

## Differences in cities/regions and rural areas

### 1e, The framework conditions for mobility management in conurbations (cities and other surroundings) and for rural areas

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## Green Tonnage – A renewable option for transport of goods

### Introduction

In the spring 2002, DHL Express started to offer a unique renewable product to the transport market in Sweden. The product, Green Tonnage, which only can be received from DHL Express, is not only a regular product it is a product which brings the Green House discussion into useful practice. For more than 10 years DHL Express have worked with environmental issues and in the last years we have come to work closer and closer to our customer to learn how to fulfil their needs and wishes in an undefeatable way. This is not a unique way of working for a company in any branch or in transport business but when we talk about fulfilling customers wishes within renewable fuels DHL Express situation is unique. As the first Transport- and logistic company we could since April 2002 offer all our customers a renewable product.

This paper will first describe the product and then give an insight in DHL Express internal environmental work for the past two-three years.

### Green Tonnage at DHL Express

**Green Tonnage** an option for all customers that wants to see a decrease of emissions from their transports. The Customer will choose the amount of tonnage-kilometres that they want to have transported with renewable fuels. DHL Express will produce an equivalent amount of tonnage-kilometres within our transport system with respect to the infrastructure, possible vehicle and our fleet. The reduction of carbon dioxide is a global problem and our customer can take the credit for it. In a way we sell reduction of emissions.

The results regarding emissions is that with every tonnage – kilometres we receive a reduction of 94% of carbon dioxide, if we add all emissions and calculate them according to their Green House Effect then we receive a reduction of 64% of all emissions (in GWP- Gobar Warming Potential). The customer pays a fee that covers the extra cost for the investments of new vehicles.

### 5 Myths regarding Environment and Transports

As mentioned, Environmental issues have been on the agenda in [DHL Express](#) for more than 10 years. The start was in 1992 a Scientific Advisors Committee was installed, the years after an Environmental Management System was built that worked as a platform for the environmental work. After a certification according to ISO 14001, that cover all business in Sweden the next issue was to out some effort to improve attitudes, both internal and external. When it comes to discussion about Environmental issues and the transport and logistic business it can be found a lot of negative conclusions and statements that are irrelevant and not built on facts. The people who have this attitude we ironic call “The Future Ignorer’s”. This is a person that many have met. He or she turns up in a lot of places and contexts. “The Future Ignorers” surround him/herself with 5 myths, which will be met below:

✍ *Myth 1: The Environmental interest from our customer has decreased*

**FACTS:** [DHL Express](#) makes yearly customer surveys. Since 1994 has this question been asked:

Do you take environmental aspects into account in your choice of transport and logistics companies?

In 1994 fourth part answered **yes**, in 2002 two third answered **yes**. The trend is the same in all Nordic countries – a strong increasing environmental interest and it is the largest logistic buyers that are most interested.

*Well, says The Future Ignorer. That is in the Nordics but everybody knows that we are somewhat different up here – a lot of lovely nature etc but in the rest of Europe, you will hardly find any interest.*

✍ *Myth 2: European people are not interested in environmental or social issues.*

**FACTS:** During 2000 MORI (Market Opinion Research Institute) on commission to CSR Europe one of the first surveys on social responsibility. 12 000 Europeans in 12 countries was interviewed.

From the survey we could learn that 70 % of the Europeans considered Company's social responsibility when buying products

*Hmm, says The Future Ignorer. That sounds fine, but is there really anyone willing to pay any extra for it?*

✍ *Myth 3: No one wants to pay any extra for environmental-adjusted transport- and logistic solutions.*

**FACTS:** In the MORI-survey 20% of the Europeans said that they were willing to pay extra for a product or service from a company that take social responsibility. In Sweden the government and the county's buy yearly products and services for more than 400 billion a year. Most of this is combined with some requirements regarding environment. There has been a lot of discussions in the EU regarding what kind of environmental requirements that can be set by different authorities without jeopardising the competition. A Swedish truck manufacturer said at the time they launched the EURO 3 motor that the customers were willing to pay 5-7% extra for a more environmental adjusted motor. There is also research allowance and other funds to apply to when developing more environmental adjusted logistic solutions.

The reason we do not see more "green" transports or products in the market has mainly depended on that the transport sector has not been good at providing alternative. If the alternative product existed they have not been served or launched in a proper way. The transport- and logistic-sector has a lot to learn from other lines of businesses especially everyday commodities that has successfully introduced organic food in their regular offer.

*By this time, the Future Ignorer use to bring out his or hers card of triumph because this discussion has not really anything to do with his or hers own opinion:*

✍ *Myth 4: Subcontractors of the transport business does not want to get involved in environmental projects.*

**FACTS:** In 2001 DHL Express made a survey to our most important partners and subcontractors. A lot of them already are part in pilot projects e g test of alternative vehicles but over 70% state that they are interested to be part of environmental investments. More the half of them are still interested even though it would imply extra costs. Today we have several subcontractors who have said that they want to be a subcontractor of Green Tonnage.

*The last myth is now what is left for the Future Ignorer:*

☞ *Myt 5: Environmental work cost a lot of money and we are in a low margin business which means we cannot afford it today...but maybe, in the end it can be payed off.*

**FACTS:** It is as simple as this: We cannot afford not to start today. It is in the beginning that the saving is high in environmental work. In a longer term, to enable sustainable solutions we have to accept to invest in new technique.

We work with a resource based management which can be explained in two steps. In the first step we strive towards maximum resource-efficiency with our existing logistic network. Actions leading to minimising our environmental impact often gives a reduction of costs as well.

In the next step, partly carried through at the same time as the first step, we found new solutions and renewable resources to build a sustainable logistic system.

DHL Express has defined a sustainable logistic network as a system, which with regard to profitable business and social concerns facilitates the supply of goods which fulfils customers needs while its consumption of resources and environmental impact is kept within the framework of what nature, the Earth resources and the atmosphere find tolerable in the long term without being impoverished.

| [DHL Express](#) has since several years chose side and striving to achieve sustainable solutions for our customers and for our internal processes.

Internal workshop and discussions with all Management groups, articles and information in external and internal magazines and communication to increase awareness has decreased the number of Future Ignorer's but still there are a few left in the company but not at any influential position.

## **Concept and Conditions**

The next issue in 2002 was to find out how to meet our customers request for an environmental friendly product. A lot of customers have asked about a logistic solution that involves renewable fuels. Some of these customers were placed in the Northern part of Sweden and there is no infrastructure for any renewable fuel in that part of Sweden. In the south and west part of Sweden, where there are fuel stations with renewable fuels, there were some full-truck-load customers but biogas vehicles does not have a motor capacity that can do these large transports. In this situation it was hard to find a good solution – a product had to be created without taking care of ordinary goods flow. We had to think outside the box and this was the start of DHL Express new thinking. To deliver a chosen amount of tonnage kilometres somewhere in our transport system with renewable fuels was going to be the base of the product. The concept of Green Tonnage does not consider the ordinary goods flow, we simply goes into a partnership with our customer and we undertake to deliver an agreed amount of renewable tonnage-kilometres.

Several pilot tests have been carried out with alternative fuels mostly in larger cities. There is a complexity to find a good set up with a certain truck to match the fuel. There is three necessary conditions that have to be in place before starting a test: renewable fuel, fuel stations and alternative vehicles.

Well, what can DHL Express do? We are not truck manufacturers, we do not set up tank stations and we definitely do not set up plants to produce biogas. As the leading transport- and logistic company we have to be able to influence and to set up requirements for manufacturers and suppliers but it is not enough. We have to work together in some state of project. DHL Express has several experiences of that during the last decade. At present we are involved in a project called Bio-Vehicle. Several stakeholders and competitors are involved in this partnership. First the two major Truck Manufacturers in Sweden Scania and Volvo

Lastvagnar and the other companies are Arla Foods AB, Axfood, ICA Handlarna, Coop Sverige, Poståkeriet Sverige, Schenker, Green Cargo och Servera. The Bio-Vehicle push the development of new technique regarding the use of biogas. Several competitors act together in purpose to increase the use of biogas as a fuel. Two different trucks are used in tests Scania P114 and Volvo FL 6. The work started in 1999, in 2001 DHL Express received the first vehicle. Tests of the motor are carried out to follow up the performances of the vehicles, end of project will be in 2004.

We also are a part of EU project called TELLUS which also has the intention to speed up the use and need of biogas in Sweden. In that project you can find BioGas Väst and Scania. Through TELLUS DHL Express has the possibility to let the subcontractors try different biogas vehicles in ordinary operations to see if it fulfils the demands of the business.

## **Conclusion**

Sustainable work is a must within a modern company but there is a long way to reach sustainability. New solutions and new technique have to be developed to solve our future way of living and this is not a work that one single company can do by itself. The access to renewable fuels is still low in many parts of Sweden and a lot of work has to be done before there are tankstations at an acceptable level.

Green Tonnage is a sustainable option for all customers in DHL Express, even though the the customer is based or the flow of the goods is in an area where the access of renewable fuels is low. The product is also a triumph to new thinking and will help us decrease the carbondioxide and other emissions in Sweden.