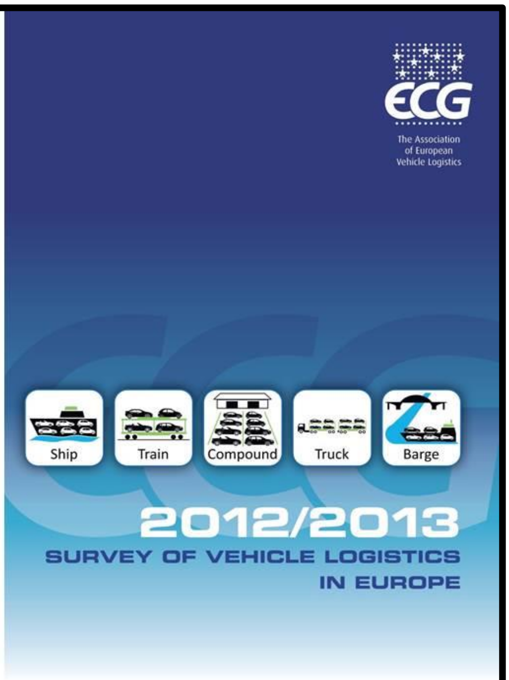
ECG News

ECG – The Association of European Vehicle Logistics

Issue 13.10, 04th – 08th March 2013

CONTENTS



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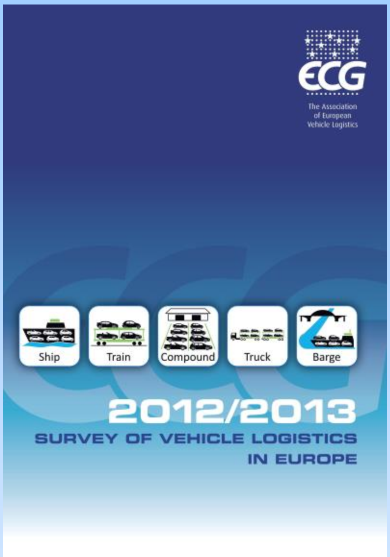

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NEWS FROM BRUSSELS

European Commission launches Public Consultation on Pilotage Exemption Certificates

(Source: European Commission & ECG, 07th March 2013) European shipping is burdened with additional costs of taking a pilot on-board when the master would have necessary experience and local knowledge to navigate his vessel without external assistance. In some Member States the master can obtain a Pilotage Exemption Certificate (PEC) while in others this is impossible or difficult. Despite a number of Commission recommendations on establishing national legislative frameworks in Member States, some EU countries still do not recognise PECs in their legislation. This is commonly defended by a claim that PECs reduce safety. However, as the study shows, PECs, when granted in a responsible manner, have no negative impact on safety. Hence, the European Commission's Public Consultation aims at gathering stakeholders' views in order to assess the need for possible EU actions that could help to improve the use of Pilotage Exemption Certificates. The consultation will remain open **until Thursday 9th May 2013**.

ECG note: ECG strongly encourages its members to respond to this consultation either individually or under the ECG umbrella. To access the Public Consultation on Pilotage Exemption Certificates in the European Union please see: http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=PECConsultation

Any additional contributions, such as position papers, should be sent to the email address MOVE-PEC@ec.europa.eu before the closing date of the consultation.

Ministers to begin talks on Fourth Railway Package

(Source: European Voice, 07th March 2013) On Monday 11th March transport ministers meeting in Brussels will begin discussions on the European Commission's proposal for a Fourth Railway Package. The Commission's aim is to remove the remaining obstacles that new entrants to the rail market face, after previous packages gave infrastructure managers more independent powers, so as to prevent dominant rail operators abusing their ownership of track and infrastructure. The new requirements envisage greater rail system interoperability, and would give the European Railway Agency control of the vehicle authorisation process so that trains can run more efficiently and faster across Europe. The ministers will also be briefed by the Commission on the "Clean Power for Transport" initiative proposed earlier this year. This would oblige Member States to create infrastructure for alternative fuels such as natural gas and hydrogen, as well as recharging points for electric vehicles. It would impose common technical standards on elements such as plugs for electric vehicles.

AUTOMOTIVE INDUSTRY

Carmakers warn of weak European market for years to come

(Source: Automotive News Europe, 05th March 2013) New-car sales in Europe are at the low end of expectations and the market is likely to remain shaky for at least five years as the region implements austerity measures to cut its debts, industry executives warned on Tuesday 05th March. Speaking at the Geneva auto show, the head of Ford's European business, Stephen Odell, said he expected sales on the continent to continue "running along the bottom" of the US carmaker's forecasts during the first half of 2013, following a dismal January and February. German premium carmaker BMW, meanwhile, predicted the market was likely to stay tough for years to come. "We believe that the underlying problem in Europe, which is mainly about debt, will persist for at least five more years," CEO Norbert Reithofer said. Demand for cars in Europe has been hit hard

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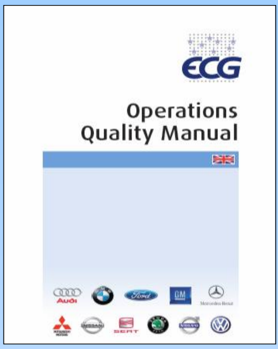

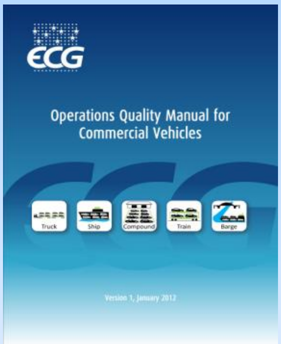

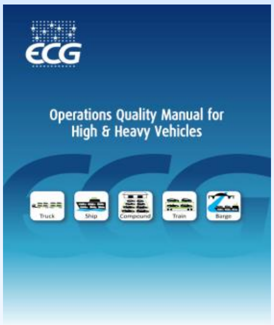

- Written by the Quality Working Group and the H&H Working Group composed of OEMs and LSPs.
- The manuals can be downloaded from: http://www.ecgassociation.eu/PublicationsReports/ECGOperationsQualityManuals.aspx

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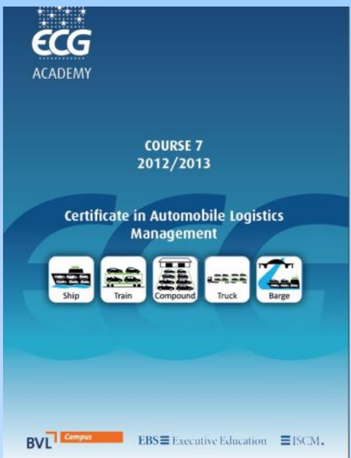
as disposable incomes have been squeezed by rising prices, subdued wages and government austerity measures. New-car sales in EU and EFTA (European Free Trade Association) markets dropped 7.8% to 12.5m in 2012, a 17-year low, according to data from the industry organisation ACEA. Figures so far this year suggest the market is getting weaker. New-car registrations in Germany, previously a bastion of stability, slumped over 10% in February, while they were down around 12% and 17% in France and Italy respectively. Morgan Stanley analysts cut their forecast for EU car demand this year to a decline of 6% from a drop of 4% previously, warning that weakness in southern European markets like Spain and Italy was spreading northwards. Duncan Aldred, Sales Chief of General Motors' Opel brand, predicted on Monday 04th March that European car sales could slide as much as 10% in 2013. However, other executives remained reluctant to cut their forecasts so early in the year. French carmaker PSA Peugeot Citroën, for example, said it was sticking to its view the European market would contract between 3% and 5% this year. "The pressure is not letting up," PSA Brands Chief Frederic Saint-Geours said. Ford's Odell also reiterated the N°2 US carmaker's prediction of between 13m and 14m vehicle sales in Europe this year, although he signalled a high degree of uncertainty. "Frankly, who knows what will happen in the second half," he said. Odell also warned it was likely to be four to five years before European demand recovers to the 17m to 18m vehicle range seen in 2007, before the global financial crisis. Europe would see "a very slow recovery curve and probably some blips," he said.

Automaker chiefs urge end to European austerity

(Source: Automotive News Europe, 06th March 2013) Automakers, grappling with a sixth straight year of declining European deliveries, joined growing opposition to the region's austerity measures. Fiat CEO Sergio Marchionne spoke out against deeper budget cuts in Europe at the Geneva auto show as Renault CEO Carlos Ghosn urged government spending to revive the region's anaemic sales which according to him, won't recover for another three years. "At this point, austerity doesn't work. The impact on Italian consumers is catastrophic," Marchionne said on Tuesday 05th March at the show. "I understand austerity, but we can lose weight until we die." Europe's sales decline will depend on how much state spending is cut, Ghosn said in Geneva, adding that he supports government incentives on trade-ins of older cars to promote sales. "There is only the question: is it going to be bad or very bad?" Ghosn said of the region's market. Volkswagen CEO Martin Winterkorn said: "It's about finding answers to the high youth unemployment in Europe and about a society that isn't drifting apart, but is in balance." Daimler CEO Dieter Zetsche said the European market's two-month performance was worse than expected. Registrations in February dropped more than 10% from a year earlier in France and Germany, according to car-industry figures from those countries. "Austerity without growth means only unemployment, taxation, burdens for everybody, no hope," Marco Tronchetti Provera, Chairman of Italian tyre-maker Pirelli said. The country's vote showed "we have to look also for growth, as unemployment is the real issue." Car-industry executives at the Geneva show outlined efforts to counter the European sales decline with spending cuts. Car discounting, which in Germany in 2012 was at the steepest level in two years, will probably extend into 2013. "We're paying attention to everything when it comes to cost reduction," Jerome Stoll, Renault's Sales Chief, said. "I hope this price war ends soon, as it condemns the car industry. Those who are cheapest on the market will face bankruptcy." Carmakers' incentives hurt earnings last year while failing to revive the market. PSA Peugeot Citroën reported a €576m operating loss for 2012. Renault's automotive division and the European operations of Fiat, GM and Ford were also unprofitable last year. Stephen Odell, Ford's Europe chief, said: "No one is immune to the competition levels out there. Last year, we made the conscious decision that our share would reduce from prior-year levels because we weren't going to chase business that didn't make sense." PSA CEO Philippe Varin said he only favours targeted government incentives to replace aging diesel models.

ECG Academy

Course 8 will commence in October 2013.



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Varin said he is scaling back research and development spending by €600m this year as the market continues to drop. Marchionne said he does not support government intervention to boost the region's ailing car market. "I prefer not to have incentivised items, I like natural demand," said Marchionne, who is the current head of the region's ACEA lobby group. The economy of the 17 nations sharing the euro has been in a recession since the third quarter of 2012 as governments in countries such as Italy, Spain and Greece battle a sovereign-debt crisis with spending reductions. European Union finance ministers indicated that they may allow looser budget policies following a deadlocked election in Italy, protests across southern Europe against welfare-state cutbacks and French government resistance to spending reductions. The European car market contracted 7.8% to 12.5m in 2012, a 17-year low. Spain's market, once the region's fifth-biggest, now lags behind Belgium, even though Spain has four times as many people. French Industry Minister Arnaud Montebourg said he favours car-scrapping incentives to revive the country's car market and push people to buy more fuel-efficient models, as opposed to a proposal being discussed to raise the taxes on diesel fuel. The government is not likely to make any decision on the matter this year, he said on Tuesday 05th March. Spain's government is imposing its fifth package of austerity measures in a year, including a higher sales tax and cuts in unemployment benefits, public-sector jobs and wages. At the same time, the country has renewed an incentive programme to lure consumers into trading in old cars. Annual car sales in the country are now 33% of what they were at the 2007 peak, James Muir, who runs Volkswagen Group's Seat brand, said. "We understand why Spain is doing it right now. They have a very high level of unemployment," Susan Docherty, Head of Chevrolet Europe, said.

UK car sales continue to defy Europe downturn with 7.9% rise in February

(Source: Automotive News Europe, 07th March 2013) New-car registrations in the UK rose 7.9% to 66,749 in February as the market continued to defy the downward trend in other key European markets. The year-on-year increase contrasted sharply with Germany, Italy and Spain which all saw a drop in volume. The jump in UK sales – the twelfth successive month of growth – was largely boosted by the highest increase in private consumer demand in three years, the Society of Motor Manufacturers and Traders (SMMT) said in a statement on Thursday 07th March. "February is traditionally a low volume month as motorists look forward to the plate change in March, but attractive new car deals are sustaining the market," said Mike Baunton, interim SMMT CEO, in the statement. The SMMT said the rise was on a par with average growth posted during the last three months, and above the 6.4% average growth posted in the last 12 months. "It is mainly the UK consumer powering the recovery. Sales in this segment alone have risen 29% in February as manufacturers have lured consumers with a wide range of discounts, including 0% finance," said John Leech, UK Head of Automotive at KPMG, after the data was released.

Renault gains union OK to cut 7,500 jobs, freeze pay

(Source: Automotive News Europe, 06th March 2013) Renault can move forward with eliminating 7,500 jobs and freezing wages as part of a labour deal offering increased domestic production, after one of the main unions at the carmaker gave their approval on Wednesday 06th March. "We decided to sign the agreement," Jean-Yves Sabot, leader of the FO union's automotive branch, said. On Friday 22nd February, the CFE-CGC union also agreed to back the deal. The two represent about 45% of Renault employees. Under French law, a company needs the support of unions representing at least 30% of the staff for a collective bargaining agreement to be valid. The carmaker said on Tuesday 22nd January that it was willing to increase production in France by 15% once a labour deal is reached. Renault's French factories may build 80,000 more vehicles a year by 2016 to supply manufacturers that the French carmaker co-operates with, including affiliate Nissan and Daimler. Renault's current full-year production in

ECG AGENDA

► **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 UK & Ireland Meeting** on **09th April 2013** in Birmingham, United Kingdom

► **ECG Eastern Europe Meeting** on **18th April 2013** in Cracow, Poland

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

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

► **ECG Board Meeting** on **26th June 2013** in Stuttgart, Germany

► **ECG / ACEA Meeting** on **27th June 2013** in Stuttgart, Germany

► **ECG / ACEA Meeting** on **10th October 2013** in Berlin, Germany

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

► **ECG Spring Congress & General Assembly** on **22nd & 23rd May 2014** in Athens, Greece

France amounted to 530,000 vehicles for its own core brand in 2012. The deal now enables Renault to reduce its French workforce 17% by 2016 through attrition. Labour leaders also agreed on a wage freeze for 2013 and to increase the average number of working hours. Annual savings from the cuts will reach €500m, Gerard Leclercq, Renault's French Operations Director, said in late January. In a next step, a meeting of the National Works Council will take place on Tuesday 12th March, Stephane Guilbaud, a Renault spokesman, said on Wednesday 06th March in Geneva. The CFDT and CGT unions, the other two of the four biggest unions, have not yet decided whether they will support the plan, Sophie Chantegay, a spokeswoman for the carmaker, said. French President Francois Hollande's cabinet has just endorsed plans to revamp France's job market. The proposed law is based on a January agreement, reached between French business leaders and three unions, giving companies the right to reduce working time and salaries when demand slows while also extending medical and unemployment benefits and increasing taxes on short-term contracts. Renault's global deliveries fell 6.3% to 2.55m cars and light vehicles in 2012, with a 19% sales drop in Europe, which was the worst among carmakers based in the region. The manufacturer is working to increase its presence in emerging markets to reduce its reliance on recession-plagued southern Europe.

Ford calls for mutual US-EU auto standards in free-trade deal

(Source: Automotive News Europe, 06th March 2013) Ford wants trade tariffs between the United States and Europe to be removed and believes the two markets' regulators should accept each other's safety and environmental standards. "It will allow us far more flexibility to produce in the best place," Wolfgang Schneider, Ford's European Vice-President for Governmental Affairs, said. "Do we need this when we sell 500,000 units of a particular model in a country? No. But when you are talking about 20,000 or 30,000 units, yes, because it enables you to bring in niche products." Duties on cars and commercial vehicles shipped between the United States and the European Union countries and differing vehicle-quality and emissions rules add cost burdens and prevent development of uniform models for global markets, Schneider said. The benefits of a potential treaty that is now being considered may be seen by 2020, he said. He said that eliminating the tariff barriers is the first step but he believes that ending regulatory barriers is the "golden nugget." A trans-Atlantic trade deal is progressing after US President Barack Obama promised to pursue an agreement to expand the world's largest economic relationship in his State of the Union address in February. EU Trade Commissioner Karel De Gucht said on Wednesday 13th February the 27-nation bloc is targeting completion of the talks with the United States in two years to lower import tariffs, ease regulatory barriers and expand access in investment, services and public procurement. Ford expects the negotiations to start midway through this year, Schneider said, who added that all carmakers are in favour of the idea, which is not the case with the EU's Free-Trade Agreement (FTA) with Korea and its proposed deal with Japan. "Some of our other FTAs are not so optimal, so we thought we should do one that is right," Schneider said, who will be a part of the talks on the US-Europe trade deal along with representatives from carmakers such as General Motors and Daimler. In November 2012, EU trade ministers agreed to start negotiations towards a FTA with Japan despite resistance from European carmakers. The ACEA lobby group said a FTA with Japan would have a negative effect on the European car industry and could lead to tens of thousands of job losses. In 2011, the EU and South Korea signed a FTA that is unpopular with a number of carmakers, including Ford. The company's CEO for Europe, Stephen Odell, believes that eliminating auto tariffs into the EU for exporting nations, with little or no export potential for the EU in return, seriously undermines car manufacturing in Europe. Cars imported in the United States are charged a 2% duty, and those brought into Europe are charged 10%, he said. For commercial vehicles, the respective taxes are 22% on US products and 10% on European models, Schneider said. The full potential of creating the world's biggest free-trade zone

Events in Brussels

WhiteRoads Project Conference by ERF - European Union Road Federation on 20th March 2013.
http://www.whiteroads.eu/
ECG will attend

Workshop on “Enablers for Multimodal Travel Planning and Information Services” by European Commission DG MOVE on 16th April 2013.
http://ec.europa.eu/transport/themes/its/events/2013_04_16_workshop_multimodal_journey_planners.htm
ECG will attend

would emerge from eliminating spending to design products to fit local requirements, Schneider added. A trans-Atlantic trade deal would enable Dearborn-based Ford and other car manufacturers to develop more vehicles on a global basis, which would improve margins and cut prices for consumers. The second-largest US carmaker has reported 14 consecutive quarters of net income and boosted profit margins under the One Ford strategy implemented by CEO Alan Mulally. The programme focuses on developing models to be sold worldwide, rather than creating different vehicles for various regions. Schneider said the United States and Europe would have "significant difficulties" in specifying acceptance of each party's rules down to minutiae such as how crash-test dummies are used in safety testing. Ford is calling instead for a more general "mutual recognition" policy in the treaty that does not focus on regulatory details, he said.

PSA in talks with Russia's ZIL on vehicle making pact

(Source: Automotive News Europe, 01st March 2013) PSA Peugeot Citroën confirmed it is talking with Russian vehicle manufacturer AMO ZIL about the possibility of co-operating as the French company plans to boost sales in the country. "We're in talks with them," Jean-Baptiste Thomas, a PSA spokesman, said on Friday 01st March. "But they're just one among many interlocutors we're talking to, in Russia and elsewhere," Thomas said. Russian newspaper *Vedomosti* reported on Friday 01st March that the talks are about the possibility for the companies to assemble vehicles together. ZIL may start to assemble Peugeot and Citroën light commercial vehicles, *Vedomosti* reported. As PSA is struggling with overcapacity and falling revenue in Europe, it plans to increase sales in emerging markets such as Russia. The Paris-based carmaker, which reported a €576m operating loss for 2012, aims to sell more than 50% of its vehicles outside Europe by 2015. The Russian car market is projected to surpass Germany in volume by 2017. The prospects for the country prompted Renault, Volkswagen, Ford and other carmakers to expand capacity. General Motors and Russian partner GAZ Group started ramping up production last month of 30,000 Chevrolet Aveo a year.

Jaguar Land Rover announces new investments

(Source: Automotive Supply Chain, 05th March 2013) The luxury car unit of Tata Motors is not only investing about £500m in doubling the capacity of its Wolverhampton engine manufacturing plant, it is also looking to build cars from scratch abroad. The British brands currently assemble the Land Rover Freelander II and the Jaguar XF saloon – adding its Range Rover Evoque this year – at its facility in Pune, from components supplied by the company's Castle Bromwich plant in Birmingham. January saw Dr Ralf Speth, Chief Executive of Jaguar Land Rover (JLR), pointing out: "India is a market that offers significant opportunities for both the Jaguar and Land Rover brands. The expansion of our Pune operations to include the Jaguar XF will help us realise our ambitions for the Indian market." Building cars from parts within India would allow JLR to partially avoid the high import taxes on luxury cars, which the country's Finance Minister suggested raising to 100% from 75% last week. "Jaguar Land Rover has ambitious plans to expand its manufacturing footprint and increase production in markets outside Britain," Del Sehmar, a Mumbai-based spokesman for the company, said. "We continue to examine options to expand our range of locally assembled products." So far, JLR has made no official comment, but investment in emerging markets seems more and more likely, as the OEM signed a letter of intent with the Saudi Commerce and Industry Ministry at the end of 2012.

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EUROPE

PW WEGA A awarded the status of Authorised Economic Operator

(Source: PW WEGA A, 01st March 2013) The Customs Agency of PW **WEGA A** was awarded on Thursday 28th February the status of Authorised Economic Operator (AEO) in relation to the simplified customs procedures. This status confirms the reliability of the company in trade and guarantees a high quality of service. Possession of the AEO status guarantees facilitation of contacts with customs, acceleration of customs clearance procedures as well as speeding up of the examination of submitted applications.

McGregor to deliver on Grimaldi build

(Source: Automotive Logistics News, 06th March 2013) The MacGregor division of cargo handling giant Cargotec has received a large order to deliver MacGregor ro-ro cargo access equipment for five new container/ro-ro (con-ro) vessels being built at the Hyundai Mipo Dockyard in South Korea. The vessels are being delivered to Italian-based forwarder **Grimaldi** in 2015. This delivery is in addition to the five G4 con-ro vessels Grimaldi has ordered from Hudong-Zhonghua Shipbuilding in China for its Atlantic Container Lines subsidiary, also to be delivered in 2015. According to Grimaldi's Commercial and Logistics Director, Costantino Baldissara, the vessels are part of a total investment of around €1.1bn in 16 new ships. "This order builds on the long-term partnership with Hyundai Mipo Dockyard. MacGregor's advanced technology and quality, as well as strong local presence, played a key role during the negotiations," explained Magnus Sjöberg, Sales Director for MacGregor ro-ro.

GEFCO opens sea link from France to Israel

(Source: GEFCO Newsletter, 28th February 2013) **GEFCO** began a once-weekly groupage service by sea from France to Israel on Friday 1st February. Operated by the Overseas division of GEFCO France and its Israeli partner, Is-Line, the service is being managed by the GEFCO depot in Vitrolles. The transit time is approximately six days. In addition to sea transport, other value-added services are being offered, including order preparation, cross-docking, transport, customs clearance as well as consignment pick-up and consolidation.

DB Schenker Rail wins Rail Freight Excellence Award at the Rail Business Awards

(Source: Multimodal.org.uk, 03rd March 2013) **DB Schenker** has won the Rail Freight Excellence Award at the Rail Business Awards, held in London, for the establishment of a new rail freight corridor between the UK and Poland. The service, which now operates twice a week between Barking near London and Wroclaw in Poland, is the first rail freight service to operate on High Speed 1 in the UK, providing the capacity to transport European sized swap bodies and enhancing trading links between the two countries. These services have been introduced utilising DB Schenker Rail's pan European rail freight network, offering customers integrated logistics solutions across the whole of Europe. Wayne Millard, DB Schenker Rail UK Production Manager at Bescot, was also "Highly Commended" in the Rail Freight Engineer category for his engineering expertise in responding to and recovering incidents on the operational railway. Alain Thauvette, Chief Executive of DB Schenker Rail UK, said: "Through the utilisation of DB Schenker Rail's pan-European rail freight network, the UK to Poland service has been able to encourage increased trading between the two countries. We are proud that this service has been recognised for its contribution to the excellence and the evolution of the rail freight industry. I congratulate all of our employees who have worked on this innovative project and who have had their significant contribution towards our business and customers."

HGV Road User Levy becomes law in the UK

(Source: Commercialmotors.com, 28th February 2013) The Heavy Goods Vehicle (HGV) Road User Act has become law, meaning all Large Goods Vehicles (LGVs) weighing more than 12t will be charged up to £1,000 a year to use UK roads from April 2014. As previously confirmed by the Department for Transport, UK-registered commercial vehicles will be compensated for the charge by way of reductions in Vehicle Excise Duty (VED). By law, the scheme cannot discriminate between UK-registered vehicles and vehicles from elsewhere in the EU. UK hauliers will pay an annual or a six monthly charge for each LGV and, in the same transaction, pay VED. Foreign hauliers can pay daily, weekly, monthly or annual charges. Non-payment of the charge will be a criminal offence for operators of all nationalities, which could result in a fine of up to £5,000. Roads Minister Stephen Hammond said: "Every year there are around 1.5m trips to the UK by foreign registered lorries but none of them pays to use our roads, leaving UK businesses and taxpayers to foot the bill. In contrast, when UK hauliers travel abroad, they have to pay to use the roads in most cases. This new act will help the UK logistics industry remain competitive by making sure that operators from abroad are paying towards the cost of building and maintaining the UK's roads as well as creating a level playing field for domestic operators."

For full details of the scheme, please see the Commercial Motors' guide to the HGV Road User Levy in the UK: http://www.commercialmotor.com/roaduserlevy

Ford EcoSport could be shipped to Europe from India

(Source: Automotive Logistics News, 06th March 2013) Unconfirmed reports coming out of the Geneva Motor show suggest that Ford is planning to export its EcoSport SUV from India to supply the European and UK markets later this year. The vehicle went into production at Ford India's Maraimalai Nagar plant near Chennai for the local market in 2012. A number of sources have cited Ford of Europe's chief Stephen Odell as saying that EcoSport right-hand drive vehicles will ship to the UK for its 2013 launch date, as well left-hand drive versions for European markets, both sourced from the Chennai plant. The EcoSport is a "global model" first developed by Ford in South America in 2003, which has gone on to establish a new segment. It has sold more than 700,000 units in that region and has been introduced to both India and China. The vehicle will be launched in Europe in late 2013. The Chennai plant also makes the Figo, Fusion, Fiesta and Endeavour models and Ford is keen to exploit capacity and build exports from there, though volumes were below 3,000 in 2012. The Figo model itself was shipped to 34 countries, according to the carmaker. The company also exports engines to Europe from its adjacent Chennai engine plant, which makes 1.2l, 1.4l and 1.6l petrol and diesel variants. Ford uses the nearby Port of Chennai for exports. Exports from other markets are part of Ford's restructuring plan as capacity shifts to different markets. As part of the plan, the company is closing its plant in Genk, Belgium, as well as the Ford assembly plant in Southampton and its stamping and tooling operations in Dagenham, both in the UK.

REST OF THE WORLD

In conversation... with AIAG

(Source: Automotive Logistics News, 06th March 2013) It is hard to find any positive aspects to a recession but if it could do any good it has made stakeholders in the automotive industry aware of how interdependent they are; which is a fertile ground for collaboration according to Scot Sharland, Executive Director of the Automotive Industry Action Group (AIAG). "I think we are over some of that attitude that said 'this is my proprietary competitive advantage as far as delivery goes'. Now we are pretty much all in it together and we have finite capacities, and we have constraints that we can identify." Sharland is pleased that the vehicle industry is benefiting from what he describes as very robust demand for new vehicle sales in the US and the NAFTA region, despite on-going uncertainty over fiscal policy there involving debt ceilings, credit availability and sequestration. But that optimism is also checked with concern that there are widespread constraints in terms of material availability, parts availability and logistics capacity. "The near-term concern is that by the second half of 2013 we are going to start feeling the pinch and the pain," said Sharland. So the AIAG, in conjunction with some of its sister organisations, is looking at ways of bringing the key stakeholders together to work on avoiding some of this potential pain. On the logistics side Sharland said that stakeholders need to look at a better utility of existing capacity so more can be brought into the market to help handle the spike in the movement of units. "The more efficient and effective we can be the more capacity we can get out of the system," he said. This also involves looking at the processes by which vehicles are handled and how to minimise the potential in-transit damage at any point in the logistics delivery system. "It is incumbent upon us to take a long, hard look at the existing capacities and how to optimise the utility of those assets, but at the same time minimise the potential for in-transit damage," he said. Amongst the initiatives that the AIAG is keen to get off the ground are a rail optimisation initiative for OEMs, a national visibility tool across North America for car movements and a quality manual for the

industry based on something similar to that produced by **the Association of European Vehicle Logistics** (**ECG**). Sharland said it was important to establish a common process in handling for vehicles, including on damage codes, and to make it work more efficiently and effectively than it does today. This year AIAG is providing what he calls "an open, professional, neutral and legal environment" for the stakeholders to get together and develop a best practice that all those involved can sign up for and use. "Then it is up to them to agree to work together, look at co-loading as a concept, and ask whether combinations of OEMs would be interested in that kind of a play and how would it work," he said. But just how likely is that sort of collaboration? As Sharland was willing to admit, the interest in it was not across the board. But he said there was a pragmatic answer. "In the aftermath of the recession there are fewer suppliers than there were, so there is more interdependence on the surviving ones. There is a great concern that if suppliers are on the brink of financial insolvency, if they suddenly leave the supply chain, it will exacerbate our problems," he said. Service providers handle multiple tier ones and OEMs and it is not good for anyone involved if one of them collapses.

Auto haulers tackle risk and liability

(Source: Automotive Logistics News, 06th March 2013) Brokerage risk, the Affordable Care Act and the question of safety and insurance – these are three major issues affecting the vehicle haulage business in North America and all three were under discussion at the first meeting of the Auto Haulers Association of America, recently held in Atlanta. The Association was founded in July 2012 by companies including Proficient Auto Transport, Amerifleet and Brothers Auto Transport, amongst others, to promote sharing of information and the establishment of shared best practices for improved operational performance amongst small to medium-sized car carriers in North America. The Association's motto is: "Delivering customer satisfaction by improving our members' operational performance" and it now has eleven carrier members and six equipment suppliers. The Association's General Manager Bill Schroeder, former owner of William P. Schroeder Consulting, said that the point of the Association "is to concentrate on the day-to-day issues that affect the running of the hauler business." In the US an employee is either a W-2 employee or covered by the 1099 corporation and, according to Schroeder, there may be a significant regulatory impact on how subcontracted drivers are defined. This can affect health insurance liability. The brokerage risk associated with the use of subcontractors at times of peak demand is an issue affecting many in the industry. From discussions between Association members and presenters at the recent meeting, haulers using subcontractors should be looking at setting up separate corporations when dealing with subcontractors so they are not fully liable in the event of damage to equipment. According to Schroeder, a message from the speakers is that carriers should insist that subcontractors have a type of insurance called Constructive Total Loss, which covers an incident where the cost of replacement of a new vehicle exceeds the allowable cost to repair the equipment. Another important topic under discussion at the meeting was "how to improve the working relationship?" Schroeder said: "It is one thing to compete – and you have to compete hard – but we should not be doing things like taking each other's drivers without a courtesy call. The temporary benefit of getting that driver is less important than the long-term aim of getting more employees into the driver pool," said Schroeder. Driver recruitment is a big issue for the haulage sector and legislation enforced by the Department of Transport's Federal Motor Carrier Safety Administration (FMCSA) affects everything from customer contracts to insurance. "The driver question is what is going to determine everything for the hauler in the future, including whether you are insurable and the rate of insurance," said Schroeder. Representatives from Carolina Casualty presented a range of statistics that showed that having specific practices in place was reducing accidents by significant percentages. The fundamental message was that problems were avoided by putting best practices in early, and a longer probationary period for drivers was one of them. The meeting also involved discussion with the Department of Transport's Nate Seymour and the issue of defects investigation and recall. "We are setting up a relationship with him where he can push information to us and ask questions to our people, such as 'how many of you have such-and-such a model of truck.' Or, 'are you experiencing a particular problem'," said Schroeder. "Establishing a tight relationship will help him help us. It will mean that systemic problems in the industry won't drag on before they hit the light of day, and we can stop them more quickly through collaboration," he added. The clear message from the carriers and suppliers was that the more companies collaborating, the better for the industry; a message the Association is eager to get out to other haulers and suppliers.

United States Senate proposes $5bn transport infrastructure fund

(Source: LloydsLoadingList.com, 04th March 2013) The US Senate is proposing setting up a $5bn fund dedicated to transport infrastructure, covering the period 2014-2015. A bill to create the finance facility, under the American Infrastructure Investment Fund (AIIF) Act of 2013, was recently presented to the Senate. "The fund's objectives would be to invest in transportation projects of regional and national significance that provide measurable improvements to the economic competitiveness of the United States. Leveraging federal funds to attract private capital would allow the federal government to enable a higher level of investment into major transportation projects beyond what would otherwise be possible with federal dollars alone," reads a synopsis of the bill. Established in the Office of the Secretary of the Department of Transportation (DOT), the fund would be overseen by a Board of

Directors and Expert Advisory Committee. In addition, the AIIF would authorise a National Infrastructure Investment Grant programme within the DOT, providing a further $600m to build new or improve existing transportation infrastructure. Projects that would be eligible for funding include roads and bridges, airport facilities, ports and transit projects. One of the backers of the bill, Senator Frank Lautenberg, Chairman of the Surface Transportation and Merchant Marine Infrastructure, Safety and Security Sub-Committee, said: "Investing in our nation's roads, rails and runways will get people back to work, while spurring economic development and productivity. This bill would establish a creative new way to leverage federal funding and increase investment in projects that will expand rail capacity and projects that will modernise our ports and other infrastructure to meet the growing demands of the 21st Century. The national infrastructure investment fund created in this bill would supplement federal dollars with private investment to prioritise the large-scale transportation projects that will help our country and economy thrive."

US rail operators to invest record $24.5bn in 2013

(Source: LloydsLoadingList.com, 07th March 2013) US railroad companies are set to invest a record amount of money in the network in 2013 on new intermodal terminals, equipment and safety technology. This week, before the US House of Representatives' Transportation Railroads, Pipelines and Hazardous Materials Sub-Committee, in Washington, Edward Hamberger, President and CEO of the Association of American Railroads (AAR), said: "We invest in our infrastructure so that taxpayers don't have to. We are investing billions in safety technology, new intermodal terminals, and new equipment so we can continue to meet the demands of the changing marketplace." Despite the recession, US rail freight operators have continued to reinvest heavily in the network. The $24.5bn the industry expects to inject this year will surpass the record $23bn spent in 2012. Hamberger stressed that railroads were capital intensive and must be constantly maintained and upgraded to ensure they can served American businesses and consumers. He said: "While the average US manufacturer spends about 3% of its revenue on capital expenditures, US freight railroads spend around 17%." He added that the rail freight industry was unique among US transport modes because the network was primarily privately funded and did not rely on taxpayer dollars. Hamberger's address to the Sub-Committee also focused on safety. "Nothing is more important to railroads than safety, and America's railroads are safer today than ever before," he said. Overall, 2012 set a new record for railroad safety, breaking the previous record set in 2011, which in turn broke the record set the previous year. According to Federal Railroad Administration data, between 1980 and 2012, the US train accident rate fell by 80% and the employee injury rate fell by 85%. Hamberger revealed that more than 175,000 rail freight employees were among the country's most highly-paid workers. In 2011, the average rail freight employee earned $74,900 and benefits of $34,000. Also, according to the data, the US rail network carried almost 1.9bn tonnes of freight in 2011, an increase of just over 1.8% on the previous year.

PRESS RELEASES

Rail: Statement by EC Vice-President Siim Kallas following ECJ rulings on Spain, Hungary, Germany and Austria cases.

(Source: European Commission, 28th February 2013) On Thursday 28th February the European Court of Justice (ECJ) has ruled in four infringement cases brought by the European Commission (EC) concerning the extent of independence from other rail operators required of an infrastructure manager under the 1st Railway Package.

Speaking after the judgment, EC Vice-President Kallas said: "We welcome the judgement of the Court of Justice (in Cases C-473/10 and C-483/10), in which the Court supports the Commission and finds that Hungary and Spain have failed to comply with their EU law obligations as regards rail transport. The Court clearly established that track access charges must be set independently by the infrastructure manager, and not by the State, and also that the infrastructure manager may only charge direct costs for the use of the tracks. We also note the Court's ruling (in cases C-555 and 556/10) regarding Austria and Germany, where the Court followed the Advocate General in finding that these Member States had complied with existing rail legislation as regards the level of independence required for an infrastructure manager in a holding company structure. While we respect the Court's interpretation of the current law, the Commission remains convinced that a more effective separation between an infrastructure manager and other rail operations is essential to ensure non-discriminatory access for all operators to the rail tracks, and thus to stimulate growth in the rail sector. This approach will not change. The Commission's recently proposed 4th Railway Package therefore contains measures giving legal force to the level of separation which is necessary. The judgement is not in conflict with the 4th Railway Package. It underlines the importance of moving to rapid adoption of the package to ensure the continued development of innovation in the rail sector."

IRU talks EU growth with EC Vice-President Kallas

(Source: IRU – International Road Transport Union, 21st February 2013) On Thursday 21st February an IRU delegation led by IRU Secretary General, Martin Marmy, congratulated the European Commission Vice-President, Siim Kallas for his recognition that "road transport is part of the lifeblood of the EU economy and single market."

Taking into account the vital role played by road transport at the EU level the delegation discussed how road transport can drive the EU's Europe 2020 Growth Strategy, notably by doubling the use of buses and coaches as advocated by the Smart Move campaign. It was also discussed how to ensure, in the upcoming revision of the access to market regulation, that no further opening of the market will happen without concomitant harmonisation of social and financial conditions in order to maintain high quality service to transport EU trade.

Finally, the delegation discussed the possibility to reauthorise the TIR system in the EU for transport of goods under customs control in parallel to the current T-system. This reauthorisation would allow 12m EU trucks and 600,000 road transport companies to have direct access to EU trade and hence drive EU growth without being forced to depend on a few large transport integrators.

In addition to the above proposals to contribute to the EU 2020 Growth Strategy, the IRU's commitment to help the EU and its Member States deliver high levels of employment, productivity and social cohesion was reiterated. As a result, both parties confirmed their willingness to partner again for the 3rd IRU-EU Road Transport Conference, jointly organised by the upcoming Lithuanian EU Presidency, the European Commission and the IRU, to be held in Vilnius on 30th September 2013.

To read the IRU resolution on "Driving the Europe 2020 Growth Strategy" please see: http://www.iru.org/cms-filesystem-action?file=reso-ag/G101986-E.pdf

To learn more about the TIR system benefits please click on the following link: http://www.iru.org/en_iru_about_tir