important. The ability of the logistics sector to meet the service and quality expectations of its customers is at risk, should the skills shortage fail to be properly addressed.

[9] Fact-Finding Studies in Support of the Development of an EU Strategy for Freight Transport Logistics - Final Report, European Commission, 2015

2. PAVING THE WAY **TOWARDS SUSTAINABLE LOGISTICS**

All logistics sector and supply chain actors are responsible for providing the end consumer with goods and services smoothly and sustainably.

Reducing emissions from transport and logistics is not only part of our social responsibility and a clear policy objective. It also represents significant potential to create business value across the entire supply chain. What the logistics industry needs to achieve the European Commission's strategic long-term vision for a climate-neutral economy by 2050 and the Paris Agreement targets is a balanced regulatory framework, while continuing to work towards the reduction of other emissions. EU instruments should focus on investment in sustainable innovative solutions. It is also important to refrain from introducing legislation which creates significant inefficiencies within logistics processes. For instance, the seamless flow of cross-border transport in maritime, road, rail and air transport should be encouraged in a fair competitive environment. EU policy should focus on enabling the path towards more

400,000

400,000 safe and secure parking spaces are needed in the EU per night. Currently, there is a shortfall of 100,000 extra spaces and only 7,000 are certified as safe and secure. This has an impact on driver wellbeing. Meanwhile, cargo crimes are more frequent than ever. About 75% of these incidents take place while trucks are parked in unsecured parking areas.[10]

sustainable transport while at the same time supporting and encouraging innovation and the uptake of innovative solutions. This is essential to allow the logistics industry to meet environmental and sustainability requirements without negatively impacting the seamless flow of goods. Prescriptive approaches in terms of technologies or solutions could have the opposite effect and stifle innovation, slowing down progress. Policymakers need to take the strengths and limitations inherent to each mode of transport into account to pave the way towards low-carbon and energy efficient multimodal transport systems. The EU strategy and the legislative framework should offer predictability over the mid to long term in order to incentivize private investment.

The sustainability of urban logistics is a challenge for rapidly growing cities in Europe but also worldwide. Investing in innovative urban logistics solutions, such as cooperative ITS solutions, autonomous mobility and unmanned aerial vehicles (drones), can play a vital part in reducing negative environmental impact, improving logistics efficiency and increasing customer value.

In the rail sector, to upgrade, renew and build last-mile infrastructure connecting the railways to production and distributions, around an additional €10 billion is needed.[11]

3. INVESTING IN INFRASTRUCTURE **TO INCREASE EFFICIENCY AND IMPROVE DELIVERY CAPACITY**

To support the increasing demand for freight transport, existing infrastructure needs to be modernised and new infrastructure must be built. The different modes of transport require better connections and broader access to infrastructure must be guaranteed. There is further progress necessary to strengthen the TEN-T network to achieve the TEN-T core network by 2030 and the comprehensive network by 2050. At the same time, the continued development of local and regional multimodal infrastructure remains crucial to ensuring maximum connectivity through the first and last miles to effectively support economic activity. This ought to be done as part of a comprehensive strategy with a common approach at the European level, to reduce regional disparities.

The Connecting Europe Facility (CEF) is a key instrument for accomplishing European transport priorities, but it should not be used to artificially favour one transport mode over another. Investing in key infrastructure is needed to increase connectivity between transport modes and turn EU policy objectives into reality. European financial instruments should also support the greening of freight transport and logistics and the transition towards a low-emissions economy. CEF funding should be used to support sustainability and cohesion through efficient use of multimodal connections and transport data, ICT developments and information exchange. This could be achieved by supporting innovative solutions & pilot projects, as well as investing in sustainable fuel infrastructure along the TEN-T corridors.

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[10] Study on Safe and Secure Parking Places for Trucks - Final Report, European Commission, 2019
[11] Study on Design Features for Support Programmes for Investments in Last-Mile Infrastructure, European Commission, 2016

4.

REINVENTING LOGISTICS **THROUGH DIGITAL TRANSFORMATION**

Many companies have yet to reap the full benefits of digitalisation & technology for their supply chains. In an increasingly digital environment, the effective implementation of these technologies will be essential to making the logistics sector more sustainable, efficient and capable of meeting the expected growth in freight demand.

Next-generation robotics, artificial intelligence, automation, blockchain, big data analytics and sensors are just some of the technologies that businesses must now consider integrating into their operations and supply chain strategies. It is vital for companies in the logistics industry to digitise processes to meet an ever-increasing demand to drive efficiency, flexibility and personalise the customer experience. At the same time, the logistics sector needs a suitable regulatory framework to ensure that existing digital tools and systems can be used in parallel with new and innovative solutions. Therefore, technology neutrality and interoperability must be essential parameters when drafting legislation and creating new systems supported by research and innovation.

Digitalisation should not be perceived as a threat to employment in the sector. While recruitment profiles and skills needs will inevitably evolve, people will remain at the heart of the logistics ecosystem and the core of value generation in the sector.

[12] Supply Chain and Transportation 2023, Forbes Insights, 2019

TOP FIVE TRANSFORMATIONAL TECHNOLOGIES:[12]

1. IoT/Telematics
2. Artificial Intelligence/ Machine Learning
3. Blockchain
4. Vehicle Safety Technologies
5. Autonomous vehicles and drones

TOP FIVE BENEFITS OF TRANSFORMATIVE TECHNOLOGIES

1. Productivity
2. Visibility
3. Workforce Satisfaction
4. Customer Satisfaction
5. Flexibility

5. REMOVING BARRIERS TO A WELL-FUNCTIONING SINGLE MARKET AND AN OPEN TRADE POLICY

Significant progress has been achieved during the last 25 years in creating a Single Market for Transport, but barriers, gaps and market inefficiencies remain. The residual barriers still generate substantial costs for the sector, which means higher costs for the end customer.

These should be addressed through additional action at EU level. The European institutions should remain vigilant to ensure fair competition and limit the rise of a patchwork of divergent and cumbersome national and local requirements, which generate substantial inefficiencies, red tape and barriers to market entry. Creating a fully integrated transport sector will lead to improved logistics chains, better environmental sustainability, enhanced internal cohesion and increased competitiveness for the EU on the global stage.

Europe is the world's most globally connected region, including 8 of the 10 most connected countries. Europe takes the lead in trade and people flows.[13]

The EU is the world's largest exporter and trader of goods, supported by the logistics' sector. It is estimated that in the next 10 to 15 years, 90% of the world's growth will come from outside of the EU. This means that the EU has an interest in making sure that European-based companies remain competitive, have access to new markets and can continue to support global trade. For many years, significant efforts were made to minimise global trade barriers, leading to reduced customs duties and frictions and a gradual opening of international markets. Any limitation to the freedom to provide services could reverse this trend. Trade conflicts, protectionism, fraud, cargo crime, the prospect of a hard Brexit, tax evasion, illegal immigration, terrorism and in some cases even legislation in the EU have already had a negative impact on trade.

Striking the right balance between the need to safeguard domestic interests and protect industries from unfair competition, while allowing for free movement of services and goods, has increasingly become a political challenge. The smooth functioning of the Single Market and the EU's competitiveness on the global stage are at stake. The EU must continue to lead the way by remaining a world champion of open and free trade and by remaining an engine for growth.

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[13] DHL Global Connectedness Index 2018, DHL, 2019

SINCE 2013 **THE ELP HAS ORGANISED DEBATES WITH POLICY MAKERS ON KEY TOPICS** SUCH AS:

- Digitalisation of transport documents
- Low emissions and urban mobility
- Smart infrastructure investment
- Women in transport
- Automation in road freight transport
- Transport, trade & Brexit
- Post COP21: Impact on EU transport & logistics
- The Eurasian Land Bridge
- Circular economy: from resources to recycling
- The future of multimodal transport

ELP MEMBERS

European Automobile Manufacturers Association ACEA

amazon

BDL Bundesverband der Deutschen Luftverkehrswirtschaft

CER The Voice of European Railways

CLECAT

DB

Deutsche Post DHL Group

duisport excellence in logistics

ECG

ECSLA European Cold Storage and Logistics Association

ERFA European Rail Freight Association

ESC

ESPO

FEPORT

FERRMED Promotion du Grand Axe Ferroviaire de marchandises Scandinavie-Rhin-Rhône-Méditerranée Occidentale A.S.B.L.

fta

GOODYEAR

IRU

MICHELIN A better way forward

Nordic Logistics Association

P&G

Port of Rotterdam

TLN

UIRR INTERNATIONAL UNION FOR ROAD-RAIL COMBINED TRANSPORT

VOLVO

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