

# ENROUTE<sup>#6</sup>

The newsletter of EPC Logistics

## Welcome

*to the March edition of En-Route*

**“Keeping you informed and sharing success”**

In this edition we share the developments and successes of the supply chain team. Legislation updates are also included to highlight the potential impact on the future movement of EPC Groupe products and those of our customers.

**Darrell Howard**

Head of Supply Chain - EPC Groupe



## EPC Belgium upgrade their EXIII trailer fleet


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## EPC Logistics – Creating Solutions

*In October 2014, the logistics team of EPC France were given a difficult challenge for the transportation of explosives by sea.*

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EPC France were required to deliver 192 tonnes of emulsion cartridges to Conakry in Guinea, which is currently one of the worst Ebola affected countries in West Africa. The main concern for the team was that Conakry could decide to close the port at any time. Due to the concerns over Ebola and the possible port closure, scheduled sailings with major shipping lines are no longer an option. The only solution was to charter a vessel for the delivery. This was also a high risk operation that would require careful planning and management.

The potential closure of the Conakry port would pose two major problems: If the port had closed before vessel departure, EPC France would have 192T of manufactured product which would have remained on the shelves in France. The worst possible option would have been if the port had closed whilst the product was in transit, this would have necessitated returning the finished product to France, incurring additional handling costs and having to pay the charter costs for the vessel.

To charter a vessel is very expensive and the price is inflated further when shipping into Ebola affected countries.

Full payment is required when the goods are loaded on the vessel and an additional expense is incurred as a 'quarantine surcharge', this is levied by the charter company for vessels calling at Guinea. Due to the Ebola crisis, each vessel enters a quarantine period of 21 days after delivering goods at Conakry. After much time and effort researching and being refused by scheduled sailings and insurance companies (to cover the shipment cost), the logistics team of EPC France finally found a solution with a charter vessel dedicated for this operation together with a special insurance covering the transport financial exposure.

This shipment, comprising of 12 containers, left Marseilles on October 24th and reached Conakry on November 8th 2014.

It was a long but successful story involving various parties including:

- *EPC Saint-Martin-De-Crau*  
(production/logistics/customer service)
- *SMA (Societe Mine Afrique)*
- *EPC Guinea*

*“Well done to all those involved with this EPC France success story!”*



## Changes to Europe-wide Sulphur Dioxide Laws

*Environmental laws derived from Marpol, which came into force this year will increase costs of EPC Groupe shipping.*

Legislation designed to reduce the sulphur dioxide (SO<sub>2</sub>) content of bunker fuel from 1.0 to 0.1% by January 2015, is estimated to add a staggering €3 billion to Northern European shipping's annual operating costs. This will inevitably result in an increase in sea freight costs for the EPC Groupe.

The sea freight sector is faced with one of four options to reduce its SO<sub>2</sub> production by 2015:

- Switch to low sulphur fuel
- Adopt liquid natural gas (LNG)
- Utilise scrubbers to clean emissions
- Adopt methanol as an alternative fuel

There are no exceptions to the above and each of these options inevitably requires significant additional investment and

operating costs for shipping companies. It's difficult to ignore the likely impact this new law will have on the European freight industry. An increase in sea freight prices is unfortunately unavoidable due to legislation pushing up administration and operating costs. Furthermore, it could even lead to a rise in road transport emissions due to logistics managers choosing short sea passages and longer road routes to try and reduce shipping charges; which ultimately undermines the logic behind the legislative change.

Independent reports suggest that shipping costs could increase by as much as 10 or even 20% as a result of these new laws to reduce sulphur dioxide. Quadrise Plc is currently working with EPC-UK Bramble Island to develop an alternative marine fuel which is expected to be significantly

lower in sulphur and cost. However, this project will take many months or years to develop. All Supply Chain staff and customers should be aware of the unavoidable increase in sea freight costs over the next few months.

It is recommended that we discuss long-term export and import requirements now. This way, plans can be developed to reduce potential price increase exposure wherever possible. For more information and help with any shipping requirements please contact either Jean-Marc Bigouroux (EPC France) or Carl Newton (EPC-UK), contact details are at the bottom of the last page.





# Annual Supply Chain Conference – Marseille 2014

*The 2014 EPC Groupe Supply Chain Conference was held in Marseille and was well attended by EPC Groupe supply chain staff. This annual event gives everyone the opportunity to meet and share experiences, as well as providing an ideal forum for discussing common supply chain issues. Darrell Howard (EPC Groupe Head of Supply Chain) opened the conference and later provided an overview of the 2014 activities, as well as defining the strategic priorities for 2015.*



Guest speakers included Johanne Della-Rovere (HSE Manager – EPC France) who provided the Safety Contact and gave an update on Ebola and its impact on the EPC Groupe businesses that operate in affected areas. Carmen Neira (Project Manager – Supply Chain) provided an update on the European Track & Trace initiative, providing an ideal opportunity for questions and answers to the Manager directly responsible for the project.

After a morning of presentations, working groups were created to discuss the issues raised and many good ideas were proposed during the closing session. These were primarily concerned with improving communication, information and knowledge sharing, procurement strategy and improved logistics solutions.

As always, the greatest value is derived from bringing together supply chain staff of many nationalities and providing a forum for communication. Thank you to all those who attended, we look forward to welcoming you and many new faces to the 2015 conference.

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## New addition to the EPC-Belgium fleet

The new EPC Belgium trailer is equipped with the “Wabco” system which enables monitoring of the weight on each axle and adjusts the vehicle’s suspension to the correct platform height. The stowage of product within the trailer can be secured with retaining straps or removable blocking bars. Additionally, to facilitate the use of air bags, it has an air pressure injection system fitted which can be used for inflation.

A GPS tracking system is fitted and the truck also has two silent panic buttons. There is also an additional alarm system in case of an unauthorised opening of the trailer doors. With this system, the team at EPC Belgium are able to remotely switch off the truck’s ignition.

The main use of this trailer will be for the delivery of product to the EPC France storage facilities in Cheuby and Flines, also for the collection of EPC Groupe products from Saint-Martin de Crau and products from Davey Bickford.

**Mr David Jacquet** Technical Director – EPC Belgium said:

*“The acquisition of this type of trailer will optimise our fleet, enabling us to switch tractor units between DGOM3 (moving drill rigs) and the collection/delivery of packaged explosives.”*





# Unjustified Penalties

*Road Haulage Rest Break Changes are Protectionist Measure Against Foreign Freight Drivers.*



The new reinforcement of European regulations within France, ostensibly to ensure French drivers take their weekend breaks out of their cabs, has produced harsh criticism from road haulage bodies who say the move is little more than blatant protectionism. This is because foreign drivers who are waiting to reload freight are far more likely to remain in their vehicles over long breaks than native hauliers.

The International Road Transport Union (IRU) is calling on the European Commission, Member States and the Enforcement community to discuss and urgently deal with the matter which it says are clearly creating barriers on the single European road transport market. The move comes after France and Belgium vowed to adopt a more stringent interpretation of Regulation 561/2006, prohibiting commercial truck

drivers from spending regular weekly rest time in their vehicle cabins.

In 2014 France adopted a law imposing a company fine of €30,000 and 1 year's imprisonment for truck drivers who take their regular weekly rest in the cab. Earlier last summer, Belgium already modified its legislation by imposing penalties on drivers of up to €1,800 for the same 'offence'. The IRU has received a host of complaints referring to unjustified penalties imposed on trucks not registered in the Member State where the control takes place.

Perhaps not surprisingly, there is a cost implication for industry. The EPC Groupe and any other French or Belgian business that utilises foreign hauliers in the supply chain, may find that cost benefits have been reduced by this legislation.

## Profile

*The EPC Groupe welcomes Mourad Zarouf who joined the Supply Chain team as Deputy Head of Procurement at the beginning of December 2014. This role is based in the Paris Head Office and reports to Didier Humbert.*

Mourad has a masters degree in the Management of Industrial Purchasing obtained at the Graduate School of Management (IAE), Lyon. He is also a graduate in International Purchasing (English / Spanish) from the University of Paris IDF, with a license in Purchasing Negotiation from IAE Orleans.

Before joining the EPC Groupe, Mourad has worked in the Procurement functions of Areva NP, Renault, GDF-SUEZ and Arkema.

When asked to comment for En-Route, Mourad said :

*“ I am passionate about Procurement. I want to use my knowledge and experience to identify new sources of supply, negotiate savings and to assist the Groupe Head of Procurement to unite all EPC Groupe Supply Chain staff around common goals and objectives.”*



Mourad's hobbies include running and trekking. In June 2014 he completed the GR20 North and South which is a 180km (10 day) hike in the Corsican mountains. Mourad has also participated in a charity mission to the Ukraine.

**We wish Mourad a long and successful career with the EPC Groupe.**

### International or Project Movements

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