



Freight Connections

THE CUSTOMER MAGAZINE OF DHL FREIGHT

STUDY

**Supply Chains in
the Energy Sector**

IRAN

The end of the ice age

GLOBAL CLIMATE TREATY

Less is more!



RISK MANAGEMENT

READY FOR ACTION

Resilience360: competitive advantages
through efficient supply chain risk management

CONTENT

Issue 2/2016

MANAGEMENT MESSAGE

PEOPLE STILL MAKE THE DIFFERENCE!

Customer Satisfaction 04

STATISTIC OF THE MONTH

Transport of dangerous goods 05

SPOTLIGHT ON

THE PAIN OF PARTING

Brexit 06

LESS IS MORE!

Global climate treaty 08

FEDERAL TRANSPORT INFRASTRUCTURE PLAN

Interview with BVL and DSLV 10

NEW RULES

USA: Driver Coercion Rule 12

THE END OF THE ICE AGE

Iran has great potential 14

ACROSS ALL BORDERS

New Union Customs Code 16

BUSINESS INSIDE

THREE TIME WINNERS

Best Logistics Brand 2016 17

PREDICTING THE GALE

DHL Resilience360 18

RISING TO THE CHALLENGE

DHL study about energy industry 20

THE WORLD IS NOT ENOUGH

Lunar Logistics 22

INTELLIGENT ALGORITHMS

DHL Carbon Calculator 23

FOLLOWING IN THEIR FATHERS' TRACKS

Vasa race in Sweden 24

FAVORABLE BUSINESS WINDS

Energy market 26

A QUEEN YOU CAN TOUCH

Hamburg Elbphilharmonie concert hall 28



THE END OF THE ICE AGE 14 IRAN HAS GREAT POTENTIAL

AGAINST ALL ODDS

DHL Global Forwarding, Freight Greece 29

NEW IN THE NORTH

DHL Freight terminal in Malmö 30

MARKET NEWS

AUTONOMOUS FUTURE

Self-driving trucks 32

NEW HEAVY TRUCK REGISTRATION

Poland ahead 33

EXPANSION OF PAYZONE

German truck toll 34

TRANSPORT BAROMETER

Rising tendency 35

AND SIZE DOES MATTER!

Your opinion on long trucks in Europe 36

DIESEL PRICES

Comment by Eugen Weinberg, Commerzbank 37

CARTOON 38

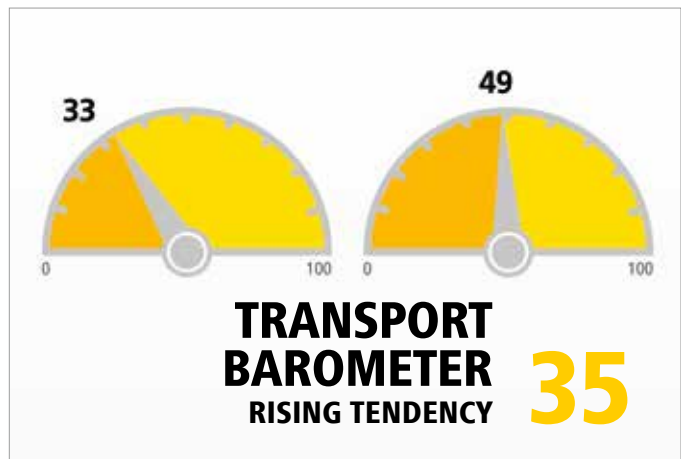
PORTFOLIO

DHL Freight Services 39

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IMPRINT

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PEOPLE STILL MAKE THE DIFFERENCE!

E-Commerce is changing the landscape of logistics – taking the relationship between corporations and their logistics provider into the digital age. This creates a business environment where machines seem to take on most of the interactions. But it is the “human” sales representatives who will continue to remain the key brand ambassadors, as illustrated by Rainer Schmid, Director Marketing & Sales DHL Freight.



The logistics industry of the 21st century shows a massive focus on automated services, e-commerce, GPS-logistics, internet 4.0 and many more trends of our times. With these electronic tools the mutual effectiveness of collaboration between customers and partners is greatly enhanced for both sides. As an industry leading service provider it is clearly DHL's ambition to increasingly develop and introduce superior innovative technologies to customers.

At the same time we remain very aware that the logistics market is very different from selling books or shoes. Many of our valued customers are not only looking to buy a specific product, but a distinct and bespoke service arrangement which can consist of various individual logistics elements. In short, these clients are looking for a solution to a business challenge and it is there where human interaction is still the most effective form of mutual engagement.

At DHL Freight our sales people are therefore not only well trained in conventional product sales, but specifically also

in approaching clients consultatively. In order to create an effective logistics value proposition DHL sales representatives will first understand the critical business drivers of the customer and then compose the right logistics modules to a compelling value proposition. In short, our single and of course high-tech based DHL service elements are only cooking ingredients. The individual meal for the client is then composed by a consultative DHL team, consisting of human logistics sales experts.

Please rest assured: even in times of an increasing dominance by e-commerce, DHL will continue to invest in providing you with outstanding sales representatives as key ambassadors of our brand experience!

Therefore, we are very proud of the results given in the course of the customer satisfaction study of May 2016. Roughly 3.000 business customers in logistics appraised the quality of our sales representatives. We were credited with a very high performance rating, leading our competitors by ten percent. Thank you very much!

Rainer Schmid – CV

Since he started his career 30 years ago, Rainer Schmid has been working in sales departments of multinational logistics companies. Before being appointed Head of Sales & Marketing with DHL Freight, he held various senior commercial positions within the Sales & Marketing division of EXEL (in both forwarding and contract logistics). Rainer Schmid is a graduate of the Mannheim Business Academy for Logistics and Transportation.

WARNING: DANGEROUS CARGO

Freight volume of dangerous goods via road,
in relation to the total amount transported*

* German and foreign vehicles from 3.6 t payload without
transit traffic, cabotage and cross-trade transport



Transport of
dangerous goods
140 million tons
= 4.3 %



3,231 million tons
total transports

Source: Statistisches Bundesamt (DESTATIS), Fachserie 8, Reihe 1.4, Gefahrguttransporte. Ergebnisse der Gefahrgutschätzung, 2013, S. 8

BREXIT

THE PAIN OF PARTING

**It was close. Very close. But the decision has been made.
51.9 per cent of Britons voted in favour of an exit from the EU.
For logistics in Europe, this step will have a significant impact –
although, not necessarily only a negative one.**

So what happens next? First of all, things carry on as usual. Because, between the vote and the final exit lies a long, long marathon of negotiations. It will take up to seven years before the relationship between the EU and Great Britain has been rearranged, estimates EU Minister Donald Tusk. Alone the rescission of existing contracts is expected to take about two years. And then comes the far more difficult part. Because, so far it is completely unclear what kind of economic relationship the EU and Britain will have in the future. Several models are possible. For example, membership in the European Economic Area (EEA) or a bilateral trade agreement with the EU.

In any case – Britain will have to negotiate with each and every one of the 27 EU member states. And the result will then also require the approval of the European Parliament. “Without any guarantee of success, I’m afraid,” said Tusk to the German Bild newspaper.

Uncertainty inhibiting growth

Britain has the EU’s second largest economy. The exit from the community will have negative economic consequences for all involved. 44 percent of British exports go to the EU area, 53 percent of imports to Britain come from EU countries. And trade with third countries is also affected. The British will now have to renegotiate more than 50 free trade agreements with other countries. And that will take some time. Uncertainty will continue until clear regulations have been found. And that will certainly slow down British economic growth significantly.

The reintroduction of trade barriers will increase the price of imports, while customs controls and more bureaucracy will increase transport times, and the procurement and distribution processes will slow down. And that will be reflected in prices. Of course trade will not come to a standstill, but it will slow down. Accordingly, the trans-



**Amadou Diallo,
CEO DHL Freight:**

„I regret the British vote. And not only because trade barriers are of course a challenge for logistics companies. But we have to accept the democratic decision and deal with it“.



**Christian Labrot,
President of the IRU (International Road Transport Union) and
Managing Director of BWVL:**

„Splendid isolation, the unfortunate exit of Britain will cause deep scars in the European economy and logistics sector. But it will harm the country itself more than its neighbours. Logistics will help to keep the trenches as shallow as possible and to seize the opportunities for a new Europe“.

port volume to and from Britain will decline. Trade barriers will also have an effect on the choice of production locations. For example, in the automotive industry, where just-in-time production is widely used.

Whether the Brexit will have only negative implications is debatable. For example, British exports that have become more expensive due to the Brexit could be substituted within the internal market. Other EU countries would benefit from that. According to another scenario, it is conceivable that the expected depreciation of the British pound will inflate the export quota. That too is possible.

The Brexit will linger on for a long time. In one or the other direction. According to the German news magazine Fokus, 48 percent of Italians and 41 percent of French people would like to follow the British example.

ANNE GOERGEN





GLOBAL CLIMATE TREATY

LESS IS MORE!

On April 22, 2016, the accession period began for the new global climate treaty. It will affect the basic conditions for transport and logistics. Compliance with lower CO₂ emissions is both a challenge and an opportunity for the logistics industry.

The date could not have been chosen better. April 22 is “Earth Day” as defined by the United Nations – an ideal date for the ceremony at the start of the accession period. Meanwhile, more than 170 nations and the European Union have signed the agreement, while even some have already deposited the ratification documents. The chances are that the global climate treaty will enter into force in 2020. Under the agreement, the international community

is planning to limit global warming to well below two degrees, if possible, even to 1.5 degrees. These values relate to pre-industrial levels.

Potential and program

Even though traffic, transport and logistics are not expressly mentioned in the agreement, the goal can only be achieved if emissions in the logistics sector fall considerably

too. This is feasible as both the transport means themselves as well as the processes still have much potential for reductions. "The Deutsche Post DHL Group recognized this potential at an early stage, and bundled the activities to protect the environment in 2008 in the GoGreen program," explains Christoph Schönwandt, Head of Strategy & GoGreen DHL Freight. By 2020, the company expects to increase the CO₂ efficiency of its transport services by 30 percent compared to 2007. "In 2015 we were able to reach an important milestone: Increasing efficiency by 25 percent. So we are on the right track".



Energy and efficiency

DHL Freight has put together a package of specific measures. Thus, the logistics company is already testing the use of alternative fuels from renewable raw materials. Hybrid drives are also an option. Add to that a particularly aerodynamic truck design and modified engines. In buildings the company is making use of energy control systems and efficient heating. The use of daylight, rainwater and renewable electricity also contributes to the reduction of the CO₂ footprint. Network design is also well suited to implement CO₂ efficiency. Here options range from measures to increase utilization to the reduction of trip lengths through intelligent location planning. "Even if most people would not necessarily associate the issue of network optimization with GoGreen, that is precisely where we see enormous improvement potential both on an environmental as well as a cost level," explains Schönwandt. "Of course we are also there to support our business partners if they wish to implement more sustainable processes".

Customers and costs

The Paris agreement can even provide an impetus to achieve customer proximity and cost efficiency at the same time:

It is thus that green transport solutions can help logistics customers to achieve their environmental goals. Because, these can often be implemented faster than the ecological optimization of their production processes.

The logistics companies themselves benefit from low resource consumption – thus providing direct cost savings. And to actively define and comply with one's own high environmental standards is also a good way of preparing for possible regulatory changes. "Green innovations even include entire business areas," sums up Christoph Schönwandt. "Because of the fine dust emissions it can be expected that conventional vehicles will be increasingly banned from more and more inner cities. Only those who meet the highest environmental standards can then continue delivering".

JÜRGEN ESCHMEIER

Additional

United Nations Framework Convention on Climate Change (UNFCCC) on the Paris agreement



INTERVIEW WITH BVL AND DSLV

"NOT A REAL BREAKTHROUGH"

Leading representatives about the Federal Transport Infrastructure Plan.

Prof. Dr.-Ing. Raimund Klinkner,
Chairman of the Board
of the German Logistics
Association (BVL)



Matthias Krage, President of
the German Freight Forwarding
and Logistics Association (DSLV –
Deutscher Speditions- und
Logistikverband).

The 21st of March 2016 was an important date for the future of the German logistics sector. It was on that day that Federal Minister of Transport Alexander Dobrindt introduced the draft bill for the Federal Transport Infrastructure Plan 2030. Thus, the infrastructure planning policy for the next 14 years is now on the table. But how do Germany's logistics experts evaluate the decisions, and what expectations do they have of the current discussion phase? Freight Connections spoke with two leading representatives of the German logistics industry.

What is your overall impression of the draft version of the Federal Transport Infrastructure Plan (BVWP) 2030?

Prof. Dr.-Ing. Klinkner: I see it as a step in the right direction, but unfortunately not as a real breakthrough. The plan for the years 2016 to 2030 provides for a total of 226.7 billion Euros, which is an investment of 15 billion Euros per year – after 10 to 11 billion in recent years. The demand made by the BVL in the year 2012 to increase investment to 20 billion Euros per year is still valid – which means that, in our view, an annual investment gap of five billion Euros remains.

Matthias Krage: We believe the Federal Transport Infrastructure Plan 2030 has turned out rather well. What is positive is the transparency of the process and the move away from a strong proportional representation of the federal states. By actually focusing on the removal of

bottlenecks in the entire transport network, the BVWP is emphasizing important aspects. However, if these objectives are to be achieved, the appropriate financing of transport infrastructure has to be ensured in the long run. It does not say where the additional funds are to come from.

Do you think the relationship between maintenance and development of existing structures and the planning of new roads is appropriate?

Klinkner: Almost 70 percent of the planned investments will be allocated to maintenance and replacement, 30 percent for new construction. This sets clear priorities. Maintenance and replacement investment will rise in absolute terms from 83 to 141.6 billion. That is a much needed and probably not nearly sufficient increase. Strategic planning and implementation of new building

projects is falling behind. This is not what I would call actively shaping transport policy, and cannot satisfy the logistics sector.

Krage: Given the increasing loss of substance in all forms of transport, it is generally understandable that the focus is placed on preservation. However, the principle of “preservation before upgrading and new construction” cannot be a permanent option. Due to the projected growth of freight transport alone, the federal government has to spend noticeably more money on construction in the long run.

Even some of the priority projects in the last Federal Transport Infrastructure Plan were not realized. Is the federal government too ambitious or German planning law too rigid?

Klinkner: I don't believe we can actually be too ambitious when it comes to the issue of infrastructure in Germany. Efficient transport routes and smooth logistics are the prerequisite for the German industry to continue its success story. That is what ensures prosperity in this country. German planning law has its peculiarities – and there is much room for improvement.

Krage: The planning is quite ambitious when it comes to the projects with priority needs. These are very important for the overall network and must be finished on time. For this to happen, the order management process must be reformed, as the performances of the individual state construction administrations can vary greatly and the increased means will otherwise not all be used up. Given the development of building prices, it is regrettable that the BVWP does not contain an inflation buffer.

How do you assess the weighting in the plan between the various modes of transport?

Klinkner: The decision-making process via three scenarios that take into account the respective transport performance, sustainability aspects and the budget estimate in 2016 appears interesting and understandable. Let's hope that this also includes intermodal transport, the smooth transition from one mode to the other, so that the strengths of the individual modes of transport can be better utilized. Unfortunately, the term “intermodal” is not used once in the entire planning document.

Krage: A total of 94.7 billion Euros are available in the Federal Transport Infrastructure Plan for development and construction. When it comes to weighting, the traffic performance as well as sustainability considerations played a role. Roads account for about 52 percent, railways for 42 percent and five percent are attributable to waterways. This is where the mobility goals seem to have been less important than the environmental goals, to the detriment of the road network, which provides about 70 percent of transport capacity. On the other hand, there is a danger that taking on further road-building projects as priority needs could cause the implementation of the ambitious plans to become even more difficult.

Does infrastructure expansion require additional resources and if so, who should raise them – taxpayers or users?

Klinkner: Yes, additional resources are required. User financing can be a very useful tool, but it should not be added to an existing tax system. New structures have to be created. Tax revenues are currently developing very positively. The investment of a significant portion of revenues in infrastructure would be a far-sighted decision. User charges should be increasingly and systematically used for current maintenance – be it through tolls or specific charges.

Krage: German transport infrastructure needs permanently more funds in the long term. This is primarily a task of the state. Alongside that, user financing by all road users is conceivable, if the collected taxes flow back into the infrastructure again in a closed cycle.

KAI ORTMANN

Additional

Draft of the
Federal Transport
Infrastructure Plan
2030



German Freight
Forwarding and
Logistics Association (DSL)



German Logistics
Association (BVL)





USA: DRIVER COERCION RULE

NEW RULES

USA now protecting truck drivers from schedules that are too tight, and making electronic logging devices mandatory.

"Sure we can make it" is a frequently heard sentence by planning managers, even if the time allowed by clients is actually completely unrealistic. And who is left holding the bag? The drivers, who are de facto forced to see driving times and speed limits more like recommendation than actual regulations unless they want to risk losing their jobs. Or, as is often the case in the USA, risk

their entire existence as a sole proprietor. So-called owner/operators actually operate around two-thirds of all trucks in the United States. Money is often tight and they need all the orders they can get, which is why they are regularly tempted to take on orders that are more or less impossible to fulfil.

The result: Accidents caused by fatigue and/or excessive speeds. When investigating serious bus and truck accidents, the National Transportation Board (NTSB) has repeatedly found such causes



Kelsey Kitchen, Manager Corporate Safety & Security of DHL Standard Forwarding USA

and thus recommended to the Federal Motor Carrier Safety Administration (FMCSA) that the rules are not only tightened for drivers but also for customers.

The Driver Coercion Rule

The FMCSA is now protecting drivers in large forwarding companies as well as owner/operators from the risks of such tight delivery schedules. The Driver Coercion Rule, which came into effect on January 1, 2016, obliges employees as well as the senders of goods to take into account the legal provisions on driving and rest periods as well as the permissible speed limits during their planning.

The new regulations follow a three-pronged approach in order to enforce the target:

1. Better possibilities for drivers to report problems anonymously and without the risk of reprisals
2. Investigative means for the FMCSA, such as access to order data and contracts
3. Penalties for companies that force drivers to break the rules

For the last point the regulations envisage high financial penalties or, in extreme cases, even the withdrawal of the company's authorisation. A hotline and website are available via which to notify the authorities.

A further component of improved safety is the compulsory introduction of electronic logging devices. Within two years all drivers have to switch from the current paper records to digital systems with which to demonstrate that their driving and rest periods as well as total working hours are within the specified limits. "We very much welcome the new regulations, as they provide more safety on our roads and, as a kind of by-product, also ensure fair competition", explains Kelsey Kitchen, Manager Corporate Safety & Security of DHL Standard Forwarding USA. And he adds: "We always make sure that our partners work with realistic schedules for all orders. None of our drivers are forced to break the rules in order to be on time!"

Advantages for the industry

The FMCSA sees several advantages for the whole industry in the use of so-called e-logging devices. According to their calculations on accident frequencies, the new regulations will save 26 lives

per year on average, and prevent serious injuries to a further 526 road users, which these would otherwise have suffered through crashes involving trucks or busses. Furthermore, the authorities also expect savings of up to one billion dollars for forwarding companies due to the elimination of the obligation to retain paper documents. The FMCSA provides information on the permitted devices or software for smartphones on its website. DHL Freight is already well prepared for the new regulations: "All the vehicles of our partners are already equipped with electronic logging devices now. However, due to the regulations they were not yet activated," explains Kelsey Kitchen. "But from now on we can begin using them!"

KAI ORTMANN

Additional

FMCSA Newsroom:
„Electronic Logging
Devices to be Required
Across Commercial
Truck and Bus Indus-
tries“



MCSA Newsroom:
„FMCSA's Final Rule
Prohibits Coercion, Pro-
tects Commercial Truck
and Bus Drivers From
Being Forced to Violate
Safety Regulations“





IRAN HAS GREAT POTENTIAL

THE END OF THE ICE AGE

**The frozen economic relations with Iran are beginning to thaw.
The easing of sanctions is providing optimism in the economy.**

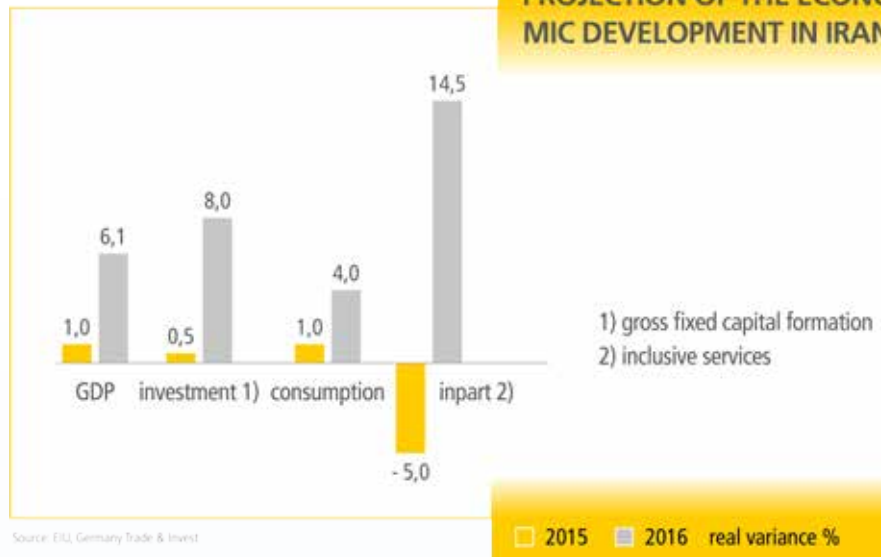
He appeared before the international press with a big smile on his face: The Iranian Foreign Minister announced the end of economic sanctions against Iran at the beginning of the year in Vienna. But the message has also put many companies into a good mood, as Iran is a promising market with around 80 million inhabitants. And the pent-up demand is great. Up until the Islamic revolution in 1979, Iran was an important partner of the industrialized western nations. But then dealings cooled down significantly, and economic relations were severely restricted – even fully breaking down in the past ten years.

Now, restrictions on payments and capital transactions have been lifted, and investment and deliveries in the areas of petroleum, natural gas and petrochemicals have started up again. Even some dual-use items, which can serve both civil as well as military purposes can again be approved. Moreover, with immediate effect, all sanctions on marine equipment have been lifted. This is an important direct impulse for the transport industry, and in the next few years all trade barriers are to gradually fall.

Large market

A distinct spirit of optimism can currently be perceived. Because Iran has great potential. It has the world's second-largest reserves of natural gas and the world's fourth-largest oil reserves. The go-

PROJECTION OF THE ECONOMIC DEVELOPMENT IN IRAN



vernment is planning to double the petrochemical capacity to 120 million tonnes by 2021. And this will require new machinery and equipment worth billions of dollars. Investments will be necessary in many areas: agriculture, building materials, energy technology, vehicle construction, mechanical engineering, environmental technology, water and wastewater management

and the health sector are only a few. The Iranian government has estimated the country's investment drive to be in the vicinity of 185 billion euros. In total, Iran expects investments to the amount of 1,000 billion dollars by 2023. A third of these should be covered by foreign investments.

In addition, Iran is also a large market for consumer goods. With its 80 million inhabitants, the Gulf State is one of the twenty most populous countries in the world. Its citizens are mostly well educated and young. Almost a quarter are 14 years and younger. Many people were accustomed to a much higher standard of living before the sanctions, and are particularly open to high-quality branded products. A recent study under the title of "Iran – back in the game" by the credit insurer Euler Hermes expects the country to become an important new market for consumer products. Currently, however, there is still a shortage of many things. Therefore, the coverage of basic needs is first on the agenda, i.e. food, pharmaceuticals and everyday goods. In the second step, consumers will then make larger purchases such as high-quality household appliances and cars.

Slippery Patches left

And all of these goods have to come into the country. That is why the Iranian government is also planning to invest in infrastructure. Even before upgrading the oil facilities, the modernisation of railways and airports has to be tackled. Agreements have already been made with French railway companies concerning cooperation in the modernization and operation of railway stations. And things are also getting on in the air. For example, Airbus has sold 118 passenger aircraft to Iran Air. And great potential can also be seen on the roads. Dr. Wolfgang Bernhard, Head of Daimler Trucks & Busses

sees potential in the oil-rich country for his heavy-duty trucks. That is why the company has already signed cooperation agreements and is planning further joint ventures. "For a logistics specialist like DHL, the new political situation provides just as many good opportunities. The transport routes to the regional power through the Balkans and Turkey seem to be the most feasible. Our Istanbul Terminal in particular will act as a Competence Center especially for the shipments coming in from all over Europe", explains Selcuk Boztepe, Managing Director South Eastern Europe DHL. However, despite all the thawing of relations, doing business in Iran still has some slippery patches left:

- Politics: If Iran does not keep its side of the deal, sanctions could quickly be reinforced.
- Transparency: Bureaucracy can be a barrier to business development, and sufficient corporate data is often not publicly available.
- Finances: Many financial services are not available in Iran. Credit processing via Iranian banks is hardly possible. International banks are still holding back when it comes to export financing.

Therefore, when it comes to accessing the market, all players will have to look very closely and proceed step by step. This should prevent wet feet even in a thaw.

STEPHANIE LEUWER



NEW UNION CUSTOMS CODE

ACROSS ALL BORDERS

The reorganization of the European customs code involves quite some effort for logistics companies to adapt their processes.

Everything is new in May – this year the German proverb applies in particular to logistics companies. Because, at the beginning of the month the new Union Customs Code (UCC) came into force. This brings with it a slew of new or amended regulations for customs processing of goods. After all, the new regulation is the most far-reaching reform of European customs law since 1993 and the adaptation of the law to the Treaty of Lisbon.

Advantages for companies

At first glance, the reform of the UCC provides some advantages for companies. For example, in future there will be a simplified customs declaration, which can primarily be carried out by the sender's accounting. The handling of securities for customs permits will become more flexible. Depending on the evaluation of the company by the administration, these may be lower than previously and possibly even approach zero. The exchange of data has been significantly simplified, and the customs authorities of different countries will work with uniform procedures in the future.

However, many of these simplifications will apply only for so-called authorised economic operators (AEO). But obtaining this status is subject to numerous conditions and requires a corresponding application and certification process. Further drawbacks are the reduction of the period of validity of binding tariff information (BTI) from

six to three years, and the fact that registering prices from prior purchase transactions will no longer be possible. From now on, customs debt will be calculated based on the sales value achieved immediately before introduction into the EU. Previous value determinations will not be accepted.

Examining the own processes

For businesses, these changes can be more or less far-reaching, depending on their goods and customer structure. But it is certainly worth examining one's own processes and procedures with regard to their suitability for the new UCC rules and, if necessary, to make adjustments. Above all, it is now much more important than before to apply for AEO status.

As a leading logistics provider, DHL has of course concerned itself with the new regulations for some time. Therefore, the company is happy to provide its partners and customers with support during their adjustment of processes. "We will not only undertake a quick scan of the current situation of the respective company, including a check of the existing certificates and licenses, but also provide specific recommendations for action and assistance within the context of customs consultancy services. For example when applying for AEO status", explains Marc Bernitt, Global Head of Customs. MICHAEL WAYAND

Webinar offer

In order to clarify the changes and point out the necessary measures required through the new UCC, DHL provides webinars on the topic. These take about one hour each and are free of charge. The next dates:

- July 20
- August 24
- September 21
- October 19
- November 23

Contact and registration:
marc.bernitt@dhl.com



BEST LOGISTICS BRAND 2016

THREE TIME WINNERS

DHL Freight was awarded first place in the categories of Road Transport Services at the readers' and experts' choice award for the Best Logistics Brand 2016. The DPDHL Group also won as Courier, Express and Parcel Services and second place in the category of Air Cargo Service.

The award ceremony for the Best Logistics Brand 2016 took place in Berlin on the 20th of April. Martin Leopold, CFO DHL Freight accepted the awards on behalf of Deutsche Post DHL. The awards are presented by the German magazine Logistik Heute and the Bundesvereinigung Logistik (BVL – Federal Association of Logistics) e.V. in eleven categories. "The voting results show very well, where companies currently stand with their brands. Strong brands help strengthen the image of logistics in public", explains Prof. Dr.-Ing. Thomas Wimmer, Chief Executive Officer of the BVL. The award ceremony took the form of a festive award night with more than 140 guests from business, politics and the media.

Logistik Heute and the BVL began the readers' choice award at the end of 2015. The most popular brands were then determined between November 2015 and February 2016. Supply chain managers, logistics managers and experts from the German-speaking region were able to choose from 170 different brands. The most relevant brands with the highest turnovers in Germany were included. A total of 1,264 valid votes were then submitted.

Best Logistics Brand 2016 – the categories

- Logistics Consultants and Consulting
- Airports
- Industrial Trucks and AGVs
- Containers
- IT for SCM/ERP
- IT for Transport Management
- Air Freight Services
- Sea Freight Services
- Road Transport Services
- Courier, Express and Parcel Services

Additional

Website of the magazine
Logistik Heute



DHL RESILIENCE360

PREDICTING THE GALE

Customers able to generate competitive advantages through efficient supply chain risk management with Resilience360.



Wars, natural disasters, labour disputes or border closures – these are only some of the many risks that affect modern logistics. In the age of globalization, disturbances in these areas can have serious consequences, as is shown by the latest DHL survey InsightOn. The streamlining of production processes and the trend towards just-in-time deliveries have made companies ever more dependent on smoothly running supply chains. Three quarters of the companies surveyed in 2015 were affected by disturbances, and the damage incurred amounted to hundreds of billions all over the world.

Proactive goods logistics

Proactive risk management in goods logistics is thus all the more important. However, the problem is that even in international companies supply chain organizations tend to work with isolated solutions rather than considering the overall picture. They therefore often do not perceive risks outside of their own field of view. However, with Resilience360, DHL has a solution for exactly that problem.

DHL Resilience360 consists of two components:

- Resilience360 Risk Assessment, a long-term view of potential supply chain and security risks on the basis of probability of occurrence and specifics
- Resilience360 Incident Monitoring, a software-based platform that records current incidents in real-time and visualizes the consequences for the entire supply chain of the respective customer

First, the solution charts the customer supply chains and depicts them graphically. In live mode the system then provides continuous references to disruptions near the supply chain and thus helps companies to generate competitive advantages over the competition through rapid response.

Recognize breakdowns early

The effectiveness of Resilience360 can be shown by an example: Schmitz Cargobull, one of the world's leading producers of truck trailers, is heavily dependent on the timely delivery of critical components. Among other



Left: 24/7 overview of impending disruptions helps customers to implement avoidance strategies at an early stage.

Right: Tobias Larsson, Head of Resilience360 at DHL Customer Solutions & Innovation.

things, this is due to the fact that customers can still customize the configuration of their product up to 18 hours before delivery. Therefore, it is especially important for the family-run business to recognize possible breakdowns in the supply of automotive components early, in order to avoid downtimes. "We analyzed the entire delivery chain of Schmitz Cargobull and made it graphically visible. This included the material flow as well as the pooling of supply locations. In combination with Incident Monitoring, this provided a 24/7 overview of impending disruptions, which helped the customer to implement avoidance strategies at an early stage", explains Tobias Larsson, Head of Resilience360 at DHL Customer Solutions & Innovation.

Peter Schonefeld, Head of Supply Chain Management at Schmitz Cargobull AG, is particularly satisfied with the result: "By integrating Resilience360 into our supply chain and distribution processes, we can foresee problems and avoid them by booking alternative means of transport – long before our competitors. So in the end, we can ensure that we deliver the orders of our customers as promised."

BIRGIT KUPAS

Website

Within the framework of continuous development, DHL Resilience360 has been re-launched in May with a new website (see also QR-Code below).

Risk & Resilience Conference

On 22 September, the Resilience360 team will hold its annual Risk & Resilience Conference. According to the motto "Maintaining Network Agility in a Volatile Environment", interesting lectures and workshops will be held on the topic of supply chains and security risk management. To register, contact resilience360@dhl.com

Additional

InsightOn study on risk management and resilient supply chains

DHL Resilience360





DHL STUDY ABOUT ENERGY INDUSTRY

RISING TO THE CHALLENGE

Energy companies must cooperate more.

The energy industry is currently undergoing one of the largest changes in recent history. Historically low prices for crude oil and natural gas, the shale gas revolution in the United States and the worldwide increase of renewable energy in electricity generation present major challenges, in particular for oil and gas companies.

A current DHL study examined how companies can adapt to the difficult market environment. The study identified an improvement of transparency and the optimization

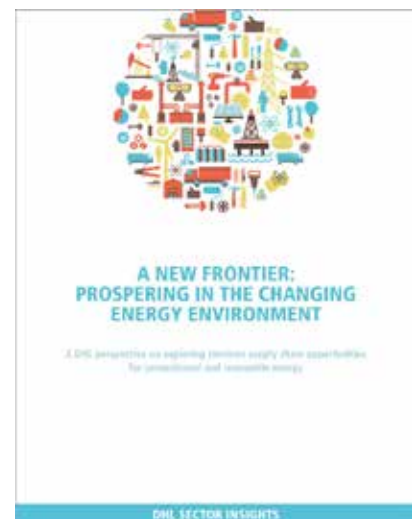
of the supply chain as important starting points. "Even if the industry sees itself confronted with enormous challenges, companies are faced with a multiplicity of opportunities in the areas of conventional as well as renewable energies. As our survey has revealed, there is still plenty of room for improvement, particularly in terms of efficient, well-organized supply chains", explains Steve Harley, head of the energy sector at DHL Customer Solutions & Innovation. "The supply chains of conventional and renewable

energies are increasingly converging with regard to project size, production areas and service providers. This provides the opportunity of learning from each other and sharing expertise."

Cooperation providing win-win effects

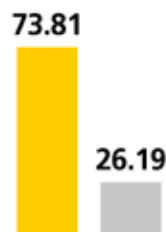
40 percent of logistics managers in oil and gas companies deem the transparency of the supply chains within their own company to be insufficient. The authors of the study recommend that logistics are coordinated centrally. A precondition for this is that supply chains around the world are tracked and monitored. As a result, operating costs could be reduced and material management improved, for example through the central storage of stocks. Cooperation within the industry – through the shared use of facilities or the active transfer of knowledge – could also generate win-win effects. The authors of the study specify the mining of oil shale in the United States as a positive example. Productivity has increased by more than 30 percent since 2007 due to the standardization of processes. However, the reality is usually different in many companies in the industry, as the study also shows. Although 73 percent of decision makers in the industry feel that more openness is important, only 13 percent are in favour of greater cooperation with competitors. "Particularly when it comes to the supply chains, 2016 will be decisive for the success or failure of the energy sector. If one looks at the market development of oil or gas companies, there is now hardly any scope for operational inefficiencies. Lack of transparency with regards to stocks or the use of resources, as well as decentralised control systems, must be a thing of the past – especially in the extraction of energy raw materials, where the margins are currently extremely tight or de facto non-existent", explains Steve Harley.

STEPHANIE LEUWER



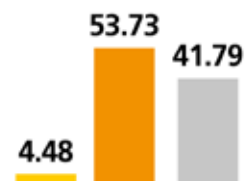
IN THE OPINION OF OIL AND GAS LOGISTICS MANAGERS:

(in %)



Should the oil and gas industry be more open to sharing facilities with competitors in order to drive down costs?

Source: DHL Global Energy Conference 2015



Do you feel your organization currently has sufficient visibility of Supply Chain performance?

☐ Yes
 ☒ Yes, could improve
 ☐ No

Additional

DHL study about energy industry



LUNAR LOGISTICS

THE WORLD IS NOT ENOUGH

DHL supports Astrobotic to develop lunar delivery service.

Deutsche Post DHL Group will become the "Official Logistics Provider for Astrobotic's First Mission to the Moon." Astrobotic is building a service to make the Moon accessible to the world and unveiled its new Peregrine Lunar Lander.

DHL will provide logistics services for Astrobotic's spacecraft and its customer payloads, making sure that all materials for the new lunar lander as well as the 'space freight' will arrive safe and on time to begin their journey to the Moon. "DHL has a proud history of connecting its customers to the world. Today, we are excited to be embarking upon this incredible venture into the next era of logistics - beyond Earth and to the Moon", said Arjan Sissing, Senior Vice President, Global Brand Marketing, Deutsche Post DHL Group.

Together, this team will advance the technical maturity of the new "Peregrine" Lunar Lander towards the next big development milestone. Peregrine builds on eight years of Astrobotic lunar lander development,

and will carry Astrobotic's first delivery of payloads to the lunar surface. Peregrine offers mission flexibility with a 30 to 265 kilogram payload capacity. The lander will be powered with an Aerojet Rocketdyne propulsion system featuring next generation space engine technology.

Astrobotic Technology is a lunar logistics company that delivers payloads to the Moon for companies, governments, universities, nonprofits, and individuals. The company's spacecraft accommodates multiple customers on a single flight, offering lunar delivery at an industry-defining price of \$1.2 Million per kilogram. Astrobotic is a partner with NASA through a Space Act Agreement under the Lunar CATALYST program, and has 21 prior and ongoing NASA contracts. The company has 10 payload delivery contracts in place for its first mission and dozens of customer negotiations for upcoming missions. Astrobotic was spun out of Carnegie Mellon University's Robotics Institute in 2007, and is headquartered in Pittsburgh, PA.

STEPHANIE LEUWER



Additional

Astrobotic
Peregrine Lander



NASA
Lunar CATALYST



INTELLIGENT ALGORITHMS

The DHL Carbon Calculator enables emissions calculation for almost all shipment sizes and modes of transport – for local, national and international deliveries.

With the introduction of the Carbon Calculator, DHL now allows its customers to calculate, free of charge, transport-related emissions for almost all shipment sizes and modes of transport. “While many other computational tools provide only a rough estimate of the transport emissions and the route, the Carbon Calculator taps into real logistics data,” explains Christoph Schönwand, Head of Strategy & GoGreen DHL Freight. Those data include the route to the nearest airport or harbor, the main leg by air or sea and the “last mile” in the destination country.

To determine the level of emissions, the DHL Carbon Calculator uses data from the DHL Carbon Accounting and Controlling department. The computational methodology reflects the recognized Greenhouse Gas Protocol standards, the European Standard EN 16258 as well as the guidelines of the Global Logistics Emissions Council. Katharina Tomoff, Vice President, Shared Value, Deutsche Post DHL Group, underscored the benefits for customers: “With the intuitively operated Carbon Calculator, our customers can determine in advance the exact environmental impact of their shipment – at any time, from any place and free of charge.”

To calculate the emissions, you simply enter the sender's and receiver's locations, as well as the weight and volume of a shipment. Then you select the preferred mode of transport. Based on your entries, the Carbon Calculator recommends a shipping route, which you can modify further. Using this, the tool calculates the amount of CO₂ equivalent emissions that the transport will generate. Enquiries are free of charge on the system and can be entered without registration; registered users also have access to an expanded range of analytical functions.



More tools

The new Carbon Calculator complements a number of DHL tools that help customers understand and reduce the environmental impact of their supply chains:

- **Track & Trace:** This tool has been expanded to also show transport-related greenhouse gas (GHG) emissions data for individual shipments.
- **Carbon Report:** An individualized report on the amount of GHG emissions generated by the transport of DHL shipments.
- **Carbon Dashboard:** An interactive Carbon Report sizes and to calculate the GHG emissions generated by each scenario.

With its Green Optimization service, DHL also offers customized logistics solutions to help customers reduce GHG emissions and minimize the environmental impact of their logistics processes.

TORSTEN ARNOLD

Additional

DHL Carbon Calculator



VASA RACE IN SWEDEN

FOLLOWING IN THEIR FATHERS' TRACKS

DHL Freight gets the Vasa race in Sweden rolling.

"I fäders spår – för framtids segrar", which translated means: "In the tracks of the fathers – for the victories of the future", has been the slogan of one of the biggest skiing events in the world since 1922. 15,800 skiers take part in the world famous "Vasaloppet". The final race, which traditionally takes place on the first Sunday in March, ends the Vasa week with seven other cross-country skiing competitions in and around Sälen. During the Vasa week more

than 40,000 people take to the slopes: Entry tickets for the final race are sold out long before the winter. With the Vasa race the Swedes pay tribute to an important historical event: the occasion on which the Swedish nobleman Gustav I Vasa fled from the soldiers of the Danish King – on skis. The Swedes thus began an uprising against Danish rule and sent two of their best skiers to get back Gustav. That happened in 1521 in the area around Sälen. To com-



memorate this event, the Vasa race from Sälen to Mora has been held since 1922. The 90 km in classical style are the highlight of the Swedish cross country skiing season.

Since 2011, DHL Freight has been the partner of the event, and organizes the transport of all the material before, during and after the race week. For example the equipment and clothing of the athletes are transported between the changing zones at the beginning and end of the race. For more than 60.000 participants! "We really get the Vasa race running", says Maria Johansson Maltez, Marketing Project Leader DHL Freight Sweden, not without a fair bit of pride. The numbers are impressive:

- 234 pallets with starting numbers
- 38 truckloads with clothes for the participants
- 871 work hours before, during and after the race for dispatchers and drivers alone

DHL Freight is also host and main sponsor of the Tjejvasan – a 30-kilometer race exclusively for girls and women. Since 2015, DHL has also organized a prize draw among the participants for special wishes. The motto: "What would you wish for when you cross the finish line?" These wishes are then fulfilled for three winners. Furthermore, DHL Freight also has a booth at the Vasaloppet fair, which takes place

Vasaloppet – the big race in numbers

- 90 kilometres
- Classic style (no skating step)
- 15,800 participants
- Carried out in all weather (exception: lack of snow)
- Fastest time: 3:38:41 h (Jörgen Brink, Sweden, 2012)
- Fastest women's time: 4:08:24 h (Vibeke Skofterud, Norway, 2012)

The winners in 2016

- Men: John Kristian Dahl (Norway) 4:08:00 h
- Women: Katerina Smutná (Austria) 4:17:56 h

Additional

Video of the race



at the same time, organises a customer event in conjunction with the relay race, runs a check point during four races, and has a warming trailer at the start of two races in Oxberg. "That's our winter programme. And it continues in the summer. We are also the logistics partner of Vasaloppets summer week, the cycling and running event on the same course in August", explains Maltez.

TORSTEN ARNOLD





ENERGY MARKET

FAVORABLE BUSINESS WINDS

**DHL Freight helps
major industry player
in the delivery of wind generators
and energy solutions.**

As the wind energy market grows, having the right services and infrastructure in place plays a fundamental part of being able to succeed. That is why Vestas Wind Systems A/S, the only global energy company dedicated exclusively to wind energy, approached DHL to assist them with their logistics requirements.

Vestas was founded in 1898 as a blacksmith shop in western Denmark, and it wasn't until 1979 when they started producing wind turbines. Since then, they have gained a market-leading position with their best-in-class wind energy solutions. Vestas currently has more than 71 gigawatts (GW) of installed wind power and more than 49 GW under

service globally. To put this in perspective, 1 GW is equivalent to 1000 megawatts (MW); It is estimated that a 1 MW powers 900 average households in the European Union.

First Global Wind Conference

With its geographical footprint, global inbound and outbound logistics services, DHL has been able to call on a number of its business units to assist in the transportation of these wind generators and components. In addition, a dedicated team of engineers operates in its Regional Wind Competence Center, and they held their first Global Wind Conference in Denmark earlier this year, which focused on offshore wind shipping and logistics.

DHL Freight Serbia was one of the business units entrusted with the transportation of Vestas' wind generators and all related components for the construction of the first wind farm in Serbia. The biggest challenge was the complexity of the transport itself, which included using different modes of transport. The components were usually oversized and required special equipment during transportation and reloading. It was therefore not only a challenge to reload the goods onto barges from trans-oceanic ships at the port of Konstanca, sailing across the Danube and later unloading from barges onto trucks at the port of Apatin, but also to deal with the mechanization that followed. Vladan Šaljić, Country Manager, DHL Freight Serbia: "I must emphasize that all these processes are supervised and monitored by professionals from DHL's Regional Wind Competence Center – EMEA. Most of them were employed as engineers in the wind generator industry in the past, so they know the business rather well."

Confirmation of the high standards

The center was formed when DHL began its partnership with Vestas, as it requires specialized knowledge of the industry, its needs, and security processes. DHL Freight Serbia supports this team through customs mediation services, as well as selecting local partners for the project. Special oversized transportation is carried out by a local company, Bora Kečić, who unload the components from barges, place them on special vehicles and deliver the goods to the installation premises.

"Successful completion of the multimodal transport of wind turbines and supporting components is a confirmation of the high standards of business of DHL Freight", explains Vladan.

ANNE GOERGEN



Additional

Website of Vestas



HAMBURG ELBPHILHARMONIE CONCERT HALL

A QUEEN YOU CAN TOUCH

The largest instrument in the new Hamburg Elbphilharmonie concert hall is a real humdinger. So DHL was called in to sort out the transport requirements for the beacon project.



It is not only the inhabitants of Hamburg who have had to wait for a long time. Music lovers from around the world are also eagerly awaiting the date on which the first concert in the Elbphilharmonie will take place: January 11, 2017. Ticket sales began in the spring. And by far the largest instrument – the organ – is already on its way to Hamburg, piece by piece, in many thousands of individual parts. It was built by the Bonn organ builder Klais, which has become world-famous for the exceptional sound experiences provided by its instruments.

And of course the queen of instruments is transported from the Rhine to the Elbe first class. Its personal chauffeur is DHL Trade Fairs & Events (TFE). Particularly experienced drivers bring the fragile items to Hamburg without any vibrations. The 25-ton organ with 4,812 pipes – the longest is 10 meters long, the smallest 1 centimetre – requires several tours. The first parts of the instrument were already installed under the roof of the concert hall a year ago. DHL is currently delivering components like the windchest and the wooden pipes, which are being gradually installed by Klais employees. In June 2016 the final installation will then include the sensitive organ pipes made of metal. "We load and unload by hand. Working in this way, we need about five to six hours for a cargo volume that we would normally handle in about half an hour," explains DHL TFE's Gregor Klammer. Precision work is also required when fastening the sensitive cargo in the cargo bay. The DHL experts for event logistics have to fasten many items individually and protect them against shocks.

One thing is certain: This is not a "touching" experience for the DHL TFE employees alone. Because, the organ of the Elbphilharmonie is as unusual as the whole building itself. The pipes in the grand hall are not located up above, but actually in between the rows of seats on three levels. In some areas, concertgoers can then even look past the organ pipes into the wooden interior, and can actually touch the surface of the instrument – a queen to touch for all music lovers. **BIRGIT KUPAS**

Additional

Organbuilder Philipp Klais talks about the Elbphilharmonie organ





DHL GLOBAL FORWARDING, FREIGHT GREECE

AGAINST ALL ODDS

DHL Global Forwarding, Freight Greece in the fast lane despite adverse circumstances.

The conditions for companies in the Greek market are everything else but good: Gross domestic product has fallen over the past eight years by 25 per cent, every fourth Greek person of working age is unemployed, and on top of that comes the refugee problem. The impact on the logistics industry is severe – the transport market has shrunk by half compared to 2008. But even under such adverse conditions, companies can still grow – DHL Freight Greece increased its 2014 revenue by almost 60 percent since the beginning of the crisis in 2009 and was even able to increase EBIT eightfold compared to 2008.

But such counter-cyclical growth was only possible with new ideas. “Instead of simply cutting costs no matter what, we took a more aggressive approach and had a look around for profitable market niches. In addition, we placed a clear emphasis on the DHL brand as the world’s largest logistics provider, in order to present us as a reliable and well-financed business partner”, says Stefanos Agiopoulos, Country Marketing & Sales Manager, DHL Global Forwarding, Freight Greece. The cooperation with Express and Global Forwarding was significantly stepped up during the crisis so as to generate sales across different business areas.

Door to East Asia

The cooperation culminated in a reorganization that was completed in October 2015. DHL Global Forwarding, Freight Greece (DGFF Greece) has since brought together the entire portfolio of road, air and sea transport under one roof. Moreover, this has advantages for internationally active customers, especially since one of the main transit centres of DHL’s new “maritime silk road” lies in Piraeus, a geographically ideal position for multimodal connections

from East Asia. For example, the combination of road and ocean transport creates time savings of up to nine days compared to the shipping route to and from Rotterdam, as the cargo takes only two to five days to reach the European key markets from Greece.

In addition, DHL invested anti-cyclically in new infrastructure. The two new terminals in Crete and Patras will strengthen the position in the provinces.

Breakthrough in Life Science & Healthcare sector

“Furthermore, we decided to extend the product portfolio to include services from the area of DHL Freight ColdChain. That has absolutely paid off, as now more than 20 percent of our sales come from life science and healthcare sector, which require temperature-regulated shipments”, explains Stefanos Agiopoulos. There is now even a dedicated team for that purpose at DGFF Greece. In this context, cargo security also plays a large role. All vehicles are equipped with the latest safety systems, including GPS, door opening sensors and alarm buttons. Security locks, two-driver crews and temperature controls in real time are a matter of course just like the 24/7 monitoring of the cargoes. In the long term, a connection to the DHL Thermonet network, i.e. temperature controlled air freight and ocean freight, is planned.

Ideal partner for food transport

That is particularly important as Greece is one of the world’s largest producers of agricultural commodities and fresh food. DGFF Greece, with its large variety of routes to Europe and beyond, is an ideal partner for their transport, no matter whether the goods have to be frozen, cooled or stored at ambient temperatures.

KAI ORTMANN

DHL FREIGHT TERMINAL IN MALMÖ

NEW IN THE NORTH

Efficient and ergonomic – the new
DHL Freight terminal in Malmö, Sweden,
has been opened.



New semi-automatic sorters instead of laborious manual sorting ensure greater efficiency and productivity. The hall has an intelligent design, and due to the short distances, fewer fork-lifts are required. Furthermore, the system also requires less maintenance. Ramps and loading bays are designed according to ergonomic criteria. But the new DHL Freight Terminal in the east of Malmö corresponds not only to modern logistics requirements. The Certified Green Building also meets highest demands in terms of sustainability.

It has an energy-efficient heat-pump heating system, which operates with low emissions and combines reduced heating costs with a small CO₂ footprint. It is also certified according to TAPA (Transported Asset Protection Association) safety standard class B. DHL has rented the turnkey terminal from the company Catena, with which the Group works at many locations.

Malmö is a strategically important location for the DHL Freight network in Sweden. The third-largest city in the country is the gateway to Denmark. It is conveni-

Transported Asset Protection Association

The combination of brand manufacturers, technology providers, insurance businesses and logistics companies has developed standards that ensure the best quality and safest transportation of goods and commodities (by road, rail, sea or air) from manufacturers to retailers within the transport and supply chain.



ently located in close proximity to the famous Øresund bridge, which connects Malmö with the Danish capital Copenhagen. The construction is the world's longest cable-stayed bridge for combined road and rail transport, and has greatly improved the entire Øresund region's connections.

The former terminal was built 40 years ago and was way past its prime. Both efficiency and technical equipment no longer met modern standards. After the relocation of the DHL Freight Euroconnect cargo business for Central Europe to Helsingborg, the old buildings had also become too big. The Corporate Real Estate (CRE) division of the Group checked all the options and finally decided in favour of the new building. With the new terminal, DHL Freight Sweden is now in the ideal position to provide convincing solutions at this important location today and in the future.

JÜRGEN ESCHMEIER



New construction with high efficiency and environmental standards: the Malmö terminal of DHL Freight Sweden.

SELF-DRIVING TRUCKS

AUTONOMOUS FUTURE

In the United States and Germany, self-driving trucks are now taken to public roads for the first time.



The Hoover dam is an American icon. A sign that the United States think big and can perform great deeds. And an ideal place for the first appearance of an approved self-driving truck on a freely accessible public road. In May 2015 the Freightliner Inspiration Truck, guided by the assistance system Highway Pilot, drove independently along the highway on the dam crest. A driver was still seated in the driver's cab, as during so-called semi-autonomous driving a person has to be able to intervene at any time. Five months later, on 2 October 2015, the very first self-driving journey took place in Germany. In this case, a Mercedes-Benz Actros also drove semi-autonomously along the A6 motorway near Stuttgart. And this time there was even a VIP passenger on board: the Premier of the Federal State of Baden-Württemberg, who underlined that he felt absolutely safe during the trip.

This safety is based on a specific type of autopilot. The so-called Highway Pilot consists of a front radar and stereo camera as well as a number of well-known assistance systems such as adaptive cruise control. The interplay of these components has now been extensively tested around the world. The system has undergone testing of more than 20,000 kilometres on test tracks in the United States and Germany. These technical assistants have the advantage that they never become tired or inattentive, not even during long monotonous journeys. Furthermore, fuel consumption and thus CO₂ emissions can also be decreased thanks to optimal acceleration, gear changes and braking. The efficient and smoother driving style also helps to avoid traffic congestion. In addition, the driver can then deal with other things, such as going through cargo documents, planning tours, or making phone calls.

However, the broad implementation of semi-autonomous or even fully autonomous driving will still take

several years of technical development. And a number of important issues, such as data protection and liability in case of accidents, also have to be clarified. The fact that semi-autonomous driving sometimes doesn't go completely smoothly is shown by the example of Google: On 14 February 2016 a vehicle by the internet group had a mild collision with a bus. Experts assume that the semi-autonomous car was responsible for the crash because its algorithm incorrectly assessed the driving manner of the bus.

The accident is proof of how important test runs will be on the way to providing marketable autopilot vehicles. Fixed regulatory frameworks will therefore be absolutely necessary in order to make autonomous driving a success. In September 2015, the Federal Cabinet decided on a "strategy of automated and networked driving", which covers a variety of issues, ranging from legislation and infrastructure to data protection. Transport Minister Alexander Dobrindt explained: "My aim is to make Germany a leading provider of automated and networked vehicles as well as a leading market." An important milestone in this respect is also the establishment of the test field motorway in Bavaria, as something of a test laboratory under real conditions.

Additional

Video on introduction of first semi-autonomous series truck in Germany



Video on Freightliner Inspiration Truck and its drive across the Hoover dam



NEW HEAVY TRUCK REGISTRATION

Poland ahead.

In Q1 the EU market for heavy trucks grew by 18 %, with the larger markets headed by

- Poland (+43 %)
- Netherlands (+25 %)
- Spain (+22 %)

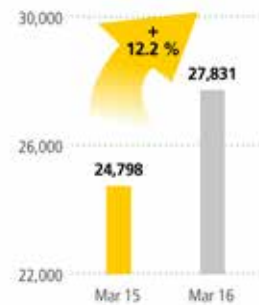
Germany essentially flat at +1 % only (March).

REGISTRATIONS (OVER 16T) Q1 2016

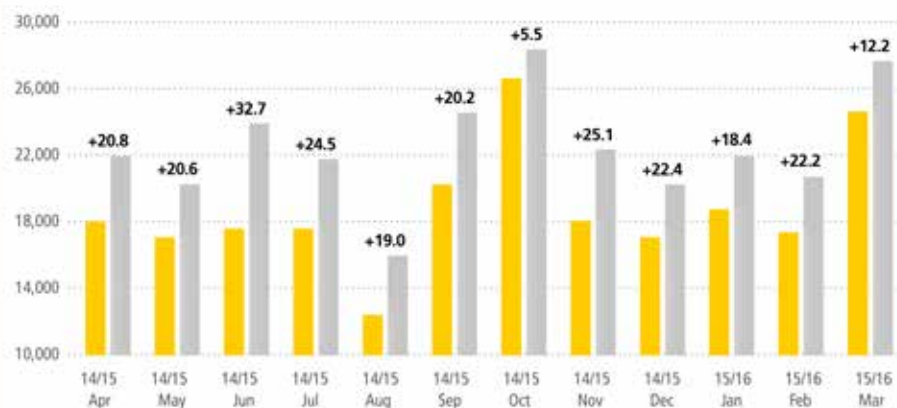
		vs. LY
EU	71,501	+18 %
Germany	16,033	+8 %
France	10,098	+17 %
UK	8,281	+14 %
Poland	5,874	+43 %
Spain	4,749	+22 %
Netherlands	4,572	+25 %

Source: European Automobile Manufacturers Association (ACEA), April 2016

HEAVY TRUCKS OVER 16T



NEW HEAVY TRUCK REGISTRATIONS IN THE EU (HEAVY TRUCKS OVER 16T)



■ From April 2014 to March 2015
■ From April 2015 to March 2016

Source: European Automobile Manufacturers Association (ACEA), April 2016



GERMAN TRUCK TOLL

EXPANSION OF PAYZONE

Truck toll on German federal roads from 2018 onwards.

Trucks with more than 7.5 tonnes gross vehicle weight have to pay toll fees in Germany on some 15,000 kilometres of motorways. But that will soon change, as the Federal Cabinet has decided to significantly expand the toll fee obligation from 1 July 2018 onwards. That is when driving on the 40,000 kilometres of federal roads will also be subject to paying a toll fee. The expected additional revenue of two billion Euros per year will supposedly be used solely for infrastructure expansion.

For Transport Minister Alexander Dobrindt, this is another logical step of his transport policy: "By expanding the truck toll to all federal roads, we are seeing through the system change of our traffic infrastructure from tax financing to user financing." The Minister also sees the amendment as a contribution towards covering the 40% increase in expenditure for infrastructure to approximately 14 billion Euros as initiated by him.

The new regulation will add a further 130,000 vehicles to the 1.6 million vehicles that have to pay toll fees, as these so far avoided using motorways. A further expansion of tolls for vehicles between 3.5 and 7.5 tonnes will be decided by the end of 2017. However, this is already being widely rejected, as it would also affect many smaller businesses. The Federal Association for SMEs (Bundesverband mittelständische Wirtschaft – BVMW), for example, has criticised the decision and rejects new tolls without simultaneous relief. "The state now already takes more than 50 billion Euros from drivers every year. Only a fraction of that goes into construction and maintenance of the transport infrastructure. Given such blatant misallocation, all plans for further burdens are out of the question", explains BVMW President Mario Ohoven.

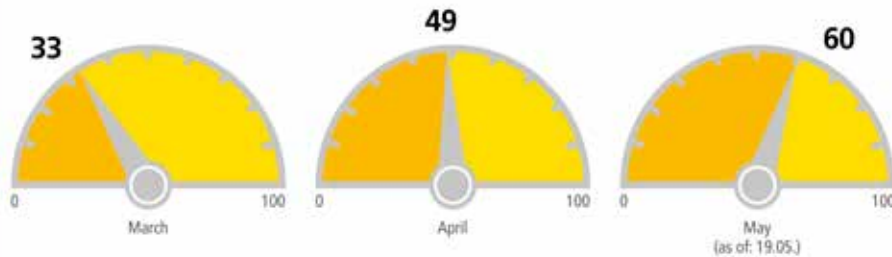
The decision of the Cabinet has put an end to the long tug-of-war regarding the plans of the Ministry of Transport. The SPD was in favour, in order to pump more money into road construction. Parts of the Union warned of additional burdens on the economy. So far, all revenues have gone to the federal government alone, but in future the federal states will also get a share. About eight percent of the network is not within federal jurisdiction. This includes, for example, main through-roads. The revenues earned there will be passed on to the respective federal states, after deduction of system costs.

TRANSPORT BAROMETER

Rising tendency

CURRENTLY FREIGHT CAPACITY UTILISATION

Share of freight* (in %)



■ Freight ■ Storage space

*Share of freight capacities compared to all capacities traded at the transport platform TimoCom (the sum of freight and vehicle capacity)

YEARLY COMPARISON OF FREIGHT CAPACITY UTILISATION

Share of freight* (in %)



*Share of freight capacities compared to all capacities traded at the transport platform TimoCom (the sum of freight and vehicle capacity)

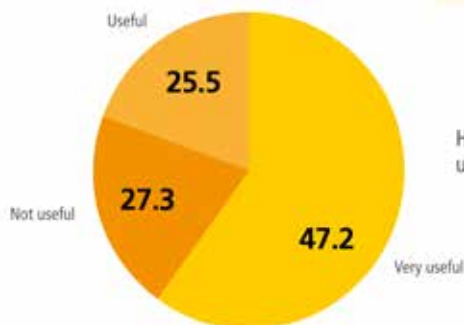
Source: Transport barometer app, <http://www.timocom.co.uk/TimoCom/TimoCom-mobile>, 19. May 2016

AND SIZE DOES MATTER!

Results of the Freight Connections survey on the Europe-wide use of long trucks.

In April we asked you for your opinion on long trucks in Europe, and many of you took part in the survey. Thank you very much for doing so!

RESULT OF SHORT SURVEY



How useful do you find the Europe-wide use of long trucks by 2020?

(in %)

Source: DHL Freight Connections



DIESEL PRICES

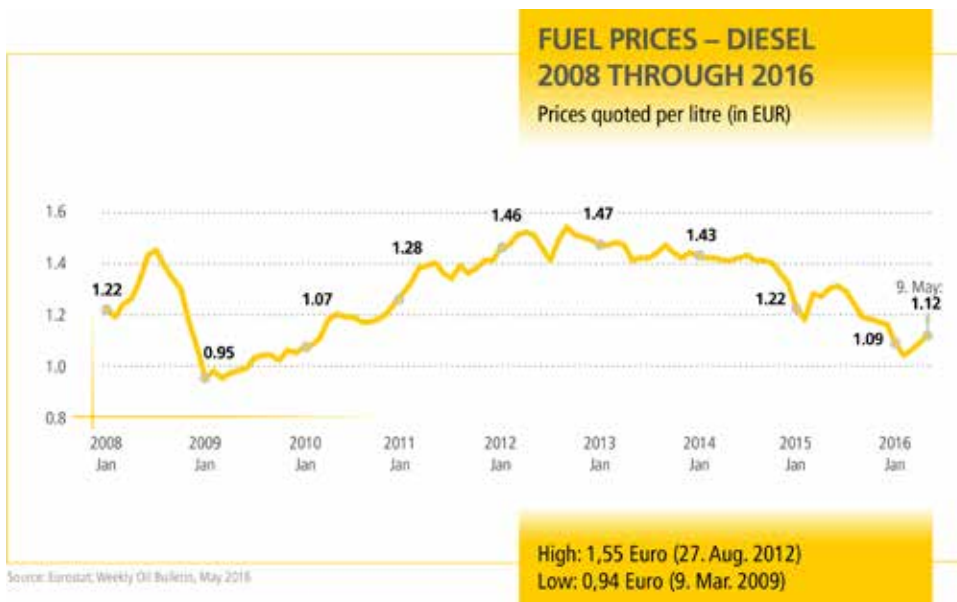
Comment by Eugen Weinberg, Commerzbank



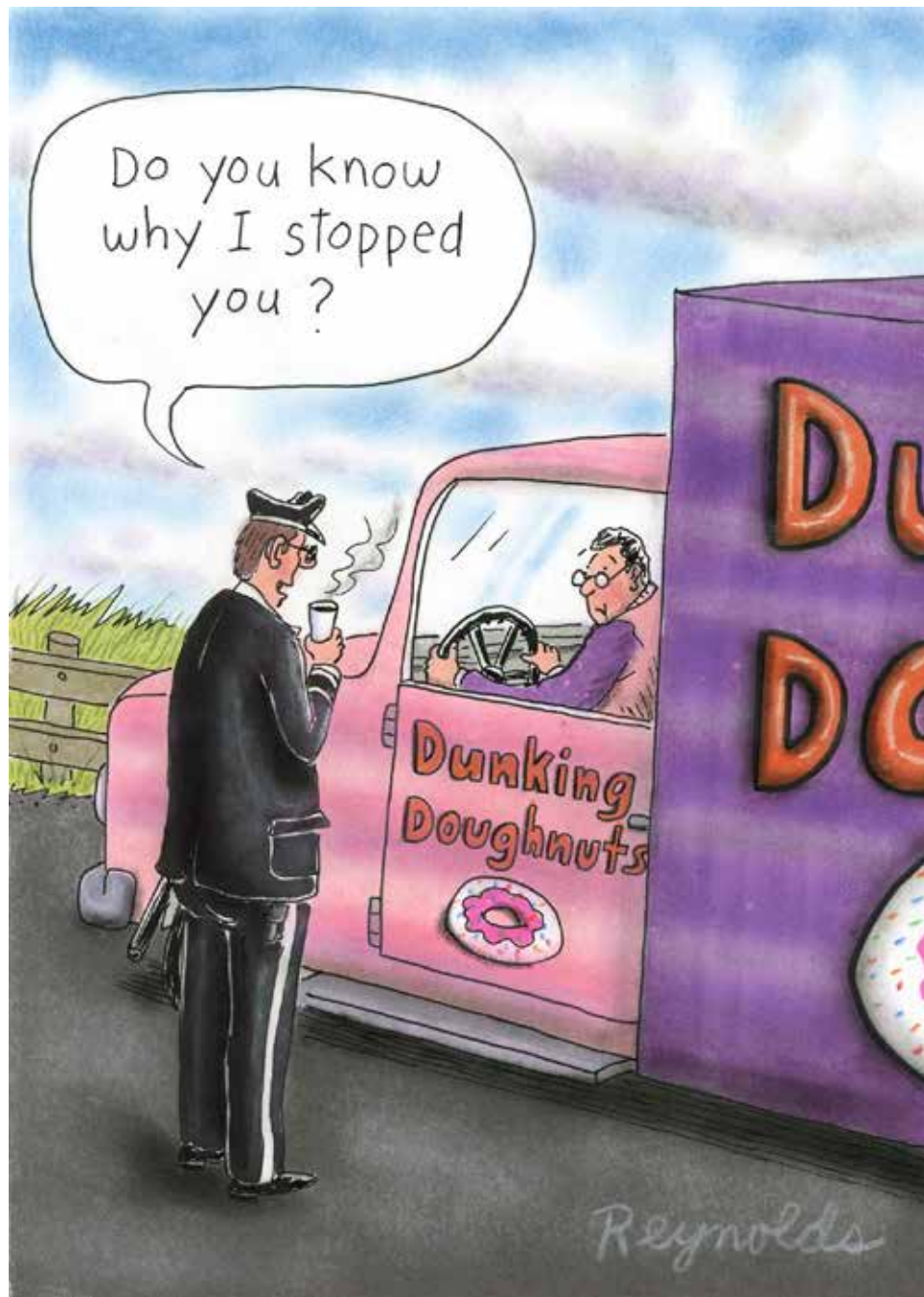
Gasoline prices have risen considerably more than diesel prices in recent months. This is due to the fact that gasoline demand around the world is stronger than ever before. Strong worldwide car sales and high annual mileages (for example, in the last twelve months up to February, Americans drove as much as never before) were able to compensate for higher engine efficiency and considerably push gasoline demand. For diesel, the situation is actually almost diametrically opposed to gasoline. Industrial demand is weakening due to lower economic growth worldwide. At the same time, demand for heating oil or gasoil is generally weakening due to warmer winter temperatures and structural changes. That is why the high production of so-called middle distillates is leading to a massive

increase in stocks. Stocks in Europe in particular have not been as high for a long time. Nevertheless, diesel prices have increased recently too. The reason is certainly due to a massive increase in crude oil prices, which have increased by over 70 percent since January.

However, we are convinced that these price increases are partially driven by speculation and not largely based on fundamentals. As before, the oil market remains highly oversupplied, OPEC cannot agree on a reduction of production, and US oil production is not likely to go back in such a massive way in the near future. Although we certainly see significantly higher oil prices in the long term, the price of oil and thus the price of diesel are expected to fall within the next three months.



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