

## PROFESSOR ALEX VAN BREEDAM: 'LOGISTIC SERVICE PROVIDERS MUST LEARN TO LOOK BEYOND THE INDIVIDUAL CUSTOMERS'

Developments such as globalization, the debate about climate change, and growing pressure on infrastructures, confront the logistics sector with big challenges. At the same time, there is increasing recognition of the social relevance of the sector. According to Professor Alex van Breedam, Managing Director of VIL (Flanders Institute for Logistics), logistic service providers in the Benelux are in a unique position to turn this situation to their advantage. His vision is expressed in the *Extended Gateway*, an integral concept for the development of Flanders as a 'hot' logistics center. 'By clustering sectors and bundling transport flows, logistic service providers could create unique added value here,' he says.

Van Breedam starts by indicating that the growing attention that society is paying to logistics has several aspects. 'First of all, the economic importance of logistics can no longer be denied,' he says. 'Where logistics used to be considered merely an unavoidable cost item, it is now recognized as a valuable economic sector in its own right. In Flanders alone [the Flemish-speaking part of Belgium, Ed.], the sector generates 300,000 jobs and over 9 percent of the Gross National Product.' This growing economic role is partly due to globalisation, which is the cause of increasing international transport flows. But it also has another cause, according to Van Breedam. 'One frequently mentioned effect of globalization is the large-scale outsourcing of goods manufacturing to low labor cost countries,' he says. 'But these are very often basic productions that still need to be 'finished' for local markets. The trend is towards carrying out this 'end customization' as close as possible to the end of the supply chain, or in other words, as close as possible to the consumer.' Van Breedam mentions several examples: 'Printers produced in China are completed here with a paper tray, the right cabling, the right software upgrade etc. Clothes made in Asia are dyed and finished here according to local market demands.' These value-added activities for the European market usually happen in EDCs (European Distribution Centers). And it is not for nothing that the Netherlands and Belgium are favourite locations for this. 'The Benelux has the highest concentration of EDCs in the world,' says Van Breedam. 'And Nike's EDC in Laakdal, Belgium, is actually the biggest in the world.'

### Sustainable growth

Van Breedam describes the qualities that make the Benelux such a prime choice for logistics. 'The location is very favorable. We're within six hundred kilometers of all of Europe's major consumption centers,' he says. 'In addition, we have access to very large and well-equipped gateways in the form of the harbors of Rotterdam, Ostend, Zeebrugge and Antwerp, and the airports at Amsterdam Schiphol and Brussels.' But what makes the Benelux really unique, in Van Breedam's opinion, is the closely-meshed multi-modal network throughout the countryside, feeding into these gateways. 'This puts us in the incomparable position of being able to deliver goods fast to their

final distribution countries. A harbor like Singapore in comparison has an enormous trans-shipment capacity for containers, but lacks the ability to put containers on the ground and quickly process and distribute goods throughout the region behind it.' In fact, the increasing congestion in harbors worldwide has in fact not so much to do with their actual capacity, van Breedam believes, as with the transport flow to and from the hinterland. 'The solution for this lies in a combination of bundling transport flows on the one hand, and clustering logistic activities within your infrastructure on the other hand,' he proposes. 'We know from research that you can realize economic growth within the sector in this way, while simultaneously reducing the impact on the environment and the infrastructure.'

### Applied know-how

Van Breedam refers to one research project carried out by the VIL on behalf of the Belgian province of Limburg as an example. 'To stimulate economic development, an extra area of 250 hectares has been designated for logistic

activities, in which 32,000 jobs are to be created by the year 2015. By making optimal use of synergistic possibilities and bundling transport flows, this growth can be realized at the same time as reducing CO2 emissions in the area.' Throughout the Benelux, numerous logistic hotspots have comparable potential, according to Van Breedam, primarily because of the very close-knit multi-modal network. 'No other region in the world has such a dense network of water, rail and road transport possibilities,' he insists. The rich industrial history of the area is another reason why the Benelux is considered a top location for EDCs with added-value activities. 'We have significant know-how in the field of production methods,' says Van Breedam. 'It is fully applicable for value-added activities, linking in to an enormous potential for job creation.'

### Creating advantages of scale

For Van Breedam and the VIL, all of the above factors provided the impetus to formulate a comprehensive vision for the development of the logistics >>

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OF LOCATION, INFRASTRUCTURE, AND VALUABLE KNOWLEDGE.'



Alex van Breedam



