



## Exchanged and hollowed-out

In recent weeks and months, there have been increased reports on the exit of various national forwarders' associations from the European Pallet Association (EPAL). This includes the Swiss-based ASTAG, who will pull out of EPAL at the end of 2007. Additionally, the Italian company FEDESPEDI has also decided to discontinue pallet exchange for road freight from 1<sup>st</sup> January 2008. The associations' reasoning behind these decisions is complex.

Let's take a look back. The EPAL pallet pool was established in the 1960's by several of Europe's state railways. At the time, most transportation was managed by rail. Even today, railways are EPAL's main supporting organisations, although the majority of the haulage takes place on the roads.

Over time, the commitment of many countries to pallet exchange has significantly decreased, for example in France, Italy and Scandinavian countries where the back-to-back exchange of loading equipment is no longer possible. Nowadays, the exchange of loading equipment is no longer a standard procedure in many countries.

Then there's the issue regarding the quality of the pallets. Instead of exchanging them, manufacturers often use pallets of barely adequate quality. Yet, the main mechanical impact doesn't take effect until relatively late in the process, i.e. during transportation, handling and storage. This means that the highest loading equipment defects arise not with the shipper or recipient, but with the logistics provider.

But what lies behind this development? Here are a few hypotheses, observations:

- Have the exchange organisations neglected to adapt to current circumstances? To remove the railways as the main support, before they leave of their own accord?
- Were trends not recognised early enough? Such as railways being subject to increasing pricing pressures or the part privatisation? And perhaps therefore step back as supporters of the pallet pool?
- Is it possible that the exchange-pool members themselves have weakened the organisation? Due to lack of appeal?
- Are there perhaps some driving forces behind this development? Who will profit from it? Perhaps the pallet manufacturers, who are enjoying higher sales volumes than ever before? Or the hauliers, who no longer want to bear the brunt?
- Weren't all players involved in the game? Why weren't the manufacturers actively involved? Or didn't they want to be involved?

In any case, it will be interesting to see what other news the press will be reporting on this subject in the future, and how the developments continue. Will the exchange concept – at least for road transport - disintegrate completely? Or can the course be changed?

Yours,  
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