

# EuroPallets: Good or Bad for Business?

You just received word from your European customer that they want you to ship on EuroPallets. Should you agree? Shipping on EuroPallets could be a good business decision or a bad mistake! You should know your options before you make the decision.

So what is the EuroPallet? The EuroPallet is an 800x1200 mm (31½ x 47¼-inch) block-style, unidirectional base pallet. Manufacturing details such as component dimensions, nail quality, and acceptable lumber species are outlined in a 47-page specification called UIC 435-2, published by the International Union of Railways. EuroPallet blocks are branded with the "EUR" logo. Pallet manufacturers cannot build official EuroPallets unless licensed by EPAL (EuroPallet Pallet Association), or USEPAL in the United States.

## Why would your European Customer want EuroPallets?

Many European customers prefer EuroPallets. Several reasons are listed below:

**Functionality:** Product arriving on a stringer-style U.S. pallet may need to be offloaded onto EuroPallets for use in European warehouse systems. This costs your customer money, and exposes the product to potential handling damage.

**Disposal Fees:** Germany charges a disposal fee for incoming non-standard pallets, about \$2 for a 50-pound pallet. Other European countries have similar disposal fees. If they receive a reusable EuroPallet, there is no disposal fee, and in fact the pallet has a positive value because the EuroPallet is worth \$5 to \$13, depending on condition.

## Why would you want to ship on EuroPallets?

**Performance:** The EuroPallet is a higher quality, stronger, stiffer, and more durable pallet design than most of the pallets currently shipped overseas. Shippers may realize lower product damage claims due to EuroPallets.

**Pest Regulations:** The European Union requires that all coniferous pack-

aging entering Europe after October 1<sup>st</sup>, 2001 be heat treated to 56 C for 30 minutes. Questionable or non-conforming pallets will be subject to delays and costly disposal fees. Although not yet confirmed, it is expected that branded EuroPallets from the United States will conform to EU pest regulations.

**Customer Requirements:** You may not have a choice!

## Why you may not want to ship on EuroPallets

The question boils down to who absorbs the costs associated with a conversion to EuroPallets. Below are some considerations:

**Initial Price:** A new stringer style pallet will cost \$5-\$10. A new EuroPallet in the United States will cost approximately \$12-\$20, due to metric lumber component dimensions that are not commonly cut in the US.

**Weight:** A dry EuroPallet weighs about 45-60 pounds. An equivalent size US stringer pallet weighs 25 pounds (dry) to 50 pounds (green). This could increase freight costs for loads charged by weight.

**Height:** The EuroPallet is 5.67 inches tall, or 5/8 to 1-1/8 inch taller than most US pallets. If loaded pallets are stacked 2 high, this is 1¼ to 2¼ -inches less space for product, and could impact freight charges.

**Vehicle Space Utilization:** The computer industry recently studied pallet footprints and their utilization of various transport vehicles around the world. No one pallet size was optimal for all vehicles, but the average vehicle space utilization of the 800x1200mm EuroPallet was far behind 48x40-inch and 1000x1200mm pallets. The EuroPallet had very poor utilization in airfreight, the most expensive transport mode.

**Packaging Fit:** The EuroPallet is the smallest of the six international pallet sizes recognized by ISO. Smaller products, such as beverage or produce, can be repackaged to fit a small pallet. Larger items are more difficult to fit on a smaller

pallet.

**Functionality:** Typical U.S. material handling equipment is set to handle 48x40-inch or 1000x1200mm pallet footprints. Most U.S. pallet jacks are too wide to enter the 800mm (31½") EuroPallet sides. Equipment such as forklift tines would need to be adjusted to handle both 48x40s and EuroPallets.

## What do you do now?

When your customer asks for the EuroPallet, what do they really want? Find out and look to the options below for the most cost effective solution for you and your customer.

**New EuroPallets:** purchase these from a licensed U.S. manufacturer or broker. Beware of non-licensed EuroPallets. If your customer will save money when you convert to EuroPallets, see if they will share these savings to offset your potential cost increases.

**Used EuroPallets:** Many pallet recyclers have a supply of used EuroPallets retrieved from products shipped to the United States from Europe. These may be less expensive than new EuroPallets and are accepted by Europe if stamped and in good shape. Note that only U.S. repairers licensed by USEPAL can repair EuroPallets, but anyone can sell used EuroPallets.

**Other European Pallets:** The nine European Chemical Pallet designs (CP1-CP9) or the Industrial pallet (1000x1200mm) are options. These may be less expensive than EuroPallets, but still acceptable to your customer. Over 30 U.S. manufacturers are licensed to manufacture the CP pallet designs.

**International exchange pools:** Some companies are developing pallet pools for trade between the US and Europe. It may be better to participate in a reusable pool.

Therefore, it may be good and bad business to switch to the EuroPallet. It's probably in the best interest of your European customer. It may not or may not be in yours. Just make sure that you evaluate all the options before you agree to convert. 