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Dear readers,

“A person with a new idea is a crank until the idea succeeds.” This statement by the American author Mark Twain is still valid today: Who would have thought 50 years ago that containers would one day be the most important type of packaging for transportation purposes? People cannot help smiling when they read that Bill Gates, the founder of Microsoft, said back in 1981: “A RAM memory of 640 kilobytes should be sufficient for everyone in the future.” Normal computers today operate with a main memory of at least two gigabytes. And who could have predicted twenty years ago that the Internet would be an essential part of business life today?

Many developments – and not just of the technical variety – have invaded our everyday lives. Newspaper readers will know what I mean: Certain subjects disappear as quickly as they appeared, while others remain the focus of attention for a long period of time. These trends can be of an economic, legal, political or social nature. Globalization, demographic change or sustainability are the key words that dominate the media. There are consequences for industrial and trading companies: whether it involves moving production, launching operations in new markets, changes in consumer habits or the increasing demand for logistics that save natural resources. Corporations have to adapt to these changes in a fast and flexible manner in order to be able to survive in the face of competition from their rivals. A logistics company like Rhenus is observing the market very carefully because we can only adapt our own business operations and develop and provide tailor-made services if we know what issues our customers are facing.

The Rhenus Group is adapting to new trends in many ways at the moment. The bottom line is that we are dictated by the needs of our customers. This may involve working at our customers’ premises, affecting their processes by providing strategic advice or launching operations in a new market in conjunction with them. We are repeatedly discovering that we launch a new service on a small scale, but this then develops into a new branch of business as a result of increases in demand from customers and the creation of additional capacities. This is how our lettershop in Landsberg started, for instance.

We move to locations where we are needed with and for our customers. We opened new business locations when the customs posts were moved from the interior of the country to its external borders, as happened recently in Russia.

The issue of sustainability not only concerns us because we are shaping our own processes to make them more environmentally-friendly, but because new sectors are being created, which require new and challenging logistics services. There is a great deal of movement in this field, but it is not yet clear which latest fashions will actually develop into trends. But it is certain that we will never grow weary in finding suitable solutions for our customers. Some of them may think at times that we are cranks – but let us wait until these ideas have become a success story.

“We can only develop tailor-made services if we know what issues our customers are facing.”

Yours truly,

Klemens Rethmann
Chairman of the Board

“We can only develop tailor-made services if we know what issues our customers are facing.”

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Chairman of the Board
A Glimpse into the Future

Customers, climate, continents: Which parameters will have a huge effect on logistics in the next few years?
Logistics in the New Decade

The 10 most important trends

1. Relations between logistics services providers and customers are becoming closer

We as a logistics services provider have to adapt fully to any customer in order to offer it the best possible services. As a result, we at Rhenus always have an open ear for our customers’ requests. We advise them and provide support for their logistics processes and networks. This works particularly well if we are working at our customers’ premises or set up partnerships or even establish joint ventures. We then contribute to our customers’ success. And because these models are successful, they will certainly be used even more frequently in the future.

Klemens Rethmann, CEO

2. The process of globalization will continue

Wage differentials between industrial nations and low-wage countries, increases in purchasing power in many developing countries and global networking via the Internet are just some of the reasons why the internationalization of the world economy will continue. Rhenus accompanies its customers as they make their way into international markets. We have our own business locations in Europe and in some Asian countries and we provide our services worldwide with tried and tested partner firms. Because we stand out from our competitors as a result of our quality, attractive services and innovations, this development represents a real opportunity for Rhenus.

Michael Brockhaus, Rhenus Board Member

3. The range of services is changing

Transportation and warehousing are part of the standard program of logistics companies. But our customers are increasingly asking for solutions, which go far beyond these services. Depending on the sector and requirements, we then develop the suitable package for them: ranging from packaging, repackaging and labeling to quality checks and even assembly work. Customers that are familiar with our flexibility, quality and reliability entrust us with far more than “just” logistics work. One example of this is our assembling of hard disk drives at Duisburg: Rhenus employees handle individual production stages for the customer so that the latter is able to offer its goods to the European market faster than would be possible if the production work was carried out in Asia.

Michael Brockhaus, Rhenus Board Member

4. The final customer is increasingly the focus of attention for logistics services providers

The dynamics provided by digital communications on the Internet is accelerating all social and business processes. A new product can be spread all over the world in a matter of seconds, for example. So consumers are expecting services that are faster and faster. As a result, logistics services providers and final customers are communicating directly with each other to an ever greater degree in order to prevent time-consuming intermediate processes. This trend, for instance, is
seen at Rhenus when it operates webshops, customer service centers or supplies final customers with furniture.

Dr. Stephan Peters, Rhenus Board Member

5. Document and information logistics is becoming increasingly important

While we used to be largely occupied with physical logistics processes and supply chains in the past, optimization in document and information logistics and therefore in the field of office jobs did not occur in a consistent way. We support industrial production at our desks by providing solutions in the field of processing incoming mail, scanning, providing workflow and filing solutions, making personnel available or outsourcing business processes – both for individual business operations or entire corporations.

Dr. Stephan Peters, Rhenus Board Member

6. Security requirements in logistics are increasing

There will be even more laws to provide security for supply chains in the future. Because it is our business to provide our customers with smooth processes, we are also adopting many optional security measures. We are investing time and money to ensure that our customers’ orders are completed in a fast and flexible manner despite high security demands. Among other things, many Rhenus business locations have already obtained AEO certification, because companies that are Authorized Economic Operators are subject to fewer checks than others when handling international consignments.

Uwe Oemmelen, Rhenus Board Member

7. Customers are demanding flexibility from us

The general conditions for industrial and trading companies are changing frequently and fast. So corporations expect us to provide logistics solutions, which adapt to these changes. As an external services provider, we offer our customers the advantage of having several clients; this means that we can use our working space, equipment, modes of transportation and experienced personnel in a flexible and efficient way. When the Russian customs service moved its bonded warehouses and customs posts to the country’s external borders last year, for example, we were one of the first logistics companies to follow suit with our own offices.

Uwe Oemmelen, Rhenus Board Member

8. More and more bulk goods are being moved

Bulk goods logistics is often viewed as part of the “old economy,” but a healthy mix plays a major role in supporting the competitiveness of a logistics services provider. Bulk goods like cereals, coal, wood or building materials are always required and we are expecting the list of goods needing to be shipped to grow. Even more agricultural raw materials will be moved in the future in order to supply biomass power plants – and this will occur across national frontiers. Rhenus has sufficient capacities at seaports and further inland in order to handle increasing amounts of materials.

Michael Viefers, Rhenus Board Member

9. The issue of sustainability is still on the agenda

Transportation largely determines a product’s carbon footprint. Customers that want to offer their customers an environmentally-friendly product will therefore expect certain standards from their logistics services providers. We are also expecting new legal requirements to be introduced. We are continually adapting to this demand. At the same time, consumers’ increasing awareness of the environment is providing us with new opportunities: Wind turbines are being transshipped at ports, solar modules are being transported from the production to the installation site and corporations require expert advice to optimize their supply chains.

Michael Viefers, Rhenus Board Member

10. Individual African nations will continue to become part of global trade patterns

The eyes of the world are focused on Africa in this FIFA World Cup year. Some countries will probably manage to gain the interest of foreign investors as a result. But the continent will continue to be a huge challenge for most European companies. However, things are already different in the north of the continent: Algeria and Morocco could develop into interesting production locations during the next few years on account of their liberal economic policies. Rhenus already provides services to these countries and they will continue to expand to meet increases in demand.

Peter Widmer, Rhenus Board Member
Mr. Brockhaus, the logistics world is changing all the time. Many factors are affecting supply chains – production is being moved to new sites, customers expect even shorter delivery times, demand for an item grows or new laws are passed. How does Rhenus handle these challenges?

We accept these challenges. We are particularly keen to remain close to our customers, so we listen very carefully when our customers are looking for solutions. We view ourselves as our customers’ partner and maintain our dialogue with them. Our local corporate structure allows us to work closely, quickly and flexibly with managers, particularly when the market conditions change.

Where are the limits?

There are none. What was once inconceivable is now the norm. Just think of the Internet, for instance. Experts were the only ones who knew about it 15 years ago – now it is an essential part of everyday business life. Final consumers purchase items from all over the world via the Internet and track the status of their order – increasingly through their cell phone when they are on the road. The world of logistics, for example, uses the Internet to accept orders, track consignments or for marketing and advertising purposes. Or just look at global express services: A package, which you dispatch in Dortmund today, can be delivered in Australia four days later. The technical possibilities seem unlimited – we notice this mainly through the fact that almost every technical device seems to be out of date after one year. Logistics services will change in just the same way – what seems like Utopia now will be an everyday practice in thirty years’ time.

Do you think that the process of globalization will continue?

Yes, there is no going back now. Globalization implies the global networking of flows of goods, capital and jobs. The international division of labor and global supply chains, which are closely linked to this, make sense and will continue to thrive. Of course some countries will respond to an economic downturn by protectionism; Russia is one example and has increased the import duties on vehicles. But other countries are looking to converge with other markets. Here are two examples: The Icelandic parliament has decided to make an application to join the EU after all and Ireland has approved the Lisbon Treaty. More and more countries on all the continents are participating in the
Despite this, do you see changes in the logistics market that will continue to evolve during the next few years?

I can see two extreme trends: On the one hand, a clear degree of commoditization and, on the other hand, a deep level of dovetailing between customers and service companies. The automobile industry is calling for a general standardization of logistics services, for example. Logistics services providers work in a manufacturer’s factory or warehouse and provide services in line with strictly set guidelines. The services are very challenging, but the services provider can be quickly replaced and is in practice little more than a human resources service provider.

The second trend is moving in exactly the opposite direction. Customers and logistics services providers sign a long-term contract and deliberately adapt to each other. The service provider acquires a deep level of expertise for the customer and even handles individual production stages in some cases. This gives rise to a very high level of dovetailing. The advantage of these kinds of business relations is that the customer receives a comprehensive solution to its problem, as the service company really knows its partner very well.

If more and more countries become involved in world trade processes, competition grows too. How does Rhenus want to stand out in this kind of global logistics market?

There has always been competition and there always will be. But it is not that important; what counts is the performance of the company. Rhenus has to win one customer after another. This is only possible if we provide attractive offers, innovations and solutions that are interesting for a customer. Rhenus can approach its customers directly through its own business locations in Europe and some Asian countries. In the USA, for example, we work with partners that can guarantee our customers the same levels of quality there too.

After the euphoria about globalization had abated somewhat, “green logistics” became the next buzzword. How is Rhenus coping with this latest trend?

What the media call a trend is not necessarily one. Of course, many corporations like to underline their environmental credentials, but at the end of the day we are still operating in a business world that is dominated by economics. That means that all our customers up to and including final consumers must be prepared to pay for any complete switch to “eco-oriented” services. That is not yet the case, by a long shot. Sustainability has mainly depended on general existing conditions in the past: If fuel prices rise, for instance, our customers are interested in us shifting their consignments to other modes of transportation or if cities introduce low emission zones, freight forwarders need to switch to more environmentally-friendly vehicles and, if customers so demand, we have our branches certified in line with ISO 14001.

While Asia was viewed as a boom region in general terms in the recent past, the wheat will be separated from the chaff there in the next few years. Not every country will share in the process to the same degree. I assume that Eastern Europe will be one of the winners in the economic upturn. Some African nations will also experience positive results from the trend towards globalization. Tunisia, for instance, is developing into an alternative production location for European corporations and the Moroccan government has set itself the goal of integrating its own economy in world trade flows.

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"The Ice Is Broke"

Research into future trends in logistics creates time and...
What benefits do corporations obtain from futurology and how does your knowledge reach those actively putting it into practice?

More and more corporations are actively dealing with alternative development processes as the basis for their strategic concepts. Corporations obtain the greatest benefits from futurology by grappling with the subject themselves! Delegating the active process of shaping the future to outside parties and using outsourcing is the wrong approach. There is no contradiction between this and using information from outside studies on future trends, but a “1:1 transfer” just does not work. If every corporation behaves in the same way, then none of them will obtain any benefits; and corporate situations are always unique. Corporations can expect the academic world to supply them with the methodical tools and support services for their research projects into future trends. They must appreciate that one-off or intermittent activities are inadequate – they have to be supported by an active culture of shaping the future if there are going to be major and lasting benefits. How can we measure the usefulness for a corporation? The key indicators are issues like securing their future existence, strategic competitive advantages and innovative benefits up to and including appropriate operating success stories. Studies prove that corporations that are actively involved in shaping the future are more successful than corporations that are not. Increasing dynamism in the corporate environment increases the value of research into future trends.

What predictions can you make about the logistics networks of the future at the current point in time?

A new book was published about the “manufacturer/supplier/logistics services provider” relationship in the automobile sector in November. Among other things, this book illustrates the development in supply chain structures and processes during the last ten years based on the latest data from a study conducted around the world. These kinds of developments help to obtain knowledge about the effects of various factors on logistics systems. As far as the logistics networks of the future are concerned, scientific predictions provide several alternative future scenarios for logistics networks and also make the development processes of the present time transparent and comprehensible for a time in the future. Here is one example of globalization of the procurement supply chain from our study of automobile logistics: The proportion of individual parts and components purchased on a worldwide basis has gradually risen to a figure of just over 50 percent during the past ten years. Assuming that the factors affecting this process continue – i.e., free trade agreements, relatively low transportation costs and other issues – this trend should continue to grow to 65-70 percent by the year 2020. Efforts to increase regionalization, increases in customs duties, a drastic increase in prices for transportation, political instability in the international procurement markets would have the opposite effect.

Univ. Prof. Dr. Ingrid Göpfert

Prof. Dr. Ingrid Göpfert is the Professor of General Business Administration and Logistics at the Phillips University in Marburg and has been appointed a member of the Academic Advisory Committee at the Federal Ministry of Transport. She is the author of numerous publications in the fields of logistics, controlling, supply chain management and supply chain controlling.
The demands placed on logistics services providers have become more and more complex during the last few years. If customers used to expect individual services like transportation, warehousing or transshipment in the old days, they are now looking for comprehensive and process-oriented solutions along the complete supply chain – from procurement to production and even distribution and waste disposal. This is increasingly giving birth to new “customer/service provider” relations, because the logistics expert becomes deeply involved in its customer’s processes or adapts its own processes and structures to those of its customer.

Sometimes the simplest solution is not the best one. Because Karl-Heinz Berger knows this, the key account manager for steel at Rhenus Regensburg suggested to a steel producer that it should no longer transport its goods using just one mode of transportation, but adopt a multimodal approach. “It was our job to find a cost-saving solution for the steel, which was exclusively shipped to Romania by rail, while maintaining the same time frame or improving it,” Karl-Heinz Berger recalls. His team discovered that the cheapest transportation method involved collecting the goods from the customer premises by rail, then loading the goods on board an inland waterways vessel at the Rhenus branch in Regensburg and shipping the goods along the Danube River as far as Giurgiu in Romania with Rhenus Bucharest at the helm. The goods are unloaded in Giurgiu and taken to the customer’s warehouse by truck. The steel producer saves 30 percent of its costs as a result. These kinds of comprehensive logistics operations have only recently become possible now that Rhenus has its own transshipment and warehousing facilities in Giurgiu and they are being increasingly used by other customers too.

This example demonstrates that logistics services providers have been far more than just forwarding or warehousing companies for some time. They are also consultants contributing to a company’s success in a crucial way. In its capacity as a modern logistics services provider, Rhenus plans and organizes global and corporate-wide process chains and networking structures for its customers. It follows them to international markets or even goes there ahead of them. Flexible services providers like Rhenus can provide new products, if required, or will venture into unknown sectors. Customers do not only outsource parts of their value added...
chain to service companies, but often enter very close relations with the latter – either by signing long-term agreements or by even joining forces to establish joint ventures. “These close kinds of relations between corporations and service companies give both sides huge advantages,” says Michael Viefers, a member of the Rhenus Board. “The company can increase its productivity, reduce costs and respond to changes in the market in a flexible way. The services provider often obtains long-term contracts, ties the customer to its services or even obtains additional orders.”

Investments for customers

Globalization represents a huge challenge for corporations. Lower wage costs in developing countries may reduce production costs, but in order to be competitive, companies must have punctual supplies, secure storage or customs formalities that are handled quickly and reliably. In many countries there are no local services providers that match Western standards, particularly in terms of logistics. So many companies take their logistics services provider with them or make use of Western providers that already operate locally. The Rhenus Group has business locations at more than 290 centers in Europe and Asia. It employs members of staff there, who speak the local language, know the normal national customs and have been trained in line with Western standards. This mixture of a knowledge of the country and logistics expertise is one of the success factors for the Rhenus Group in international markets.

In order to meet customer requirements, some of the companies in the Rhenus Group are involved in making large investments. Rhenus Midgard is currently investing heavily in the Niedersachsenbrücke jetty in Wilhelmshaven. The infrastructure may belong to the German state of Lower Saxony, but Rhenus Midgard has been operating the transshipment facility there for more than thirty years. The amount of coal handled at this bulk goods terminal may still only be 2.4 million tons per annum, but it is set to rise to 8 million tons or more in the medium term. Rhenus Midgard supplies an existing 800 MW power plant through the Niedersachsenbrücke jetty and two other coal power plants are due to be built in Wilhelmshaven. The first is due to go online in 2012. The Niedersachsenbrücke jetty is also set to be used to supply fuel to other German power plants further inland. After the extension work, Wilhelmshaven will be the only German port to be able to unload fully laden Capesizer vessels of the 240,000 ton class with a draft of up to 18.5 meters. This is only possible at the moment for vessels with 120,000 tons on board in a partly unloaded state.
Rhenus also carries out the necessary preliminary work in order to discover ideal processes or network structures for a customer: An energy supplier was looking for suitable transshipment and warehousing facilities for ash in 2009. It commissioned Rhenus to prepare a study on the issue of “Warehouse Capacities along the Neckar, Rhine and Main Rivers.” The logistics services provider carried out an inventory of open and covered storage areas with a river connection for disposing of power plant waste in the region. The energy supplier can now make a decision on a suitable location based on this study.

In order to offer the best possible service levels, logistics services providers are increasingly signing cooperation arrangements among themselves. This was highlighted in the study entitled “Horizontal Cooperation Arrangements,” which was presented by the Technical University of Berlin and the WHU Otto Beisheim School of Management in 2009. The results show that horizontal cooperation arrangements are very important for the logistics sector. Almost 60 percent of logistics companies admitted that they worked with other logistics corporations. OOO Rhenus Port Logistics and OAO Rhenus Yuzhny Rechnoy Port, for example, have established the OOO Rhenus Yuzhny Port joint venture in Moscow. This not only brings synergy effects for both logistics companies, but customers in particular benefit too: Cooperation arrangements provide them with the pooled expertise of two experts, a larger network and the joint company can respond more quickly.

Investments are also being made in the warehouse capacities for existing customers in Basel. Rhenus Port Logistics AG began constructing a new silo there at the end of 2009. The company will invest more than EUR 10 million by the time the building has been completed in the summer of 2010. A machine house and 22 silos in all, with a total capacity of more than 26,144 tons, will be built. The maximum conveying capacity at the plant will then be 200 tons per hour.

Optimizing processes and network structures

Logistics services providers like Rhenus not only handle transportation and warehousing for many customers, but they are also deeply integrated in their customers’ processes. Rhenus AG & Co. KG in Mannheim supplied the warehouse for production supplies and factory logistics at the John Deere factory site in Mannheim, the largest Deere factory outside the USA, until the end of 2009. Rhenus supplied the production service with vehicle parts on the spot just in time. Because of a lack of space, Rhenus then had a new logistics center constructed in Mannheim, which the logistics services provider has been using mainly to supply the production line and factory logistics for the John Deere works since then. Rhenus stores as many as 8,000 different items in one of the two new sheds measuring approx. 10,000 m² and delivers them to the various points where they are required at the Mannheim factory using a shuttle truck service.

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Setting up joint ventures

The most intensive form of cooperation between a customer and logistics services provider arises when the two form a joint venture. Rhenus, for example, set up Weserport GmbH with what was known as Stahlwerken Bremen (now ArcelorMittal Bremen) in 1995. The joint venture, where Rhenus has a 51 percent holding, provides seaport services in the ports in the city state of Bremen. The services range from transshipping and warehousing to providing seaworthy packaging, stuffing and checks on loads and even include providing clearance and customs formalities. The joint company dispatches all kinds of goods in Germany’s most southerly seaport and has special expertise in handling steel. A shed, where the air humidity is controlled, for instance, allows the company to provide intermediate storage for highly sensitive steel products and machines. The joint venture has paid off during the last 15 years and has achieved significant improvements in productivity. New flows of goods have been moved to Bremen as a result and this has produced additional profits, which have reduced costs for the joint partner, ArcelorMittal Bremen. Weserport has also extensively expanded its port capacities in Bremen in response to a major customer and partner without the latter having to invest any of its own capital.

The latest joint venture for Rhenus became a reality in the summer of 2009: Rhenus AG & Co. KG and Raiffeisen Waren-Zentrale Rhein-Main eG (RWZ) set up Rhenus RWZ Schüttgut Logistik GmbH (RSL). The joint company was established in order to provide the highest degree of efficiency and market penetration in the bulk goods logistics sector. RWZ had already centralized its transportation services before the cooperation arrangement was launched. Now RSL wants to offer other Raiffeisen cooperatives the option of harmonizing the freight forwarding services that they buy in locally. “We are creating sensible round trips for our customers by avoiding unnecessary empty runs,” says Sascha Hähnke, a Road Manager at Rhenus Port Logistics and one of the managers of RSL. “Our variety of business locations allows us to make use of other modes of transportation like rail or inland waterway services in the short term, if this is necessary.”

“The joint venture with Rhenus provides growth opportunities in new markets for RWZ, which also offers logistics services beyond the agricultural sector all over Germany and in Western Europe,” says Prof. Dirk Engelhardt, Manager of the Logistics Business Area at RWZ and Managing Director of RSL. Rhenus, on the other hand, gains access to a new sector: The logistics expert may be heavily involved in the bulk goods business, but its share of bulk goods in the agricultural sector was below ten percent in the past. Alongside these advantages, however, the joint venture also means some increased expenditure for all involved. The company, which acts as a neutral logistics services provider in the market place, has its own vehicle fleet and its own corporate design and the structures of the two companies have to be harmonized. But both shareholders are expecting the benefits to outweigh any disadvantages because they too know that the simplest solution is not always the best one.

These close types of cooperation arrangement like joint ventures are still the exception rather than the rule. But the trend is clearly moving in this direction. Logistics services providers can only offer companies the services that they need if they know what their customers are thinking – which is why Rhenus is happy to be very close to its customers at all times.
Verbatim, the world’s leading producer of optical storage media, is part of the Mitsubishi Chemical Corporation Group and benefits from its outstanding research and development department. Its innovations have largely shaped the storage media market. Verbatim has all its production facilities for CD and DVD blanks in Asia. This has very many advantages, but it also means that it takes several weeks for the goods to arrive at the company’s central warehouse for Europe in Duisburg. Verbatim successfully entered the external hard disk drive business three years ago and has now established itself as a major player in this dynamic market. Verbatim was looking for a solution for assembling external hard disk drives more promptly in order to meet market requirements faster and respond to growing demand in a flexible manner at the end of 2008. Rhenus was able to offer the company a convincing solution.

Verbatim has been assembling external hard disk drives in Europe since December 2008. As a result, adequate quantities of hard disk drives with the necessary storage space can be supplied within a very short time. This assembly work takes place at the premises of the well-established logistics partner, Rhenus AG & Co. KG, in Duisburg.

“We first of all had 28,500 pallet spaces specially built for Verbatim at the Logport site in Duisburg in 2006,” says Heiko Nowak, Managing Director of Rhenus Contract Logistics West GmbH & Co. KG. “We are now operating a warehouse with about 800 different items, which can be supplied at any time.” Rhenus handles about 315,000 order items for Europe through this central distribution center every year.

“We set up two production lines for external hard disk drives in a specially constructed assembly room in the existing facilities within six weeks,” Nowak continues. Among other things, this room was equipped with an anti-static floor. As many as 40 qualified Rhenus staff now work in a two-shift system assembling the external hard disk drives in line with Verbatim’s strict quality standards.

The employees first format the hard disk drives, they then assemble them in their housing, screw them together and finally test them. Until this stage has been completed, the employees have to wear an anti-static wristband to ensure that the drives are not damaged. All the employees also wear anti-static working shoes. During the next stage, the employees provide the drives with a security sticker and a series number and pack them with a quality assurance guarantee. Finally, each numbered package is shrink-wrapped, put on pallets and entered in the EDP system. Strict controls guarantee high quality and reliability for the Verbatim products.

Rhenus then stores the goods until they are delivered. This enables Verbatim to offer its customers shorter delivery times for hard disk drives without having to adapt to a new services provider or involve additional transportation. Rhenus has used its profound knowledge of this customer to take on other tasks and create jobs in Germany at the same time.
A recent study demonstrates that more than half a million corporations in Germany relay on fully addressed advertisement letters in order to draw attention to their products and services. The size of these mailings ranges between a few hundred and several million. As these quantities would overload the outgoing mailrooms at most companies, they commission external service providers to print and send these letters. The Rhenus lettershop in Landsberg has machines, information technology and experienced personnel to provide these kinds of services quickly, professionally and with a high degree of quality.

Kirstin Scheel, Manager of the Rhenus lettershop, has already solved some challenging tasks with her team: “For instance, we sent out advertising letters for an outdoor publishing house with thermos flasks or sent Advent wreaths for a seminar service group.” Careful manual work is required to handle these kinds of special tasks: The Rhenus employees decorated the 500 Advent wreaths with candles and other trappings and prepared them for dispatch.

In addition to “classical” lettershop services, the Landsberg company is expanding into new areas: Printing customers’ invoices is becoming an ever more important side of the business with growth potential, for example. This concentration of printing work at one location, including further handling, provides customers with the advantage that capacity is freed up at their premises and they do not have to bother about small quantities at many different places of business. This has given birth to a lucrative, forward-looking business sector at the lettershop and this has been backed up by the introduction of an integrated printing solution. Regardless of the file format of the data that is supplied, it is possible to pre-sort the letters according to their destination country, zip code and page numbers and provide effective handling for further processing.

Even large mailings can be prepared for dispatch quickly

Most orders for the lettershop involve standardized procedures. Once the forms, standard letters and address labels have been prepared, the machines are used to shrink-wrap the letters, address them, place them in envelopes or frank them. All the normal formats can be folded using machines – only those items that are too large for the machines are folded by hand. As many as six different items can be processed together – for example, a letter, an invoice and four leaflets. The enveloping machine can handle as many as several thousand letters an hour. Six franking lines are available. Stamps are either attached in line on the fully automatic enveloping machine or during an extra work stage for letters that are sent manually.

The lettershop has its origins in the increasingly elaborate services provided for the specialist publishing houses that are supported in Landsberg. “We also dispatch magazines for these companies, for example,” Kirstin Scheel continues. “We use a Cheshire magazine line to address them.” Individual books, magazines or other products can be shrink-wrapped in foil or packaged together in bundles. Rhenus’ many years of experience has enabled the company to take on other wage labor tasks like supplementary production work or bringing together seminar documents and files.

More than two thirds of customers no longer find their way to the lettershop as a result of publishing house logistics. The services here are also interesting for other sectors – e.g. the comprehensive management of advertising materials. Rhenus handles all the tasks from incoming goods to warehousing, monitoring stocks, accepting orders and picking and even preparing items for dispatch and assembling, packaging and dispatching them on time. Another service involves the production of sales displays. Rhenus produces samples or individual examples and then handles the series manufacturing process – and even sets up and fills the various kinds of sales stands and displays.

Complex IT solutions are indispensable for almost all the lettershop services mentioned here. As a result, Kirstin Scheel and her team are able to provide customers with all the dispatching services ranging from mailings to reasonably-priced handling and dispatch costs from one source.
Sustainable Solutions Are Required

How the world of logistics is helping to protect our climate
Environmentally-friendly business practices are not just an end in themselves for Rhenus, but are practiced by the company in many sectors for economic reasons. The logistics services provider offers products that are also ecologically sustainable whenever a customer requests them or where it makes economic sense.

Protecting the environment is sexy. This is the result of a survey carried out by the German Association of Materials Management, Purchasing and Logistics involving 171 entrepreneurs. Shipping agents and services providers in all kinds of sectors were questioned about their green logistics activities during September and October 2009. 85 percent said that the positive effects on their own company’s image were their motive for protecting the environment and for them to become engaged in the issue at a deep level. Three quarters of the corporations said their reason was their customers’ increasing awareness of the environment. As a result, protecting the environment is increasingly developing into a competitive factor for shipping agents. Services providers with particularly green credentials are highly rated by companies. 89 percent would not be prepared to pay higher prices, but would give preference to these kinds of providers.

While many companies mainly use the issue of green logistics for marketing purposes, Rhenus views the issue as a positive side-effect, which reinforces the company’s competitiveness and benefits the environment at the same time. Process optimization is therefore the order of the day: Rhenus ensures, for instance, that truck schedules are planned ecologically in order to prevent unnecessary empty runs. As all the vehicles are equipped with GPS, it is easy to find the ideal route. It is more important for the company to fully utilize a warehouse facility than plant grass on the roofs of two facilities that are only being used to half capacity.

Process optimization means protecting the environment

This is how Rhenus has greatly molded and shaped project developments for Rotkäppchen Mumm sparkling wine cellars in Freyburg. Many truck shipments have been prevented by storing the goods near the production site in a newly built sparkling wine maturing shed and warehouse. The goods used to be shipped from the production base to satellite warehouses in the surrounding area. From there, the goods were often shipped back to the central warehouse to be picked and loaded. The new warehouse not only means that CO₂ emissions have been cut by 180 t per annum, but 67,000 liters

Reducing CO₂ Emissions and Costs

Green logistics is the latest trend and is playing a role in more cost-efficient practices
of fuel have also been saved. Estimates predict that as much as 75 percent of CO₂ emissions damaging our climate are caused by corporate activities in the transportation and logistics fields. This illustrates the current need for action to increase the ecological sustainability of logistics services. This will probably only be possible by using prices and taxes. Almost one quarter of the participants in the above mentioned survey called for freight traffic to be included in the emissions trading process. Many of those questioned indicated that the current measures introduced by the state did not go far enough. More than 80 percent of those questioned demanded that additional efforts should be made. Less than 14 percent considered current measures adequate.

Reducing fossil fuel consumption

Another attempt to make truck transportation more environmentally-friendly involves the ongoing development of hybrid technology for trucks. Mercedes-Benz will start testing its Atego BlueTec Hybrid with customers in Germany in 2011. Rhenus Port Logistics Road will receive the first of 50 vehicles, which will be part of an “innovation fleet”, which is designed to prove the everyday usefulness and savings potential of these vehicles in practice. The hybrid drive system forms an important bridge technology on the way to electrical operations, which cause no emissions at all. The fuel consumption of commercial vehicles can shrink by between 10 and 30 percent, depending on the type of vehicle involved. CO₂ emissions fall by the same degree and this has increasingly become a focal issue for commercial vehicles. Two different drive systems are brought together in hybrid vehicles. The energy produced when braking is recuperated in the form of electrical energy, is stored in batteries and is used for drive purposes again with an electric motor.

The major goal of the innovation fleet on the road in Germany will be to test customer behavior and special support services. The vehicles are due to be involved in the “Electromobility Development Plan” set up by the German Ministry of Transport, Building and Urban Development. The first users of the vehicles will benefit from this scheme too.

So protecting the environment not only makes Rhenus attractive because it reinforces its own image. The company also creates many irresistible advantages that benefit its customers.
Fossil fuels currently account for almost 90 percent of global energy requirements. But coal and oil are running out and are increasingly the focus of criticism for ecological reasons. One approach to reducing CO₂ emissions involves making more use of renewable energy sources in existing energy supply concepts – for example, by using biomass. The high logistics effort of collecting and distributing the raw material represents a huge challenge, because biomass occurs at many different places and the power plants are scattered across Europe. This means that efficient planning and organizational work plays a major role in logistics in order to make the renewable raw materials competitive.

The idea of generating energy in a climate-neutral way is as simple as it is ingenious. Plants, which have removed large amounts of carbon dioxide from the atmosphere while growing, are burned in order to generate energy and their carbon dioxide is released again. Wood may be the oldest fuel in human history, but it was replaced by coal, natural gas or heating oil during the process of industrialization, as these fuels have a far higher calorific value. But as fossil fuels become increasingly scarce, the process of generating energy from renewable raw materials is experiencing a renaissance. It is possible to burn storm-damaged trees or small pieces of wood, residual timber from industry and commerce, specially cultured plants, for example, fast growing trees and energy grasses, organic residual materials, or even dried and pelletized organic waste. The energy that is released is used to generate electricity and heat.

The share of bio-energy is set to rise

Renewable raw materials have been used in biomass heat and power plant for several decades, particularly in industrial applications like paper factories. But more new plants have been built in recent years on account of changes in the prices of raw materials and the underlying political conditions. The German government of the time adopted the Biomass Action Plan in 2009, which envisages the expansion of the use of efficient and climate-friendly bio-energy. Bio-energy may already be the most important renewable energy source in Germany at the moment, but its share is set to double from five percent now to ten percent in 2020. Politicians are not the only ones supporting an increase in the use of bioenergy. The pressure to move towards more renewable energy sources and their potential is also growing as a result of the population’s increasing rejection of power generated by coal. More and more conventional power plants in Europe are now running on biomass.
Old wood is mainly used to generate energy at existing German biomass power plants. The wood comes from bulky waste from private households, for example. The high standards of the German Immissions Protection Order apply to biomass power plants. So the wood first has to be prepared for use. Furniture, wooden pallets, boxes, floorboards and other kinds of wood have to be freed from wood preservatives and foreign substances and then shredded.

After this, services providers like Rhenus step in to handle the ongoing logistics for this secondary raw material. In the Hille area in the German state of North Rhine-Westphalia, for example, storm-damaged wood or wood chips are delivered to the port in trucks and Rhenus stores the material until there is enough to fill a river-going vessel. This means approx. 1,500 cubic meters. Rhenus in Hille then organizes the transshipment on to an inland waterway vessel and transportation to the old wood treatment center in Berlin. The wood is prepared there in such a way that it has a high calorific value. Tugs then transport the material through the city to the power plant. Rhenus also organizes similar supply chains via its “c-port” on the Coastal Canal. Old wood chips are collected at Sedelsberg in Lower Saxony and are then shipped to Berlin on inland waterway vessels. Rhenus PartnerShip also regularly transports wood pellets to power plants in Holland and Belgium and old shredded wood for biomass power plants in the opposite direction. And Rhenus is continuing to expand this business unit. Rhenus purchased BW Holzrecycling, a company based in Moers specializing in treating old wood, and 50 percent of its associated company, LBW Rohstoff GmbH based in Cologne, in January. Among other things, BW, the specialist disposal company, treats old wood with its own equipment to turn it into wood chips – and the company also processes freshly cut wood. Both raw materials are mainly used as a source of heat – i.e. in biomass combined heat and power plants.

These raw materials are also treated by LBW without any intermediate preparation work. The total amount handled by the two companies amounts to more than 100,000 t per annum. Rhenus often carries out the distribution work. Rhenus Fehring is a specialist firm in the wood logistics field and has been supplying companies with waste wood, old wood and biomass for a long time. The company operates 85 moving floor trucks on a daily basis and they transport almost five million m³ every year.

**Logistics caught between global purchasing and sustainability**

“The sales department, branches and PartnerShip work very closely and well in order to supply biomass power plants,” says Michael Mertens of Rhenus Port Logistics. “As a result, we can offer our customers the complete supply chain from one source.” The effort required to purchase adequate supplies is relatively large. This is why additional sources are continually being sought – outside Germany too. Cheap imports from other countries are already creating a constant increase in global trade in renewable raw materials. The share of bio-energy in world trade accounts for approx. two percent at the moment. Experts estimate that Latin America, South East Asia, Southern Africa and some Central and Eastern European countries will be exporters in the future.

“But numerous obstacles need to be removed in order to enable global purchasing,” Mertens explains. If biomass is to play a serious role in energy supplies in the future, the processes for its preparation must meet industrial standards. This is the only way for bio-energy to be competitive, despite the more challenging logistics involved. And if the whole thing is to be climate-neutral, the logistics processes need to be sustainable too.

Rhenus Midgard in Blexen is a good example of this. Sustainability here means keeping transportation routes short. The wood waste that occurs at the Blexen sawmill has no longer been taken away since March 2009, but is now burned in a furnace on the spot. The heat produced is used for the Rhenus Midgard drying rooms. They are necessary because sawn timber has to have between 8 and 14 percent residual moisture, depending on what it is being used for (e.g. for building ships or windows). The drying rooms accommodate up to 1,500 cubic meters of wood and the temperature is increased up to 80 degrees Celsius. The company had to pay high energy bills for this in the past. Now the wood waste – approx. 1,800 tons per annum – is processed into wood chips with a wood chopper and is shoveled into a fuel container with a wheeled loader. The wood chips reach the furnace via a hydraulic sliding floor. This solution saves approx. 30 percent of energy costs and improves the eco-balance because the waste wood no longer needs to be shipped to another destination. As Rhenus Midgard does not require all the energy, local authority facilities in the surrounding area could obtain their heat from there too in the future.
Wind energy and solar plant are becoming more and more important in Europe as a result of state subsidies, technical advances and an increased awareness of the environment. Offshore wind parks are growing in popularity when it comes to wind power. In the solar sector, Asian manufacturers of solar cells have caught up with others during the last few years. These trends are creating a situation where both sectors require special logistics services.

The FINO3 research platform analyzes the effects of wind power turbines on the seabed and in the sea. FINO3 was attached to its foundations in the North Sea, 45 nautical miles to the west of the island of Sylt, with a sea crane in June 2009. As the North Sea is only calm enough on about 90 days a year to carry out this kind of work out at sea, the platform was constructed on dry land and transported to its future site on a special ship. Cuxport GmbH, a joint venture where Rhenus AG & Co. KG holds a 74.9 percent stake, provided suitable space next to water that is deep enough to hold seagoing vessels.

Efficient port facilities like the Lower Saxony deep-water port in Cuxhaven, which have adapted to the demands of offshore wind energy, are required in order to assemble offshore wind turbines. The German government is pursuing the ambitious goal of ensuring that at least 15 percent of German power requirements are covered by wind power by 2030. As a result, wind turbines, which are capable of generating 20,000 to 25,000 megawatts (MW) will be built outside Germany’s 12 mile zone. So far, permission has been granted for 22 offshore wind parks in the North Sea and three in the Baltic Sea – this means 1,689 wind turbines in all. But once the units have been completed, they would only provide approx. 7,500 MW of potential energy.

Cuxhaven recognized the economic potential of this sector years ago. With the support of the German state of Lower Saxony, more than EUR 80 million have been invested in the infrastructure of the Cuxhaven offshore base, which was opened in 2009, during the last two years – and this does not include investments from the private sector.
Cuxhaven is developing into the leading offshore base port

The city of Cuxhaven has developed into the leading offshore base port on Germany’s North Sea coast. Cuxport GmbH operates an offshore heavy load platform at the site. This is a heavy load quay with 1,600 square meters of space for transshipping loads weighing up to 1,500 tons right next to the water. As the platform can handle loads of up to 90 t/m², it can be used to transship offshore wind turbines that are either still in parts or have been pre-assembled. Mobile and floating cranes are available for this purpose. Two fully automatic RoRo gantry cranes, which can move with loads weighing as much as 250 tons, make it possible to load heavy components on to pontoons.

The Cuxport multipurpose terminal, which was opened in 1997, is specially equipped to transship heavy loads. Some of the wind turbines in the test field in Cuxhaven were shipped along this route. “The terminal operates round the clock seven days a week,” says Dr. Andreas Schmidt, Managing Director of Cuxport GmbH. “Cuxport has developed into an important center for European sea traffic as a result of its ideal location at the mouth of the Elbe River very close to the Kiel Canal and its trimodal links to destinations further inland.” Many companies have already set up in business very close to the terminal and they produce and assemble components for wind turbines like foundations, towers or rotor blades. Their production sites are linked to the terminal via special heavy duty roads.

Other companies in the Rhenus Group have also adapted to this forward-looking sector. Rhein-, Maas- und See-Schiffskontor GmbH (RMS), the specialist in short sea shipping, established a weekly scheduled route from Duisburg and Rotterdam to Norway at the end of 2009. The “RMS Norway Line”, like other RMS routes, has the technical equipment and the experience to ship structural and rig parts for the offshore wind industry. When transshipping goods, RMS works closely with Rhenus Scharrer in Duisburg, for example. This company has a heavy goods crane, which can unload and load turbine parts weighing up to 300 tons.

Air freight is ideal for the solar sector

Manufacturers of solar power equipment place very different demands on logistics operations. The highly sensitive solar cells require special protection when being transported and transshipped – not only from jolts or corrosion, but also from theft. “So air freight is particularly interesting for the solar power sector,” says Marc Oedkoven, Air Freight Manager at Rhenus Freight Logistics GmbH & Co. KG. Rhenus, for instance, has the technical equipment to cushion the freight even in turbulent weather conditions and ship the goods through secure warehouses, which are also fitted with CCTV. “Another advantage of our air freight services is the short transportation times. This permits just in time deliveries and avoids any long-term commitment of our customers’ capital.” Rhenus Freight Logistics can also cover the complete transportation chain, including collecting the goods and distributing them by truck to their final destination.

Demand for international transportation services in this sector is growing: While German solar power companies dominated the market initially, the huge level of demand and considerable profit margins soon attracted international competition. Competitors, mainly from China, have quickly caught up with their German rivals. Some Japanese, Taiwanese, South Korean and Indian corporations are highly innovative and produce goods more cheaply. About 60 percent of all solar cell production takes place in the Asia/Pacific area. Sector experts welcome the development because price reductions make solar power competitive.

The German market, however, still heads the league table on the demand side. Germany accounts for almost half the global demand at this time. The sector is hoping that international markets will continue to expand. China, for example, is planning to generate at least 15 percent of its energy requirements from renewable sources by 2020 in order to reduce emissions and its dependence on fossil fuels. The Chinese government wants to subsidize the construction of solar power plants by providing government aid of up to 70 percent.

So both the internationalization of the solar sector and the increase in the construction of offshore wind parks demand special logistics services – which the companies in the Rhenus Group are able to provide – ranging from warehousing to transportation.
Internationality Counts

It all depends on how quickly and flexibly you can respond to local circumstances in the world market.
In Great Demand

Tough general conditions make Africa a challenge for logistics services providers

The FIFA World Cup takes place on the African continent for the first time this year. This is opening up a huge opportunity for Africa, which industrial nations have normally associated with crises, disasters and wars in the past. Many African countries are still suffering economically from the consequences of their colonial period. If they want to become more involved in world trade processes, they first have to industrialize their economies and train the specialist staff that they need. Trade with Africa still involves huge challenges for international logistics services providers. The Rhenus Group is facing up to them in order to make the route to new markets smoother for its customers.

Anyone who approaches the port city of Tangier by sea, obtains a powerful glimpse of the will of the Moroccan government to modernize its economy: It is constructing a port project with significant dimensions in the shape of Tanger Med. 3.5 million standard containers (TEUs) a year can be transshipped at the first terminal, which was brought into use in mid-2007. Tanger Med 2, a deep water port with a capacity to handle a further 5 million TEUs a year, is due to start operating by 2014. Morocco is using these kinds of investments to accelerate its entry into world trade processes. Morocco and its two Maghreb neighbors, Tunisia and Algeria, are banking on their geographical proximity to Europe. The strategy seems to be paying off for Morocco: “In terms of trends, Morocco’s competitiveness has recently increased over Asian countries, for example, in the shoes and textiles manufacturing sectors,” says Rubén Ruiz Alonso, Managing Director of Rhenus Tetrans S.L.U. “More and more European firms are moving their production facilities to Morocco.”

Logistics services with European quality

This can only happen if logistics services providers like Rhenus Tetrans, which has its headquarters in Spain, offer products in line with European quality standards. The logistics specialist company with branches in Barcelona, Madrid, Valencia, Alicante, Seville, Palma de Mallorca, Gran Canaria and Tenerife has been providing transportation and logistics services to Morocco for the past year. The company’s key business includes shipments from the most important cities in Spain to the Canary Islands, the Balearic Islands, the Azores, Madeira, Ceuta, Melilla, Gibraltar and Andorra. “We are accompanying our customers to Morocco because the demand is there and we can see further opportunities there too,” Rubén Ruiz Alonso explains. “We offer various types of shipment services and expert advice.”

Rhenus Tetrans customers can not only book scheduled or chartered services for part and complete loads, but also project loads. A truck travels from the Spanish mainland every day on the scheduled group freightage route and crosses the sea to Tangiers by ferry. Another scheduled service carrying containers leaves Barcelona for Casablanca every week. “Rhenus Tetrans not only handles shipments from Spain to Morocco,” says Rubén Ruiz Alonso. “We also organize the consolidation of the goods in Spain, distribution in Morocco and provide customs services. Our customers benefit from our short transit times, our excellent service and our fair prices.”

Rhenus Tetrans ships everything to and from Morocco except hazardous and heavy goods. The shipments usually consist of consumer goods, building materials, semi-finished goods or automobile parts. Many Moroccan companies also use the logistics company’s services. For example, Rhenus shipped a complete load from Asturia in Northern Spain to Ain Beni Mathar in the heartland of Morocco for a manufacturer of parabolic reflectors. This was just the right solution for the customer, as Rhenus handled the transportation, customs clearance and delivery in just four days.
Prepared for future growth

Rhenus Freight Logistics GmbH & Co. KG covers the complete Maghreb region from Germany with a French partner company. Rhenus organizes weekly groupage freight services from Hilden in the German state of North Rhine-Westphalia; the trucks travel from Marseille to Casablanca by ferry and from there they deliver goods to Morocco, Tunisia and Algeria. “We also offer express services, import and export traffic for packages, part and complete loads and customs services,” says Klaus Günster, Operating Manager for the Maghreb countries at Rhenus Freight Logistics. The company not only transports spare parts, furniture and technical equipment or metal goods to North Africa – even hazardous goods and heavy loads are possible.

While air and sea freight services to North Africa only play a secondary role for Rhenus Freight Logistics, these kinds of services are extremely important for southern African regions. Rhenus Transitários e Logística Lda. in Portugal, which has branches in Lisbon, Maia and Marinha Grande, has been constantly increasing its import volumes to former Portuguese colonies, like Angola, Mozambique and Cape Verde, for the past two years. Angola has developed into one of the most important markets for Portugal in recent years; opportunities are opening up for Portuguese companies, for example, in the construction sector. The economy of this South-West African country has become more stable during the past few years, partly due to its considerable natural resources, which include crude oil, diamonds and minerals. So Rhenus is actively involved in this market and offers a wide range of forwarding services. They include consolidation and chartering for airfreight, transporting containers (LCL/FCL, RO/RO, handling conventional and bulk cargo), customs clearance and delivery services.

But another natural resource in North Africa could generate new growth during the next few years: solar power. The German company Desertec GmbH, which was set up in 2009, plans to establish solar driven power plants in the deserts of North Africa and the Middle East in order to generate power for the European continent. The Kingdom of Morocco plays a major role in these plans, because the project involves huge investments, which only make sense in politically stable countries.

The idea of generating power for Europe in Africa still sounds like pie in the sky. But projects like Tanger Med demonstrate what is possible in Morocco, for instance. But one thing is clear: If projects like these are realized, experienced services companies will be required to organize, control, prepare and optimize the processes and flows of goods, information, energy, money and people. “The companies in the Rhenus Group have the necessary expertise to do this, they work according to European quality standards and can make use of all the resources in the Rhenus Group’s network,” says Uwe Gammelen, a member of the Rhenus board.
Rhenus responded quickly once customs posts were moved to the outer borders of Russia

The customs authorities in the Russian Federation decided to move the bonded warehouses and customs posts out of Moscow and its surrounding area to the country’s borders in the summer of 2008. Revival Express was one of the first logistics companies to follow them and establish branches there. As a result, the company has been able to offer its customers guarantees that customs clearance will take place quickly at the new business locations too.

Russia is an important and buoyant export and investment market for German companies on account of its enormous need to modernize. Germany remains Russia’s most important trading partner, even if the volume of bilateral trade fell in 2009 on account of the economic crisis. But as the slump here was less than with Russia’s other important trading partners, Germany still exports more goods to Russia than any other nation. German companies, which export machines, vehicles and vehicle parts, chemical products or agricultural products to Russia, for example, have to overcome certain obstacles – customs clearance, certification and administrative procedures, for example, can be time-consuming and difficult.

Easing the roads – burdening corporations

The Russian customs authorities say the relocation of customs procedures and checks to places situated near the country’s borders is aimed at easing pressure on the major cities. Moscow is the main urban center in the whole Russian Federation – in terms of customs clearance too. Most goods, which were destined for Moscow, were cleared by the customs authorities there or in the Moscow area. Even some goods destined for St. Petersburg first went to Moscow, were processed there and then transported to St. Petersburg. This meant that traffic volumes in the city, which is constantly plagued by traffic jams anyway, increased even more. “Corporations were informed that the basic idea behind the relocation of the customs offices was to simplify customs procedures,” says Olaf Metzger, Managing Director of OOO Revival Express. “Checks should definitely be increased there in order to give the state greater income from taxes and duties.”

But many persons engaged in foreign trade see few benefits in the relocation of the customs posts, according to a survey of members of the German/Russian Chamber of Foreign Trade in the spring of 2009. Vladimir Kobsev, head of the legal department at the German/Russian Chamber of Foreign Trade, reports that almost 76 percent of the 74 companies involved gave a negative response to the question: “Do you view the concept in a positive light?” 43 percent assumed that customs procedures would take longer and 15 percent expected to experience more bureaucracy and corruption. Only six percent of companies believed that the concept would not have any consequences for their business.

In fact, the volume of traffic at the remaining customs posts in the Moscow region has increased significantly. As the productivity of the terminals at the outer borders is lower than in...
the big cities, waiting times and delays in customs clearance are longer now. As customs clearance no longer takes place near a company branch in most cases, clarifying problems is now much more difficult, simply because of the geographical distance involved.

**Simply outsource formalities**

“German corporations, which already have subsidiaries or branches in Russia, are having to change their logistics,” says Vladimir Kobsev, but “for German companies, which do not carry out customs clearance themselves, there are hardly any major consequences.” In the light of this, Olaf Metzger recommends the following: “Corporations should find a reliable service company, which will handle customs clearance for them. Rhenus, for example, can handle the complete customs procedures for imports in Russia. We are one of the few Western European companies to have our own customs broker license in Russia.” Customs brokers, for example, prepare the goods and customs value declarations – which is a task for experts, because the imported goods have to be assigned to the comprehensive Russian goods list, which includes several thousand items. As a result of their expertise, customs brokers can significantly accelerate the import procedures. In addition to its customs services in St. Petersburg, Rhenus guarantees customs clearance for its customers by using its branch of OOO Rhenus Zollbroker in Smolensk. “As a result we are prepared for the final relocation of customs procedures to locations near the border in good time,” Olaf Metzger explains.

The Russian government reported in 2009 that the relocation of the final customs posts from Moscow, the Moscow area, St. Petersburg and its surrounding region would be completed by 2012. Rhenus Zollbroker opened its branches in Smolensk and Nishni Novgorod in the summer of 2009. After careful preparation, Rhenus Zollbroker can provide customs clearance for its customers without any loss of time or quality.

Do you have any further questions?
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Short Sea Traffic Catches Up

There is free capacity on all modes of transportation at the moment. Short sea traffic is benefiting from this on routes within Europe. Shipping agents are persuaded by the prices, reliability and environmentally-friendly credentials. It can also be used for all kinds of goods, which means that it is not dependent on the economic situation in particular sectors or seasonal factors. Cuxport GmbH is developing into a European automobile logistics hub thanks to this trend.

Cuxport GmbH, which is part of the Rhenus Group, was able to hit the headlines with more good news at the end of November 2009: New Land Rover and Jaguar cars, which are heading for the German and South-East European markets, will no longer be delivered through Bremerhaven, but via the Cuxport Terminal in Cuxhaven. The DFDS shipping company, which has been commissioned to handle the sea transportation and terminal handling by the automobile manufacturer, has made Cuxport responsible for handling this freight at Cuxhaven. Approx. 11,000 vehicles manufactured in Great Britain will now travel via Immingham on the DFDS “ElbeBridge” service to Cuxhaven every year.

“This means that Cuxport is continuing to develop into an automobile logistics hub for short sea and deep sea destinations,” says Hans-Peter Zint, Managing Director of Cuxport GmbH, with a smile on his face. The port’s success with its short sea traffic services reflects a trend, which has already been a factor for some time: Automobile logistics is increasingly using short sea traffic for routes within Europe. “Costs and dates for rail traffic through France are hard to calculate. Trucks may be faster than ships on some routes, but they can only carry fairly small volumes and that makes operations more expensive,” says Zint. Overall short sea traffic strengthens intermodal flows of traffic and helps to net-
More and more automobile manufacturers are using Cuxport for transshipment services for short sea traffic

work seaports in a better way. This is how Cuxport has been able to develop into the automobile logistics hub for Great Britain, Scandinavia, Russia, the Baltic nations and Spain. As many as 240,000 new vehicles pass down the RoRo gantry ramps – and this trend is increasing again after the slump last year.

Persuasive arguments

“Some customers not only appreciate the economic benefits and reliability of services on water, but also the positive effects on the environment, because emissions can be reduced by using sea transportation.” The managing director of Cuxport believes there is another advantage: Two-way traffic can be guaranteed because the RoRo vessels used on most short sea routes can be utilized in various different ways: “Pure automobile transporters can only carry vehicles, but there is no need for automobile transportation services in both directions on many routes within Europe. But our customers’ short sea vessels can be used for a variety of purposes – for vehicles, consumer goods or even larger equipment.”

Cuxport believes that it very important to provide its customers with appropriate services. “We don’t just look at the benefits for us, but try to find the best possible solution for our customer. That also means that we enter strategic cooperation arrangements with leading partners in various fields in order to provide services, which are not part of our core business,” says Hans-Peter Zint.

This strategy has played a part in enabling Cuxport to gain several new vehicle import and export customers during the past few months. But other advantages linked to the site were also crucial: its strategically favorable location at the mouth of the Elbe River, direct links to the A 27 freeway and the rail link to the largest German marshalling yard at Hamburg/Maschen. Cuxport is also connected to the European network of inland waterways via the Elbe River, so that it is possible to even reach destinations in the Czech Republic or Poland on inland waterway vessels.

In addition to the new customer already mentioned above, Rhenus Cuxport recently won the order to transship vehicles from England in Cuxhaven and handle the nationwide distribution to vehicle dealerships within delivery times stipulated in an agreement. This means that Cuxport already handles a wide range of car brands and other projects are already at an advanced stage.

Prepared for growth

Capacity is available: Cuxport is the only terminal in Cuxhaven with RoRo ramps for ships with a draft of 13.50 to 15.80 meters and it can therefore handle any type of vessel, whether it is a RoRo ship or pure car carrier, at any time, even vessels with a quarter ramp. Rail wagons can be loaded and unloaded at a double ramp with two sets of rail tracks, each 400 meters long. Cuxport also has experienced personnel and space that meet the quality requirements of automobile manufacturers for storing vehicles. The company is also planning to construct a car logistics center, where three parking garages could be built to accommodate 6,000 vehicles on an area measuring 15 hectares. Vehicles can then be stored under cover until they are shipped to other destinations. A PDI center will complete the range of services.

“We not only carry out work in the automobile logistics sector, but offer many other port transshipment services and transportation logistics as an independent logistics company,” Hans-Peter Zint says. “We aim to not force customers to accept pre-packaged processes, but prefer to find individually developed solutions, which we have adapted together to meet the special needs involved – round the clock, 365 days a year.”
Rethmann. All three joined the Supervisory Board in 1999 and this step completes a leadership transition at the family-owned company, while at the same time reducing the number of Supervisory Board members from six to three. The Management Board of the RETHMANN Group remains unchanged, with Reinhard Lohmann continuing to serve as Chairman and CEO, supported by Klemens and Ludger Rethmann.

The shareholders, Management Board and Supervisory Board of RETHMANN AG & Co. KG would like to thank Norbert Rethmann, Dr. Wolf-Albrecht Prautzsch and Heinrich Zölzer for their longstanding dedication to the business. Heinrich Zölzer joined the Supervisory Board in 1989, while Dr. Prautzsch has been a member of the Management Board of the RETHMANN Group since 1989.

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At the ordinary meeting of the Supervisory Board of the RETHMANN Group on 21 September 2009, Norbert Rethmann handed the position of Chairman of the Supervisory Board to his son, Dr. Martin Rethmann, marking a change of generation. At the same time – and with the special thanks of the family shareholders, the Supervisory Board members and the Management Board – Dr. Wolf-Albrecht Prautzsch and Heinrich Zölzer also stepped down from the Supervisory Board. The new Supervisory Board will be comprised of Dr. Martin Rethmann (Chairman), Dr. Peter Nölke (Deputy Chairman) and Georg Rethmann. All three joined the Supervisory Board in 1999 and this step completes a leadership transition at the family-owned company, while at the same time reducing the number of Supervisory Board members from six to three.

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Facing Challenges with an Entrepreneurial Mindset

Handover to a new generation now complete on the Rethmann Group Supervisory Board

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since 1993. By contributing their considerable experience and invaluable advice, both men have helped to nurture and shape the company. Norbert Rethmann took the opportunity presented by the Supervisory Board meeting to once again stress that it has always been important to him to view the family-owned company as a whole. This includes amicably transferring ownership to the next generation, as well as handing over responsibility on the Supervisory Board and Management Board. He personally thanked outgoing Supervisory Board members Wolf-Albrecht Prautzsch and Heinrich Zöller for their commitment over the years. “Both of them have played a major part in the company’s evolution for many years, demonstrating a very fair but critical loyalty to the family shareholders and Management Board, which has ultimately formed the basis of the RETHMANN Group’s growth,” said the now Honorary Chairman of the Supervisory Board. Norbert Rethmann and the entire Supervisory Board wish the company – and particularly the new Supervisory Board and members of the Management Board – continued success and sustainable growth, with a special sense of responsibility towards the many employees and the shareholders.
75 Years of Experience

The Rhenus Logistics Limited freight forwarding company has had many years of experience in providing transportation services from the United Kingdom to Europe.

Paul Hauser founded the P. Hauser & Co. freight forwarding company in 1935; its official trading name is now Rhenus Logistics Limited and it is one of the leading British shipping companies. The firm not only links the British Isles with continental Europe and overseas, but has also specialized in handling groupage freight assignments, express deliveries, hazardous goods and warehousing.

The recipe for success at Rhenus Logistics Limited could be summarized in the following way: Hard work, persistence and an unpretentious approach enable firms to reach their goal in the long term. Paul Hauser (1895-1977), the company founder, was the first to follow this principle. The trained logistics manager, who had only come to England from Switzerland three years earlier, set up the P. Hauser & Co. shipping company in Manchester in 1935. He established a groupage business to the Swiss city of Basel with a few employees, but business stagnated during the Second World War. Hauser initially switched to using sea routes via Portugal, but in 1943 shipments came to a complete standstill. There were only a few large overseas exporters that were still moving goods abroad from the United Kingdom during the war. So P. Hauser & Co. rented three warehouses in Liverpool for them and switched from transportation to warehousing.

But Paul Hauser did not allow circumstances to divert him from his original idea. After the war, he returned to Manchester and once again set up groupage freight services to Switzerland and Central Europe. Demand grew quickly, but Hauser was not happy with the speed of the shipments. So he had an idea: door-to-door deliveries, which would reach their destination in less than ten days using direct rail services without the need to transship goods. The first of these groupage freight export services by rail ferry from Northern England to the continent was launched in 1946. The chemical industry in particular valued the speed and frequency of these services and Hauser was soon shipping bulk goods to the European mainland too.

By Rail and Road

P. Hauser & Co became P. Hauser Limited in 1952, a company that was very successful with its rail ferry business during the next 15 years. Hauser gradually provided other destinations in France, West Germany, Eastern Europe and the Middle East. In order to meet the growing volume of tank truck traffic, offices were opened in London and Harwich. When competition in the groupage freight sector grew as a result of the use of trucks in the 1960s, P. Hauser Limited seized the opportunity and also launched its first scheduled truck services to Basel. These scheduled services proved a hit and Hauser Limited was able to offer transportation to almost any destination in Europe by the 1970s.

This was the time when Gary Cater, who is now Group Director of Rhenus Logistics Limited, began his forwarding agent’s career with P. Hauser Limited in Chasetown. His first place of employment was in a 20 foot building container in a backyard: “We only had two desks, one telephone and a kettle,” Gary Cater recalls. “Nobody thought of a computer, fax machine or mobile phone in those days. We had to fill in each waybill and each individual document by hand. We produced copies using carbon paper and took them to the warehouse. Whatever the weather, I rode there on my bike in order to be present when the truck was being loaded.”

This “office” was so successful that the company soon moved into a facility with three desks, one typewriter and a telex. The company grew with each new customer and the more international destinations the company served, the greater the network of partner enterprises became. Import traffic also grew as a result of them. So in order to turn round inbound trucks faster, Hauser opened an office at Stansted Airport in 1973, where the company was able to use its fast air freight dispatch services for trucks arriving from the continent too. When TIR regulations, which simplified the international transportation of goods, were introduced in 1975, Hauser increasingly focused on truck shipments; rail ferry services were almost exclusively used for bulk commodities.
Michael Hauser took over from his father as manager of the company in 1974 and under his leadership the company continued to grow. He relinquished the position of strategic manager in 2002 when the managing directors at that time, David Williams, Gary Carter and Graham Miller, launched a management buy-out.

Three years later Hauser became part of the German Inter-Spe Hamann Group (IHG). As a result, Hauser obtained a robust European network and gained access to other markets where IHG was strong. After the Rhenus Group took over IHG in 2006, Hauser Limited’s name was changed to Rhenus Hauser. The company continued to expand its range of services – e.g. by adding air and sea freight to overseas destinations. Other offices in Lincoln and Swindon were opened in 2008. Rhenus Hauser was then completely integrated in the Rhenus Group in 2009 and has operated under the trading name of Rhenus Logistics Limited since then. The company opened a sales office in Liverpool in January 2010 in order to gain access to the county of Merseyside, the Deeside region, North Wales and West Lancashire.

From Freight Forwarder to Logistics Services Provider

The company is now one of the leading freight forwarders in Great Britain; it provides services to transport individual items and groupage or part and complete loads to Europe – or door-to-door traffic. But the company also handles express deliveries and special or heavy loads. Daily departures to all the important regions of Europe guarantee that goods move fast. Several hundred trucks are on the road for the service company every week. The largest export market is Germany, which accounts for approx. 33 percent of shipments. The company can also handle shipments around the globe from all its English bases through the international Rhenus network and outside partners. This not only applies to shipments to the continent, but in the other direction too; the ratio of imports and exports at Rhenus Logistics Limited is almost equally balanced.

The British company not only offers freight forwarding services, but has also specialized in warehousing, packing goods, consolidation, track & trace and documentation. The chemical sector is still one of its main customers. Rhenus Logistics Limited mainly transports primary products that are used to manufacture plastics and coatings. But the specialists at Rhenus also have plenty of experience in handling hazardous goods like liquid chemicals, flammable and pressurized gases or poisonous substances and powders. The employees are trained to handle these products and provide the transportation services in line with the latest environmental directives. Rhenus Logistics Limited has its headquarters in Manchester, but also has branches, hubs or offices in Bradford, Cannock, Basildon, Glasgow, Hull, Leighton Buzzard, Lincoln, Newton Aycliffe, Sheffield and Swindon.
Irmgard and Norbert Rethmann received the Siemerling Prize for their involvement in social projects

Neubrandenburg
March 2010
Opening a new logistics center in Mannheim