

SoCool@EU

Sustainable Organisation between Clusters Of
Optimised Logistics @ Europe



Minutes of WP2 Cluster Workshop

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Minutes of Cluster Workshop

The following outcome for a successful cluster report in WP2 is needed from every cluster workshop; please document in English and please do not leave out parts!:

1. **Final conclusion on the evaluation of your cluster region, approx. one page** (e.g. mentioning strengths, weaknesses, chances, future challenges, etc.) based on the workshop discussion and your reflection as a project partner.

➔ Please be precise and comprehensive enough to make this summary of the evaluation of your cluster of high quality. Please write a full text of approximately one page!

The Region of Aragón is an **important location for the logistics and related sectors**, both in the present and the future, due to its geostrategic location, the existing logistics infrastructures, a favourable business environment, attractive markets, and high industrial efficiency. The region has an **improving and favourable competitive position**, among the top five logistics regions in Spain, but it faces the challenge to develop and strengthen its position as a logistics hub worldwide. An increase in the road transport volumes has been detected although the region has a substantial higher **competitive advantage and potential in rail and air transport**. Although the cargo volume in road transport is superior in the region compared to other transport modes, Aragón exceeds the European average in terms of volume sent and received to and from other European regions by rail. The logistics sector is therefore expected to experience a high future growth in the region and Aragón expects future economic recovery, partially through the improvement of logistics technologies and services, especially for air and rail transport, and continuous innovation in management and production.

The predominant industrial sector in the region, which is characterized by a high population of SME's, is the automobile industry although companies in **almost all of the different logistics areas are present in the region**. Nevertheless, the employment

concentration in the transportation and storage sector in Aragón is below the EU average. All primary and secondary business activities of the logistics companies are present locally although there is a deficiency of **R&D departments**. An intense competition in the logistics sector and a fragmentation of transport companies has been identified as five of the most important road transportation companies in Spain are located in the region as well as a large number of small carriers.

Generally, **the Aragonese industry lacks cooperation with European partners** and even the collaboration with different local industries is considered low. Nonetheless, a high cooperation among land transport and warehousing as well as air transport and water transport is demonstrated. The local industry shows a **growing interest in participating in R&D projects** to absorb more knowledge and innovation. Increasing or maintaining market share is the most important driver for innovation although the cost of innovation and the lack, or uncertainty, of customer demand is a barrier to carrying out the same. Currently, more than 70 projects in the area of logistics innovation have been identified in the region and **cost efficiency, quality, and strategy for regional companies are seen as future fields of action**.

Although the region offers faster loans and more diversified funding sources **higher financial support with the provision of public funding is needed**. Though the analysis shows public and governmental support for logistics development and innovations - especially for R&D, ICT and training - an improvement is needed in the support structure. Such support is already emerging with the **creation of new cluster initiatives** such as ALIA, IDiA and CAAR, that can improve the coordination between different institutions related to the sector. Also, the Regional Government has recently initiated the elaboration of a research and innovation **Smart Specialisation Strategy (RIS3)** that expects to build upon the regional feedback of SoCool@EU. Logistics is one of the sectors to be supported under the new regional policies.

A variety of educational institutions, such as training institutes, universities, business schools and R&D centres, are present in the region and as a result **the general educational level is above the national average**. Also, the Aragonese industry indicates the importance of highly skilled labour for the economic success of the region. Attracting highly skilled labour may be favoured by the high quality of life, the high purchasing power in the region and the fact that Zaragoza is one of the main economic, commercial and university cities of Spain.

2. Precise documentation of the relevant projects and fields of action that were discussed in the workshop:

- ➔ Please make sure to send to HOLM in understandable form the concrete projects and fields of action that were identified in the workshop referring to: Who should be doing what in which area and whether project ideas are cluster-internal or trans-regional for the JAP! You might also add how the ideas could be financed!

- ➔ The above matrix functions as an inspiration for the audience where projects and recommendations for action may be developed. It helps the audience to identify where the project focus may lie on in the region and the JAP!

Also, we wish to mention that a necessity to set up think tanks to exchange projects, sharing information, knowledge, and capabilities was set forth. These projects should be thought for incentivising SMEs, which are usually reluctant to actually share experiences, because of their lack of resources, time, knowledge or interest.

A number of fields of actions, which are indicated in details below, were discussed during the workshop. Summarized the following were mentioned: Cost efficiency, high quality end products and services, intelligent transport and carriage systems, supply chain collaboration, collaborative industrial delocalization, knowledge exchange systems, human resources development, reverse logistics, new business models, inter- and multimodal transport, optimisation of rail hubs, urban logistics, and electromobility.

INTERMODAL TRANSPORT

A need for projects to manage the critical volume of intermodal transportation was identified during the discussion and is considered the key concept. Companies consider that changing transport modes is not easy or cheap although they expect a cost reduction once implemented. Four elements that influence intermodality were identified as of interest:

- Infrastructures: R&D projects to identify the needs of the existing infrastructures and technological capabilities to improve operations management of vehicle integration, interoperability, intermodal operations, and customs simplification.
- Technologies (integration, interoperability, information and communication): Tools that allow for reliably knowledge about empty containers, trains, warehouses, routes, and so on, without sharing financial, commercial or market information (tools for information sharing without exposing sensitive and confidential information). It would be especially important that the tools are constructed in a way that it would be possible to attract small businesses into collaborative logistics and supply chain operations.
- Administrative procedures and handling:
 - o Customs procedures
 - o Logistics Single Window
 - o Accompanied combined transport (Ferroutage). This is a form of intermodal transport, which is the movement of goods in one and the same loading unit or road vehicle, using successively two or more modes of transport without handling the goods themselves in changing modes.
 - o Trade networks (presence of clients). Integrating with other clusters to attract transport flows to Aragón, through marketing improvements.
- Training: It important is to highlight the managerial capabilities of logistics centres for intermodal research linked to attaining higher market share, identifying the logistics partners sending cargo to or throughout Aragon, and partner with them for logistics and supply chain cooperation in intermodal transportation.

A focal point may be the Zaragoza airport and PLAZA, where air, rail, and road transport could be investigated for optimising the mix of transport modes and routes. Business will only use intermodality (or any innovation) if it truly reduces their cost or significantly improves their service performance and ideally both.

RAIL CARGO TRANSPORT

Road transport is expensive while rail has a great underutilised capacity and the workshop participants indicated that we need to search for the way of switching the cargo from roads to rail. However, rail transport has several inefficiencies that need to be remedied:

- There is a need for projects that speed up the transition of increasing the economies of scale, speed and scope of the rail transport by dynamically reducing their uncertainty and inefficiencies. Otherwise, the switch from road to rail will be the mere result of increasing costs of road transport.
- Analysis of the inter-rail connection in the Pyrenees, which remains as the main physical barrier for Aragón with respect to rail transport with the rest of Europe. There are only two rail ways through the Pyrenees, and none of them is currently specialised for cargo.
- Infrastructures:
 - o The standard European rail width only reaches Barcelona and therefore limits European rail transport in Spain.
 - o There is a need for more space in the railway dryports that allows for more and easier movements of containers.
 - o There is need for larger cranes for handling containers
 - o There is a need for a third train rail from/to Barcelona.
 - o A disadvantage exists with regard to other European countries, like Italy that has 5 specialised railways through the Alps.

It is expected that transport operators from various regions agree on the reduction of transport costs.

OTHER AREAS OF INTEREST:

- Supply chain collaboration: Research in innovative business models for supply chain coordination and information sharing with partners with similar loading and unloading points. This would imply supply chain coordination with better information systems, forecasting, and suitable software development.
- Reverse logistics (re-use of materials)
- Logistics projects enabling cost-efficient industrial delocalisation (outsourcing) throughout Europe, especially showing the advantage of locating the new delocalised manufacturing activities among the influence area (origin, destination, or transit) of the optimised logistics regions.
- New models for urban distribution of goods and more specifically the last mile distribution of goods. There are needs of projects for night distribution of goods, lighter and smaller transport vehicles, electric vehicles for urban distribution of goods, infrastructure for more atomised urban distribution of goods.
- It is important to set up innovative business models in logistics, warehouse locations, internal logistics, and urban logistics.

- It is necessary to improve human resources: training, mentoring, promoting information exchanges.