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CEO Message 2013, Issue #2

Welcome to the latest issue of Freight Connections

You will read about new products, solutions and services developed for you in our effort to continuously improve our offerings, optimize your supply chain, and further strengthen our position as your Provider of Choice.

A new premium product which will be available from 02 September 2013 is DHL EURAPID, a solution which provides customers with reliable day definite transport lead times to key markets in Europe. It covers 75% of business addresses in 14 countries and the network is growing.

In addition to DHL EURAPID, we are very excited about China Rail. Currently, it is operating from a number of key hubs in China through Russia, Mongolia and Kazakhstan to DHL Freight's dedicated hub in Malaszewicze, Poland. By utilizing DHL EUROCONNECT's network, we can then transport our customers' cargo throughout the rest of Europe.

Just as important is GreenLink, the new product name under which we have successfully consolidated all our LLP offerings. This brings huge advantages to our customers with a particular emphasis on cost optimization, reliability and speed of transportation.

Our Trade Fairs and Events team continues to grow from strength to strength, and you can read of how they can tailor a range of logistics services specific to international and domestic trade fairs and events via road, air and sea. Two wonderful examples of where they have risen to challenges are highlighted in this issue.

Another sector within DHL Freight which is growing and developing at a rapid rate is Life Sciences and Healthcare. We have recently expanded our cold chain setup in Europe, as there has been considerable demand from our customers in Eastern Europe.

At DHL Freight we continuously ensure that we make a difference in the lives of those less fortunate. In a tie up with a local football club, DHL Freight Sweden have shown their passionate commitment to helping unemployed youths by offering educational and employment opportunities.

The year has also seen several announcements from countries indicating implementation of increases on road tolls and / or expansions in the road network subject to tolls. The changes announced in Poland and Hungary have taken effect, with France following shortly in January 2014. This trend is expected to continue with indications of implementations in 2014 – 2016.

There are many waiting stories in this issue which showcase DHL Freight's capabilities in meeting your transport challenges head on.

Wishing you an enjoyable read.

Thanks for your business!

Amadou Diallo
CEO, DHL Freight

Linking East and West

DHL Freight's China Rail Service Fast Tracks Goods between Asia and Europe

Transporting goods from China to Europe just got a whole lot more efficient thanks to DHL Freight's China Rail service. Operating via four main corridors through Russia, Mongolia or Kazakhstan, the network runs from Beijing, Shanghai, Tianjin, Qingdao, Dalian, Shenyang and Chengdu to DHL Freight's dedicated hub in Malaszewicze, Poland.

The hub will then reload the goods in transit from and to China and Europe. DHL Freight customers can decide whether to split the cargo and go into delivery, making use of DHL's extensive DHL EUROCONNECT network, or use the Full Load Capacities either by Road or Rail for the cargo's final destination to all countries in Europe. This solution works the other way as well, meaning DHL Freight is able to deliver customers' goods from Europe to China.

There are many benefits to using China Rail for customers of DHL Freight and these include cost efficiency (cheaper than Airfreight), short lead time (faster than Oceanfreight), reliability, security, insurance and DHL Freight's unique Track and Trace system. In addition, customers can expect:

- Extensive coverage across Europe
- Complete transport concepts based on railway
- Door-to-door solutions
- Single container, wagon groups or block train service
- Environmental friendly solutions (rail transport has no methane hydrocarbon and sulfur dioxide)
- Flexibility to meet business peaks and market fluctuations
- Multimodal service capabilities
- Additional insurance coverage on request
- Efficient handling of import, export and transit formalities
- Standard and on-demand service performance reports

On both east and west bound routes, China Rail offers single containers, wagon groups and block train movements. Depending on the route chosen, the transit time ranges from 13 (West Corridor) to 26 (North Corridor) days. Recommended cargo includes automotive parts, electronics and computers, chemicals, spare parts, white goods, health care and fashion & apparel.

In addition, DHL Freight offers electronic seal/GPS security system on demand. Based on the global GSM network and

the GPS system, the system allows customers to keep track of their cargo. The system is configured in its default setting to automatically send notifications of any alert situations through email or SMS, and the tracking system is fully managed and monitored with a manned control center.

"The market expects their logistics partner to offer different solutions in order to suit the requirements of the fast-changing, competitive environment. Connecting China and Europe with an intermodal solution, we are offering customers the option of balancing transit time and working capital more efficiently," explains Piotr Sikorski, Managing Director, DHL Freight Poland, and Head of Intermodal/Rail, DHL Freight. "Besides, it is in line with the DPDHL Strategy 2015 and supports environment protection."

Did You Know?

China Rail is part of the DHL INTERMODAL solution which offers regular departures encompassing all modes of transport throughout Europe and CIS.

Setting The Stage for Customer Events

With over 50 years of specialist experience in Trade Fairs and Events, DHL Freight Offers Unique Customized Logistics Solutions through DHL Trade Fairs and Events (DHL TFE).

When it comes to trade fairs and events, DHL TFE leads the way in all shipping, handling and import and export requirements. And, in addition to planning, executing and supporting a range of tailor-made logistics services specific to international and domestic trade fairs and events via road, air and sea, DHL TFE provides a number of other valuable offerings. These include:

- Expert packaging
- Professional transport services for all goods via road, rail, air or sea
- Import, export and transit formalities
- Temporary import clearance and re-export
- On-site operations at major venues across Europe
- On-site multilingual staff
- Trade fair services
- Status updates during transportation

Two recent customer success stories have showcased DHL TFE's capabilities in handling enormous shipment volumes. The 58th Eurovision Song Contest (ESC) – one of the world's longest running television programs, which took place in May in Malmo, Sweden – called for at least 35 truck loads of Swedish television media and technical stage equipment. This quickly increased to 120 after DHL TFE specialists were awarded contracts with individual artist delegations from the 39 European countries that were participating, thanks to the recommendation of Swedish (Sveriges) television media. Cargo included lights, cross beams and other items for the stage set in addition to musicians' costumes, show equipment and promotional products.

One of the biggest challenges however was the transport of the moderator's dress from Paris to Malmo. The packaging was enormous – 2,5 meters (L) x 2,5 meters (H) x 0,5 meters (W) and weighing an incredible 25kg. Folding it was impossible and therefore a laid transport was needed. In the end, it was repacked to 2,4 meters in length and transported in a complete truck.

Once the show was over, a delighted Bertil Göransson, Logistic Manager Eurovision Song Contest 2013, Sveriges Television, said to DHL TFE, "The last truck is loaded and the Arena is empty again! Many thanks for all your efforts during the ESC 2013. I'm very happy to have the privilege to work with you and I hope I get the opportunity to do it again in the future."

Added DHL TFE's Patrick Dexheimer, who headed up the project, "The project has been a huge success and that's because of the close collaboration of all those involved. The teamwork of

DHL TFE, DHL Freight Sweden and DHL Global Forwarding has been outstanding.

Another customer who benefitted from DHL TFE's expertise was an ensemble called the „mallArt ensemble – percussion". The members are award winners of national and international percussion competitions in cities such as Munich, Budapest and Geneva. During the last 15 years they have produced numerous CDs and held solo and chamber music-performances throughout Europe, South America and the USA.

The name of the ensemble stands for the art of the mallet-instruments. Some examples of instruments played include the marimbaphone, vibraphone, xylophone, glockenspiel, crotales and bells. Naturally there are large costs for these musicians when travelling to perform, and this is where DHL TFE stepped in to provide sponsorship, absorbing over half the transport amount. The ensemble was also able to rest easy knowing that DHL TFE would be able to safely transport the various precious instruments in a timely and cost-efficient manner. Says Tibor Herczeg, leader and member of „mallArt ensemble", "There had to be very sensitive handling, safety, perfection, punctuality and spontaneity in case of an emergency. DHL TFE was extraordinarily perfect and quick! Moreover there was sensational spontaneity and niceness from the team. We give them the very best mark!"

Added Gregor Klammer, who was in charge of the team at DHL TFE, "The challenge was that we only had one day before loading the final information about the volume of the shipment and that was Easter Monday. That meant that we had a 24/7 service to the client and we gave him an intensive consultation regarding the orchestra logistics."

As our customer, you will benefit from:

- Long-term experience and know-how in both trade fairs and events
- Specialised solutions for different target groups
- Customized, individual concepts
- Full service approach before, during and after the fair or event
- Permanent presence on-site at main fairs & exhibition grounds
- High flexibility and commitment
- Clear cost and tariff information
- Worldwide presence

GreenLink Connects and Optimizes Supply Chain Networks Worldwide

DHL Freight's Innovative LLP Solution Offers the Best of Both Worlds.

As an industry pioneer of the Lead Logistics Provider (LLP) concept, DHL Freight's reputation has grown over the years with their LLP products, which have provided innovative and cost competitive strategic logistics that optimize transportation networks. By 2012, DHL Freight's LLP product – which cleverly leveraged its new state-of-the-art IT platform Plato – was truly global with operations in Europe, Asia and North America.

This year saw the launch of DHL Freight's global LLP service under the new united brand name GreenLink which is proving to be a big hit with customers looking for a single-source solution for their transport challenges. GreenLink consolidates all DHL Freight's LLP offerings under one brand and delivers and optimizes transportation networks, with an emphasis on cost optimization, reliability and speed.

All of which meet its customers challenges head on, which include lack of visibility and innovation, complexity and inadequate resources according to Dr. Stefano Arganese, CEO DHL Freight, Central Eastern Southern Europe and Americas, Middle East, Africa. "We feel an LLP model has the potential in many cases to address the cons of the traditional model. Such a solid relationship structure will drive innovation as each party does what it does best. We have seen it work across the world. GreenLink provides a single point of responsibility towards the customer, such as covering multiple LLP service modules in an end to end supply chain, focusing on delivering improvements on behalf of the customer under a solid relationship structure."

He adds, "The services we offer under the GreenLink brand are designed to cover our customers' needs from end to end. At the same time, it's modular, so they can adapt the product offering to their specific needs. Every customer has different challenges and GreenLink can be custom-tailored for each customer to ensure that we meet their specific needs."

Dr. Arganese believes that the important thing to stress about this new LLP product is that the GreenLink team focuses on innovation and optimization for each of the service modules. "Besides executing flawlessly, the GreenLink teams are charged with continuous improvement. We see them as customer agents who are incentivized to drive innovation and optimization across all the service modules that we cover", he explains.

The results have spoken for themselves, especially when it has come to lower operating costs and working capital and an improvement in flexibility and visibility.

"Your operating costs are reduced in distribution, transport, procurement and staffing; your working capital is lowered because your inventory is reduced and your order cycles are

GreenLink, as a unified brand for our LLP/APL services, ensures that our value proposition is properly reflected towards the market. As a strategic partner of our customers, we support their transformational agenda by giving them access to the best available services on the market, which is typically a hybrid combination of DHL and non-DHL transportation services. Our value proposition remains unchanged with the new brand and we have taken it to the next level on the maturity curve. It's exciting to see that we have received a lot of positive responses from existing and potential customers.

Serge Gregoir, Global Head of LLP & Control Tower Solutions.

shortened; your fixed capital is reduced as your network becomes more flexible and you enjoy higher asset utilization; and your data mining is improved through analyses and reports that give you the visibility to support your strategic initiatives on a local and global level", offers Dr. Arganese.

He explains that DHL Freight aims to build trust with its customers by focusing on a relationship that is based on performance and desired outcomes, and that can be accomplished by delivering a thorough due diligence process as part of the bidding process and agreeing on clearly defined goals.

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“As part of that exercise, we identify what’s realistic over a three-year period, with each phase usually focusing on a specific key lever. For example, in year one we generally focus on procurement and once we know the business we focus on optimization, whether that be processes, routing, shipment allocation, IT connectivity and so on.” He continues, “In other words, rather than selling you a trip to the moon, we view this more like a chess game where we carefully weigh each move and plan well ahead to come out on top. We don’t enter into a LLP relationship until we have done all our homework and can be certain that it’s to the benefit of our customers.”

Among its services are:

- Transportation Procurement
- Transportation Management and Optimization
- Carrier Management
- Account Management
- Freight Audit and Payment
- Multi-modal Transportation
- Claims Management
- Network Analysis and Consultation
- Cross-Border and Customs Brokerage
- CO2 Reporting

The benefits, which your organization will enjoy, include:

- Reduced operating costs in distribution, transport, procurement and staffing
- Lowered working capital through reduced inventory and shortened order cycles
- Reduced fixed capital as your network becomes more flexible and you enjoy higher asset utilization
- Improvement in data mining through analyses and reports that support your strategic initiatives on a local and global level

Country Spotlight on the Netherlands

The Netherlands' Geographical and Infrastructural Strengths Make it a Major European Market Player.

With its strategic coastal position, extensive transport network and proximity to other major European countries such as Germany, France, Belgium and the UK, the Netherlands has long been a major sea, air and land transport hub. Key factors include its Port of Rotterdam (Europe's largest, and the world's fourth largest) and the Port of Amsterdam, which deal in millions of tons of trans-shipments per year. In addition there is Amsterdam Airport Schiphol – a major European airfreight and passenger hub – and an extensive road, rail, inland waterways and pipeline network. This powerful combination has made the Netherlands the 'Gateway to Europe' accounting for significant quantities of European road- and water-transport.

DHL Freight, which has had a presence in the Netherlands since 1986, is very much at the center of providing logistics services to and from the country to the rest of Europe via air, road and sea. Amsterdam and Rotterdam are only between six and eight truck hours from the metropolitan areas of Paris and London and only three hours from Brussels and the German Ruhr area. Numerous international companies serve their customers throughout Europe and beyond via a DHL Freight central distribution center in the Netherlands.

The road freight market share of DHL Freight in the Netherlands is 1.3%, however the logistics market, with a value of 55 billion Euros, is huge and fragmented in the Netherlands. The share of road transport in the total Dutch logistics market is 12.5 billion Euros and accounts for approximately 14% of international road transport in the European Union (EU).

"Our plan for DHL Freight is to grow to a road transport market share of 1.9% in the Netherlands" says Michel Clausing, VP Marketing & Sales for Belgium, the Netherlands and UK.

As part of DHL Freight's Benelux and UK cluster, DHL Freight Netherlands offers a number of services in addition to providing a dedicated logistics network between major European markets. As part of the cluster's Sales Strategy for 2013 – 2015, the focus will be on these Seven (7) Product and Industry Solutions:

- DHL EUROCONNECT: A road freight groupage product covering all industries for consolidated freight with confirmed lead times. It offers an easy booking process, track & trace, and simplified invoicing
- DHL EUROLINE: Part and full-load services for domestic and international shipments within all European countries

and beyond. The FTL product can provide customized transport services with simplicity and high-quality standards. It also allows for customization according to customer requirements such as for valuable goods

- Benelux dedicated solution: Dedicated intra-Benelux solution for distribution of parcels, pallets and direct shipments for different industries such as Consumer Retail & Fashion, Electronics, White Goods and Engineering & Manufacturing
- (Inbound) Control Tower: A light version of DHL Freight's Control Tower tool to manage all suppliers of a customer for all their inbound pallets and direct deliveries in Europe
- Chemicals: Specific solutions for the chemical industry for all types of pallet shipments addressing all requirements of this sector with specialized competence in Grimbergen, Belgium
- Life Sciences & Healthcare: Dedicated (FTL) and non-dedicated (LTL Cold Chain) solution based on the requirements of the sector with specialized competence in Grimbergen, Belgium
- Russia Solution: Based on the DHL Green Light procedures, customized solutions for different sectors can be offered to deliver shipments to Russia via DHL Freight's competence centers in Benelux and UK. DHL Green Light service covers total technical customs clearance of shipments to Russia. As a result, transit times are short and waiting days at border crossings and/or customs areas are avoided

One customer who has taken advantage of DHL Freight's services is Kramp. Kramp is one of the largest and fastest growing technical agriculture wholesale businesses of Europe. In their search for a solution, for the inbound goods from the suppliers to the warehouses in the UK, France, Germany and the Netherlands (Varsseveld), Kramp issued a tender to which DHL Freight responded successfully. "Unlike outbound processes, inbound is a pull process with flows from 450 suppliers to our four warehouses," explains Marc Conings, International Transport Manager, Kramp. "DHL's proposed new setup makes it possible to ship all kind of products (e.g. pallets, parcels, hazardous goods, lengths, part loads, full loads etc.) across Europe to our four warehouses using one virtual carrier (Control Tower DHL Freight Eindhoven). From the moment the goods are planned for shipping at supplier sites, availability in our warehouse is secured. This way, European suppliers are fully integrated in our supply chain, and we are one step closer to a European "virtual warehouse"."

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Ahead of the Times

With the Life Sciences & Healthcare sector going through significant changes, DHL Freight is strengthening its offerings and structure.

With the recent expansion of its cold chain setup out of Grimbergen, Belgium, where it also houses a certified cross-dock hub, DHL Freight has greatly improved its services to customers in the dynamic, innovative and revolutionary Life Sciences & Healthcare sector.

With one IT system, the hub offers customers transparency in the flow of the goods, reporting, proof of delivery and better overall goods' visibility (via eTrack which is the track & trace module). A future development will be an eMaps module which will allow a customer and/or control tower to have real time visibility on all shipments and basic status information via a flatscreen installed in their office.

The move comes after five successful years of operating its cold chain setup out of Basel, Switzerland, and the new hub's features include four separate working cool units, a bonded customs warehouse, a hazardous cargo storage area, and customs formalities services. As a result of this move, DHL Freight now provides twice-weekly LTL service departures (2-8 degrees Celsius and 15-25 degrees Celsius) to 30 countries in Europe.

"What we saw was that there was a need for us to start communicating with customers. We found that they were doing it a certain way, but it was still too expensive and they wanted a dedicated round trip. So, our new Life Sciences solution suite gives customers a choice of dedicated FTL, LTL cold chain, dedicated milk runs, and so on", explains DHL Freight's Thomas Ellmann, Vice President, Global Head of Life Science, Healthcare & Chemicals, DHL Freight.

DHL Freight has also been ahead of the eight-ball when it comes to dealing with major regulatory changes in the sector, such as the release of the new EU Good Distribution Practices in March.

"The new guidelines are much more detailed than the previous ones and have raised the bar in terms of quality and quality

assurance. The European Commission will run audits from the last quarter of 2013 against the new guidelines", says Thomas, adding, "What it means for players in the market is they need to make sure that they are good at what they're doing in terms of transport and distribution, that they have documented procedures, trained personnel and qualified people in place, and that they design their processes with risks in mind to ensure the integrity of goods. This includes counterfeit prevention. For DHL Freight, it asks that we ensure all our people, processes, subcontractors are trained, qualified, and selected, but we are ready internally, and have people in place who ensure only the most qualified subcontractors are used."

In addition to these new guidelines, there has been a definite shift in terms of both production and consumption towards Eastern Europe. Companies located in Western Europe are shipping into Eastern European countries such as Romania, Bulgaria and Hungary because of the growing demand there. Likewise, volumes are rising from these generic manufacturers from East to West as governments seek to buy less expensive medicines. In addition, there are more intra-Eastern European shipments because manufacturers based in Romania and Bulgaria are sending goods to Moscow and further east to countries such as Uzbekistan and Tajikistan.

To meet this demand, DHL Freight has reorganized its internal structure. "We now have a global key account management system which covers all the sectors we work in. We differentiate between core sectors, such as Engineering & Manufacturing, Automotive, Consumer, Retail, Life Sciences and Technology; and our four 'growth' sectors – Aerospace, Energy, Chemicals, and B2C", offers Thomas, continuing, "We have aligned all our customers by industry sector and assigned one person for each account and an executive sponsor who is responsible for the development of that customer."

Socially Responsible Sweden

DHL Freight scores with helping disadvantaged youngsters get on in life with its job opportunities program.

A year after signing a 'sponsor program' agreement with Swedish soccer club Djurgården Fotboll to further social responsibility and support the club's youth and social activities, DHL Freight Sweden has added a new dimension to the project.

A total of 20 unemployed youngsters, aged between 18 and 25, will now be given the opportunity to get a taste of regular work and hopefully also encourage some of them to return to education. The project is managed by DHL Freight and Djurgården Fotboll, and is the first of its kind that has been conducted in DHL Freight Sweden. The program is part public funded and internships are co-sponsored by ICA, Sweden's largest supermarket chain. The project is scheduled to run for just over four months, with the first month set aside to prepare the participants. Educational training is being co-provided by DHL Freight and Djurgården Fotboll, with Djurgården also running physical activities and mutual-respect building team events. During the following three-month internship, participants will work four days a week at DHL Freight or ICA, where they will also be mentored in addition to spending a further day taking part in physical activities and team events.

The educational training includes providing inspirational career lectures by DHL Freight employees, motivational talks, how to prepare resumes, job interview practice, customer service and communication education, conflict management and active leadership exercises.

Making a better life for themselves

Says Peter Hesslin Managing Director DHL Freight (Sweden) AB; "Our ambition is to run two groups per year, addressing the needs of 40 young people per annum. It is all about making the environments in which we live and work better places to be. We also foresee that a number of these internships will lead to employment with DHL Freight or ICA. Where this is not the case however, youngsters will have been prepared to go through the process of actively seeking work and making a better life for themselves. I truly believe these youngsters can come to be some of our most loyal employees and true ambassadors for DHL".

He adds, "The investment for us is time, dedication and the commitment of the DHL Team who work within this project. The success will be measured in how many of the participants are employed when the project is completed."

Djurgården Fotboll is delighted to be partnering DHL Freight in this important initiative. "It is often difficult to get trustworthiness among youngsters, especially in suburbs where exclusion reflects a distrust of authorities and organizations. Therefore, it is of great importance for me and Djurgården to have partners that show both commitment and heart. DHL Freight has demonstrated a genuine commitment and is currently one of our best role models as a partner to Djurgården. With a partner like DHL Freight, we can make a big difference in our communities and especially for young people", explains Djurgården Fotboll's Patrik Asplund.

Drive-in-success

DHL Sweden decided to back the project after being overwhelmed by the success of the Drive-in-Soccer project it has been co-sponsoring for the past 18 months. Drive-in-Soccer, which was originally introduced by the London club Charlton Athletic before being brought to Sweden Djurgården Fotboll, has been opening up sports halls on Friday and Saturday nights to disadvantaged youngsters for around seven years.

"Most of the kids that turn up are unemployed, second-generation immigrants from underprivileged and often unstable home environments", says Hesslin, adding, "In many cases Drive-in-Soccer on Friday and Saturday nights represents one of the few stable activities in their lives. It's something that many of them really look forward to during the week".

Hesslin hopes too that the project will also act as a catalyst to others, and encourage them "to find ways of helping those around them that are less fortunate".

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Precision, Speed, and Reliability – Common Traits of Formula 1® and DHL EURAPID

Day-definite deliveries to major European Markets thanks to DHL EURAPID, DHL Freight's new premium groupage service.

On 23 August 2013, Amadou Diallo, CEO, DHL Freight, launched DHL EURAPID alongside the 2013 FORMULA 1 SHELL BELGIAN GRAND PRIX. From 02 September 2013, DHL EURAPID will connect the main economic areas in Europe, and cover 75% of the business addresses, with additional geographies to come onboard the network in the future months. Whether it's Barcelona to Frankfurt, Milan to Paris, or Copenhagen to Eindhoven, customers can expect their shipments to be delivered in 46 hours, day-definite.

DHL Freight's latest high-quality service is developed to provide customers with highly reliable transport times to key markets in Europe. A premium 'less-than-truckload' (LTL) service, DHL EURAPID can transport shipments ranging from a single parcel to multi-pallets up to 2,500 kilos. Industries such as Automotive, Technology, Engineering or Life Sciences demand fast and reliable shipments. DHL EURAPID offers this and much more.

Exciting highlights include day-definite lead times – daily departures on work days and scheduled arrival days; and optimized line connections via direct line-hauls or hubs. Another is priority treatment – booking confirmation and validation, prioritized handling and faster connections through a priority loading process.

The product also features full end-to-end visibility, simplified rate cards, and same-day pickup for specific postal codes. Dedicated customer service teams have been put in place to handle bookings, enquiries and rate requests. The customer service team constantly monitors shipments for exceptions, which will be immediately communicated to the customer, ensuring end-to-end visibility. In addition, shipments can easily be tracked by customers via the smartphone app DHL ACTIVETRACING, and are shipped based on fixed timetables.

As with all DHL Freight services, value added services offered to customers include:

- Customs clearance
- Cargo insurance
- Transportation of dangerous goods (except ADR classes 1, 6.2, 7)
- Customized reports

Explains Amadou Diallo, CEO DHL Freight, "Our customers require higher frequencies, demand proactive customer service, and want extremely reliable delivery execution for advanced supply chain concepts. Short product life cycles, for example in the Technology or Fashion and Apparel business, further add to this growing demand. For this reason, DHL now has launched DHL EURAPID, providing customers with a day-definite commitment and easy to use solution."

DHL Freight News

Delivering Excellence

Having studied Maritime Economics in Rotterdam, Michel's love for the industry started years before his career did in 1993.

Road freight has been a part of Michel's career almost from the start as he took up a Telesales role within Danzas. His focus then diversified to include other transport modes – air and ocean, when he was designated to the multi-product sales force. He was then promoted to Key Account Manager for a number of customers. From 1998, Michel once again dedicated himself to road freight – both domestic and international.

Since 2003, Michel headed the Sales Team in Benelux. With the addition of UK to the cluster in recent years, Michel now takes care of Sales for DHL Freight in Benelux and the UK.

Freight Connections (FC) chats with Michel (MC)

FC: *What was the most challenging task/decision you ever experienced in your working life?*

MC: *The team spirit has always been very important to me. Within DHL, it is always the team work within Sales or the cooperation between Sales and Operations which makes the difference in edging out competition.*

It's always a tough decision to take someone out of their job due to a mismatch between employee and the organization, or amongst members of my team – but it is something that needs to be acted upon accordingly. Looking at the Employee Opinion Survey scores, and the overall sales results of the last couple of years, I'm proud to be the manager of this team.

FC: *In your view, what is the biggest challenge Benelux (in general) faces?*

MC: *The biggest challenge within Benelux is to maintain market share and to grow the business in a market environment which is very competitive and downsizing at the moment. As you know, a lot of activities and warehouses are moving to emerging markets. Besides that, the Technology sector in the Netherlands is slowing down. However, we are currently experiencing a huge growth in the Life Sciences sector in Belgium – this has helped compensate the situation.*

FC: *Why should customers work with DHL Freight? What competitive advantage does DHL Freight Benelux have over its competitors?*

MC: *We recently rolled out our Sales Plan for 2013-2015 with 7*

Product and Industry Solutions. All these solutions have unique features which would benefit our customers greatly. And we, as DHL Freight, are proud to be able to offer these.

FC: *Heading up Marketing and Sales for Belgium, Netherlands and UK, what do you hope to achieve this year?*

MC: *The roll out of the Global Key Account Management Program is important to the continued support for our customers. In my view we have a perfect organization – with the number of Key Account Managers situated in the locale of their customers, coupled with skillsets available within the organization, we have what it takes to provide high quality service to our customers and succeed.*

And of course our turnover budget in all the three countries. We had a very solid end to 2012 and very good start in 2013, so the fundamentals have been set.

FC: *If you could give only one piece of advice to your team, what would it be?*

MC: *I'm going to be generous and give two which I feel are equally important – Firstly customer relationships have become increasingly important. The last 3 – 5 years, with the economic downturn, saw the procurement departments of customers doing a great job in containing costs. As the market is starting to pick up, we are seeing that customers are putting more emphasis on their operations and logistics. It is in the interest of our customers to help them become more efficient, not only in the management of their supply chains, but in reducing their logistics spend. My team needs to increase dialogue with our customers to achieve this.*

Secondly, have fun! If you enjoy what you are doing then you share those positive vibes either directly or indirectly with customers. Customers would feel more at ease working with you, and building trust in you.

FC: *What is the best piece of advice you have received?*

MC: *After many years of experience you have to see everything in a bigger picture. Sometimes you know you are right but if the timing isn't – you will never achieve your goals. So pick your fights, persevere and wait for the right timing!*

FC: *What is the most important object on your desk?*

MC: *The file detailing the joint roll-out of the 7 Product and Industry Solutions within Sales and Operations. This plan is first one which is fully supported by all functions within the organization.*

FC: *When you are out of the office, what is the best form of*

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relaxation for you?

MC: This would definitely be to spend my free time with my family and kids. Besides that I love playing tennis, and enjoy holidays in Italy and Spain.

DHL to Hold Chemicals Supply Chain Conference in November

The 5th Annual DHL Chemicals Event has been scheduled to take place in Buch am Ammersee, near Munich, on November 4th & 5th 2013. This year, DHL is extending the conference duration to two days to facilitate active debates and discussions that traditionally evolve.

The conference agenda has clear emphasis on topics of interest based on feedback from participants of the conference in 2012, including:

- An ocean market update from Seabury Consulting
- A customer case study on Supply Chain Risk Management
- A supply chain perspective for a different industry
- An overview of HSSE within Chemicals Logistics
- A moderated forum on future logistics trends

The program also includes a customer panel discussion, workshops on Road Freight, Ocean Freight and Green Supply Chain, as well as an update from Mr. Thomas Nieszner, CEO DGF EMEA, and Sponsor of the Chemicals Sector within DHL.

For more information on the conference, please contact Doris Heilmann at doris.heilmann@dhl.com.

Road Freight Market News

Diesel Price

Since the beginning of 2013, the EU average (diesel) price per liter has decreased 5 cents (-3,41%) from 1,47 € (Jan-13) to 1,42 € (Jun-13). The diesel price in June was stable against May at 1,42€; Please refer to chart for price evolution since January 2008.

Source: EU Commission, Eurastats, Weekly Oil Bulletin, EU 27 Diesel Price (weighted average) incl. VAT & TAXES

Disclaimer: EU Commission slightly changed the historical values of the Diesel prices with taxes & VAT for period Jan-10 to Dec-11 on report released on 9/Feb/12. Also there were slight changes in latest report (uo to 18/Feb/13) for period Nov-Dec 12. For our index, values for that period were kept as originally reported.

TimoCom Transportbarometer – monthly view

Freight share in June dropped to 49%, the level of last year, indicating balanced supply and demand of capacity; July freight share falls slightly but seems to follow the normal seasonality.

Freight share: share of freight offers versus all offers traded in T&C (sum of freight offers and capacity offers)

Source: TimoCom www.portatio.com

New Heavy Truck Registrations

The heavy truck registrations shrank by 6.9% in May, with a total of 17,392 new vehicles registered.

The new heavy truck registrations have been on the decline for 16 months now.

However, with -5.8 % in April and -6.9% in May, the decline was less pronounced than in previous months.

In the first five months 82,487 new heavy trucks were registered within the EU, 12.5% less than in the same period last year.

The markets with the strongest decline for the first five months were Belgium (-21.7%), Spain (-17.6%) and the Netherlands (-15.3%).

Source: ACEA

Press Clippings

Agreement on digital tachographs for trucks and buses

The new digital tachographs will use satellite tracking technology in order to check and enforce driving and rest times, whilst they suppose to reduce the number of roadside checks. It applies to all trucks over 3.5 tones on EU roads. An additional exception is made in order to introduce some flexibility for vehicles below 7,5 tones used for carrying materials, equipment or machinery for the driver's use in the course of his work, and which are used only within a 100 km (up from 50 km today) radius from the base of the undertaking and on the condition that driving the vehicle does not constitute the driver's main activity, these vehicles are excluded from the regulation. The new devices shall be fitted to new vehicles within three years as soon as the necessary technical specifications are defined by the Commission.

Towards more flexibility weights and dimensions of freight vehicles

The European Commission's proposal provides more flexibility on weight and dimension limits to allow aerodynamic devices to the rear of vehicles which limit CO2 emissions and energy use. Also, it is aimed to better reflect new intermodal transport standards by allowing more flexibility for the use of trucks carrying 45-foot containers. Furthermore, it clarifies that each EU Member State can allow European Modular System (EMS or Ecocombi) on its domestic market (voluntary basis) and that cross-border use is lawful if the two EU Member States concerned allow it. Even though the EMS provision does not change the current legal situation a serious opposition to remove completely the possibility to use EMS even at the national level is expected during the legislative discussion.

European Parliament publishes study on social and working conditions in road transport

At the end of May 2013, the Transport and Tourism Committee of the European Parliament published a study assessing the social and working conditions of truck drivers in Europe. One key outcome is that Road transport liberalisation is not accompanied by harmonization in drivers' employment and working conditions

“Wide differences in labour and social market structures as well as in the effectiveness of enforcement mechanisms continue to exist across the EU Member States. These disparities create

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gaps that can lead to transport companies being encouraged to adopt disloyal competition and social dumping practices instead of providing opportunities for social and economic growth” so the Study on Social and Working Conditions of Road Transport Hauliers.

The study also reveals disloyal practices and abuses heavily contribute to the increased precariousness of drivers’ living and working conditions making the sector totally unattractive for young people. Elements that have deteriorated the most over the past five years are the work environment and income levels, followed by the number of working hours and lack of adequate parking areas and rest facilities.

Based on this study, the European Commission should have considered whether conditions are met for a further liberalisation of road cabotage; the European Commission formally stated that plans with further liberalisation are put on halt but further steps and measures to enforce current rules and improve harmonisation are ongoing.

European Roads Taking Toll

The year has seen several announcements from countries indicating implementation of increases on road tolls and / or expansions in the road network subject to tolls. Changes announced in Poland and Hungary have taken effect, with France following shortly in January 2014. This trend is expected to continue with indications of implementations in 2014 – 2016:

2014: Russia

2015: Switzerland

2016: Belgium & Bulgaria

Local customer representatives of DHL Freight will communicate the implications of these changes to customers accordingly.

Belgium

Wallonia expects EUR 200mn a year from taxing commercial vehicles

La Libre Belgique, 27 Jun 2013, online:-
Belgium is planning to introduce a tax on commercial vehicles using the country’s motorways. If regional governments approve the tax could be in place in 2016. The province of Wallonia hopes that to generate EUR 200mn (USD 260.33mn) a year as a result of it.

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[Link to original article in French](#)

[More information in French](#)

[United Nations Economic Commission for Europe Report in](#)

English: Compliance with the 1999 Protocol to the Convention on Long-Range Transboundary Air Pollution

Bulgaria

Road tolls for trucks to be launched in 2016

Limun, 09 Apr 2013, online:-

According to a statement by the Bulgarian regional development minister, road tolls for trucks are to be launched in 2016.

The funds raised will be spent on developing the country’s infrastructure.

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[Link to original article in English](#)

France

Uncertainty over start of French HGV tax scheme

The scheduled introduction of a French tax on trucks starting October 1 has now been postponed to January 1 2014, informed the French media last Friday. This has also been confirmed by the French minister of transport, Cuvillier, and the minister of finance, Cazeneuve.

It was originally scheduled to take effect from July 1 2013.

The FNTR, across-business employers federation, the MEDEF and other trade body groups, have previously called on the government to postpone the scheme in order for it be introduced « in the best conditions. »

The reasons for the postponement are mainly technical issues and lack of resources with Ecomouv, which is causing a huge delay in registering all necessary vehicles, said Cuvillier and Cazeneuve. Ecomouv, who is responsible for collecting the tax, began the registration of an estimated 800,000 HGV including 200,000 foreign-registered vehicles, on 19 July but until today only 20,000 vehicles have been registered. A French carrier organization also said that there have only been very few registrations in the last 2 weeks.

On top of that, some hauliers are suspected of deliberately dragging their feet in coming forward to sign up vehicles in the hope of delaying the introduction of the scheme and gaining some ‘free’ extra time .

Levied at an average rate of €0.12 per km, the tax will apply to commercial vehicles of more than 3.5 tons, plying over 12,000km of French highways, excluding toll motorways, the aim being to encourage shippers to use modes of transport other than road.

The scheme is expected to generate annual revenues of just over

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€1.2 billion to finance road maintenance and new transport infrastructure projects.

Ecomouv will receive an annual fee of around €240 million for running the scheme which involves vehicles being equipped with special badges enabling them to be tracked by satellite.

France's leading road haulage federation, the FNTR, lobbied long and ultimately successfully to have the tax passed on in its entirety to shipper customers amid strong and understandable opposition from shippers who face the prospect of higher transport costs.

DHL Freight will keep you updated on further development.

[Ecotax official website](#)

Hungary

New toll system has been launched in Hungary on July 1st

The new system named HU-GO will comply with the European Union requirements and the directives of the European Electronic Toll Service (EETS). As of 1st of July 2013, the electronic, distance-based toll system (DTS) was introduced on a total of 6,513 km road sections of the Hungarian public road network (motorways, highways, main routes).

The rate of distance-based toll payment depends on the used road type, the category of the motor vehicle (J2, J3, J4), as well as its environmental classification.

J2 category Heavy goods vehicle with a maximum total permissible weight over 3.5 tons and with 2 axles

J3 category Heavy goods vehicle with a maximum total permissible weight over 3.5 tons and with 3 axles

J4 category Heavy goods vehicle with a maximum total permissible weight over 3.5 tons and with 4 or more axles

The Hungarian Government has designated the State Motorway Management Company Ltd. (SMMC Ltd.) to conduct all of the tasks related to the collection of tolls and all of the bound toll services, and the Company will play a significant role in the control support tasks as well.

The Hungarian national motorway management firm Allami Autopalya Kezelo (AAK) has revealed that some 50,000 trucks have been registered by 10,500 users at the country's new e-road toll system HU-GO. Those transport firms which fail to register their vehicles and do not have GPS tracking devices can deliver their road-usage reports to 200 kiosks. A new website called hu-go.hu has been launched to provide information to transport firms in Hungarian, German and English. GPS tracking devices

can get registered from 28 June 2013. It has also been revealed that some 74 control points are to be set up to check the road usage of trucks.

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[Link to original article in Hungarian Hu-Go official website](#)

Poland

Expansion of ViaToll system in Poland's roads

The viaTOLL system has been in operation since July 2011 and initially it included about 1565 kilometres of national roads, expressways and motorways managed by GDDKiA. On 1 July 2012 the system was expanded by additional 325 kilometres of roads, while on 12 January 2013 by further 140 kilometres.

From 30th March 2013 the toll road network in Poland has been expanded by further sections for 160 km. The expansion is in accordance with the „Regulation of the Council of Ministers amending the regulation on national roads or their sections, where electronic toll is collected and the rates of electronic toll charges”. Until 2018 the system is planned to be expanded to 7000 km of national roads and motorways.

All revenues from the system credit the National Roads Fund and are designated for further investment in road network expansion in Poland and for modernisation of the existing road infrastructure. At the end of February 2013, over 1.475 billion PLN for receipts from the National Toll Collection System was booked in the account of the National Roads Fund.

[ViaTOLL official website](#)

Russia

Fees to be levied on trucks using federal roads since November 2014

Kommersant, 19 Jun 2013, p.5:-

Russia's Prime Minister Dmitry Medvedev has signed a decree on the system of payment for the use of federal highways by trucks with a maximum load capacity of 12 tons. The fees will be introduced since 1 November 2014. The tariff is RUB 3.5 (EUR 0.08, USD 0.11) per km. The document does not refer to buses, special police, fire-fighting service, ambulance service, and military department trucks. The levy will also not be charged for using toll highways of Russian Highways (Avtodor) company.

Each truck weighing over 12 tons will be fitted out with equipment featuring GPS/GLONASS sensors for charging the fees. Each device will be registered in the system and provided with an account from which the money will be deducted. Camera scanners will be installed on the roads for checking the use of

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the equipment and sufficiency of the account balance. The fine for the lack of the equipment will range from RUB 5,000 to RUB 1mn.

According to Federal Highway Agency, the funds collected from truck owners will be allocated for the road construction. The allocations to the budgets of different levels are expected to total some RUB 83bn in 2015, with the figure to come to RUB 159bn in 2024. The economic effect of the prevented road traffic accidents due to the improved road coating is estimated at about RUB 33bn in 2015-2031. The Interregional Trade Union of Professional Drivers is expressing doubts about the authorities' ability to organize an effective system by 2014.

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[More information in English](#)

Switzerland

Road tax to increase in 2015

Tribune de Geneve, 04 Mar 2013, online:-

The Swiss National Council has voted against setting the price of the road tax sticker at CHF 70 (EUR 57.11 USD 74.43). In 2015, the price will increase from CHF 40 to CHF 100. It will be the first increase in 20 years. The increase will fund the long-term expansion of the Swiss road network. A total of 400 km of new roads are planned. The project will cost the federal government CHF 305mn per year. Several UDC members supported a price of CHF 70 for the road tax sticker.

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- [Link to original article in French](#)
- [More information in English](#)
- [Opposition to road tax increase in Switzerland article in French](#)
- [Swiss Customs Administration – Motorway Tax Sticker \(vignette\) official website](#)

Russian Federation to Withdraw from TIR Carnet

With effect from 14th September 2013 the Russian Federation has withdrawn from the TIR Carnet regime in Siberian and Russian Far East regions where new rules are applicable. The TIR Carnet remains applicable in all other regions until 1 December 2013. As a consequence, cargo currently transported under TIR Carnet will now be subject to the same rules for customs transit as any other transport. All transports to the Russian Federation must be compliant to Article 217 Paragraph 1 of the Customs Code of the Customs Union as detailed below:

Article 217, Paragraph 1 – Measures ensuring the

compliance with the customs transit

Procedures include:

- Guarantee of payment of customs duties and taxes regarding foreign goods in accordance with the chapter 12 of the present Code
- Customs escort
- Designation of the route for the transportation of goods

In order for shippers to be compliant with the new regulations the following measures can be considered to cover the new requirements of the Russian Customs towards duties and taxes coverage:

- Bond draft (money deposit at RU Customs), confirmed by a Certificate issued at Customs Destination Point, applicable to non licensed customs carriers
- Licensed customs carriers are able to cross the border point without additional coverage
- Guarantees provided only by authorities listed at : <http://www.rosteck.ru/news/588/>
- Pledging
- Pre-arrival declaration
- Customs convoy, paid at the border by carriers at the moment of crossing the Russian border.

DHL Freight considers that the most relevant and achievable of the above options are:

- Customs carriers license
- Customs convoy, paid at the border by carriers at the moment of crossing the Russian border and based on a combination of distance from the customs border to destination customs point and the cargo value. Currently the tariffs have not been published
- Pre-Arrival declaration.

For the pre-arrival declarations, DHL Freight can offer it only up to below mentioned strictly followed subjects:

- Reliable tracing with 100% transparency on the goods crossing the Russian border
- Mandatory and time-framed Green Light procedure with 100% checked and confirmed documents by Customs broker in Russia
- Mandatory pre-paid Customs duties and taxes before goods cross the Russian border.

Shippers should be aware that post-implementation of the new procedures on 14th September 2013, DHL Freight predicts increased delays at the Russian border due to limited availability of customs carriers and customs convoy capacity to escort non-licensed carriers.

The above information remains subject to final confirmation from the Russian Customs DHL Freight will provide updates as additional information becomes available.