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European Pallet Association e.V. (EPAL)

PRESS RELEASE

EPAL decides to end the exchangeability agreement with the UIC as of 1st May 2017

The quality of the EPAL Euro pallet pool and the safety of employees, goods and logistics processes take top priority. For this reason, EPAL's urgent recommended action is: To cease exchanging EPAL Euro pallets for UIC/EUR pallets.

Düsseldorf, 1st March 2017 – The Board of the European Pallet Association e.V. (EPAL) unanimously decided on 21st February 2017 to terminate the exchangeability agreement between EPAL and the Rail Cargo Austria AG (RCA) effective from 01/05/2017. In October 2014, EPAL agreed with RCA as the managing railway undertaking of the UIC Working Group, "Palletisation Issues", that EPAL Euro pallets and UIC/EUR pallets could be exchanged with each other. EPAL now recommends that EPAL Euro pallets cease to be exchanged for UIC/EUR pallets. The EPAL Board substantiates this step with reference to the substantial shortcomings of UIC's organisation of the exchange pool, including in the areas of quality assurance and fighting the import of counterfeit UIC/EUR pallets in the EU. To prevent difficulties for users, there will be an appropriate transitional period for exchanging UIC/EUR pallets which have been produced by the end of February 2017.

Martin Leibrandt, CEO of EPAL, warns, "EPAL can no longer guarantee that UIC/EUR pallets meet the demands that the industry, retail and logistics sectors justifiably place on the quality and safety of EPAL Euro pallets. In particular, the uncontrolled import of counterfeit UIC/EUR pallets endangers the quality and safety of the EPAL Euro pallet pool. According to research by EPAL, there are more than four million counterfeit UIC/EUR pallets from Ukraine on the market, and this number increases all the time. East European gangs for the main part are increasingly counterfeiting UIC/EUR pallets, since it has become riskier to counterfeit EPAL Euro pallets due to the joint action of EPAL, customs authorities and lawyers. EPAL assumes responsibility for the quality and safety of the EPAL Euro pallet pool. The industry, retail and logistics sectors can count on that."

The organisation of the exchange pool and internationally consistent quality assurance is supported by EPAL alone

Since the exchangeability agreement between EPAL and the UIC was concluded in October 2014, the UIC have taken no measures comparable to the activities undertaken by EPAL to protect the quality and safety of UIC/EUR pallets. In many countries, the UIC do not organise the exchange pool at all. Yet, in the two and a half years of negotiations, the UIC declined EPAL's offer to take over the organisation of quality assurance and trademark protection for UIC/EUR pallets.

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In view of the negative consequences of the UIC's conduct, EPAL no longer considers itself able to continue to recommend the exchange of EPAL Euro pallets with UIC/EUR pallets. Terminating the exchangeability agreement is in EPAL's view the only option to effectively protect the quality and safety of the EPAL Euro pallet pool in the future.

To protect the safety of employees, goods and logistics processes, EPAL is recommending that in future, only EPAL Euro pallets are used and exchanged.

The recommendation to stop exchange between EPAL Euro pallets and UIC pallets applies from 01/05/2017. The previously effective recommendation that also pallets bearing the "EUR" marking (UIC, MAV, CD, ADIF, GreenCargo etc.) can be exchanged, to continue to apply, but however to be limited in duration until 31/12/2021 and restricted to pallets that have been produced by 28/02/2017 in strict compliance with the UIC leaflets 435-2 to 435-6.

Answers to frequently asked questions concerning this recommended action, can be found at: <u>www.epal.eu</u>.

About EPAL:

The European Pallet Association e.V. (EPAL) ensures a smooth flow of goods in the logistics world with over 450 million EPAL Euro pallets and 20 million box pallets in the world's biggest open exchange pool. Founded in 1991 as the umbrella association of licensed producers and repairers of EPAL load carriers, EPAL is globally responsible for their consistent quality. EPAL pallets are produced from sustainably grown, CO2-neutral wood, can be repaired and recycled, and reduce transport distances thanks to their high level of availability. As a registered association, EPAL does not pursue any commercial interests and makes all its decisions in the interests of its industry, trade and logistics partners. EPAL is represented in more than thirty countries by fifteen National Committees which have committed themselves to implementing the EPAL objectives.

For further press information:

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