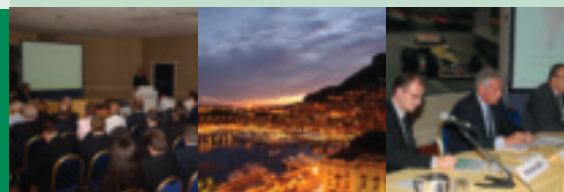


ECTA 5TH ANNIVERSARY CONFERENCE



MONACO - OCTOBER 23, 2004

MEASURING YOUR EXPECTATIONS AND SHAPING OUR FUTURE



EUROPEAN CHEMICAL TRANSPORT ASSOCIATION AISBL
www.ecta.be

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1. INTRODUCTION



The 5th Anniversary Ordinary General Meeting of ECTA, European Chemical Transport Association, was held in conjunction with the ECTA Conference for the industry in Monaco on October 23, 2004. The ECTA Conference featured two important

current ECTA initiatives - subcontracting and human resources - as main topic of the presentations.

However, the general focus of the ECTA day in Monaco was more wide-ranging in scope. The aim was to gauge members' expectations and goals in order to build upon the successes achieved by the Association in its first five years with further progress over the next five.

The day started with the Ordinary General Meeting for ECTA members only. Delegates, comprising chief executive officers and senior managers of Europe's leading chemical transport firms, split into two separate groups to focus on the common theme of "Measuring your Expectations and Shaping our Future".

The feedback gathered at these individual breakout sessions was then presented in plenary by the sessions' chairmen, Dr. H-J Bertschi and Mr. S-A Sleth, for open discussion amongst the entire membership.

The results of the Ordinary General Meeting's brainstorming initiative were then collated by ECTA Chairman Luc Haesaerts of Haesaerts Intermodal for presentation at ECTA's industry Conference in the afternoon.



2. ECTA PRIORITIES

In opening the ECTA Conference proceedings, Luc Haesaerts, Chairman of ECTA, pointed out that the aim of the Annual Meeting of ECTA held during the morning session and exclusively destined to ECTA members, was to prioritise the needs of ECTA members over the next five years.

Over the Association's first five years a remarkable progress has been made by the working groups on which ECTA specialists participate jointly with representatives from the European Petrochemical Association (EPCA) and from the European Chemical Industry Council (Cefic) resulting so far in an impressive number of sets of guidelines, recommendations, requirements and standards which have been published as best practices for the sector, while several further documents are under preparation.

ECTA stimulates continuous improvement towards a more efficient, safer, secure and responsible chemical transport industry and plays an active part in the SQAS road and tank cleaning implementations.

ECTA does not want to lose this momentum. Hence, efforts at this Fifth Anniversary meeting were aimed at examining the optimum way forward.

As a first step, the Association set itself three principal priorities.

Priority No 1 will be to continue to provide value for the membership, not least by speaking with a single, unified voice on the part of the chemical transport industry.

Having provided the industry with various sets of guidelines and recommendations, the Association will now place emphasis on the rigorous implementation of these standards across the industry. In one specific development it was agreed to discontinue the special discounted rate for Eastern European members. Now that the 10 accession countries

are full EU members, it is a level playing field for all and applicable regulations are uniform across the European Union.

The goal is to partner with Cefic in applying the chemical industry's Responsible Care programme outside the factory gate and, in so doing, recognise the contribution and efforts made by responsible transport service providers.

The second ECTA priority for the next five years is to raise the visibility of the chemical transport sector through the following initiatives:

- (a) increased ECTA cooperation with national and international associations active in the transport field;
- (b) ECTA to promote its role as authoritative voice for the chemical transport industry; and
- (c) ECTA to work both with and for its members on all issues related to chemical transport.



The third priority for ECTA in the coming years, as agreed by its members, is to further increase the geographical coverage and the representativeness of the different industry segments in the best possible way.

To help achieve these three prioritised goals, ECTA defines itself as a trade body comprised of responsible, service-oriented companies which are active in chemical transport and the vast majority of which have been assessed to the

applicable Safety and Quality Assessment System (SQAS). A strong effort will be made to expand the membership and a new fee structure will be introduced which takes into account the size of the company. Also, by means of the ongoing dialogue with a growing membership, ECTA endeavours to monitor the changing needs of the industry and customise its service package to best suit the needs of not only the existing membership but also prospective new members.

Having set the scene for the way the Association will move forward in the years ahead, Luc Haesaerts then introduced the ECTA delegates to two specific issues on which considerable progress has been made over the past year. The following paragraphs provide an overview of the latest work of the Subcontracting and Human Resources Working Groups.

3. SUBCONTRACTING

3.1 Background



Leen De Rijke, C.E.O. of the De Rijke Group and chairman of the Subcontracting Working Group was on hand to discuss the draft Guidelines on Subcontractor Agreements for Chemical Land Transport prepared by his Group. To put this

activity into context, Leen De Rijke said that approximately 40 per cent of European road haulage is subcontracted.

A chemical producer will agree a haulage contract with a transport company, but the transport company may subsequently require the services of one or more subcontractors in order to fulfil the contract in the most

efficacious way possible. The use of subcontractors can help to minimise empty leg transport; reduce freight costs in distant locations; achieve efficiencies in managing large-volume contracts, meet demand peaks and optimise intermodal options. However, from a safety and quality point of view, subcontracting is a complex issue for main hauliers, not least due to the various types of subcontractors serving the market and difficulties in ensuring that subcontractors comply with the required minimum standards.

3.2 Draft guidelines

ECTA has formulated draft subcontracting guidelines to provide best practices which help ensure that the delivered services of the subcontractor meet the same standards as those maintained by the main haulier for his customer. The work has been carried out during the course of 2004 by the Subcontracting Working Group which includes ECTA, EPCA and Cefic members as participants, respectively representing the chemical transport industry and the chemical industry.

Once the draft guidelines will have been formally adopted, main hauliers will have a document describing best practices on how to check a potential subcontractor, defining some best practice list of criteria in the selection process; recommending them to include the criteria in the subcontractor agreement, to monitor and document compliance of the subcontractor and to ensure full compliance through ongoing dialogue and continual improvement programmes.

3.3 Types of subcontractors

Leen De Rijke pointed out that there are three different types of subcontractor agreements to be considered, i.e.

1. Fully integrated subcontractors which are fully integrated within the main haulier's management system without



- losing their status as independent companies.
- 2. Subcontractors who are not fully integrated will need verification and monitoring as described in the guidelines criteria.
- 3. Spot cargo agreements

3.4 Subcontractor selection

As mentioned in Section 3.2, once the draft subcontractor guidelines have been adopted, main hauliers will be recommended to check potential subcontractors against the criteria in the guidelines as part of the selection process. The criteria should also form part of the main haulier's subcontracting policy and be included in the overall company policy.

The criteria in the guidelines are indicative only. The specific requirements of each customer in their negotiations with their transport supplier will always prevail and be the guiding principle in any subcontracting of that customer's business.

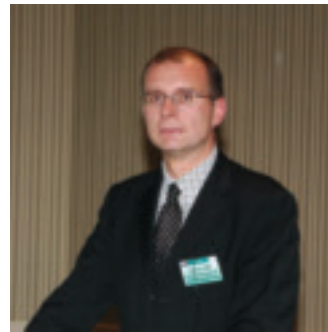
In addition to the company policy aspects, the criteria in the draft subcontractor guidelines cover the following topics:

- (a) compliance;
- (b) equipment and operations;
- (c) performance monitoring and audit access;
- (d) levels of subcontracting and multimodal transport;
- (e) insurance cover;
- (f) reporting;
- (g) financial reliability and confidentiality; and
- (h) security.

In conclusion, Leen De Rijke told ECTA delegates that the new subcontractor guidelines have been compiled with the aim of providing a tool for continuous improvement over the years to come. It is expected that the guidelines will receive

the necessary approval by the end of the year and be in place as best practice advice to the industry by January 2005.

4. HUMAN RESOURCES



Andreas Zink of LKW Walter International provided an update on the work of the Human Resources Working Group. This group was established following the ECTA Annual Meeting of 2002 when the looming shortage of chemical transport drivers was discussed.

It was agreed that there was a need to find ways to attract more young people to the industry and the Human Resources Working Group was charged with this task.

4.1 Driver Workshop - complaint areas

As a key first step, a Driver Workshop was held in Brussels on September 5-6, 2003. The event was attended by 50 chemical transport company drivers from seven European countries. Managers from several chemical haulage companies also participated. A survey of the drivers showed that there were four particular areas of complaint, i.e.

1. The profession's image
2. Personal concerns
3. Safety, security and working times
4. Training

As regards the image of their profession, the drivers said that not only do the public see them in a negative light (associating them with pollution, traffic congestion and

accidents), but also within the industry itself they are not fully appreciated. Their feedback is not solicited from their own employers and they do not feel integrated in the supply chain, even though they feel they have much to contribute to the logistics planning process.

Chief amongst the personal concerns of drivers are the lack of adequate salaries and the unsociable working hours. On top of that, they feel that there are few opportunities for career advancement and no recognition of any special skills that may have been accumulated.



At the Workshop the drivers also described the multiple stresses under which they labour as a result of current industry working practices, time constraints and road conditions. On the one hand, the windows of opportunity for loading

and discharging are often inflexible while, on the other, drivers can be kept waiting by plant inefficiencies, often without information on the cause or likely duration of the delay.

Many drivers complained of lack of adequate instruction and direction and a reluctance to hand over responsibility or encourage initiative. Varying interpretations of European legislation between countries and overzealous security checks add to driver stress levels.

On the driver training front, the drivers felt that the level of training is inadequate and it is not sufficient to support newcomers to the profession.

4.2 Remedial measures

Andreas Zink told delegates to the ECTA meeting that in response to the Workshop findings the Human Resources Working Group has developed an action plan comprising measures which seek to remove the causes of complaint. As regards public perception, there is much that can be done via TV communication and school career guidance advisors to promote the profession. Another possibility is the creation of a challenging logistics-based computer game to stir the interest of the younger generation.

Within the transport sector itself, haulage companies need to recognise and reward driver skills, performance and commitment; introduce career development opportunities; and provide suitable training programmes.

Furthermore, the driver needs to be integrated more into the logistics chain; communications channels should be improved; and driver feedback must be evaluated and acted upon where appropriate. The driver is often the principal interface between the chemical producer and the haulage company and between the chemical producer and their customers.

Chemical manufacturers, too, can contribute to an enhancement of the driving profession, not least through the provision of a clear set of responsibilities and standardised, onsite operational procedures. They should also take steps to reduce onsite waiting times, improve communications, make cargo loading/discharge opportunities more flexible and provide drivers with proper amenities for those cases where delays are unavoidable.

Finally, support of the concept of a unique site access checklist in the industry would avoid undue access refusals.



4.3 Finalising work

Having identified the key problem areas and a range of remedial measures in response, the Human Resources Working Group is working to bring this initial phase of its work to a conclusion. At a meeting in Brussels in September 2004 members agreed to approach the International Road Transport Union (IRU) to discuss issues such as training, harmonised working times and weekend traffic bans. In addition, the Group will check to see if there is a benefit for drivers arising out of work on the new Cefic/ECTA behaviour-based safety (BBS) initiative for chemical logistics service providers, in particular the BBS Driver Training part of the scheme. Cefic itself has finalised with ECTA another BBS standard, regarding onsite operational procedures for loading and unloading on the safe interaction between operators and drivers serving its members' plants.

Finally, the Group believes that it can do much to highlight to the industry at large the difficulties encountered by chemical transport drivers in carrying out their jobs by means of a pamphlet containing simple yet strong visual images. The aim is to show a "typical day in the working life" of such a driver in comic strip format. Operators and gatekeepers are the target audience for this document.

5. TASK FORCE

Drawing the October 23, 2004 ECTA Conference procedures to a close, Luc Haesaerts told delegates that the Association has now agreed in principle on how to move forward and capitalise on the achievements of ECTA's first five years.

Despite the considerable energies being expended by Europe's chemical logistics service providers on tackling the short-

term problem of how to survive in a very competitive market, they are nonetheless fully committed to working together, through ECTA, to providing chemical producers with the safe, quality services they require, and to continuously improve such services over the longer term.

It was agreed that an independent Task Force will be established, under the chairmanship of Etienne Wauters and comprising five or six people, to draw up specific proposals for items that could comprise the ECTA work programme for the next several years.

It is important, said Luc Haesaerts, that ECTA members work closely with all the stakeholders in the chemical logistics supply chain in carrying any agenda items forward. It is essential that the new initiatives yield mutual benefits for all those concerned with the safe and efficient movement of chemicals.

The ECTA Working Groups charged with developing these initiatives will seek to involve all the stakeholders in their membership numbers. At the same time, participation from both new ECTA member companies and new personnel from existing member companies will be encouraged as part of the ongoing rejuvenation process.



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ECTA thanks the following member companies who graciously provided pictures: De Rijke Group - Van den Bosch Transporten