

# Ship and Rail-Based Logistics Concepts Become More Attractive

Rhenus Management Board Member Michael Viefers on climate protection in logistics and prospects for the port sector



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**Transport chains that link trucks, rail services and ships to an ideal degree can play a huge role in preventing emissions. Rhenus provides these kinds of solutions from one source – and Management Board Member Michael Viefers believes there is attractive potential for growth here. He has been responsible for managing the Port Logistics business area within the Rhenus Group since 2005.**

**Mr. Viefers, what role does protecting the environment and climate play in the work of a logistics service provider?**

The debate largely centers on two issues at the moment: reducing CO<sub>2</sub> levels and minimizing particulate matter. Just about any logistics operation generates CO<sub>2</sub> and particulate matter emissions. Regardless of which mode of transport we use, we consume energy, most of which has been produced from fossil fuels. So if governments are introducing regulations to achieve climate goals, this directly affects the logistics sector. For example, green zones, which local authorities are setting up to reduce particulate matter pollution, restrict trucks' freedom of movement.

**How is the sector adjusting to this and Rhenus in particular?**

In the end, our task as logistics experts is to enable goods to flow from Germany, Europe and around the globe. That means that we always have to find a way of meeting the requirements set by our customers. We have two levers to reduce the CO<sub>2</sub> and particulate matter emissions. Firstly, there are technical approaches – for example, filters or eco-friendly engines that consume less fuel. A great deal in this field is directly and indirectly dictated by government directives.

The second approach involves organizing logistics chains with the aim of minimizing CO<sub>2</sub> emissions for each ton-kilometer. This is an exciting area for Rhenus, because our portfolio of services involves every kind of mode of transport. I believe that there is huge potential for us here in the medium and long term.

### **Is there any appreciable demand for “eco-logistics?”**

I've not yet heard of a customer who makes ecological issues its top priority when it comes to selecting a mode of transportation. But it does have an effect indirectly in terms of costs. In general, transportation services have become more expensive, state environmental obligations are further cost factors and they provide a favorable environment for switching consignments to other modes of transport – even if there is a certain delay in this process. We have been sensing for one and a half or two years a growing readiness on the part of shipping agents and the business world in general to opt for rail or ship-based logistics programs in order to reduce costs. These kinds of concepts were dismissed for a long time as many companies had focused on having production supplies and waste handled by trucks.

### **You are responsible for the Port Logistics business area at Rhenus. What role can ports play in climate-friendly logistics?**

Ships have the lowest CO<sub>2</sub> emissions per ton-kilometer – and ports provide the framework for linking ships to logistics chains. In general, however, seaports face a problem. Strong growth in the demand for international transport services has led to capacity bottlenecks. Rhenus is investing in a wide variety of sectors to create the capacity that is required. We are expanding hinterland logistics services, primarily for feeder consignments to the coast. We are making major investments at our port facilities, both in transshipment equipment and infrastructure. In Cuxhaven, for example, we are building a heavy duty platform. Cuxport, by the way, would be an excellent container port from an ecological point of view, as the hinterland logistics can largely be handled on inland waterways. In addition, we are bidding to operate other terminals, for example, in Stade-Bützfleth.

### **How long will transport volumes continue to grow? Additional port capacity has been created in Southern and South-Eastern Europe or is being planned – in Koper in Slovenia or Constanta in Romania.**

You could also mention Marseille or the Italian ports. This is mainly related to the container traffic on board ships and this is causing much greater competition for what are known as the ARA ports of Amsterdam, Rotterdam and Antwerp – and the German Bight. In the past it was normal for some supplies destined for South-Eastern Europe to pass through the Western European and North Sea ports. Now international shipping companies have an alternative. A great deal has already happened in expanding the infrastructure at Southern and South-Eastern European ports. But there is still a lack of hinterland logistics. There are no ship systems for container transport services in the Danube region; the rail systems are not large enough to seriously compete with the Northern European rivals. But it is only a question of time before these systems are expanded. But I can also see opportunities for us here – in container shipping on the Danube or with rail concepts for South-East European countries. If we take a look at a map, it is obviously easier to supply a city like Prague much more cheaply from Constanta than from Hamburg if the hinterland logistics is working efficiently.

### **Rhenus has its own overland transportation network – are you not engaging in a conflict of interests if you switch tonnage from the roads to rail services and ships?**

No. Rhenus claims that it will always provide the most sensible and cost-effective solution for customers. So we have to detach ourselves completely from the mode of transport when organizing shipments. We are asking ourselves how we can create a logistics chain for customers, which is ideal from various relevant points of view – price, quality, availability and speed. It is only of secondary importance for us whether we use trucks, rail services or ships.

