

More stability in business relationship

INTEGRATED LOGISTIC CONCEPTS These days, there is hardly any money to be made in freight. As a result, the traditional freight forwarders for the chemical industry are increasingly targeting greater value-added roles in their customers' supply chains, which until now have been the sole preserve of chemical producers. Locating the businesses in large-scale industrial parks is one of the best ways to facilitate this supply-chain integration.

Infraserv Logistics is a wholly-owned subsidiary of Infraserv Höchst, spun off in 2000 from the logistics department of Höchst AG. Infraserv's origins give it an ideal background to offer chemical companies an integrated and complete service package, starting from the point of manufacture. Infraserv's sales manager Alois Strott explains: "We collect the goods from our clients, transport these to our warehouse, and then according to order, we may fill or package the chemicals, fulfil orders for clients' end customers, take care of labelling and deliver the orders – by road, rail, air, or sea – across Europe and around the world."

New contract with Clariant

The company has already gone a stage further towards integrating itself further upstream into the customers' supply chain. "For certain customers who focus on in-house production of goods, we play an active role in the production process, including responsibility for filling and packing the chemicals." Whereas such services are part of the core business for certain chemical firms, for others these are fringe areas and can be outsourced. More than five years ago Infraserv secured an outsourcing contract with specialty chemical producer Clariant, and this contract has now been renewed for a further five years.

Infraserv took over a total of 180 Clariant staff on site at both the Höchst industrial park and also other Clariant sites along the entire supply chain, starting with raw materials from suppliers in India or China delivered just-in-time to the production base. The solid or liquid end product is then transported from the plant either in loose or in packaged form. There are 140 tanks available at the industrial park, offering 60,000 m³ of liquid storage for raw, intermediate and finished goods of all hazard grades.

The annual tank throughput is 1.6 million tonnes. The Höchst-based supply chain managers don't just take care of chemical handling and freight using forwarders such as Schenker, Danzas or Panalpina – they also

handle all the administrative logistics for their customers. This involves taking care of all the necessary import and export paperwork right down to the very last detail such as customs and excise formalities, goods inspection, import and export certifications, and even banking services. In short, they are offering a complete supply chain package.

Cost advantage of 20%

However, many chemical companies such as BASF, Dow and Degussa are unwilling to relinquish control of logistics on the basis that the producers themselves hold ultimate responsibility for their proper execution. Infraserv Logistics sees itself as Germany's premier provider of logistics services. It is obvious that external service providers can take advantage of economies of scale and are therefore able to offer their services more cheaply; those in the know speak of a 20% cost advantage.

Infraserv is clearly keen to develop its logistical services in other locations. The firm's wholly-owned subsidiary, Infraserv Logistics Leipzig, recently began managing the supply of lubricants and smaller inventory items for BMW at their new auto production plant in Leipzig. Similarly, Infraserv is now building up a separate business branch as a logistics services provider to the pharmaceuticals industry, given the presence nearby of big name pharmaceutical companies such as Sanofi-Aventis, Sandoz, Novartis and Pfizer. Purchasing is addressed through Infraserv's co-operation agreement with the chemicals distributor Solvadis which took over Infraserv's subsidiary Chemfidence a few months ago.

Strong networks across Germany

These tightly integrated logistics processes need to be tailored to each chemical company's production structure. Therefore Infraserv employs consultants to analyze the in-plant processes. These experts provide valuable advice on improving in-plant logistics and logistics service providers such as Infraserv can capitalize on this knowledge in

their work at other sites. Infraserv Logistics has set itself the strategic goal of building strong networks across Germany. Starting from the new branches at Leipzig, Augsburg and the Cologne area, the company intends to broaden its reach across Europe through international partnerships.

Nevertheless, there is competition out there. Freight forwarders such as Hoyer or Talke have already chalked up a few years working for Hoechst and other chemical companies. These firms have developed chemical industry expertise and tailored their equipment to the needs of chemical industry customers. These firms have grown up with the chemical sector, becoming specialists in the field. A few logistics providers such as Bayer AG's spinoff Chemion are moving in a different direction – they run vehicle repair and cleaning stations or, like Infraserv, or Bertschi from Switzerland operate intermodal transport terminals, offering one-stop-shopping to appreciative customers.

Integrated logistics becomes popular

Contract logistics – where the logistics provider is directly involved in the production process – is a service that is becoming increasingly popular, not just in Germany but right across Europe. Whereas the traditional logistics business is growing around 3% a year, contract logistics is showing annual growth of around 10%. According to research estimates, the entire European logistics market is worth around 150 billion euros. Contract logistics accounts for around 26% of this, with growth driven by the trend towards outsourcing. In Germany, the chemical industry now accounts for 350 million euros of the contract logistics market.

According to the Swiss company Bertschi AG in Dürrenäsch, a pioneer in the field, integrated logistics can cut costs by more than 10% compared to 'traditional' methods. There is significant scope for cost optimisation at the production, procurement and storage interfaces. An integrated bulk logistics concept means that clients can bet-

ter respond to customer demands, adding value for both parties and thereby strengthening the business relationship. There is also a benefit to the public: integrated logistics concepts use rail, sea and waterway transport, meaning that goods transport can be increasingly kept off the roads.

Bertschi is currently active in eight European chemical plants – leading world players including BASF, Bayer and Dow in Germany, the Netherlands, Spain and Switzerland. The company is responsible for in-plant activities such as loading tank containers, filling, weighing, the preparation of transport documentation and operating tank container depots and terminals. In early 2005, Bertschi opened a new container terminal at the BASF site in Schwarzheide.

This newly expanded terminal significantly improves the chemical production base's logistical links. It serves as a transfer centre for crane-loadable units such as containers from road to rail or vice versa. The new terminal comes equipped with a second crane track and two cranes. The centre is equipped to handle a throughput of 22,000

units per annum – more than tripling the previous capacity of 7000 units. Out of all the BASF plants that Bertschi services, Schwarzheide is the third biggest both in terms of transport volume and turnover.

From road to rail

The site has a total area of 12,000 sqm and there are now eight sidings and two loading tracks available. Managing Director Dr. Hans-Jörg Bertschi says “in the long distance freight market, we are expecting a shift over the next few years away from road and towards rail transport. These investments lay the groundwork for this market shift and this enables us to significantly improve our customers' supply chain management.”

From road to rail and vice versa – the intermodal transport terminal at BASF combines road and rail transport in a cost-effective and environmentally friendly way. Thanks to this, the towns of Ludwigshafen and Mannheim are now spared some 81,000 lorry journeys a year. As of October 2000, goods are now being loaded at the BASF plant site in Ludwigshafen. The transfer ter-

minal, at the BASF owned site, is Germany's first publicly financed and privately operated intermodal transport terminal. Its operator is Kombi-Terminal Ludwigshafen GmbH (KTL) who makes it available to external freight forwarders and loaders and thereby boosts the region's attractiveness as a logistical hub. Some 50% of capacity is taken up with BASF transport.

Total of seven loading tracks

In February 2005, a second transfer loading bay area was added to the terminal. The intermodal transport terminal now has a total of seven transfer loading tracks and it can handle anything up to 290,000 loading units a year. Rail links include regular connections across Europe. There are currently trains daily to Spain, Rotterdam, Vienna, Zeebrugge and Marseille, and in addition trains run to Italy and Scandinavia. Trains run to the BASF production bases at Schwarzheide and at Antwerp in Belgium each work day.

In 1999, the company formerly known as VTG-Lehnkering took over the majority of

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the in-plant transport and storage for the specialty chemical producer Chemetall's Langelsheim production base. Through ChemStore, a joint venture between Chemetall GmbH and VTG-Lehnkering, the company has also set up a storage facility for hazardous materials. Wolfgang Lehr, board member and today co-owner of Lehnkering, commented at the time: "The takeover of the storage facility management is indicative of the growing importance of outsourcing projects for the chemical industry."

IVG Logistik now with Lehnkering

Lehnkering GmbH is one of Europe's leading providers of specialised logistics services. The company has now been spun off again from VTG Lehnkering AG, after a five year merger with VTG AG. Lehnkering GmbH provides logistics and value-added services to industry, offering inland waterway and road transport, tank storage and chemical industry services using its own facilities. End 2005, Lehnkering took over IVG Logistik's chemical logistics centre in Uerdingen. For IVG, the chemical logistics business was a stand-alone operation that failed to offer any synergies with the company's other activities.

This future-oriented Chemical Logistics Centre, one of the Bayer Group's first involvements with outsourcing, was founded around ten years ago at its premises at the Bayer Chemiepark Krefeld-Uerdingen. Up to 30,000 chemical products are filled each year at the Centre. There are 4500 pallet slots available for storage and fulfilling end customer orders. Lehnkering has taken over both IVG's filling line and the onsite warehouse facilities for packaged goods. These now strengthen Lehnkering's distribution logistics services for the chemical industry. This new base at Krefeld-Uerdingen broadens the company's portfolio of services and also brings them closer to the heart of West Germany's chemical industry. Their existing portfolio of services is now to be further expanded in order to attract new customers.

Talke optimises the logistical flow

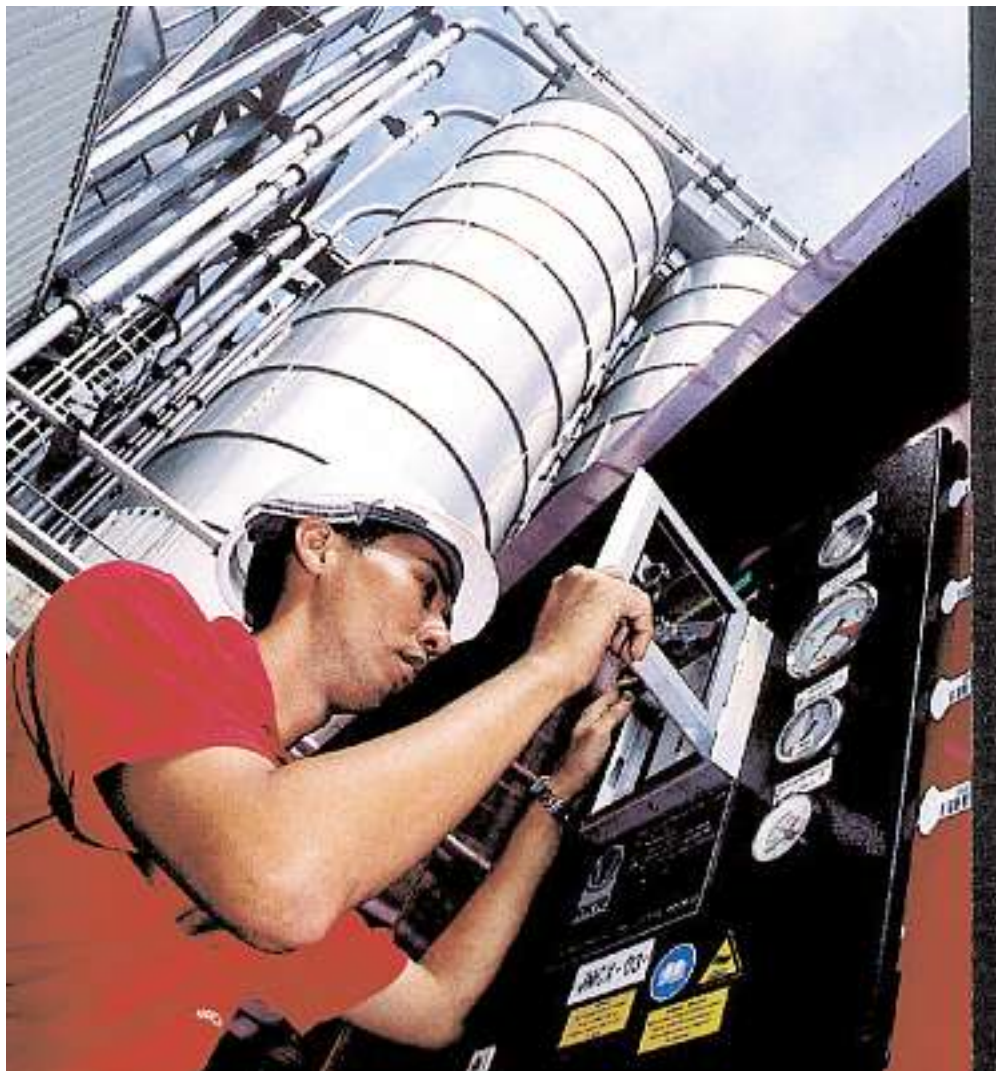
A further example: the firm Alfred Talke GmbH & Co. KG, based at Hürth, and its Spanish partner Global Spedition of Zaragoza, was awarded the contract by Bayer's Spanish subsidiary to handle the filling and storage for five filling lines, four for desmodure and one for isocyanate. The firms were charged with using their own staff to operate these and to optimise the logistical flow. The contract also includes running the distribution centre, which has

5000 pallet slots for goods either brought in or produced at the plant.

The products are primarily used as raw materials for paints and varnishes. The filling lines run 24 hours a day, 365 days a year. Bayer has set itself the goal of stepping up production from the current volume of around 26,000 to 28,000 tonnes a year (primarily in 250 litre tanks) to 30,000 tonnes a year. The delivery centre has an annual throughput of 22,000 to 25,000 tonnes.

set its sights on running other similar logistics projects on the Iberian Peninsula.

Global Spedition offers distribution and logistics solutions primarily to the chemical industry. These solutions include transport, warehousing and complimentary services, intermodal transport, as well as handling the payment of duties. The company is headquartered in Zaragoza and has six subsidiaries in Spain as well as a branch in Brussels. Global-Talke offers its customers addi-



Storage and filling services are part of Hoyer's logistic package.

Talke Logistic Services and Global Spedition believe they won this contract because Global Spedition had the necessary local knowledge and expertise and Talke has a long successful track record of handling similar products for Bayer Dormagen. The work had previously been carried out in-plant by two separate service providers; the move to one supplier created synergies by harmonising the bottling lines. The newly founded joint venture Global-Talke in Tarragona has

tional value-added chemical logistics services such as warehousing, processing and tank cleaning.

So far, six internationally operating companies for synthetic materials have settled in the value park of Dow Olefinverbund GmbH in Schkopau, processing about one quarter of the polymers produced at the site, in particular polyethylene, polypropylene, polystyrene and polyester. The Hoyer Group with its head office in Hamburg has been

there as a logistics partner from the start. It has single-mindedly enhanced its Schkopau operations by a wide variety of logistics services, to become a "Gateway to the East". Just recently, in December 2005, Hoyer launched a new terminal for intermodal transport (transshipment between rail and road transport), considerably expanding the range of services at this Dow site. A container gantry crane with a load-bearing capacity of 40 tonnes (using spreaders) is the centrepiece of the combined terminal, which was implemented at a cost of ten million euros.

Expansion is to continue

The track that was built for it is 412 metres long and 35 metres wide. Being able to lift loads to a height of 14 metres, four containers can be stacked on top of each other. The new facility – which also plays an important role on a regional level – is operated by KTSK Kombi Terminal Schkopau GmbH, which also offers other services, such as storage for hazardous cargo, capacity for 2500 containers, facilities for switching inlays for box containers as well as cleaning and repair facilities for containers. Extensive silo and general storage activities round off Hoyer's portfolio of services in Schkopau.

According to Thomas Hoyer, CEO of the Hoyer Group, the expansion is to continue in two further stages up until the year 2010. The maximum transshipment capacity will then be some 60,000 units per year. With its new railway terminal, Hoyer is also expanding its European-wide partnership with Dow. For Manfred Aumann, CEO of Dow Olefinverbund GmbH and Country Leader of Dow Deutschland, it is the rail transport operations heading towards Eastern Europe that are of particular interest to Dow. Furthermore, the terminal offers a high degree of flexibility and the necessary capacity to serve surrounding markets as well.

Full-service offer

The full-service offer available at the chemicals site Schkopau is another milestone for Hoyer en route to being an integral logistics service provider, who is fully integrated in its customers' process chains. As early as in 2002 for example Hoyer set up storage facilities for containerised hazardous liquid and solid products, and a container transshipment facility at its Rhein-Ruhr logistics centre in the grounds of the Bayer chemical park Dormagen. Its capacity has recently been almost doubled, with storage areas for 300 laden 20-foot tank containers

and 8900 tonnes of hazardous goods. With this, the first stage of the building operations has been completed, and Hoyer's range of services at the site of this chemical park is now complete.

This includes equipment for the fully automatic filling of drums and for silo logistics, workshops for IBCs, vehicles and tank containers, an administrative building and a 14,000-square-metre container depot. A tank cleaning facility is also available for cleaning tankers, tank containers and IBCs. The Hamburg based company has invested some 25 million euros into this logistics centre, which covers an area of 90,000 square metres – making it the largest single investment by the logistics company to date. The Dormagen infrastructure is offered to all regional customers in the chemicals, petroleum, food and gas industries. Hence Hoyer regards the logistics centres in Dormagen and Schkopau as prototypes for a closer cooperation with its customers.

Logistical platforms for industries, worldwide

Worldwide logistical and high-tech services to a number of key industries offers Katoen Natie, one of the leaders in value-added logistics. The focus is on the petrochemical industry, the automotive, industrial and consumer goods sectors and port operations. An example: On June 2004 Katoen Natie Gulf Coast, Inc., La Porte, Texas, a subsidiary of the Belgian Katoen Natie group of companies, opened its newest facility: The Houston Polymers Terminal is strategically located in the heart of Houston's petrochemical corridor, with the Port of Houston's Barbour's Cut Container Terminal at arm's length.

Two years after the groundbreaking Katoen Natie completed a state-of-the-art facility of warehousing; a rail car storage yard to hold 300 cars with an own switch engine; bulk packaging silos with blending capabilities; a variety of bagging and semi-bulk packaging capabilities; a truck scale; a turnkey compounding platform for Chevron Phillips' engineering plastic "Ryton." Next to the complete range of services offered at the platform, Houston Polymers Terminal is also designated as Foreign Trade Zone, providing special customs procedures and tax relief for those local resin producers active in the international market.

The total investment amounts 75 million US dollars. "Unlike any other competitor in the NAFTA market, Katoen Natie combines a strong focus on the petrochemicals and the

fine and specialty chemicals. We are an asset driven company, interested in long term investment projects, beneficial to our customer base. As global market leaders in the handling of dry bulk resin we handle over 16 billion lbs on an annual basis. That has been a major argument in convincing our customers to relocate to the Houston Polymers Terminal in La Porte," explains Fernand Huts, Chairman of the Katoen Natie group.

Katoen Natie acquires assets in Mexico and Canada

Katoen Natie's entry into North America started in 1997 with the acquisition of Interpak Terminals having platforms in Houston, Texas and Edison, New Jersey. In 1999 Katoen Natie opened an additional platform in Edison, New Jersey and in 2000 Katoen Natie started operations in the Chicago area (Gary, Indiana). With the acquisition in 2001 of Servicios de Distribución y Logística located in Mexico City, Mexico's largest plastics consumption market has been added to the network. Late 2002, Katoen Natie added the Canadian market to its network when it acquired Servi-Logistix with operations all across Canada (9 locations) and last year Katoen Natie started up on Baton Rouge, Louisiana.

In the meantime, Katoen Natie is continuing to develop its leading position in the Marseille region. The purchase of an additional 140,000 sqm of land has been completed. The first warehouse of 30,000 sqm has already been operational since last year. It is equipped with a dual-level mezzanine and an automatic roller conveyor. A second complex offering 24,000 sqm of space has now been handed over. Also the work on Katoen Natie Germany's new off-site terminal in Wesseling is going ahead.

Globally connected

Forty silos will be available for the petrochemical companies in the region by the end of June, and the number can be increased later to 104. Katoen Natie Germany already operates an onsite terminal for Basell. But thanks to the new offsite terminal – which not coincidentally is close to both the Basell and Dow plants – the German subsidiary will be able to play a more important role in the Cologne region. Katoen Natie is active at 85 platforms in 22 countries in Europe, North America, South America and the Far East with a staff of over 6000 people.

Adalbert Budzinski