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EC takes Germany to task over minimum wage law

The European Commission (EC) has launched an infringement procedure against Germany over the application of its Minimum Wage Act in the transport sector.

Following a thorough legal assessment of the German measures, the EC has sent a Letter of Formal Notice to Germany, which constitutes the first step in the infringement procedure.

Bulk Distributor reported in its March April 2015 issue that Rhenus UK, the British arm of the German logistics group, said the minimum wage for transit hauliers was anti-competitive.

The Commission said that while fully supporting the introduction of a minimum wage in Germany, it considers that "the application of the Minimum Wage Act to all transport operations which touch German territory restricts the freedom to provide services and the free movement of goods in a disproportionate manner".

In particular, the application of German measures to transit and some other international operations cannot be justified, as it creates disproportionate administrative barriers which prevent the internal market from functioning properly.

The EC thinks more proportionate measures are available to safeguard the social protection of workers and to ensure fair competition, while allowing for free movement of services and goods.

The application of the German law could particularly affect drivers from Eastern Europe. Latvian MEP Roberts Zile welcomed the Commission's action: "It is clear that the application of (Germany's) minimum wage law even to international transit lorry drivers in this manner is strictly unfair," he said.

Zile went on to say that the law was a shining example of how the functioning of the EU Single Market can be fragmented and jeopardised, in this particular case in the transport sector.

"It is important to understand that this kind of protectionism not only is in contradiction with the Single Market it also reduces European global competitiveness that Europe simply cannot afford," he commented.

In terms of the next steps, the German authorities now have two months to respond to the arguments put forward by the Commission in the letter of formal notice.

Germany is the 22nd country in the EU to have introduced a minimum wage. The law entered into force on 1 January 2015. It is set at €8.50 per hour. The law also applies to companies outside of Germany which provide services in the country.

Companies outside Germany in certain sectors, including transport, are obliged to notify German Customs via specific forms. Penalties for a breach of these notification obligations can be as high as €30,000, and €500,000 in case where the remuneration paid does not comply with German law.

The European Commission says that the impact of Germany's minimum wage could restrict the free movement of goods

Hamburg and the North

The Petrolog business unit of Hoyer has completed of the acquisition of a controlling interest in Norway-based Gran Taralrud organisation.

With an overall turnover of more than NKr500 million (€60 million) Gran Taralrud is a leading bulk liquid transport and logistics provider in Norway. It specialises in the movement of petroleum products, employs 450 people and also has important operations in Sweden, Estonia, Latvia and Lithuania.

The transaction increases Petrolog's fleet of specialist vehicles to 920, while also increasing Hoyer's revenues in the region to €120 million. Both Petrolog and Gran Taralrud provide logistics solutions for global and regional manufacturers and wholesalers of hydrocarbon products.

Compatible business models and the close cultural fit between Gran Taralrud and Hoyer are key factors cited in the acquisition, which extends Hoyer's presence in Northern Europe and increases Petrolog's European operations into 11 countries. Current operations are already centred in Scandinavia, as well as in Germany and the UK, and will now extend into the Baltic countries. "The complementary geographic coverage and customer portfolio of Gran Taralrud reinforces the compelling rationale for the transaction," said a Hoyer statement. The Norwegian group will take on the Hoyer brand.

In the course of the acquisition, the long-standing company owner Torunn Aass Taralrud will step down completely from the management and sell all of her shares. Per Ole Gran, who is retaining a minority stake in the company, will continue to lead the acquired business as managing director along with his existing management team.

"Like Hoyer, Gran Taralrud is a successful organisation with a strong management team and a track record of delivering safety and service excellence," said Mark Binns, director of the Petrolog business unit.

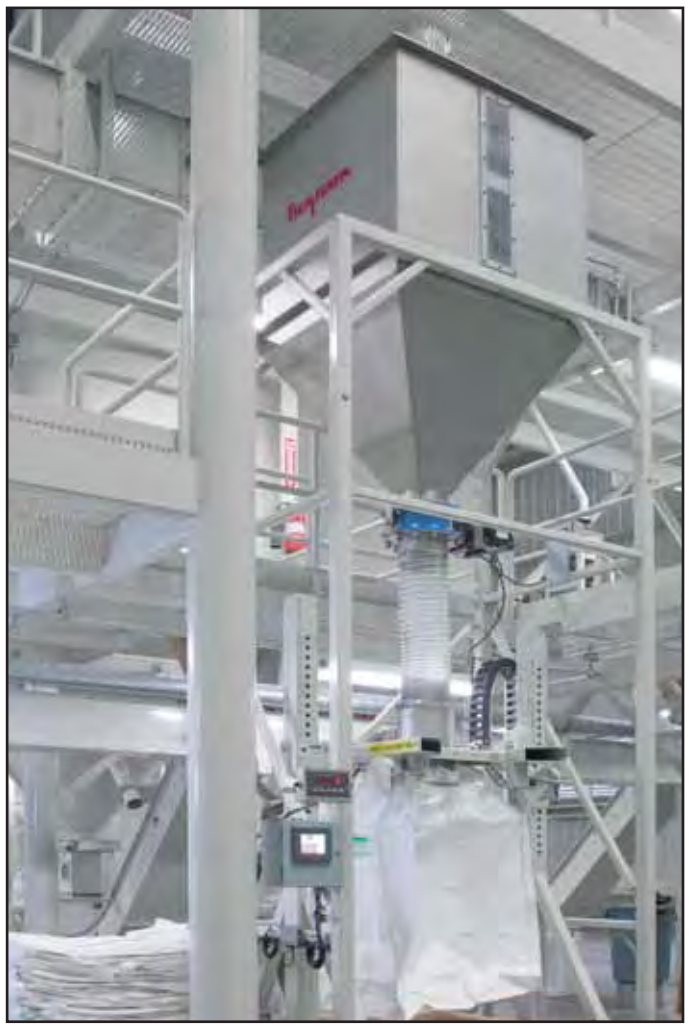
More miller time for Kennedy

A new bulk bag filler speeds packaging at Kennedy rice mill

Each year the US rice harvest amounts to several million tonnes. In 2014, the country produced 11 million tonnes. The vast majority of the harvest comes from six states – Arkansas, California, Louisiana, Mississippi, Missouri and Texas – and as much as 25 percent alone is from Louisiana.

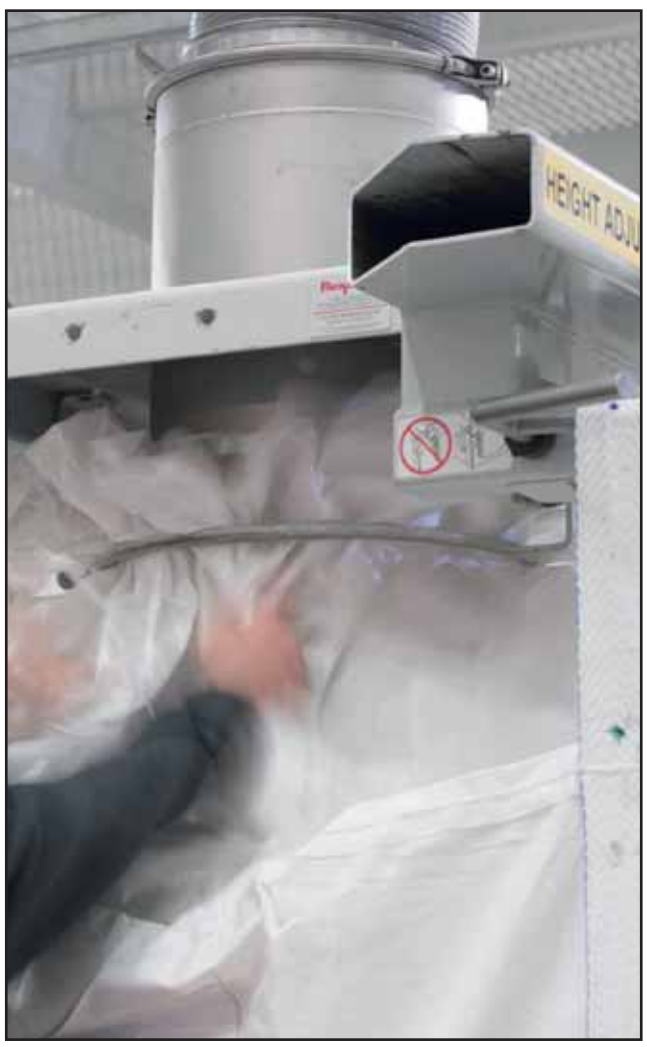
Because the Louisiana harvest takes place primarily over two months, it places a huge demand on the area's processing capacity. Any delay in moving the processed rice to market can result in severe cash flow problems for growers. To deal with this peak demand, Kennedy Rice, one of the largest growers in Louisiana, has constructed a new rice processing facility to convert freshly harvested and dried grain, known as rough rice, into polished white rice ready for sale to customers.

Opened in September 2012 with the capacity to process up to 136,000 tonnes of rough rice per year, the facility took about two years to build, and cost over £6.2 million. The Kennedy rice mill fills orders as they are received rather than stockpiling polished white rice in a warehouse. Ninety-five percent of the finished product is shipped in bulk by rail or barge, but a growing amount of it is packaged in 907kg bulk bags which the company fills using a Twin-Centrepost bulk bag filler from Flexicon.

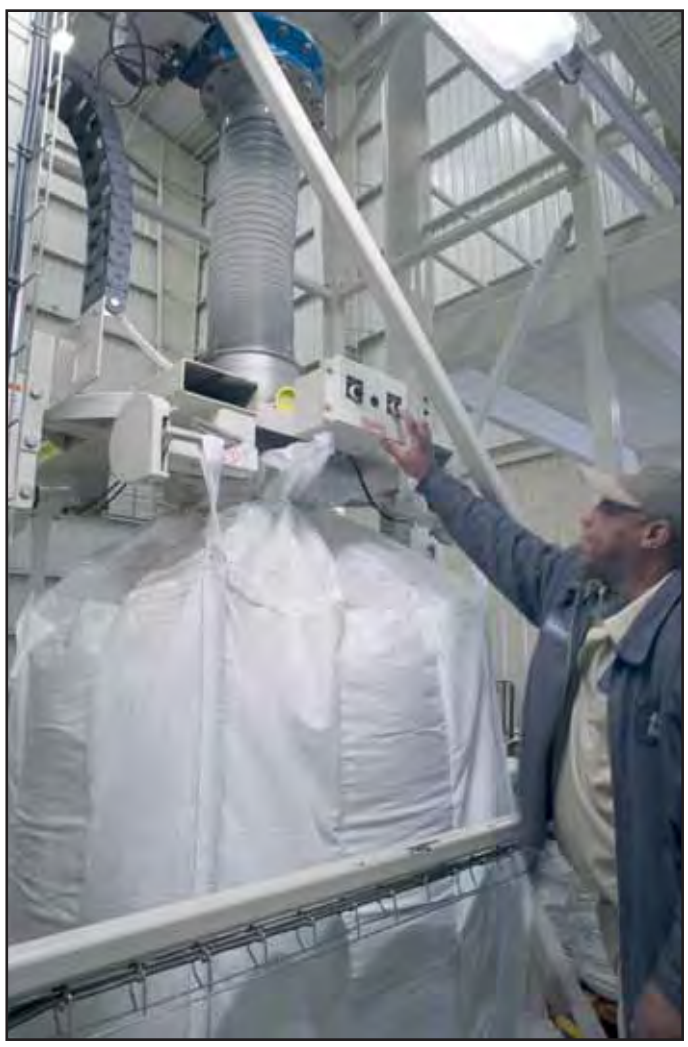


Rice descends from the hopper, through a dome valve and downspouting into the twin-centrepost bulk bag filler

Operator attaches bag loops to retractable bag hooks that suspend the bag during filling



Bag spout is pulled over an inflatable collar which, together with a filtered air displacement vent, assure dust-free filling



Operator inflates the bag, removing creases prior to filling

Bulk bags filled in response to orders

"We usually try to complete bulk bag orders two to three days in advance. The bulk bag filler is located in the warehouse, so filled bags do not need to be moved until they are ready to be shipped," said plant manager Marley Oldham.

"Since we only recently began offering polished white rice in bulk bags, they account for a small percentage of our total production," explained Oldham. "We expect demand to increase significantly, however, and our bulk bag filler is designed to meet our future requirements."

The polished white rice to be packaged in bulk bags is aspirated to remove dust particles before being fed into a 2m high, 2.3 cbm capacity hopper mounted above the bulk bag filler. The rice flows from the hopper through a dome valve and 25.4cm diameter flexible downspouting into the bulk bag suspended above the deck of the Model BFL-CFHW-X Twin-Centrepost bulk bag filler.

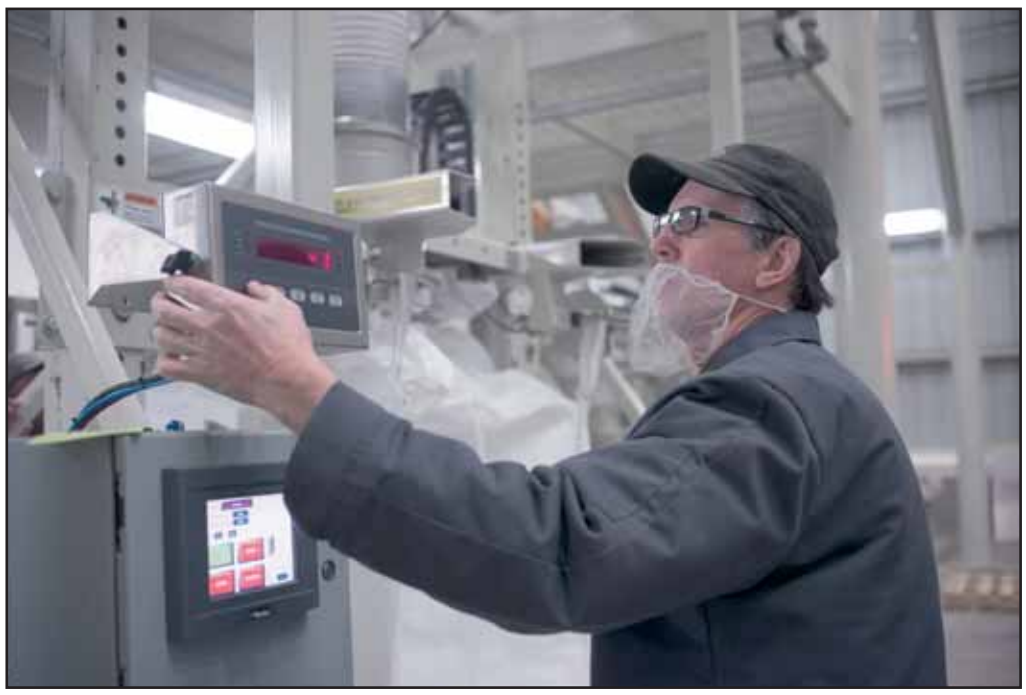
Plant air inflates the 1.3m high bag for filling while an inflatable collar on the fill head holds and seals the bag spout. A filtered air vent at the fill head assures dust-free delivery of material to the bulk bag while providing a simple way to allow displaced air to exit the bag.

Except for manually connecting the bag spout to the inflatable collar, the process is automated by a programmable logic controller (PLC). Load cells beneath the pallet deck send signals to the PLC, which automatically stops the flow of rice by closing the dome valve when the bag reaches its target weight.

The operator only needs to pull the bag spout off the inflatable collar and tie it closed. The filled bag and pallet are removed by forklift. "Connecting, filling and disconnecting a bag takes only about three minutes altogether," said Oldham.

"Flexicon's representative, Robert K Wilson & Associates, of Houston, Texas, worked with Flexicon's engineering department to evaluate our needs and determine equipment specifications, and then helped supervise installation and startup," continued Oldham.

"This new facility has created over 20 permanent local jobs," said Elton Kennedy, who along with his daughter, Meryl, oversaw design and construction of the mill. "It also gives regional producers another outlet for their rice crops with lower transportation costs and a faster return on their investment."



Once the operator connects the bag and pushes 'start' a PLC automates the filling process, closing the dome valve when the bag reaches its target weight

Forklift removes filled bag on pallet as operator readies another bag to be filled

A bulk bag of polished white rice is ready for shipment. The filler is designed to meet increased demand for Kennedy Rice in bulk bags

Inside the mill

Freshly harvested rice, known as paddy rice, is dried and shipped with hulls and bran intact to the Kennedy rice mill. This rough rice is temporarily staged in receiving tanks from which samples are taken and sent to the lab where they are graded for quality and checked for insect infestation and other contaminants. Once the rice has been catalogued by lab analysis, it is cleaned to remove insect shells, sticks, stones, mud, metals and other debris.

Milling removes the husk and bran layers, leaving the edible white rice kernel, free of impurities. 'Sheller' machines first remove the hull, leaving 'brown rice' in which bran layers still surround the kernel. Then milling machines rub the grains together under pressure, revealing white, or 'polished', rice, which is then sorted into three different sizes.

Rice comprised of the largest kernels is called Head Rice, while rice containing the second largest kernels is called Second Head. Rice containing the smallest size kernels is called Brewers Rice because, historically, it went into brewing alcoholic beverages. After being sorted by size, the rice is then sorted by colour to remove grains with insect damage, stains and other imperfections.