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logistics

TELEMATICS, EDUCATION, DEVELOPMENT
AND INFORMATION MANAGEMENT

TEDIM RIGA STRATEGY
for 2004–2008

TELEMATICS   DEVELOPMENT

EDUCATION   INFORMATION
MANAGEMENT

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CONTENTS

ABBREVIATIONS

CBSS	*Council of Baltic Sea States*
EURIFT	*European Reference Centre for Intermodal Freight Transport*
ICC	*International Co-ordinating Committee of TEDIM*
ICT	*Information and Communications Technology*
LSP	*Logistics Service Provider*
ND	*Northern Dimension*
SCM	*Supply Chain Management*
SME	*Small and Medium Size Enterprises*
SWOT	*Strengths Weaknesses Opportunities and Threats*
TCG	*Technical Coordinating Group of TEDIM*
TEN	*Trans European Networks*
3PL	*Third Party Logistics*

1. FOREWORD

TEDIM was set up in 1995 as a public-private partnership programme that concentrates on eliminating barriers to international trade and business, and promoting better transport links in the Baltic Sea region. The official members of the TEDIM Programme are Estonia, Finland, Germany, Latvia, Lithuania, Poland and Russia. Denmark and Sweden also participate in TEDIM projects.

Over the years, TEDIM has developed into an extensive cooperation network involving national ministries, public institutions and private companies. The international experts who assessed the programme in 2000 were of the opinion that TEDIM is also an important tool from the EU's viewpoint, offering opportunities that should be seized upon.

The TEDIM Programme also has links with the European Union's Northern Dimension (ND) Policy. The Commission working document for the Second Northern Dimension Action Plan 2004-2006 mentions it as an ND activity under the priority objectives: "Trade, investment promotion and business cooperation".

The 11th TEDIM ICC Meeting held in St. Petersburg in 2002 decided that the programme strategy should be revised in response to the new demands made by the challenges of internationalism and increasing global competition. The Baltic Sea region, with its distinct features and current trends, provides the basis on which the strategy should be built, and outlines and characterises the environment where it will be implemented[1].

The TEDIM strategy covers TEDIM's mission, implementation of that mission, definitions of TEDIM development areas, and a description of the responsibilities of the member countries. Further information, e.g. on the background, and certain definitions are given in the Annexes.

There is a major need for a logistics cooperation forum like the TEDIM Programme in the Baltic Sea region. The aim of the TEDIM strategy should be for TEDIM to become the leading cooperation forum for Northern Dimension transport and logistics.

1 Trends in Northern Dimension Logistics, see Annex 1.

2. TEDIM MISSION

> **The Mission of the TEDIM Programme is to strengthen the positive development of the Baltic Sea region by supporting logistics[2] and creating an integrated information network within the framework of the Northern Dimension.**

By fulfilling its mission, TEDIM will make freight transports more effective and less expensive, remove barriers to trade and free movement of goods and services, and improve the competitiveness of the area.

The TEDIM mission includes:

- acting as a **development** forum for logistics cooperation between the EU and Russia, as well as between EU member states,
- developing common Northern Dimension **information management** platforms,
- **education** about new regulations and best practices in transport and logistics,
- supporting development and use of **telematics** in transport and logistics.

TEDIM INTEGRATES LOGISTICS NETWORKS!

3. IMPLEMENTATION

TEDIM carries out its mission by:

- developing an active public-private logistics innovation network (including public authorities, companies and educational and research organizations),
- creating communication networks and practices between companies and public authorities,
- improving the North European business environment through standardisation and harmonisation of logistics information management, and using e-government in logistics,
- promoting the creation and dissemination of best practices and new solutions in transport and logistics,
- stimulating cooperation between Russian and EU logistics organizations and enterprises,
- offering a platform where national logistics activities in transport and logistics can be placed before an international forum,
- providing a logistics cooperation body for discussion with other regions and the European Commission,

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2 Definition of logistics in TEDIM in Annex 2

- promoting project financing from EU Programmes or international financial institutions (EBRD, EIB) and other funds.

TEDIM also:
- supports sustainable transport policy in accordance with the EU White Paper,
- uses the latest information technology in accordance with the principles of the eEurope action plan and eTEN programme,
- complies with the principles of the Committee of the Regions (CoR), which state that local and regional authorities know the potential of their own areas best,
- supports EU enlargement by helping other less developed regions to solve their own problems in accordance with the policy of shared responsibility. This creates the practical readiness to adopt Union-wide modes of operation at the national and regional levels.

4. TEDIM DEVELOPMENT AREAS

By tradition, the TEDIM programme works in the Baltic Sea region. Member countries and those that only participate in projects cover the whole region. The Northern Dimension has naturally shaped the geographical area of activities and there is no need to change it. TEDIM continues to be a Baltic Sea region cooperation forum that thinks globally and acts regionally.

The transparent approach adopted in the TEDIM Programme also enables smooth collaboration with other projects. For instance, the Council of Baltic Sea States (CBSS) and the Baltic Sea Forum are cooperation forums covering a wide subject range, which TEDIM can support in the area of transport and logistics. Certain TEDIM projects also come under EUREKA cooperation and receive some of their funding via this programme. By contrast, the EU-backed Short Sea Promotion Centre network and European Reference Centre for Intermodal Freight Transport (EURIFT) are examples of potential partners in the transport sector that deal with areas narrower than TEDIM.

In TEDIM, the concept of logistics is widely understood (see Annex 2). The TEDIM development and programme areas have been defined so as to achieve a better synergy effect between different projects. This should also help to get a better picture of what is and can be included under the "TEDIM umbrella". Most TEDIM projects have features from several areas, but the main targets should help to establish a focus area which places the project in one of the five development areas. A more detailed description of the development areas and certain concrete projects or ideas are mentioned in Annex 3. The trends described in Annex 1 are the primary reasons for new TEDIM development areas and projects.

Supply Chain Management [3] (SCM)

The objective for the SCM development area is to improve the flow of supply chain processes through cooperation between public authorities and private companies. Projects in the SCM development area may for instance:
- help companies in the same SCM, business line, etc. to solve their common problems by cooperating with each other and public parties,

3 Definition of Supply Chain Management, see Annex 2

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- be targeted at solving business-related logistics problems in a particular country or region through some form of cooperation.

Logistic Services

International logistics services and company networks can be created and developed in cooperation forums like TEDIM. Projects in the Logistics Services development may, for instance:

- improve preconditions for operations and services of logistics service companies in TEDIM countries by influencing the formulation of common rules and practises,
- improve preconditions for entrepreneurship in logistics and networking by entrepreneurs,
- educate logistics service providers in international cooperation,
- develop ICT tools for SME logistics service providers,
- improve networks between logistics centres and develop ICT tools.

Logistics Corridors

Modern information technology makes it possible to include different transport modes in a single transport chain. TEDIM offers a forum for developing international logistics corridors. Projects in the Logistics Corridors area may, for instance:

- be targeted at developing good, reliable railway connections between Asia and Europe,
- integrate new hinterland connections into the TEN Corridors, Baltic Sea Ports, etc,
- develop new railway-based connections and service packages through TEDIM countries,
- solve legal or technical problems along certain logistics corridors.

Logistics Information Management

Every new TEDIM project probably also includes some ICT (information and communication technology) development. But if the main focus and most development work really concern ICT, the projects could be handled in this specific Logistics Information Management development area. Projects may then, for instance:

- support infrastructure investments by developing ICT systems which streamline transports and material flow through physical routes (border-crossing, change of transport mode, Baltic Sea Motorways, etc.),
- increase the security and transparency of transports using ICT solutions,
- integrate the databases of public authorities and private companies, thereby avoiding the duplication of stored data and minimising the key-in work.

Public Contribution and Participation

TEDIM encourages public and private parties to cooperate. Projects in the Public Contribution and Participation area may, for instance:

- simplify the exchange of logistics information between public authorities and private companies in both directions,
- develop international authorities' databases and information systems, e.g. for the handling of dangerous goods, and at the same time simplify and unify companies' data management in consideration of the substantial activities of the EU-Commission f. e. SafeSeaNet-Project under the framework of IDA (Interchange of Data Between Administration),

- support the growth of economic operations by means of the accurate timing and well-organised development of public information procedures,

- wake up the private sector to ongoing cooperation by supporting common development actions with seed money, and through seminars, educational actions, etc.

5. RESPONSIBILITIES OF THE MEMBER COUNTRIES [4]

Rotating Presidency

Each Member Country holds the Presidency of TEDIM (i.e. ICC), following an annual rotation.

Administration

Each Member Country

• prepares national initiatives, provides information about TEDIM and supports implementation of the strategy;

• organises the coordination of cooperation, preparatory project work and dissemination of results using their own resources;

• pursues an open information policy and is prepared to organize seminars or other events, publish and distribute newsletters, and disseminate information by e-mail and other electronic media in its own language;

• nominates a contact person who will be a member of the international TEDIM Secretariat network.

Financial Responsibilities

• Each Member Country is prepared to seek financing from national sources or international financial institutions, including financial support from EU Programmes.

• The TEDIM website (www.tedim.com) is maintained and updated by the TEDIM Secretariat. Each Member Country has a right to add valuable information about TEDIM projects, but all general information concerning the programme is managed by the TEDIM Secretariat.

• Each Member is prepared to use and develop the common TEDIM forum to make it a regional EU Programme.

• Each Member is prepared to provide support in the EU and other public organisations for financing approved projects.

• For the moment, Finland is prepared to finance the general services of the TEDIM Secretariat. On national level, however, participating countries will provide the services of a national English-speaking secretary, who will be a member of the international TEDIM Secretariat network.

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4 For a more elaborate description of the responsibilities, see Annex 4.

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ANNEX 1:   Trends in Northern Dimension Logistics

The Baltic Sea region is an important, growing economic area in Northern Europe with distinct features. Its current population is around one hundred million. The Baltic Sea has always been a major transport channel for the people living along its shores, and a means of building commercial, economic and cultural ties. The countries in the Baltic Sea region have long traditions of working together and this phenomenon can be utilized in the future, too.

The trends that have emerged in the Northern Dimension area during the years TEDIM has been active have moulded the programme and given it impetus. In future, too, the programme should be developed in the direction indicated by trends in its working environment. Current trends also provide good reasons for planning new TEDIM projects and development areas. They include:

Increasing globalisation and competition

Companies are moving from protected national market areas to international and global structures. This increases the need to harmonise different modes of action in commercial and official practices. The intensification of competition, which used to function mainly between countries, but is now stronger between different geographical areas, faces process efficiency in all companies with completely new challenges.

Increasing networking between international companies

As market economies get stronger and productivity demands increase, corporate structures change and networking becomes more important. This trend means that current national corporate structures must be adapted to new network structures. The need for international cooperation forums will increase rapidly. The internationalisation of Russian trade and companies will further amplify this trend.

Business markets are growing in the Baltic Sea countries

Russian's transition towards a market economy and the fact that the EU is expanding to the Baltic States and Poland will dramatically increase goods transportation between Baltic Sea countries. The need to develop logistics procedures and management between TEDIM countries will increase and the importance of multinational projects will grow.

E-business

Common standards and modes of action will gain importance as flows of information and communication become more digitalized. Utilisation of development programs in the EU and Russia (eRussia, e-Europe) will offer TEDIM projects new potential for making logistics procedures more effective.

Logistics technology

The Baltic Sea is a major transport channel for the countries around it. Therefore transport chains, including short sea transport connected with rail and road transport in the hinterland, have always been widely used. Development of these intermodal transport chains will continue and advanced ICT systems, e.g. for trucking and tracing purposes, will be developed.

The Baltic Countries and Poland will join the EU

Once Latvia, Lithuania, Estonia and Poland join the EU, goods, capital and information can be transferred freely between TEDIM countries (except Russia). It is important for processes in these new member countries to be harmonised with those in current EU countries.

Streamlining the border crossing between EU and Russia

Economic cooperation and trade between Russia and the EU countries is going to increase rapidly. This must be promoted by streamlining border crossings between the two customs areas, e.g. by introducing electronic procedures in data interchange on the border. The new custom codex entering into force in January 2004 in Russia will be one concrete factor that substantially changes the supply chain management processes in trade. This single change alone requires new forms of cooperation in communication, goods transportation and collaboration between TEDIM countries.

Improving security on the Baltic Sea

Growing volumes of sea transportation, new investments at seaports and the extreme winter conditions in the Baltic area will raise the environmental risks and make it more essential to improve security. This work will require commitment to common rules and inputs from all the Baltic Sea countries. TEDIM can be one forum for this development work.

Growing threat of crime and terrorism

The threat of crime and terrorism faced by transportation vehicles (aircraft, ships, trains and trucks) and cybercrime make real-time tracking and tracing of deliveries and drivers more urgent. These common tracking and tracing systems and standards can be developed in TEDIM projects in accordance with UN, EU, IMO and other international organizations' resolutions and actions.

Logistics in TEDIM

Generally, the definition of logistics consists of three elements: infrastructure, technology and management. In TEDIM, logistics include the management of total information flow in electronic logistics services with tracking and tracing services etc. TEDIM excludes the development of physical infrastructure and equipment as the main target of a project.

Companies that have their core business in, for example, manufacturing or trade have outsourced their logistics services to an increasing extent, i.e. they buy the services from specialised service providers. Third parties can manage the information flow and perform the logistics services. This phenomenon called 3PL, or even 4PL, constantly creates new types of logistics services in supply chains.

Definition of Supply Chain Management [5]

The supply chain – a term now commonly used internationally – encompasses every effort involved in producing and delivering a final product or service, from the supplier's supplier to the customer's customer. Supply Chain Management includes managing supply and demand, sourcing raw materials and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, distribution across all channels, and delivery to the customer.

Therefore supply chain management means logistics and managing supply and demand, sourcing raw materials and parts as well as manufacturing products.

Due to its wide scope, supply chain management must address complex interdependencies; in effect creating an "extended enterprise" that reaches far beyond the factory door. Today, material and service suppliers, channel supply partners (wholesalers/distributors, retailers), and customers themselves, as well as supply-chain management consultants, software product suppliers and system developers, are all key players in supply-chain management.

Why is the supply chain important?

In years past, manufacturers were the drivers of the supply chain – managing the pace at which products were manufactured and distributed. Today, customers are in charge, and manufacturers are scrambling to meet customer demands for options/ styles/features, quick order fulfilment, and fast delivery.

Manufacturing quality – a long-time competitive differentiator – is approaching parity across the board, so meeting customers' specific demands for product delivery has emerged as the next critical opportunity for competitive advantage. Companies that learn how to improve management of their supply chain will become the new success stories in the global marketplace. Benchmarking studies show significant cost differences between organizations that exhibit best-in-class performance and those with average performance.

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5 http://www.supply-chain.org

ANNEX 3:   Examples of Projects in TEDIM Development Areas

SUPPLY CHAIN MANAGEMENT (SCM)

Due to its wide scope, supply chain management must address complex interdependencies in areas where the focus is shifting from national to regional and global aspects. The needs of business segments for SCM vary in different companies and security aspects are gaining more importance. Governmental bodies are needed, for example, in border-crossing and regulatory matters, and in securing the safety and security of transports. Public-private cooperation is also important in developing electronic logistics services at both the national and the international level.

Existing or finished TEDIM projects in the SCM project area:
- LQIM (Logistics Quality and improvement Management)

New project ideas or working titles in the SCM project area:
- Daily goods delivery in the Baltics
- E-logistics for farming
- From forest to printed media
- SCM for high-tech industry

LOGISTIC SERVICES

Global business needs international services provided by company networks. These networks can be created and developed in cooperation forums like TEDIM. Successful networks can consist of national or international companies. Small and medium-size companies can be involved, too, but they need partnerships with larger companies and public parties. Seamless information management integrating both private and public needs can bind logistics services into a transparent services network.

Existing or finished TEDIM projects in the Logistics Services project area:
- NeLoC (Networking Logistic Centres in the Baltic Sea Area)

New project ideas or working titles in the Logistics Services project area:
- Developing E-business Services in Logistics
- Developing Logistic Centres (Agencies) in Russia and the EU countries
- Promoting Logistics Entrepreneurship

LOGISTICS CORRIDORS

At the European level, transport infrastructure is being developed in TEN transport corridors, for instance. Transport routes can be seen as virtual logistics corridors that consist of several transport modes and chains linked by means of ICT. In SCM logistics, the actual transport routes are based on business needs and the existing infrastructure. Modern information technology makes it possible to include different transport modes in one transport chain. As it enlarges the EU needs sustainable and effective logistics within the Union as well as globally.

Existing or finished TEDIM projects in the Logistics Corridors project area:
- SLINT (Sea-Land Intermodal Transportation) Gdansk-Odessa railway corridor

New project ideas or working titles in the Logistics Corridors project area:
- Hansalink
- Logistics Via Baltica
- Motorways of the Baltic Sea
- Siberian Logistics
- North European (NE) Airport Network
- Polcorridor
- Rail Baltica
- Scanlink
- Short-Sea-Shipping Promotion Centres (SPC)
- Trans European Networks (TEN) in Logistics Use
- Transit Transportation through Russia (Kaliningrad Region) and the EU

LOGISTICS INFORMATION MANAGEMENT

In SCM and global business, information management and ICT are crucial for logistics development. Public-private cooperation in the development of information systems is very important to ensure that government needs and corporate needs can be integrated in the same systems. Much greater effectiveness can be achieved on both sides by integrating private and public information management systems.

Existing or finished TEDIM projects in the Logistics Information Management project area:
- RailCom
- Railtrack
- ILP (Internet Logistics Platform)

New project ideas or working titles in the Logistics Information Management project area:
- Baltic Sea Information Motorway using, for example, information technology, electronic document exchange, automatic identification, electronic seals
- Disseminating the results of TEDIM border-crossing projects
- Logistics Network for small and medium sized enterprises (SME)

PUBLIC CONTRIBUTION AND PARTICIPATION

Public authorities regulate logistics operations by means of the law and by licensing certain services. Use of newly developed logistics services is sometimes prohibited by such regulation, which also has to be updated occasionally. By including public parties actively in the development work, these questions can be solved in parallel. In SCM security matters, too, public authorities such as customs have an important role to play as independent and reliable partners.

Existing or finished TEDIM projects in the Public Contribution and Participation project area:
- CustCom

New project ideas or working titles in the Public Contribution and Participation project area:
- Dangerous goods information management
- Electronic customs documents as a basis of logistics standardisation.
- Integrated information management in the ports
- Monitoring Logistics Development in the Baltic States
- New tracking and tracing systems based on GALILEO
- Secure intermodal transports

ANNEX 4: Responsibilities of the Member Countries – How to Implement the Strategy

Rotating Presidency

Each Member Country holds the Presidency of TEDIM (= ICC) according to an annual rotation.

The TEDIM presidency has been rotating among the member countries since cooperation began. The chairing country is nominated at the TEDIM ICC Meeting.

The main responsibility of the chairing country is to organise and host the annual ICC Meeting. It also nominates the chairman of the ICC Meeting. There have usually been some 20 to 30 international and 10 to 20 local participants at ICC meetings. The hosting organisations have often used the opportunity to makeTEDIM cooperation the theme of a seminar. Visits to local TEDIM partners or other attractions and a dinner are often included in the two-day programme.

The TEDIM Secretariat assists the chairing country with the agenda, invitations and various other practical issues. The TEDIM Technical Coordination Group (TCG) meeting, which also has representatives from each Member Country, prepares the decisions for the ICC meeting. The TCG meeting is chaired by the TEDIM coordinator. It is usually organised by the TEDIM Secretariat in Finland, but in some cases the organiser has been the country holding the TEDIM presidency.

Administration

Each Member Country prepares national initiatives, provides information about TEDIM and supports implementation of the strategy.

Cooperative networks do not work without active work at the "nodes". If the only activities are attendance at international TEDIM Meetings, potential project partners do not acquire the necessary information about the TEDIM Forum. Information about good national initiatives should also be transferred to other national focal points in the TEDIM network. At the very least, the nominated TEDIM coordinator in each country should be able to do this work among his/her other weekly duties.

Each Member Country organises the coordination of cooperation, preparatory project work, and dissemination of results using their own resources.

In practise, a good way to organise TEDIM activities on the national level is to establish a national boarding group representing participating companies and authorities. National initiatives usually need some preparatory work before they can be presented to potential partners abroad. This, and dissemination of project results, should also be handled by the national coordinators.

Each Member Country pursues an open information policy and is prepared to organize seminars or other events, publish and distribute newsletters, and disseminate information by e-mail and other electronic media in its own language.

The TEDIM Secretariat publishes TEDIM News and other leaflets 1 to 3 times annually. These should be distributed locally, and at least some of them published in a national language.

Each Member Country nominates a contact person to be a member of the international TEDIM Secretariat network.

These contact persons should attend at least the international TEDIM ICC and TCG meetings. To be more effective, there should be frequent working meetings (3 to 4 times a year) between the national coordinators and the TEDIM Secretariat.

Financial Responsibilities

Each Member Country must be prepared to seek financing from national sources or international financial institutions, including financial support from EU Programmes.

An effective approach, which is also used in EU research programmes, is to provide EUR 10 000 - 20 000 in financing for the preparation of international project initiatives by interested partners.

The TEDIM website (www.tedim.com) is maintained and updated by the TEDIM Secretariat. Each Member Country has a right to add valuable information about TEDIM projects, but all general information concerning the programme is managed by the TEDIM Secretariat.

The Solinet SiteManager information system makes it possible to publish pages in four languages (English, German, Russia and Finnish) and also for limited groups. The structure of the pages can also be changed, to give different countries their own pages if needed, and if assuming that the information is produced and updated by the countries concerned.

Each Member must be prepared to use and develop the common TEDIM forum to make it a regional EU Programme.

To make TEDIM cooperation stronger, all member countries should actively contribute to it. National logistics projects and initiatives concerning international cooperation in the Baltic Sea Region should be supported and brought before the TEDIM Forum. Cooperation with national-level activities and programmes should also be synchronised with international TEDIM activities.

Each Member must be prepared to provide support in the EU and other public organisations for financing approved projects.

If project initiatives do not reflect strong national commitment they are unlikely to international approval or financing. In the near future, most TEDIM countries will also be members of the EU and more national EU representatives will be available to support TEDIM projects and common initiatives.

For the moment, Finland is prepared to finance the general services of the TEDIM Secretariat. On national level, however, participating countries will provide the services of a national English-speaking secretary, who will be a member of the international TEDIM Secretariat network.

The TEDIM Secretariat has actively participated, e.g. in the preparation of international meetings, also by travelling to the member countries. This has been financed from Finland without any contributions from other member countries. There have even been problems in organising international working meetings because of lack of funds to cover travel costs and/or the small personnel resources available.

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