

West is not always best for manufacturing

Have you ever wondered where all those wind turbines sprouting up across our countryside were made —and how they got here? Chances are, a fair proportion of them were made in Eastern Europe and were brought here by a company called Bellville Rodair International (BRI).

Chris Lewis finds out how the company functions.
(David Dines)

Much heavy engineering has moved from Western Europe to the countries of Central and Eastern Europe because labour costs are significantly cheaper, while skills and engineering standards are still reasonably high. The business development manager explains: "A lot of the turbines are made in the Czech Republic and Poland, and we ship them over on low-bed trailers to Western Europe. The sections can be 17 or 20 metres long and weigh between 40 and 70 tonnes, so it can be quite tricky to get them within the maximum height limit of 4.1 metres. They have to be loaded in exactly the right way and sometimes we even have to let the trailer tyres down to get them under bridges." Eastern Europe also makes a lot of turbines and similar equipment. Most of these are sold to North America and the Middle East so they are generally floated down the Danube on barges to ports such as Rotterdam, from where they are sent on their way by sea. However, while these large items are the most noticeable, they are by no means the majority of Bellville's traffic — or indeed of Central and Eastern Europe's exports as a whole. David Dines says that around 45% of the forwarder's traffic is accounted for by airfreight, 40% by conventional road trailers and 10% by seafreight, with small amounts of rail traffic.

The company specialises in shipments to and from East Europe and was one of the first forwarders to get established there after the fall of the Berlin Wall, in 1998, followed by a Romanian office in 2002 and, most recently, a Prague office in 2007. It also has a representative office in Russia. A lot of computers and other electronic goods are now made or assembled in Eastern Europe. Contract manufacturers for the major personal computer assemblers, like Solectron or Flextronics, have long been established in the

region. Initially, most of the final assembly was done closer to market in Western Europe but lately the PC industry's manufacturing model has changed and more assembly is done in Eastern Europe, with the complete product — plus peripherals such as computer screens — being shipped to the West. As well as exporting, East Europe, like the West, is also sucking in increasing amounts of manufactured goods from the Far East, particularly China. Central Europe is, by definition, landlocked, so the nearest ports to places like the Czech Republic or Hungary are the traditional North West European gateways of Hamburg, Bremen, Rotterdam and Antwerp. However, for the more southerly countries, the Adriatic ports of Trieste and Koper have been opened up by improved rail connections inland. "There are some direct services into these ports now," says David Dines. "Freight rates can be competitive but against that you have to balance the fact that transit times can be longer and services less frequent." A lot of traffic into these ports is in fact fed over larger hubs in the Mediterranean and some of these have been badly hit by strikes over the past few months.

Modernisation

Hungary's customs clearance procedures have been slowly modernised, alongside general business procedures, though progress is not always as quick as many companies would like. Bellville does at least have a direct computer link to customs, which greatly simplifies procedures for temporary imports from outside the EU, as there is no longer any need to physically take documentation to customs. It also means that the company can, if required, operate round the clock. "It's important for our electronics industry customers," explains David Dines. "However, customs clearance for a lot of forwarders can still be very slow — perhaps two or three days." Bellville benefited from having an excustoms man on its staff, whose knowledge of procedures helped smooth the process, but for operators it isn't always so easy. "It can for example be difficult to get a deferment account and in fact only the larger companies have that — although things are slowly changing." Customs clearance on the borders of the region with Germany or Austria is of course a thing of the past. The authorities in Austria do operate some checks but these are concerned only with vehicle roadworthiness and overloading, not the contents. Queues do occasionally build up, but not the 24-hour-plus delays of the pre-EU era. Much of Eastern Europe's transport infrastructure is on a par with, if not better than, the West. Good quality modern warehousing is available and there is no shortage of transport operators. In fact with the basics of a modern motorway network in Hungary and elsewhere, but far fewer private cars on the road, Eastern European freight operators are far less likely to encounter jams than in the West — at least for the time being.