ECG News

ECG – The Association of European Vehicle Logistics

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ECG News

Truck Ship Compound Train Barge

NEWS FROM BRUSSELS

Kallas rolls back EU bid to break-up state rail monopolies

(Source: Euractiv.com, 31st January 2013) In a compromise aimed at countries like France and Germany, the European Commission on Wednesday 30th January unveiled its latest plan to integrate rail services, allowing traditional state companies to maintain their hold on railway infrastructure as well as passenger and cargo services. The Commission took a step back from earlier plans to break-up railway operations by 2019 – known as "unbundling" – by allowing EU countries some flexibility in the route they take to creating more competitive markets and getting more people and goods on the rails. The proposals would allow countries like Germany and France, where traditional state rail systems are dominant, to maintain their holding companies that oversee infrastructure, cargo and passenger services so long as they separate their financial and managerial operations. Britain, Sweden and several other countries prefer a system where the infrastructure is managed separately from trains themselves. Germany's powerful Deutsche Bahn (DB) holding company operates infrastructure, passenger and freight services and is competing aggressively for high-speed services across Europe. DB had lobbied against a complete separation of operations. Commission Vice-President Siim Kallas, who is in charge of transport, called the EU's Fourth Railway Package "quite radical" but also said the Commission found "satisfactory balances" between those seeking more aggressive opening of the market and those favouring more traditional "vertical" systems like DB's. "If you propose [legislation] in Europe which has intentions to change something, you will have enormous pressure from all sides," Kallas told a news conference on Wednesday 30th January. Referring to pressure to protect DB's integrated holding company model, he said: "Germany is a very big country in transport issues, Germany always has its views, but in general we've all finally co-operated. There are some different views concerning the holding structures, but on all the other issues we have very good co-operation." The package expands on past initiatives by calling for a complete opening of domestic passenger rail services to competition by 2019 and strengthening the role of the European Railway Agency (ERA) to allow to issue safety certificates for trains operating anywhere in the EU. It also seeks to create a network of infrastructure managers – who build and maintain the railway corridors – to improve transnational operations, one of the obstacles to expanding and modernising continental routes. In the lead-up to the new proposals, there was growing discord over whether the Commission should break-up integrated holding companies like Germany's, or shift to a model similar to Britain's, where infrastructure and rail operators are "unbundled" or owned separately. Germany had pressured the Commission to follow its model that is also used by Austria, the Czech Republic and France. Mofair, a German group representing private rail companies, had urged the Commission to stick to its plans for unbundling. "If the Commission should deviate from the proposals it originally made in the Fourth Railway Package, the European single market in the rail sector will become a thing of the past before it even gets out of the starting blocks," Wolgang Meyer, the group's Chairman, wrote in a letter to the Commission. "In view of Deutsche Bahn's superiority, we believe that other Member States would be faced with the following alternatives: re-integrating their railways and sealing off the market to other railways; supporting railways with state funds, thus launching a subsidy race; or handing over their rail companies to Deutsche Bahn," he said. François Coart, who heads the European Rail Freight Association, also urged the Commission not to reverse its push to separate rail and infrastructure operations as a way to encourage competition across the EU. In a letter to Commission President José Manuel Barroso, ahead of the announcement, he urged the EU executive to stick to its earlier proposals for "the financial, economic and legal independence of the infrastructure manager. "No regulation or regulatory body can ensure a more adequate market opening than the separated model. And

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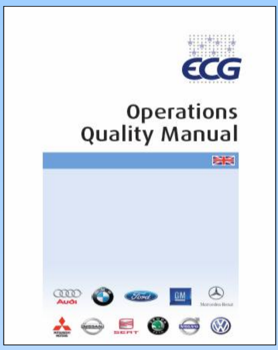

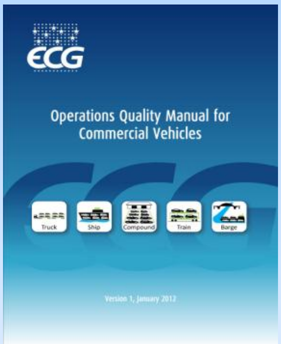

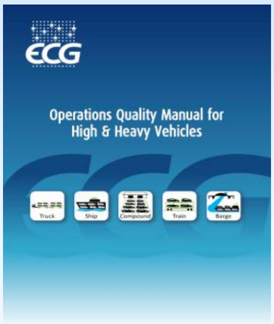

- Written by the Quality Working Group and the H&H Working Group composed of OEMs and LSPs.
- The manuals can be downloaded from: http://www.ecgassociation.eu/PublicationsReports/ECGOperationsQualityManuals.aspx

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European rail liberalisation is more than necessary to the European economic growth," the letter said. But the Commission's proposals do not preclude holding companies like DB or France's SNCF to continue, so long as they separate their management and finances. It would also allow other countries to bar such companies from entering their domestic markets after 2019 if they do not meet the Commission's competitiveness guidelines.

Kallas bows to German pressure on rail reform

(Source: European Voice, 31st January 2013) Germany has succeeded in changing the content of a European Commission proposal on the liberalisation of railways before the proposal was even published. José Manuel Barroso, the President of the European Commission, and Siim Kallas, the European Commissioner for Transport, backed down in the face of a furious lobbying campaign from Berlin. They withdrew an element of the liberalisation proposal that would have obliged Member States to separate the companies that run train services from the companies that own and manage the tracks. The Commission wanted to ensure that infrastructure managers do not give preferential treatment to their parent rail companies, a practice that it believes is deterring potential competitors, particularly in the rail-freight market. But Europe's biggest rail company, Deutsche Bahn, which runs trains as well as managing the tracks, was fiercely opposed to the idea of mandatory separation. The lobbying intensified after a draft version of the proposal was circulated inside the Commission in December. Nikolaus Meyer-Landrut, EU Adviser to the Chancellor, Angela Merkel, was among the senior figures who called the Commission. When Kallas published the proposal on Wednesday 30th January, after its approval by the College of European Commissioners, he proposed only an obligation that rail companies would have to separate the functions and finances of infrastructure management, which they would not be obliged to divest. Rail-freight companies reacted angrily to the deletion of the "unbundling" obligation. "It seems the force of Germany has overtaken the Commission and forced them into a kind of retreat on unbundling," said Tony Berkeley, Chairman of the UK's Rail Freight Group. "It's going in the wrong direction and it's totally against what the Commission was proposing a month ago, just because Merkel has decided this is what they're going to do." In a letter, François Coart, President of the European Rail Freight Association, had warned Barroso that deleting the unbundling requirement from the proposal would be "a major breach in the European democratic process" because it would be allowing changes to policy in the Commission rather than in the appropriate forums, the Council of Ministers and the European Parliament. The letter called it a "question of credibility for the Commission." Members of the European Parliament (MEPs) complained that they had been bypassed by the German lobbying. French centre-right MEP Dominique Riquet said he would put forward an amendment to add mandatory unbundling to the Commission's proposal, and that he had the support of many MEPs. Industry observers said that Kallas and Barroso had opted not to provoke a bruising fight in the Council with Germany on an issue that could escalate ahead of this year's German federal elections. Some feared a fight that might drag on for the rest of the life of the Commission. Germany was likely to be backed by Austria, the Czech Republic, France, Luxembourg and the Netherlands in opposing mandatory unbundling. Launching his proposal, Kallas said the unbundling issue had become a distracting question of ideology and that what the Commission was proposing was equivalent. "Unbundling itself doesn't solve anything," Kallas said. "If you force all companies to unbundle and not do anything about market opening or interoperability, what's the contribution?" His proposal would require integrated companies such as Deutsche Bahn to set up "Chinese walls" to ensure legal, financial and operational separation. Other countries had complained that if Deutsche Bahn were allowed to keep its integrated structure, while at the same time other countries were required to open up their markets – another part of the liberalisation package – the German company could dominate vast swathes of the European market. Kallas has proposed allowing Member States to forbid

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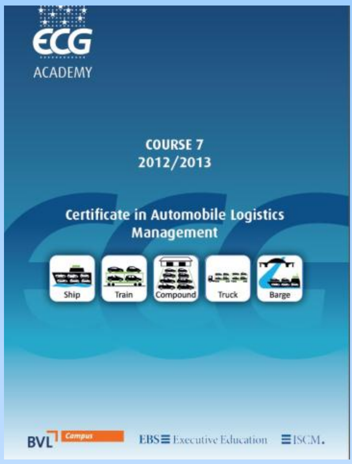

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foreign rail companies whose ownership of trains and tracks is not separated from entering their markets, if the Commission determines the infrastructure and rail management are insufficiently independent. This provision "will eliminate the possibility that some big company has huge advantages to come to smaller countries' markets," said Kallas. Belgian Liberal MEP Philippe De Backer, who is a proponent of unbundling, said he believed the Commission's safeguards would accomplish the same result. "I'm disappointed that the Commission gave in to what Germany expected," he said. "But I think in practice it boils down to the same thing. We will have that discussion in the Parliament." But Berkeley disagreed. "The Chinese walls have never been demonstrated to work before," he said.

ECG Note: *To read the official press release published by the European Commission on the 4th Railway Package, please see the "Press Releases" section of this ECG News issue.*

Land-related contracts set to exit from concessions Directive

(Source: ESPO – European Sea Ports Organisation, 24th January 2013) On Thursday 24th January, the Committee on Internal Market and Consumer Protection (IMCO) of the European Parliament adopted its final report on the Directive proposal on the awarding of concessions. The vote confirmed a compromise amendment to the Directive, whereby public domain and private rental or land lease contracts, particularly in sea and inland ports, would not fall within the scope of the Directive. An important condition is that the port authority establishes only general conditions for the use of land, without becoming a recipient of specific works or services provided by the terminal operator. The wording adopted by IMCO is similar to the position of the Council, which reached a political agreement on the Directive last December. A fundamental difference is that the European Parliament has changed the original term "acquisition" of works or services into "receiving" works or services. "This could introduce some ambiguity," said ESPO Secretary General Patrick Verhoeven, "It happens that a port authority becomes the recipient of works undertaken by a terminal operator when the contract comes to the end of its duration. Although the port authority is not the intentional recipient, it *de facto* becomes the owner of any constructions left by the terminal operator. "Acquisition" points more clearly at an intentional process." Other compromise amendments were given almost unanimous support too. French Rapporteur Philippe Juvin (EPP) underlined that the outcome was pretty far away from the Commission's initial proposal. He also emphasised that for the "trialogue negotiations" with the Council and the Commission, the Parliament should be as unified and as strong as possible. The representative of the Irish Presidency stated that they are ready to present a proposal to the COREPER and start negotiations with the objective to implement clear, pragmatic and workable legislation. IMCO co-ordinators will now decide on the next procedural steps to move the public procurement package forward as a whole. Next to the concessions Directive, the package includes the revision of the public procurement Directives. The aim is to come to an agreement in first reading.

Brussels mandates roll-out of electric-car "recharging points"

(Source: Euractiv.com, 28th January 2013) The European Union has pledged a huge expansion of infrastructure for electric vehicles with binding targets to multiply the number of Europe's charging stations, part of a new strategy to kick-start Europe's low-carbon automotive industry. "We need targets," Commission Vice-President Siim Kallas told a Brussels press conference, as he launched the EU's Clean Fuel Strategy on Thursday 24th January. "We propose that a minimum number of electric charging units is needed in each EU Member State by 2020, and at least 10% of these should be publicly accessible." The €10bn plan, mostly funded by industry, is intended to break the "vicious circle" which prevents low-carbon vehicles being manufactured because of a lack of infrastructure. Future EU proposals could be equally dramatic with moves under

ECG AGENDA

►**ECG Board Meeting** on **6th February 2013** in Brussels, Belgium

►**ECG/ACEA joint meeting** on **7th February 2013** in Brussels, Belgium

►**ECG Maritime and Ports Commission** on **14th February 2013** in Barcelona, Spain

► **ECG Annual Dinner Debate** on **19th March 2013** in the European Parliament, in Brussels, Belgium

► **ECG Board Meeting** on **20th March 2013** in Brussels, Belgium

►**ECG office closed** on **1st April 2013**

►**ECG office closed** on **1st – 9th & 20th May 2013**

►**ECG Spring Congress & General Assembly** on **23rd & 24th May 2013** in Dublin, Ireland

►**ECG Conference** on **10th & 11th October 2013** in Berlin, Germany

consideration to reserve parking space and car lanes for low-carbon vehicles. Both were "extremely valuable instruments that can be used to good effect," an EU official said. In the current proposal, as well as electric cars, the EU sets out quotas for hydrogen and Compressed Natural Gas (CNG), and Liquefied Natural Gas (LNG) filling stations. The number of required electric charging points varies according to each country's production plans. The UK, Germany and France for example have 2020 targets for producing 1.55m, 1m and 2m electric vehicles, respectively. So in the UK, the number of charging points would increase from 703 last year to 1.22m, 10% of which would be publicly funded. In Germany, the number of charging points would rise from 1,937 to 1.5m and in France, from 1,600 to 970,000. "We don't consider that the targets for each state will create a problem," said Kallas, who is in charge of transport. "It is affordable and I don't see there will be such a resistance that needs punitive actions." However, reaction to the proposals was muted in Paris, after the Commission ruled in favour of standardising a rival German "Type 2" plug for electric charging infrastructure. France believes this may give German car manufacturers an edge in the looming battle for the electric vehicle market. Car manufacturers, which have previously blamed a lack of infrastructure and harmonised plugs for delays to electric vehicle roll-out, have welcomed the package as "a step in the right direction." The plug standardisation in particular "provides predictability to investors, enables economies of scale, reduces costs for all stakeholders and is essential in increasing user acceptance," Cara McLaughlin, a spokeswoman for the European Automobile Manufacturers Association (ACEA) said in a statement. For hydrogen fuel cell vehicles, the Commission is proposing a maximum distance between refuelling stations of 300km, to assuage the same fears about "range anxiety" addressed in the electric charging points expansion. The Commission also wants LNG filling stations installed in the core 10% of maritime and inland ports by 2020. Sweden is planning to open the EU's first LNG facility within weeks. A network of LNG terminals at 400km intervals is also mandated for trucks, and CNG filling points every 150km. Common standards for hydrogen, CNG and LNG filling stations should be developed by December 2015. Jos Dings, Director of the Transport and Environment think tank, said the Commission's combined measures were a welcome piece in a much more complex jigsaw needed to decarbonise European transport by 2050. "We do need to break the monopoly that liquid fuels have on the transport market but we also need better vehicles, pricing and infrastructure, the whole shebang," he said. "This is definitely a step that needs to be taken – particularly the electric charging points – and it does propose something meaningful, but by no means will this resolve the question of sustainable transport by itself." Out of a Europe-wide fleet of around 200m passenger cars, there are currently around 11,000 electric vehicles in the EU countries, and about 1m automobiles powered by CNG.

AUTOMOTIVE INDUSTRY

Ghosn: "No recovery in Europe before 2020"

(Source: Automotive News Europe, 30th January 2013) Renault CEO Carlos Ghosn said the European auto market won't recover before 2020 unless governments in Europe take action to make their economies competitive. Renault sees the region's new-car sales falling 3% this year and is not counting on growth for the next three or four years, Ghosn said. Europe will only return to growth by 2020 if countries such as France, Spain and Italy take action to reform their inflexible labour laws like Germany did in the early part of the decade, he said. "Otherwise I see stagnation for a very long time," Ghosn told a conference on Tuesday 29th January held by the University of Duisburg-Essen's Centre Automotive Research. The CEO said he is optimistic that countries will make the necessary reforms "because they have no choice." The Eurozone debt crisis had accelerated trends that had been happening for decades in Europe with

Events in Brussels

Information Session on Project Bonds by European Union Road Federation (ERF) in the European Parliament on 19th February 2013.
ECG will attend

European Railway Award by the Community of European Railway and Infrastructure Companies (CER) and the Association of the European Rail Industry (UNIFE) on 26th February 2013.
(http://www.europeanrailwayaward.eu/)
ECG will attend

Hearing on Social Conditions in Road Transport by Nordic Logistics Association (NLA) in the European Parliament on 27th February 2013.
ECG will attend

10th Annual Road User Charging Conference 2013 "Equitable, efficient and economic routes to better infrastructures" on 5th & 6th March 2013. A 20% discount is offered to ECG members, please contact the Secretariat.
(http://roaduserchargingconference.co.uk/)
ECG will speak

production and sales growth shifting from Western Europe to developing markets, Ghosn said. Last year, new-car registrations in the EU and EFTA countries fell 7.8% to 12.53m cars, the lowest level since 1995, according to industry association ACEA. The Centre Automotive Research predicts that sales will decline to 12.07m this year and then rise to 12.61m in 2014. Professor Ferdinand Dudenhoeffer, Head of the Centre Automotive Research, said Europe will come back very slowly because of the economic problems in countries such as France, Italy, Spain and Greece. He said the economic situation needs to be stabilised before the automobile industry can pull out of its slump. Fitch Ratings said on Wednesday 30th January that a recovery in new-car sales in Europe back to pre-crisis levels could take until the end of the decade, if it can be achieved at all. "Structural factors and anecdotal evidence make it uncertain that sales will return to the 1999 peak of 15.1m units. They suggest that European recovery will be slow at best and could follow the path of Japan, where vehicle sales have fluctuated since 1998 at 25% to 45% below their peak in 1990," Fitch said in a statement. Fitch said cyclical factors, including weak consumer and corporate confidence, high unemployment and tighter credit conditions, are keeping buyers out of showrooms but the agency also cited a number of trends that will affect car sales: owners are keeping vehicles, which are increasingly reliable and robust, for longer and are driving shorter distances; the total cost of vehicle ownership has increased; several large cities or countries have taken measures to limit or deter car usage; surveys show a declining interest in cars from the younger generation. Manufacturers of small vehicles suited to urban conditions and with fuel-efficient engines are best placed to outperform the market, Fitch said. These vehicles should be well positioned to take advantage of people moving to suburbs not well connected by public transport and of the overall trend toward downsized vehicles and engines. "It will be even more important to monitor the product mix as customers increasingly decide to keep a car but opt for a smaller or cheaper model," the statement said. "This is in line with our view of how the market is polarising toward high-end brands on the one side and entry-level brands on the other." Fitch said the expected outperformance of Eastern European markets, as they catch up with more developed European markets in terms of car density, is likely to offset persistent weakness in Western Europe and offer better prospects than in Japan. Government intervention could also support sales and fundamental demand, given the industry's importance to employment and in light of support given in the past. Fitch said Europe's economy and new-vehicle sales can rebound more than expected. It said auto sales in the United States recovered to 14.4m units in 2012, up 13.4% from 2011 and 39% from 2009, in contrast to previous market assumptions and forecasts pointing to long-lasting depressed conditions.

Union talks in France reach compromise

(Source: Automotive Supply Chain, 30th January 2013) After the announcement on Tuesday 15th January that Renault is to cut about 7,500 jobs in France by 2016, and Peugeot plans to close a plant and eliminate 8,000 positions, the tension between the unions and the French car manufacturers has escalated. As the unions negotiated with officials on Tuesday 29th January, 500 Renault staff demonstrated at the company's Flins plant and Peugeot workers marched on the Paris headquarters. "Workers can't be asked to make sacrifices unless the CEO is asked to make sacrifices," said CFDT – France's biggest private-sector union – Head Laurent Berger. The meetings consisted of the unions submitting their proposals for measures presented by management at previous meetings, such as making employees aware of possible cross-postings at least two months in advance, establishment of new organisations and pooling in regional areas, and a joint committee to monitor progress. At the end of the meeting, Gérard Leclercq, Director of Operations in France, added, "We acknowledge that the unions will conduct those negotiations in a responsible manner. Our approach is based on the search for a consensus to sustain the activities of Renault in France." Last month, Renault's car registrations in France fell 27%, and France's PSA Peugeot

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Citroën reported a 16.5% fall in sales worldwide. Faced with the decline in the European market, Renault wants to “anticipate the implementation of the necessary measures to strengthen the competitiveness of its operations in France and has agreed to keep all manufacturing sites, keep the corporate operations of business in France, and maintain the quality of work life. Negotiations with the unions – CFDT, CFE-CGC, CGT, and FO – will continue at the next meeting to be held on Tuesday 5th February.

VW plans further cuts in German Passat production

(Source: Automotive News Europe, 30th January 2013) Volkswagen plans further temporary halts in production of the Passat in Germany in the coming weeks as a result of the weak European market. VW said it will halt assembly lines at the plant in Emden on 8th, 15th and 22nd February as well as on 1st March 2013. "We'll keep monitoring the market situation in Europe very closely," VW spokesman Georg Goericke said, declining to comment on whether the carmaker was bracing for another round of disruptions in March and April. VW makes about 1,200 vehicles a day at Emden, where workers assemble the sedan, wagon and four-door coupé variants of the Passat. The company already halted production in Emden between 17th and 21st December 2012. VW sold 207,273 Passat in Europe last year, down 15.5% on 2011, according to market researcher JATO Dynamics. VW said last week that it would add three Saturday shifts to its main Wolfsburg manufacturing plant to meet strong demand for the new version of its Golf compact hatchback and Tiguan compact SUV. The additional shifts will enable VW to build an extra 2,000 Golf, helping to fill roughly 100,000 orders for Europe's top-selling model.

PSA halts car output in Slovakia on weak demand

(Source: Automotive News Europe, 28th January 2013) PSA Peugeot Citroën halted car production in Slovakia for the day on Monday 28th January and will add another four stoppage days next month in response to weak demand across Europe, the Slovak unit said. The carmaker operates an assembly plant in the Slovak town of Trnava, where it makes the Peugeot 207 and Citroën C3 Picasso models. PSA still expects production in Slovakia this year to exceed the 2012 output of almost 215,000 cars. "Demand for new cars in Europe is continuously falling. Decreasing trends in sales transform into production cuts by several carmakers," PSA Slovakia said in a statement. The Trnava plant has an annual production capacity of 300,000 vehicles. The Eurozone country's automotive industry is centred on the assembly plants of Volkswagen, Kia and PSA. Any production disruption in the sector could have a significant impact on the economy's performance, expected by the Finance Ministry to slow its expansion to 2.1% in 2013 from 2.5% last year on waning demand for its exports.

Fiat gets union agreement for layoff scheme at Melfi plant

(Source: Automotive News Europe, 30th January 2013) Fiat has received trade unions' go-ahead for a layoff scheme at its Melfi plant that will allow it restructure the plant before producing a new Jeep and a Fiat model there. Melfi, one of Fiat's most important facilities in Italy, makes the Punto model. In December 2012, Fiat said it would invest €1bn to build a new entry-level Jeep and the Fiat 500X in Melfi starting in 2014. The Jeep is known internally as the B-SUV. It will be offered only as a four-wheel-drive model and will be sold in Europe, North America and Asia. The move is part of a strategy by Fiat to use its Italian factories to build Jeeps and other group brands for export and offset flagging demand in recession-hit Italy. The unions' approval, announced by union UGL in a statement, allows Fiat to press ahead with its plan to halt two production lines at the plant, starting from Monday 11th February 2013. The temporary layoff scheme can run until the end of 2014, but Fiat can restart production as soon as new lines are ready. "Fiat said production could likely start at the end of 2013, early 2014," UGL's metalworkers Regional-Secretary Giuseppe Giordano said after attending a meeting with Fiat. On Tuesday 15th January Fiat said it wanted to continue

producing the Punto at Melfi depending on market demand while investing in building two new models. Fiat is awaiting an approval by the government for the plan.

Tata Motors denies plan to open a vehicle assembly plant in Romania

(Source: Automotive News Europe, 31st January 2013) The dailybusiness.ro website said that the Indian carmaker plans to invest €1bn to build a production facility to manufacture cars, buses, trucks and commercial vehicles. A Tata Motors spokesman denied saying that the carmaker is "not considering such a step." Tata gained a strong foothold in Europe in 2008 after it bought Jaguar and Land Rover from Ford for $2.3bn. The company's core Tata brand has a small presence in the region selling just a few thousand units a year. The carmaker currently markets the Vista hatchback and the Aria crossover in Italy and Spain. Since launching the Nano in India in 2009, Tata has considered selling the minicar in Europe, but problems in India including incidences of electrical fires and poorer-than-expected sales have not led to the success Tata was hoping for with the model. In 2011, Naveen Mishra, Tata Motors' Regional Head for Europe, said that the company would decide as early as this year whether it would expand its product portfolio and market presence in Europe. Sales of affordable cars are growing in Europe at a time when most mass-market carmakers are suffering a drop in deliveries.

EUROPE

Spain extends aid plan for automobile sector

(Source: NZweek.com, 25th January 2013) Spanish Prime Minister Mariano Rajoy announced on Friday 25th January that his government will extend the "Plan PIVE" to help the automobile sector. The Plan PIVE, which came into effect in October 2012, will have a fund of €150m and will help to stimulate the demand and economic growth, said Rajoy. Those people who have a car of 10 years or older can benefit from the Plan PIVE that will give them financial aid of 2,000€ in purchasing a new and more ecological car. Currently, 45% of the cars on Spain's roads are indeed 10 years old or even older as a result of the economic crisis which has seen Spaniards delay the purchase of new vehicles. In 2012 the Spanish automobile sector saw sales of new cars fall by 13.4% and the total of 700,000 vehicles sold over the year. Rajoy also announced the creation of a new plan called "Prima Aire" which aims to renew the commercial automobile fleet of the country and has an investment of €40m. The extension of the Plan PIVE is good news for producers who agree that without the plan, which contributed to 1,500 bookings per day, the results for 2012 would have been even worse.

Mitsubishi increases stake in Rolf Import

(Source: Automotive Logistics News, 30th January 2013) **Rolf Group** has sold a further 18% of its Rolf Import business to Mitsubishi in a move it said would strengthen its distribution business for the Japanese carmaker in Russia. Rolf Import is Mitsubishi's exclusive distributor in Russia, and the move now gives the carmaker and its parent company a controlling stake in the company. Mitsubishi's parent company Mitsubishi Corporation has taken an extra 9% stake to bring its share in Rolf Import to 49%, while Mitsubishi Motor Corporation (MMC, the car-producing arm of Mitsubishi) has taken another 9%. The Rolf Group now owns 42% of the division. The Rolf Group has been operating Mitsubishi car sales and distribution in Russia since 1992. In 2004, the MMC-related business was transferred to Rolf Import, to specialise in MMC cars only. Mitsubishi Corporation joined the partnership in 2009 taking a 40% share of the business for $200m, which was when the two companies launched their alliance. Faced with plummeting business at the time, Rolf said it would be unlikely to continue trading unless the agreement with Mitsubishi Corporation got the go-ahead. In relation to the latest sale, MMC said its participation would improve product planning and allow quicker response to market needs, "ultimately expanding sales in an increasingly competitive Russian market." The Russian car market has recovered from the downturn and saw sales climb to around 2.9m last year. Rolf Group's CEO, Igor Salita, said it was now the time for a tighter involvement amongst its Japanese partners. "The core reason to execute this new stage of the deal is to allow such a great business as Rolf Import to shift to a totally new level," he said. MMC vehicles, mainly its SUV models, are showing positive sales in Russia with 74,000 units sold in 2012, according to a statement from the carmaker. MMC established a factory in Russia's Kaluga province in May 2008 together with PSA Peugeot Citroën and began full-scale manufacturing of the Outlander SUV in November 2012. The company said it plans to increase the range of models manufactured in Russia and include the Pajero Sport. The latest move follows NYK's purchase of a 51% controlling in Rolf SCS, the Rolf Group logistics division that handles finished vehicle logistics as well as, storage, customs and port services for a range of customers. That joint venture is designed to enhance finished vehicle logistics services in Russia and expand the customer base of each company. Rolf retains the remaining 49% stake. Rolf SCS recently announced that it was developing a vehicle transporter division in Russia's Far East and will send its first five car carriers there in February 2013, following interest from distributors in the region.

GEFCO Poland receives Authorised Economic Operator (AEO) status

*(Source: **GEFCO**, 31st January 2013)* The Polish subsidiary has obtained the fullest form of Authorised Economic Operator status (AEO), i.e. with customs simplification, security and safety certification. This achievement was highlighted at an event held by the Polish Chamber of Commerce in late 2012 on the themes of economic development and customs services. Attending were Olivier Large, Managing Director of GEFCO Poland, and the managers of GEFCO's Customs Departments in France and Slovakia. Mr Large commented: "AEO status will allow us to considerably expand our range of services throughout Europe, which is of major importance to our customers. We are now able to provide them with a complete offer of services from one end of the supply chain to the other." The AEO programme is designed to make international supply chains safer and more secure and to simplify customs procedures. GEFCO Poland will now enjoy the numerous benefits of certification, which include recognition as a trustworthy and reliable company, priority in filing customs declarations, faster customs clearance processing, and priority treatment in case of inspections.

Med Cross Lines gets to Turkey

(Source: Ship2Shore, 28th January 2013) Three months after launching the new line connecting Venice in Italy and Koper in Slovenia, to Bengasi, Misurata and Tripoli in Lybia, Med Cross Lines will strengthen its services with a new line to Istanbul and Izmir in Turkey. The unprecedented Izmir-Bengasi link – 2 days final lead time – will be the first ro-ro service between Turkey and Libya. As from Saturday 16th February 2013, Med Cross Lines will offer a ro-ro and container service from the Adriatic to Istanbul – 4 days – and Izmir – 6 days – deploying the chartered-in ro-ro *Birka Express*, with 1,775 linear meters capacity, 336 TEUs and 20 knots speed, that will replace the *Tychy*, which left from Venice for its last journey on Monday 28th January. Considering the encouraging results of the new intra-Mediterranean link, Loris Trevisan of Med Cross Lines announced that in April 2013 the *Birka Express* will be supported by a "sister unit" on the same route.

Not such a rush for longer semi-trailers after all

(Source: Commercialmotor.com, 22nd January 2013) When you consider that the groundwork for the longer semi-trailer trial in late 2011 signalled the first increase in the length of UK Large Goods Vehicles (LGVs) for a generation, you might have expected operators to be champing at the bit to get the bigger units on the road. But figures published by the Department for Transport (DfT) show that one year after the launch, take up has been surprisingly slow, with just 400 of the 1,811 14.6 meters and 15.65 meters longer semi-trailer allocation being used. Figures show that two-thirds of companies still haven't taken up any of their allocation, suggesting a significant proportion of operators have yet to be convinced of the scheme's merits. Despite the slow start, the DfT and industry bodies think the trial is on track – with many operators happy to wait and see how the early adopters get on, before deciding whether to join in or not. Ray Engley, Head of Technical Services at the Road Haulage Association (RHA), says: "The numbers are in line with what we expected and reinforce our belief that operators are still undecided, and are waiting to glean feedback from operators involved." Andy Mair, Head of Engineering at the Freight Transport Association, believes the slow take up can be attributed to the amount of time it has taken for trailers to be developed and trialled by manufacturers. "We're now beyond that," he says. "There are plenty of models out there and in production, and I think the curve will start to go up quickly." Both explanations make sense, and it seems likely there will be a steady stream of operators exercising their allocation this year. However, the DfT data suggests there is a big difference in operators' enthusiasm for the two lengths of trailer on trial. Of the 400 longer semis put into operation in 2012, 320 were for the 15.65 meters semi-trailer, compared to just 80 for the 14.6 meters variant. With about 900 trailers allocated for each size, the figures mean that less than one in 10 of the shorter trailers are being used.

To read the rest of this article from the UK, please see:
http://www.commercialmotor.com/latest-news/not-such-a-rush-for-longer-semi-trailers-after-all#.UQj8Vh03iSp

LNG for the maritime sector closer to reality thanks to EU supported project

(Source: TEN-T EA, 29th January 2013) The European Union will support with over €1.2m from the TEN-T Programme a study aimed at identifying and addressing the potential barriers to the construction and operation of Liquefied Natural Gas (LNG) fuelled vessels. The project, which was selected for funding under the 2011 TEN-T Annual Call, will examine the technical requirements, regulations and environmental operation permits that need to be met in order to shift from traditionally fuelled engines to LNG. LNG is rapidly emerging as a cheaper and more environmentally friendly fuel for the maritime sector and its uptake is encouraged by the European Union. Specific aspects related to the manufacturing, conversion, certification and operation phases of a LNG fuelled vessel will be analysed. These results will be exchanged with other on-going LNG-related projects as well as with the European

Maritime Safety Agency (EMSA). The project will be implemented in a partnership with stakeholders consisting of ship-owners, cargo owners, LNG suppliers, ports and marine equipment manufacturers. The project is set to be completed by the end of 2014.

Study to evaluate new fuels for maritime transport receives EU support

(Source: TEN-T EA, 25th January 2013) The European Union will support with almost €2m from the TEN-T Programme a study looking at the potential beneficial effects of using alternative fuels for port operations. The study, which will include pilots in Spain, Slovenia and Italy, will especially look at the ways to improve environmental performance of the participating ports' container terminals. The project, which was selected for funding under the 2011 TEN-T Annual Call, will study and test new technologies and alternative fuels in the ports of Valencia, Spain; Koper, Slovenia; and Livorno, Italy; to try and reduce the greenhouse gas emissions (GHG) from these ports' container terminal operations. Specific activities in the participating ports include: evaluation of Liquefied Natural Gas (LNG) versus diesel TIER 4 for equipment in the container terminal of the Port of Valencia; implementation of a real time energy monitoring system to control consumption associated to port container operations at the Port of Koper; Adaptation of a reach stacker vehicle to a different motorisation (LNG, hydrogen or bio-fuel) for reducing the environmental impact and energy consumption at the Port of Livorno. The project is set to be completed by May 2014.

Turkey boosts vehicle exports to Israel

(Source: Automotive Logistics News, 30th January 2013) In 2012, Turkey exported 18,000 units to Israel in spite of the two countries experiencing less than cordial relations. The traffic is expected to continue to rise both this year and well into 2014 as manufacturers in Turkey begin assembly of new models. In the final quarter of 2013, importers in Israel will take delivery of the new Toyota Corolla, which is currently shipped directly to the country from Japan. The 11th generation Corolla aimed at the European market will commence assembly in June at the company's Sakarya plant, producing around 100,000 units annually. Later this year, Hyundai will begin production of its new Hyundai i10 at the Kocaeli plant in Turkey, supplying Israel directly. Previous models were exported from India. For its part, Honda's assembly plant in Turkey is due to come into service in 2014, producing a compact recreational car on the chassis of the Honda Jazz. This will compete directly with its Nissan Juke model built in the UK. Finally, the Turkish-built new Renault Clio will commence deliveries in Israel in mid-2013. Combined the deliveries will boost Turkey's share of Israel's car market to around 15%.

Munich gathering highlights auto logistics

(Source: Automotive Logistics News, 30th January 2013) At last week's Automotive Logistics Forum in Munich, Matthias Wissmann, President of the German Association of the Automotive Industry (VDA), opened proceedings by stressing that one of the reasons the German automotive companies were so successful on the international market was because they "had mastered the global complexity of production with finely tuned logistics." With foreign vehicle production by German companies up to 7.7m new units last year, and 5.4m cars also still built in Germany, Wissmann noted that networks were becoming ever more global and more interlinked. Parts and components for a vehicle often came from different continents, and were delivered directly to the production lines by the suppliers just-in-time and frequently also just-in-sequence. "Mastering this complex system is the task of production logistics," Wissmann explained. The two-day event, organised by VDA in co-operation with the German Logistics Association (BVL), attracted 500 logistics experts from the German automotive industry to discuss the challenges facing the industry. One of those highlighted was the management of complexity and risk, which will become a core competency of the automotive supply chain, according to Wissmann but it was not just down to risk management. "A decisive factor is now, and will be in the future, above-average willingness of all those involved to work hard, especially on the part of the logistics staff at the suppliers," said Wissmann. "It is the suppliers who bear the main burden within the supply chain. They are therefore crucial to the overall success of a stable logistics process." He also pointed out that field trials with longer trucks that have now been running for a year were showing success, with a rise in the number of providers participating. The initial experience was all-positive according to Wissmann, with participating carriers reporting savings in fuel and CO_2 of up to 30%. "The field trial has already brought about CO_2 savings of several hundred tonnes," he said. "The long truck is thus proving to be a genuine eco truck."

REST OF THE WORLD

Volvo to boost truck exports after Dongfeng deal

(Source: Automotive Logistics News, 30th January 2013) Volvo has signed a joint venture agreement with Dongfeng Motor Group (DFG) in which it will pay $900m to acquire a 45% stake in a new truck-making subsidiary called

Dongfeng Commercial Vehicles (DFCV). The move includes Volvo taking a major part of Dongfeng Motor's medium and heavy-duty commercial vehicle business, which in turn will make **Volvo Group** the world's largest maker of heavy-duty trucks according to the company. "This is a very exciting venture that will combine the best of two worlds, strengthening the positions of the Volvo Group and Dongfeng and offering excellent opportunities to both parties," said Volvo's President and CEO Olof Persson. "Combining Dongfeng's strong domestic position and know-how with the Volvo Group's technological expertise and global presence will offer DFCV excellent potential for growth and profitability inside and outside China." Persson picked up the point about growth outside China in a recent interview with the *Financial Times* when he said Volvo could strengthen Dongfeng's export business in markets such as Africa and Asia. According to the newspaper, Volvo is hoping to build on its growth in the heavy truck sector through to the joint venture by "aggressively" exporting vehicles from its Chinese joint venture partner to other emerging markets. The Volvo Group is the world's third largest manufacturer of heavy-duty trucks with 180,000 units sold in 2011. Dongfeng was the second largest producer of heavy-duty trucks in 2011, with total sales of 186,000 units, of which approximately 142,000 units were produced by the part of the company that will be included in DFCV. The transaction with DFG follows the recent agreement between DFG and Nissan Motors, in which DFG purchased the medium and heavy-duty commercial vehicle operation from the joint venture DFL, owned jointly by DFG and Nissan Motors.

Healthy global cars sales make automotive logistics attractive again

(Source: Transportintelligence.com, 25th January 2013) The attractiveness of the automotive logistics sector has recovered over the past decade. No longer a low- profit, low-growth sector, it offers big potential; in particular for larger, more globalised logistics service providers. Despite the difficult macro-economic environment, many large car markets are growing fast, but also changing their market structure. The best example is China. It is now the largest single market and the largest producer of passenger vehicles in the world. Yet, it is the big global manufacturers that increasingly dominate its market. The most recent forecasts from HIS predict that Chinese passenger car sales will grow by 11% in 2013, which would represent a recovery from 2011's low single digit increases and even 2012's 7% increase, but would not represent a return to the incredible growth seen through much of the last decade. However, the Chinese market is changing, with the big global brands tightening their grip on sales. The leading vehicle manufacturer by far is Volkswagen, the company sold 2.6m passenger cars in 2012 out of a market of 13m. Second place was held by Hyundai-Kia with sales of 1.3m, with General Motors just behind. Other strong players were Nissan and Toyota. The clear implication of these figures is that the global vehicle manufacturers, led by Volkswagen, are prevailing in the Chinese market, with the smaller Chinese vehicle manufacturers unable to keep up. This must have consequences for a logistics market which, up until now, has been difficult for even the largest logistics service providers to operate in. All production in China takes place within joint ventures between local automotive companies and big global vehicle manufacturers. The power of the Chinese joint venture partners is likely to decline as their own brands lose market share, whilst the global vehicle manufacturers will increasingly need world-class production and supply chain operations within China. At present, local Chinese logistics service providers have been able to use their relationships with the Chinese partners within automotive joint ventures in order to dominate the provision of logistics. Should this grip weaken, either through the desire for more competition or the need for better services, the opportunity for the large logistics service providers would be huge. Furthermore, China is just one potential market. Other markets such as the US continue to grow rapidly, both in terms of sales and production, whilst the likes of Russia, Brazil and even Northern European economies such as the UK and Sweden continue to show signs of life. Certainly, not all are healthy; Southern Europe is in a terrible state, whilst German sales fell last year. However, these areas of bad news are a detail in an industry that has resumed its ability to drive the logistics sector forwards.

PRESS RELEASES

European railways at a junction: The Commission adopts proposals for a Fourth Railway Package

(Source: European Commission, 30th January 2013) The European Commission announced on Wednesday 30th January a comprehensive package of measures to deliver better quality and more choice in railway services in Europe. Rail is a vital part of EU transport, with a key role in addressing rising traffic demand, congestion, fuel security and decarbonisation. But many European rail markets are currently facing stagnation or decline.

Faced with this reality, the Commission proposes far reaching measures to encourage more innovation in EU railways by opening EU domestic passenger markets to competition, as well as substantial accompanying technical and structural reforms.

Siim Kallas, European Commission Vice-President responsible for Transport said: "Europe's railways are approaching a very important junction. Faced with stagnation or decline in rail in many markets across Europe, we have a simple choice. We can take now the tough decisions that are needed to restructure Europe's railway market to encourage innovation and the provision of better services. Rail will be able to grow again to the benefit of citizens, business and the environment. Or we can take the other track. We can accept an irreversible slide down to a Europe where railways are a luxury toy for a few rich countries and are unaffordable for most in the face of scarce public money."

The proposals focus on four key areas:

Standards and approvals that work
The Commission wants to cut the administrative costs of rail companies and facilitate the entrance of new operators into the market.

Under the new proposals, the European Rail Agency (ERA) will become a "one- stop shop." issuing EU-wide vehicle authorisations for placing on the market as well as EU-wide safety certificates for operators. Currently rail authorisations and safety certificates are issued by each Member State.

The proposed measures would allow a 20% reduction in the time to market for new railway undertakings and a 20% reduction in the cost and duration of the authorisation of rolling stock. Overall, this should lead to a saving for companies of €500m by 2025.

Better quality and more choice through allowing new players to run rail services
To encourage innovation, efficiency and better value for money, the Commission proposes that domestic passenger railways should be opened up to new entrants and services from December 2019.

Companies will be able to offer domestic rail passenger services across the EU: either by offering competing commercial services or through bidding for public service rail contracts, which account for a majority (over 90%) of EU rail journeys and will become subject to mandatory tendering.

The proposals would bring clear benefits to passengers in terms of improved services, increasing choice. Combined with structural reforms, it could produce more than €40bn of financial benefits for citizens and companies involved by 2035 and would allow provision of up to about 16bn additional passenger-km according to Commission estimates.

National domestic passenger markets remain largely closed. Only Sweden and the UK have fully opened their markets, with Germany, Austria, Italy, Czech Republic and the Netherlands having opened theirs to a limited extent. Experience in these open markets, has shown improvements in quality and availability of services with passenger satisfaction rises year on year and passenger growth of sometimes more than 50% over 10 years. In other liberalised markets, tendering of public service contracts has shown savings of 20-30% for a given level of service which can be re-invested to improve services.

A structure that delivers
To ensure fair access for all to the railway, independent infrastructure managers must run networks in an efficient and non-discriminatory manner and co-ordinate at the EU level to underpin the development of a truly European network.

To ensure that the network is developed in the interests of all players, and to maximise operational efficiencies, the Commission proposes to strengthen infrastructure managers so that they control all the functions at the heart of the rail network – including infrastructure investment planning, day-to-day operations and maintenance, as well as timetabling.

Faced with numerous complaints from users, the Commission considers that the infrastructure managers must have operational and financial independence from any transport operator running the trains. This is essential to remove potential conflicts of interest and give all companies access to tracks in a non-discriminatory way.

As a general rule, the proposal confirms institutional separation as the simplest and most transparent way to achieve this. Rail undertakings independent of infrastructure managers will have immediate access to the internal passenger market in 2019. However, the Commission can accept that a vertically integrated or "holding structure" may also deliver the necessary independence, with strict "Chinese walls" to ensure the necessary, legal, financial and operational separation.

Compliance Verification Clause: To safeguard this independence, in view of full passenger market opening in 2019, rail undertakings forming part of a vertically integrated structure could be prevented from operating in other Member States if they have not convinced the Commission that all safeguards are in place to ensure a level playing field in practice, and a fair competition in their home market.

A skilled workforce
A vibrant rail sector depends on a skilled and motivated workforce. Over the next 10 years, rail will face the combined challenges of attracting new staff to replace the third of its workforce which will retire, while responding to a new and more competitive environment.

Experience in Member States which have opened their markets shows this should lead to new and better jobs. Under the EU regulatory framework, Member States will have the possibility to protect workers by requiring new contractors to take them on when public service contracts are transferred, going beyond the general EU requirements on transfers of undertakings.

The Commission's proposals must be approved by the European Parliament and Member State Governments, before being adopted.

ECG Note: *Please see the bottom of the following web page to download all the documents which make up the 4th Railway Package:*
http://ec.europa.eu/commission_2010-2014/kallas/headlines/news/2013/01/fourth-railway-package_en.htm