

OIL PRICES CHANGE THE FACE OF WINE LOGISTICS

As the price of fuel continues to rise and the question of carbon footprints becomes more urgent, alternative means of transport are becoming more attractive, argues James Graham. Trains are proving one popular alternative to road transport – and even old-fashioned sailing ships are making a come-back.



The 108-year old schooner Kathleen & May set sail from France to Ireland in late July to reduce the carbon footprint of wine. The wines from southern France were labelled: 'Carried by sailing ship, a better deal for the planet.'

This year has proven that the future of the wine supply chain must involve reducing or even removing oil from the process of moving wine from vineyard to consumer; the increase of the price of crude oil over the past 12 months has added 2p per bottle to the cost of shipping wine from Australia to Europe. Methods to reduce oil can include alternative energy sources and making existing modes more fuel-efficient.

By sail

A French entrepreneur is keen to take a stand for green wine transport. Fair Wind Wine, a sustainable transport company based in Dublin, has chartered the 108-year old Kathleen & May schooner to reduce the carbon footprint of wine. It set sail from France to Ireland in late July.

Chosen from southern French vine-

yards, each bottle saved 140gms of CO2 emissions and was labelled: 'Carried by sailing ship, a better deal for the planet'.

"Our company has found a solution to reduce CO2 emissions, by looking to the past – traditional shipping routes and by chartering traditional ships," says Frederic Albert, president of Fair Wind Wine. "With oil prices at an all-time high, our company will be able to ship goods at low rate by using sailing ships. We have chosen the best premium wines in the region, but they have also been made in a sustainable agricultural way."

More than 1,000 cases made the journey aboard the schooner, imported by retailers O'Briens Fine Wine and Gilbeys of Ireland on this inaugural service. In August, routes are planned to Bristol in England, Copenhagen in Denmark and Sweden.

By rail

Freight forwarder JF Hillebrand has taken another route to a green wine supply chain by making more efficient use of carbon-based fuel. Earlier this year, the company launched The Wine Train, a dedicated service to connect the port of Tilbury and rail diesel cars (RDCs) in the UK's East Midlands. "We are running a mix of 20 and 40ft containers on the train and are consistently achieving a minimum of two containers per platform," says Bernd Jordan, managing director of JF Hillebrand Germany. "As contract trains go, we are achieving very high levels of train optimisation."

He admits that the company did suffer some service disruption during the recent change in the terminal

management at Daventry, but says that WH Malcolm, the new managers, have rapidly addressed the issues. "As we have become more confident in the rail operation, we have increased the balance between our road and rail operations into the Midlands, in favour of rail, and have also been able to attract new business for the train, due to the reliability of the service and the clear environmental benefits."

However, the primary driver was commercial, as the company was looking to improve the service to customers in light of continuing and serious issues of port and road congestion leaving its main British port of Tilbury. The key saving is the ability to guarantee delivery slots are met. "Clearly, the fact that this rail solution also delivered substantial environmental benefits for our customers provided a significant and added incentive to find the rail solution, but fundamentally it had to be commercially viable," says Jordan. Hillebrand is already using rail extensively in Europe, though these tend to be on shared-user services, because the company does not have sufficient volume on a particular route to run its own dedicated service. "Within Europe, Germany being a prime example, there is a very well established and effective barge network to and from the northern continental ports and legislation, including road tolls, increases the commercial attractiveness of these more environmentally friendly transport modes."

Germany is a key market, behind only France, Italy and Spain in terms of wine exports. Due to its central location within Europe, it is also relatively easy to

export from Germany to destinations across the world. Cargo can be delivered to Antwerp, Rotterdam and the North Sea ports, where it will be forwarded by containership. The country is also a major wine import market. Its connection with - and access to - the cost-efficient and eco-friendly waterways mean it is also well located for re-export of bottled bulk wine - from the New World or even southern Europe for example - for the UK, Scandinavia and Eastern Europe.

The logistics of wine, beer and spirits differ in profile, such as different seasonality and weather-related demand, and the relative value of the products. The type of shipping (less than container load [LCL] against full container load [FCL]), along with the legal documentation required, is another consideration when shipping wine. In Germany, as in much of the world, LCL is used for more high quality wines. Alternatively, wines distributed through the channels of big chains in Germany such as like Aldi, Lidl, Rewe, and Norma are moved on a FCL basis.

DB Schenker has a specialist division, DB SCHENKERwine. Given its German railway background, it is no surprise that Schenker has been utilising rail services in Europe for several years. "The flexibility of rail can easily compete with trucking and in many cases the rail option is the better solution," says Lutz Wempe, product manager wine logistics. "We work for several spirit and beer companies. There are some slight differences in the handling to consider, but the largest difference between both commodities are the players in the respective markets." He says that spirit and beer companies tend to be larger than wine producers, with greater volumes and often their own in-house logistics department. Globally, Schenker has a network of more than 500 wine transport specialists. "We are present in all main wine production regions as well as in the important consumer markets. We provide a full service to our customers, beginning from the cellar doors to the point of sale," he says.

One of JF Hillebrand's competitors has generous words for The Wine Train launch: Werner White, managing direc-

"GS1 standards are intended to be used in international supply chains that include consolidation, split shipments and multiple stakeholders, to show benefits in terms of increased security and traceability."



Yuliya Shevchenko, group manager of transport and logistics, GS1

tor, KN Drinks Logistics (UK) applauds the service. "This effort should be applauded as an initiative and has generated a lot of publicity, raising the environmental agenda," says White. "Kuehne + Nagel moves import containers of wine by rail wherever and whenever routes, space and timings allow. KN Drinks Logistics operates a large RDC at Hams Hall, which is ideally located close to the ABP intermodal terminal. Kuehne + Nagel operates one train a day from Felixstowe and two from Southampton to the intermodal terminal allowing for a seamless delivery of containers from port to a central RDC in an environmentally friendly and efficient manner. We have successfully implemented new business from drinks customers utilising this structure."

The challenge of rail

Financial competitiveness allied with positive environmental impact are important drivers for using rail; however, using rail is challenging from both a commercial and service perspective, particularly over shorter distances.

"In the UK, our value proposition is based on a shared user, network based solution seeking to deliver value to the customer through flexible storage arrangements in shared warehouses linked to consolidated deliveries," says White. "This forms part of a wider approach by Kuehne + Nagel to develop integrated end-to-end solutions to the drinks market, leveraging our expertise, for example in sea freight and overland transport. Across the globe, we have the capability to uplift wine in bulk or packaged format from the grower and deliver it to the end customer, retailer, wholesaler, or the on-trade, depending on the route to market chosen."

Do wine logistics differ in any substantial way from spirits or beer logistics? White says: "Wine occupies a middle ground between high end white glove delivery services for spirits and super premium wines, and at the other end of the scale, the substantive shared user networks required for beer. As brand owners consolidate, we anticipate that the larger volume wines will migrate to more shared user activity."

KN Drinks Logistics globally moves around 5% of wine traffic in bulk, but this is growing. "Changes in packaging materials are both environmentally-friendly and cost-effective, with savings in carbon emissions per 75cl bottle of over 24% (average weight bottle packaged at source versus 300g bottle with wine shipped in bulk to UK bottling plant ex Australia).

As fuel becomes more expensive, then the 'tipping point' for these newer initiatives will become less prohibitive. This, coupled with wider customer acceptance over time, means that these changes are both a reality and a necessity for our sector," he says.

Clarity in the chain

Clarity throughout the wine supply chain came significantly closer last year when the first international pilot project to determine the usefulness of a unique identifier throughout the supply chain across national borders was judged a success by all stakeholders in the trial.

The 15-month trial was undertaken by GS1, an international organisation dedicated to setting global standards in the supply chain, working with industry partners and the World Customs Organization (WCO) in Brussels. The trial country pairing was Australia and the UK. According to the WCO, the GS1

“As we have become more confident in the rail operation, we have increased the balance between our road and rail operations into the Midlands, in favour of rail.”



Bernd Jordan, managing director of JF Hillebrand Germany

Serial Shipping Container Code (SSCC) can be used as a unique identifier or Unique Consignment Reference (UCR).

The SSCC is an 18-digit identification code for an item of any composition created for transport or storage stages which needs to be managed through the supply chain. The SSCC is assigned for the life time of the transport item and is a mandatory element on the GS1 Logistic Label using application identifier. It has been developed for the identification of logistics units - such as pallets and cases - going through the supply chain. It is fully compliant with ISO 15459, the string of characters for the unique identifier for supply chain management. The character string is intended to be represented in a bar code label and has become known as a ‘licence plate’.

Complex supply chains

Australian Customs was a key player in the trial and the public body stakeholder declared its satisfaction with the outcome. A key element is that the identifier would not require investment in new technology, instead using existing equipment. Based on the findings of the first phase of the project, participants agreed to extend the pilot. It was accepted that the project would be a long-term effort beginning with a deliberately simple initial pilot, and then working towards greater complexity, in order to reflect the more typical circumstances that apply in international supply chains. “The objective of the project remains to demonstrate the application of one key Customs concept,” says Yuliya Shevchenko, group manager of transport and logistics, GS1. “GS1 standards such as GSIN are intended to be used in complex international supply chains that include consolidation, split shipments and

multiple stakeholders to show benefits for Customs, logistics service providers and trade in terms of increased security and traceability. The project objectives do not extend to demonstrating financial benefits; however, the results might reveal general benefits such as data reduction in information exchanges amongst all parties.”

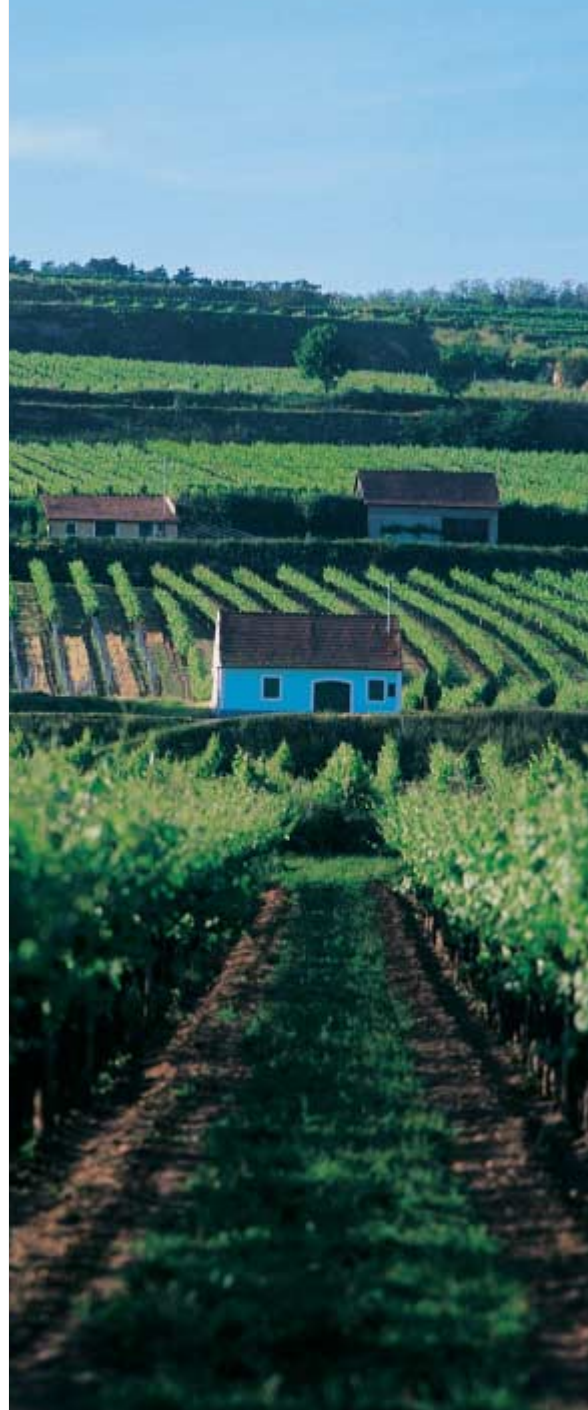
The project stakeholders and duration of the second phase of the trial altered significantly following meetings in November 2007 and early 2008. Customs administrations in South Africa and New Zealand have confirmed that they will participate along with the UK.

Constellation will remain a key trade stakeholder and current indications hint that they will be joined by Pernod Ricard (UK) and affiliates in the other countries. The current status of participation is that Australia has ceased to be an active participant, while Phase II will be launched with a two-stage approach:

Phase I: Customs-to-Customs part (C2C). Customs administrations of participating countries will run initial analysis to agree and define the scope of Customs-to-Customs communication: what data will be exchanged and how. Phase 1 starts this summer.

Phase II: Business-to-Business (B2B) and start of the operational run of the project: execution of the trade’s transactions and respective Customs controls is planned to begin in May 2009.

It is unclear how this will work in the US, where the government has instigated the Container Security Initiative (CSI) that protects containers from being disrupted by terrorists. Law-makers are pushing for the screening of all containers, which threatens to clog the system as other nations threaten to reciprocate. The cost this incurs is in delays. ■



NEW WINES FROM THE OLD WORLD

Good food deserves Austrian wine.
www.winesfromaustria.com