ECG News

ECG – The Association of European Vehicle Logistics

Issue 13.11, 11th – 15th March 2013

CONTENTS

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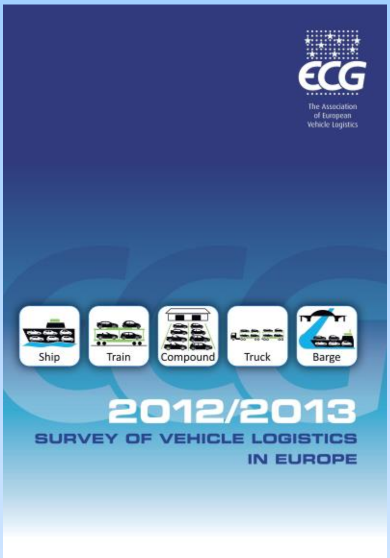

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NEWS FROM BRUSSELS

Irish Presidency kicks off EU debate on Clean Power for Transport

(Source: Irish Presidency, 11th March 2013) [*Irish*] Minister for Transport, Tourism & Sport Leo Varadkar chaired on Monday 11th March the EU Transport Council in Brussels which discussed new European Commission proposals for a clean power transport revolution across Europe. Transport Ministers from across the European Union supported in principle the Commission's very ambitious proposals to break the transport sector's dependency on oil and promote market take-up of clean power fuelling points across the EU. There was a strong call for further discussions on the Commission's targets and deadlines for providing charging points in Member States, and for greater flexibility in the proposals. Minister Varadkar said: "I'm delighted that the Irish Presidency has kicked-off the negotiation on Clean Power proposals with the aim of reducing greenhouse gas emissions by 60% by 2050. This was the first political discussion at the Transport Council of a radical and visionary plan to provide a clean power infrastructure across Europe, including electric vehicle charging points for cars, fuelling stations for gas-powered ships and heavy vehicles in EU ports. The Transport Ministers debated the European Commission's Directive to require each Member State to provide a minimum number of fuelling points for vehicles powered by electricity, hydrogen, biofuels, and natural gas. These would be installed in public places, on motorways, and in homes and workplaces. EU Member States would also have to put in place regulatory supports and incentives to encourage industry and motorists to utilise clean power vehicles. Ireland currently has 1,100 charging points for electric road vehicles, but the Directive proposes to increase this to 6,000 by 2015, and to 22,000 by 2020. There would also be fuelling points for other fuel types, and on motorways to facilitate longer journeys. One of the most radical proposals would be to provide clean power charging and fuelling facilities for ships as well. "This is a really ambitious proposal which has the potential to unleash a clean power revolution in transport across Europe. I'm delighted that the Irish Presidency has kicked-off the negotiations on these proposals with the aim of reducing greenhouse gas emissions by 60% by 2050," Minister Varadkar said. "In my view, the best way to tackle climate change and dramatically reduce greenhouse gas emissions is to utilise new technologies, and reduce our dependency on imported oil. Further discussions will follow on how to reach agreement on this important issue," he added. The Ministers also discussed road safety, and Minister Varadkar announced that Ireland will host a road safety conference on Thursday 28th March as part of the EU Presidency. The new Road Safety Strategy which will run until 2020 will be launched at the conference.

ECG Note: *Irish Minister for Transport, Tourism and Sport Mr. Leo Varadkar has also accepted to address the ECG Spring Congress & General Assembly which will take place in Dublin, Ireland, on Thursday 23rd and Friday 24th May 2013.*

EU's clean transport dream faces speed bumps

(Source: Euractiv.com, 12th March 2013) Plans to kick-start Europe's low carbon vehicles industry with a huge infrastructure package ran into retro roadblocks at a meeting of EU Transport Ministers on Monday 11th March, with Member States bemoaning the use of public funds to reach ambitious targets. Cars are responsible for 12% of Europe's carbon emissions and the figure is rising. Europe's transport network is 94% dependent on oil, 84.3% of which is imported, often from unstable regions, and a need for fuel diversification is widely recognised. Earlier this year, the Transport Commissioner Siim Kallas unveiled proposals to multiply by ten times or more the number of recharging and refuelling points for vehicles that run on alternative fuels such as electricity, hydrogen and gas. But at the Council meeting, several Member States objected to the spending needed to realise these goals by 2020, particularly an obligation

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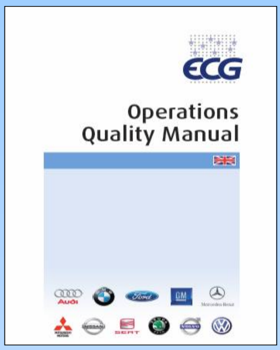

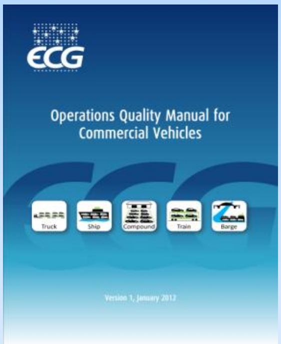

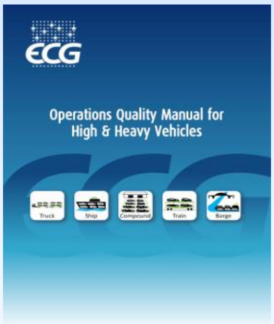

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that 10% of charging points be "publicly accessible". "It is normal and natural for Member States that have to raise taxes to pay for things to raise concerns about costs," the Irish Transport Minister Leo Varadkar said. "And also to raise questions about the timelines that are feasible and the number of charging points that are required," he added. "Also, there are questions about the technology which is still evolving. No-one wants to invest large amounts of money in a technology that might turn out to be obsolete quite quickly," he continued. The EU's proposal mandates a 300km maximum distance between hydrogen fuel cell refuelling stations, and a 400km one for Liquefied Natural Gas (LNG) filling stations on core roads. LNG stations would be installed in the core 10% of Europe's ports too. A 150km maximum distance for Compressed Natural Gas (CNG) filling stations would help to assuage "range anxiety" fears for the 1m European vehicles currently using this fuel. For electric vehicles, the EU's plans would see recharging points proliferate according to each Member State's low carbon car production plans. So in the UK, they would mushroom from 703 in 2012 to 1.22m in 2020. In Germany, the rise would be from 1,937 to 1.5m and in France, from 1,600 to 970,000. But the chances of this vision materialising by 2020 are dwindling, despite a shared recognition of the need to end Europe's dependency on oil imports and maintain competitiveness in a global clean cars race which now involves Japan, China and the US. "I think it is pretty clear that we have to look again at the Commission's timelines and perhaps make some adjustments to the targets," said Marcella Smyth, a spokeswoman for the Irish Presidency. "If you look at the targets, the concerns are about being able to reach them. Ireland is on track to meet its clean transport obligations," Smyth said, "but others have stated that they felt the targets were overly ambitious." At a press conference following the Council, Commissioner Kallas insisted: "We don't see substantial amounts of public money being made available or used for these proposals." Most of the €10bn required for the plan is expected to come from industry, as there is a clear interest in breaking the vicious circle that prevents low carbon vehicles being manufactured because of a lack of infrastructure. EU Member States are not mandated to pay for the new refuelling infrastructure by the EU's plan, but they do need to make arrangements for it to be installed, so as to meet the Commission's goal. The green pressure group Transport and Environment (T&E) sees this kind of infrastructure as a "jobs and growth" opportunity, because of its labour-intensive character. It need not necessarily be free at the point of use either. "There is a range of mechanisms that governments can introduce to incentivise this," said Greg Archer, T&E's Clean Vehicles Manager. "They could for instance deploy levies on fossil fuels sales for people who did not support the introduction of alternative refuelling infrastructure," he added. By 2050, the Commission's Transport 2050 strategy aims to cut transport emissions to at least 60% of 1990 levels. But "the take-up of ultra-low carbon cars is not going to happen without a complimentary development of recharging and refuelling infrastructure," Archer said. The Irish Presidency says it will deliver a progress report on the Clean Transport Package by the end of June 2013.

MEPs reject EU long-term budget deal

(Source: TheParliament.com, 14th March 2013) The *Wall Street Journal* reports that Members of the European Parliament (MEPs) have overwhelmingly rejected an EU budget deal struck by Member States, starting what is likely to be months of negotiations. The paper says the EU Parliament voted 506-161 to oppose the deal struck by the European Council in February, which agreed a maximum spend of just under €1 trillion for 2014-2020, with a formal vote following negotiations with Member States expected in June. EU Budget Commissioner Janusz Lewandowski said talks between Parliament and Member States should begin "swiftly", adding that "pooling our resources together through a more focused EU budget for investment in growth and jobs will deliver bigger impacts at a time when Europe needs it most." *BBC News* reports that MEPs say they may accept the deal, but only on certain conditions, including the settling of outstanding bills and flexibility of spending, so unspent money can be moved to

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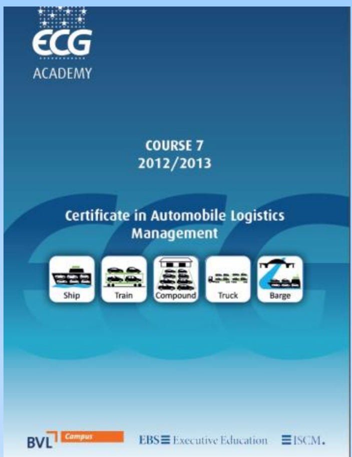

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other sections of the budget. "Today's vote is a clear indication that the European Parliament has accepted the responsibilities given to it by the treaties and will fight for an improved budget for the EU," Parliament's Socialists and Democrats (S&D) group leader Hannes Swoboda said on Wednesday 13th March. *Deutsche Welle* says that European Parliament President Martin Schulz said the rejection of Council's budget proposal was an "important step for European democracy," adding that MEPs are "now ready to negotiate a fair multiannual budget."

For more information on the current EU Budget negotiations please see the European Sea Ports Organisation (ESPO) press release under the "Press Releases" section.

Ship recycling levy to undermine competitiveness of EU ports

(Source: ESPO – European Sea Ports Organisation, 13th March 2013) Several Members of the European Parliament (MEPs) are considering to table a compromise amendment on the draft Ship Recycling Regulation in order to establish a funding mechanism that would ensure the conscious recycling of ships. The fund would be financed through a tonnage-based levy, which port authorities should charge on all ships calling at EU ports. The ship recycling levy would lead to an unwanted increase in port dues of 25% on average. In some ports the amendment would even lead to a doubling of the level of dues. The initial proposal of Rapporteur Carl Schlyter (Greens EFA/Sweden) introduced a levy of €0.03 per gross tonne (GT). An impact assessment of the proposal took into account ESPO's findings that port dues would significantly increase, but came to the remarkable conclusion that there would be no risk of traffic evasion, since port dues only constitute a minor part of the total cost of a ship's voyage. The impact assessment even recommended to increase the levy to €0.05, which the compromise amendment now indeed proposes. "We urge MEPs to reconsider this ill-conceived proposal. The risk of traffic evasion to non-EU ports is very real, especially in the Mediterranean Sea, the Black Sea and the Baltic Sea. The proposal may also influence calling patterns and is set to provoke a further modal shift to less energy-efficient modes of transport. Whilst we are all working very hard to improve the competitiveness of EU ports and shipping, this measure will significantly raise the cost of calling at EU ports. Furthermore, it will turn port authorities into tax collectors and thus cause significant extra administrative and technical burden for our members. MEPs should understand that these unwanted consequences for the maritime sector clearly outweigh the benefits they may bring for conscious recycling of ships," said ESPO Secretary General Patrick Verhoeven. The Rapporteur and the Shadow Rapporteurs of the different political groups are expected to decide on the compromise amendment in the next few days. The amendment will then be voted within the Environment, Public Health and Food Safety Committee on Tuesday 26th March.

AUTOMOTIVE INDUSTRY

VW and Daimler spark surprise green cars beauty contest

(Source: Euractiv.com, 11th March 2013) Chemical companies and EU governments alike have been outflanked by major green initiatives announced by car companies at the Geneva motor show. First, on Monday 4th March Volkswagen suggested that it would not use legislative loopholes to meet EU fuel efficiency standards, wrong-footing the German government which has been pressing for more of them behind the scenes in Brussels. Then, two days later, Daimler, which had been defying EU F-gas regulations, confounded green critics by announcing a planned switch to a natural refrigerant-based air conditioning system. Bas Eickhout, the Green MEP and Rapporteur on the EU's proposed F-gas regulation said that Daimler's statement seemed like "a very positive communication" – so long as it did not involve a rewriting of existing EU law.

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

"These kinds of policies are driving industry to do these leapfrogging technologies. This is exactly what we've been promoting," he said. Since 1st January 2013, Daimler has been in breach of the EU's 2006 Mobile Air Conditioning (MAC) Directive because of its use of the refrigerant HFC-134a, which has a Global Warming Potential (GWP) 1,400 times higher than carbon dioxide (CO_2). Daimler said internal tests had showed dangerously flammability in a much less-polluting replacement refrigerant developed by Honeywell. But environmentalists were incensed, with the Liberal MEP Chris Davies denouncing the company as "evil bastards". As such, Daimler declaration of intent – along with fellow German carmakers Audi, BMW, Porsche and VW – to switch to a CO_2-based system with a GWP of just 1 caught its detractors on the hop. "Honeywell are very happy to get involved in a green beauty contest because HFO-1234yf is the most environmentally-preferred solution for the car industry," Paul Sanders, Director of Honeywell's Fluorines Department in Europe said. "But there should be no extension of the EU's deadline for implementation," he added. Daimler's announcement followed a call by Germany's federal environment agency for a CO_2 switchover – in return for a three year delay in the EU's implementation of the air conditioning law. It left Honeywell, which thought it had patented a new low-carbon industry standard, rubbing its eyes in disbelief. "This is all part of a delaying tactic, where Daimler flouts EU law to enable their economic advantage by continuing to use the existing product," Sanders said. German firms had invested massively in CO_2 air conditioning units but it would take time for such products to come to market, he said. Honeywell's argument that CO_2-based systems are more expensive, less fuel efficient, and generally unreliable, has support from bodies such as the Society of Automobile Engineers. Speaking in Geneva, Professor Martin Winterkorn, Chairman of VW's Management Board, said that the company was well on the way to becoming the world's greenest carmaker by 2018. Specifically, Winterkorn said that VW would meet the EU's proposed 2020 fuel efficiency standard of 95g of CO_2 per km (g/CO2 per km) – the first car company to make such a commitment – and he hinted that it would do so without the use of loopholes. "Now is the time to initiate innovations so that efficient technologies and alternative powertrains can be widely used faster," he said.

Renault will build more cars for partners

(Source: Automotive News Europe, 13th March 2013) Renault will announce plans within months to build more vehicles for Daimler or alliance partner Nissan after reaching a new deal with unions, the carmaker said. Under the labour agreement signed on Wednesday 13th March, Renault said it would build 80,000 vehicles annually for the partner brands, helping safeguard French jobs as demand for new cars slumps in Europe. Renault CEO Carlos Ghosn declined to comment on recent press reports that the carmaker will build Mercedes A and B-Class models at its French plants. "By the end of 2013 and probably before the summer we will be in a position to announce part or all of these 80,000 vehicles – the sites, production and brands," Ghosn said. "It's a matter of a few months at most or even weeks." In return for wage restraint and other union concessions including more working hours, Renault promised to increase annual domestic production by about a third, or 180,000 vehicles, to 710,000 by 2016. Renault plans to return production of its Trafic commercial van to Northern France from Spain, and some versions of its Clio subcompact car to Flins, West of Paris, from Turkey. Ghosn had previously threatened to move some production out of France if no deal was reached. He said on Wednesday 13th March that the deal's success will depend partly on winning back customers for Renault's own brand in a European market near its weakest in 20 years. "A part of this increase must come from the growth of Renault's market share in Europe," Ghosn said. Renault also promised under the deal not to close any production sites or resort to compulsory layoffs within the next three years. It plans to cut some 7,500 domestic jobs over the same period through attrition. The agreement will generate annual savings of about €500m, Ghosn said.

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

Serbia cranks up Fiat 500L output

(Source: Automotive News Europe, 14th March 2013) The Serbian unit of Fiat plans to produce between 110,000 and 160,000 of its new 500L family of compact cars for Europe and the United States in 2013, a key boost for Serbian exports, the head of the factory said. Serbia expects a 25% rise in the value of its exports this year to around €11bn with the automotive industry accounting for about 20% of the total including production from the Fiat plant in the central city of Kragujevac. The €1bn joint venture project which was hatched by the government in Belgrade and Fiat in 2008 is 67% owned by Fiat and 33% by Serbia. "Due to the crisis of the international car market we are in the production range of 110,000 to 160,000 units," Antonio Ferrara, Chief Executive of Serbia's Fiat plant, said. The Serbian factory produced about 30,000 500L compacts last year, after manufacturing started in July. Ferrara said the plant has increased its output rate since January 2013 with staff working some overtime. "We are producing a little bit more than planned; so if the trend remains over the next two or three months we will increase the production steadily, not through overtime, but through hiring more workers," Ferrara said. The company earlier announced it will start production of an off-road model, the 500L Trekking. Production of another variant, the 500XL seven-seat model, which is aimed at the United States, is expected to start in the second part of 2013. "The roll out of the US model is foreseen for June or July 2013; we are setting the right date, but everything is going strictly in line with the schedule," Ferrara said. Meanwhile, any plans to export the 500L to Russia remain uncertain due to high custom duties there. Although Serbia has a Free-Trade Agreement with Russia it excludes cars and on Wednesday 13th March Serbia's Finance Minister Mladjan Dinkic said that a high-ranking delegation will travel to Moscow to try to resolve the issue.

Ford launches European car sharing service

(Source: Thinkinghighways.com, 07th March 2013) Ford is launching FORD2GO, a Europe-based car sharing service. The company describes the service as the first automotive manufacturer-backed, nation-wide car sharing programme in Europe to incorporate dealerships. FORD2GO was formed following a partnership among Ford of Germany, the German Ford dealers association FHD GmbH, and DB Rent GmbH – the company behind Flinkster car sharing. The programme calls for participating Ford dealers across Germany to offer cars and service to customers in their town, allowing easy access to shared cars and offering the chance for potential customers to experience Ford vehicles. DB Rent has developed a Web-based booking system along with iOS and Android smartphone apps for private and commercial customers participating in the Ford car sharing programme. Car sharing was one of the various elements highlighted by Ford Motor Company Executive Chairman Bill Ford during a keynote address on the future of mobility at the February 2012 Mobile World Congress in Barcelona, Spain. As outlined in the company's Blueprint for Mobility, dealing with growing congestion and environmental concerns will require the development of a true network of mobility solutions, with personal vehicle ownership complemented by greater use of connected and efficient shared services, and completely new business models contributing to improved personal mobility. More than half of Europeans would consider car sharing, either through a formal programme or through private arrangements, a Ford-sponsored poll shows. Drivers increasingly see car sharing programmes as a viable option, particularly in dense urban areas where parking can be problematic, and public transit can meet many but not all transportation needs. The company revealed the survey findings while Ford of Germany was announcing FORD2GO. "Ford understands that for some of our customers – as this survey shows – car sharing is an attractive option," said Bernhard Mattes, Chairman of Ford of Germany and Vice-President of Ford Customer Service Division at Ford of Europe. "As a company, we are committed to a collaborative and integrated approach to future mobility, and the FORD2GO service is another significant step in exploring exactly how that future could look," he added. The Futures Company conducted the survey on behalf of Ford to

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better understand the opinions and attitudes of Europeans across a range of mobility issues – from car sharing to green driving, to the future of the internal combustion engine. Of the 56% surveyed who said they would consider car sharing, 27% would be most attracted by reduced travel costs, 26% by convenience of location and operating hours, 23% by a straightforward booking system and 22% by a reduced impact on the environment. Ford said FORD2GO will be rolled out in the second quarter of 2013, with more than 500 cars expected to be made available from 50 dealerships by the end of the year.

EUROPE

The future starts now

(Source: Automotive Logistics News, 13th March 2013) Competitive advantage for carmakers is no longer just about quality or the technology used in the vehicle, as the leading manufacturers are already on a level playing field there. Tomorrow's differentiator is going to be logistics. This will be the rally cry for the industry, according to Michael Robinet, Managing Director at IHS Automotive Consulting, who opened discussions at the Automotive Logistics Europe conference in Bonn, Germany, on Wednesday 13th March. With the European car industry still in stagnation and not likely to show significant growth until the end of the decade, those who want to survive will have to look at honing their global strategies, including global platform engineering, and to do this they will have to take action on supporting plans with efficient logistics. What logistics providers can take heart from, according to Robinet, is that there are now signs that automotive senior executives are starting to take interest after years of neglect and are pushing transport and logistics to forefront of their decision making. Part of that means rerouting supply chains and taking out premium freight and associated costs. Following discussions with several OEMs leading executives, Robinet said that they now recognise there is a lot of inefficiency in the movement of vehicles and parts in some regions like China, South and even North America. "Logistics will continue, and even accelerate, its transparency and presence in the minds of many CEOs," he said. Global production continues to grow and is forecast to exceed 70m units this year. It has seen a 22% increase in the last three years. But that growth is taking place outside Europe and mainly in the BRIC economies, especially China. The almost saturated European automotive industry, by contrast, does not present a pretty picture at the moment, with the fifth consecutive year of decline predicted. Plant capacity utilisation is now down around 70% on average, below the 85-90% necessary to be profitable, according to Robinet. On a global basis, there is no doubt that many important opportunities remain for logistics providers. Model launches and global platforms are driving tremendous amounts of activity in the supply chain. Robinet, defining a launch "event" as a vehicle that is going to guarantee sustained volume output of more than 50,000 units a year, pointed out that the number of those events is absolutely off the chart. He forecasted that between 2012 and 2019 there will be on average 126.5 global launch events per year. But while these launch events drive material flows, Robinet also pointed out that automotive production is increasingly being organised on a regional basis to limit the impact of currency fluctuations, inventory costs and logistics expenditure. Colocation is king for parts supply and that means making the right logistics decisions when organising networks in new locations, he said. This regionalisation is true for both parts and vehicles, with Robinet pointing out that, on average, carmakers exported around 8-10% of vehicles beyond their production regions – although some, such as BMW and Daimler, were much higher. German exports remained one area of brightness for the industry in Europe. Daimler's Egon Christ pointed out that the exports of German cars to China saw a 667% increase from 2005 to 2011. The market share in the country for German brands was 21.6% in 2012. That is good news for those with rail capacity to take the vehicles to the European ports of

export and it is also good for those companies which have established a presence in the market. However, many small and medium-sized companies have little experience in this area, particularly for vehicle logistics, and are struggling. As Christ pointed out, some of those looking to build business up abroad are trying to do so alone and risk failing. "What I see so far is that there is too much of an effort to build the business up abroad at the weekend," he said. "It is misleading. You need to co-operate and build alliances here, in Europe, with two or three others. This reduces the capital risk and means you have the necessary management resources," he added. Christ pointed out that it can cost a cash strapped European company €12-15m to start up in China. “Far better to share the burden,” said Christ. "There needs to be a new level of co-operation both at home and abroad for success," he added. **BLG Logistics** is a good example of a company that has successfully expanded in new markets, including China. "Going global is a necessity, we need to follow our customers into different markets and one of them is China, where we have been working for five years now," said Managing Director Michael Bünning, adding that the discussions the company had had in China had also thrown up other opportunities in fields outside finished vehicle logistics. He went on to say that success in moving to a country like China was about being prepared for a different culture with different expectations and being able to make your service offering something different. "Just to put 500 trucks on the road and start doing what everyone else does is not good enough, you have to be better and do it in a different way, hopefully less expensive, but certainly with a unique offering," he said. So, one of the clear messages from the first morning of discussions in Bonn this year was that, in a shrinking European market, it is crucial for survival that you expand abroad. "The speed of change in our industry is absolutely awesome," said Robinet. "Those that are nimble are the ones that are going to benefit in our industry," he added.

ECG Note: *Both the ECG Executive Director and EU Affairs Manager were invited by the conference organisers, Ultima Media, to moderate and participate in a session on the 2nd day of the conference entitled “The future of multi-modal”. The slides can be obtained via the ECG Secretariat upon simple request.*

Anti-fraud efforts could hamper UK car imports

(Source: Automotive Logistics News, 13th March 2013) UK government efforts to clamp down on VAT fraud on imported cars could lead to heavy delays, freight forwarders and car traders have warned. Addressing a recent meeting of the Joint Customs Consultative Committee (JCCC), representatives from the sector said that the Notification of Vehicle Arrivals system (Nova), due to be introduced on Monday 15th April this year, could prevent cars moving smoothly through the country's ports and could overwhelm computer systems. Under Nova, the Government intends to link the HM Revenue & Customs (HMRC) computer system, which manages customs handling of import and export freight – called “CHIEF”, with the system at the Driver & Vehicle Licensing Agency (DVLA) that ensures VAT has been secured before cars are registered or released for import. The move is a response to unscrupulous traders who have taken advantage of a lack of communication between the two government systems to import cars without paying VAT. When HMRC tries to contact these typically small and occasional car importers, they will usually have changed address according to the department. However, connecting the two computer systems would mean including every Vehicle Identification Number (VIN) on the customs entry into CHIEF. It also means supplying make, model, engine size and body type, the existing registration number if applicable, its mileage, as well as how much it is worth. This is far more data than the system is designed to cope with as car importers typically import hundreds or thousands of vehicles on a single entry. Peter MacSwiney, Chairman for specialist freight software house ASM, who is also Trade Chairman of the JCCC, said he was worried changes had been made to systems without properly consulting traders. It is currently unclear how the DVLA-CHIEF link would work, nor even if it would adequately address the VAT evasion issue. He added: “It seems that legitimate car importers may have to become involved in a more bureaucratic process and this will have a disproportionate impact on the number of car import entries that CHIEF has to process.” However, he acknowledged that further consultation was underway and he hoped that some of the issues would be resolved. MacSwiney, also expressed concern that even if the two computer systems can be made to talk to each other, the criminals could find another way to defraud the system or simply switch to another high-value import for their fraudulent activities.

FairFuelUK supporters enjoy successful day of lobbying at Westminster

(Source: Commercialmotor.com, 06th March 2013) Over 100 Members of UK Parliament (MPs) joined FairFuelUK (FFUK) and its backers at UK Parliament on Monday 4th March to show their support for a cut in fuel duty ahead of March’s budget. Haulier PW Gates Distribution provided a visual reminder of hauliers' plight on the day by driving around Westminster in a FFUK-liveried truck to generate awareness of the campaign. It helped, with MPs from across the political spectrum meeting up with FFUK and representatives from its backers, including the Road Haulage Association (RHA), Freight Transport Association (FTA) and the Association of Pallet Networks, at the event. FFUK founder Peter Carroll said: "It exceeded all of our expectations by a huge margin. It was an enormously positive event with 45 Conservative and 40 Labour MPs, along with Liberal Democrat MPs showing their support."

PW Gates' Managing Director Peter Gates said of his decision to lend a vehicle to the cause for the day: "I feel that it was money well spent. What we really want to do is get the word out to the public to support the campaign." RHA Head of Policy Jack Semple said: "It demonstrates the momentum that FFUK has built up at Westminster. All of the MPs were very supportive and they are aware of the impact that fuel duty has on their constituents."

Sweden gets tough on speeding trucks

(Source: LloydsLoadingList.com, 11th March 2013) The Swedish government is considering the introduction of tougher rules and higher fines for truckers breaking speed limits and ignoring commercial vehicle safety regulations. The initiative, which also proposes the scaling-up in the number of road-side speed cameras and expanded goods truck impounding powers for police, is linked to a fatal pile-up involving up to 40 trucks and 35 motor vehicles on the E4 motorway near Helsingborg in January 2013, in which a Lithuanian truck driver was killed and 40 others injured. Twelve truck drivers were involved in the pile-up, five of them Swedish, remain under criminal investigation, suspected of reckless driving and travelling at speeds of over 90km/h in the thick fog and icy road conditions that prevailed on the South-bound section of the E4 on Tuesday 15th January. In Sweden, the legally designated speed in such conditions is 30km/h. Last week, Sweden's Department of Communications and Transport received a report from Trafikverket, the country's transport administration agency, compiled in collaboration with national police bureau Rikspolisstyrelsen. The report, which analysed commercial traffic speed data taken from motorways and secondary roads in January and February 2013, concluded that around 70% of truck drivers with trailers had breached road speed limits. The incidence of speeding was 40% for trucks carrying heavy loads. Rikspolisstyrelsen reported some eight minor-to-serious pile-ups on Swedish icy winter motorways during the first two months of 2013. The primary safety concern is that speeding on ice road surfaces and in blizzard conditions can seriously impair braking times on trucks – particularly those with box, refrigerator, flatbed, dry bulk and car hauler trailers. Rikspolisstyrelsen's Commissioner, Anders Arvidsson, said: "Given the weight of these vehicles, the impact during an accident is even more severe with every extra kilometre they travel over the speed limit. "Truck drivers should be role models for other drivers. Instead, they are violating road speed limits and rest rules in order to meet tight delivery times." Truck-trailer combinations of 30-metres long with a gross weight exceeding 90t are allowed, with special permits, to operate on certain routes in Sweden, including the E4 motorway. "We want to see a significant reduction in the number of road accidents involving trucks in Sweden. This will also mean more enforcement of truck weights and load, safety equipment, and the proper use of winter tyres. We will see a lot more tachograph checks," added Arvidsson.

DB Schenker Rail Bulgaria to handle auto parts

(Source: Automotive Logistics News, 13th March 2013) **DB Schenker** Rail's national subsidiary in Bulgaria has become part of the company's European intermodal network. DB Schenker Rail Bulgaria will now be providing rail transport services for the movement of automotive parts from Cologne in Germany to Kosekoy in Turkey. The service runs three times a week carrying a range of freight including engines and tyres. Further detail on the parts moved or volumes involved were withheld because of customer confidentiality but a spokesperson for DB Schenker Rail said it was a further example of the company taking advantage of the European network for the efficient transport of goods. "Besides DB Schenker Rail Bulgaria, the subsidiaries in Germany and Romania are also involved in the transport," said the spokesperson. Ford is one company that ships parts from Cologne to Turkey for assembly at its Ford Otosan joint venture with Koç Holdings. The Bulgarian subsidiary has succeeded in boosting its market share to 12% since it was founded 10 years ago and has all the requisite licences for the Bulgarian rail network. To ensure future growth, DB Schenker Rail Bulgaria is planning to gradually develop more international transport services to and from the country.

GWM starts shipments with RZD

(Source: Automotive Logistics News, 13th March 2013) Chinese vehicle maker Great Wall Motors (GWM) has begun shipping Wingle 5 pickup trucks from China to Russia with Russia Railways (RZD). The company is planning to move around 400 vehicles a month from GWM's plant in Baoding to Gzhel, which is 60km East of Moscow. The shipments are being handled by Russian Railways subsidiary Trans-Baikal Railway, using specialised vehicle wagons via the Zabaikalsk-Manchuria route. Trans-Baikal Railway and Chita Customs have developed a special operating procedure for the shipments according to RZD. It promises to increase the amount of cargo transported in the rail wagons on the route. "In the future, this service may be carried out in Zabaikalsk, Russia, depending on the technical capacity," said the company in a statement. On the long term, the companies are looking at exchanging information on transport logistics, customs clearance and related issues across the international network.

REST OF THE WORLD

Agromash to make and move Peugeot cars

(Source: Automotive Logistics News, 13th March 2013) PSA Peugeot Citroën has signed an agreement with Agromash Holding for the assembly and distribution of passenger cars and light commercial vehicles in Kazakhstan. Agromash Holding is one of Kazakhstan's largest producers of vehicles and agricultural equipment. According to the agreement, Agromash will start building the vehicles and these will include the Peugeot 301, 3008 and 508 passenger cars, as well as Peugeot Partner vans. The vehicles will be assembled at Agromash's plant in Kostanay from semi-knockdown kits shipped from PSA's plants in France, and from Spain for the 301 model. Production capacity is targeted to start at 4,000 units per year with a view to achieving sales of more than 10,000 units per year. Along with locally assembled models, Peugeot will ship the Peugeot 408 as a finished vehicle from its Russian plant in Kaluga for sales in Kazakhstan. Distribution will be managed by Agromash's main shareholder, AllurGroup but PSA could not name the logistics service providers handling the transport of the vehicles to the dealerships. A spokesperson for PSA said that two new outlets will be in operation from the start of production, one in Astana and one in Almaty, which between them will cover 45% of the market. They will carry the Blue Box brand, the new name of Peugeot's outlets and dealerships. In addition two private dealerships will complement the network. AllurGroup plans to open two more branches in 2014 to cover 65% of the market. "This project in Kazakhstan is an important milestone for PSA Peugeot Citroën business development in the region of Commonwealth of Independent States (CIS), which is one the priority zones for our group, along with Asia and Latin America," said Bernd Schantz, PSA Peugeot Citroën Managing Director for Russia, Ukraine and CIS. "It will contribute to our growing and diversified presence in the region, with a larger manufacturing base dedicated to our local subsidiaries-driven operations in Russia and Ukraine, and to our importers-based sales in Azerbaijan, Belarus and Moldova," he added. The project is expected to provide employment for over 300 people in France and 150 in Kazakhstan.

Capacity and safety concerns for EU-US FTA

(Source: Automotive Logistics News, 13th March 2013) After several years of discussions, the European Union and the United States plan to begin negotiations at the beginning of this summer on setting up a Free-Trade Agreement (FTA). The discussions will involve whether the tariffs on vehicles and parts should be lowered immediately or, as with the EU-South Korea FTA, gradually lowered over a number of years to allow the domestic industries to adapt to the influx of foreign brands. The aim is zero tariffs. Given the fact that components are often shipped across the Atlantic several times before they end up in a car, which may then itself be shipped once more – each time subject to tariff charges – the advantages are clear. But could those benefits have been greater if the deal was signed before the individual agreements the EU and the US have already signed with South Korea? Low cost South Korean cars are already competing with home-grown brands in these two regions and, according to Prana Natarajan, Automotive and Transportation Industry Analyst at Frost & Sullivan, the true potential of the EU-US FTA may be in doubt because it is "misplaced in time." "Perhaps the bilateral trade agreement between Europe and the US could have been signed prior to the deal with South Korea so as to retain the competitive economic advantage of Western carmakers," said Natarajan. While he admits that advanced innovations such as automated driving and dual voltage power promise to help Western carmakers over the next few years because Asian manufacturers cannot compete head-to-head with their Western counterparts, Natarajan said that for all other benefits there is either a Japanese or South Korean car that undercuts them in terms of price and performs on a par. "These innovations are among the fewer measures that support the capacity utilisation in the developed markets," he said. "By all other means, overcapacity will be the bane of EU and US manufacturers, and the FTA by itself hardly alleviates that situation," he added. It may be worth noting, however, that in its recently published Annual Report on the Implementation of the EU-South Korea FTA, the European Commission states it is 'unlikely that a significant proportion of the increase in car imports from South Korea to the EU – 20% in value to €663m and 12% in volume at +45,000 in the first year – can be attributed to the FTA liberalisation, since little liberalisation has actually taken place on the EU side. EU car exports to Korea have increased by 69% in value – worth €840m – and 70% in volume, up 33,000. Misplaced in time or not, what is important now, according to Natarjan, is the creation of "one strong economic bloc" in which each party helps the other "while continuing to reinvent the competitive economic advantage." But negotiations to this end are likely to be difficult because of the different standards and regulations governing areas such as safety and the environment; regulations that currently have hidden costs. EU Trade Commissioner Karel De Gucht estimated that barriers such as the safety standards imposed on EU imports by the US were equivalent to a traditional tariff of between 10-20%. "Safety is a top priority on both sides of the Atlantic but how cars achieve their respective safety standards is different and it means the car needs to be tested twice on each side," said Helene Banner, Spokesperson for EU Trade Policy in the office of De Gucht. "The aim of the deal is to get rid of this so when it has been tested in Europe, as soon as it arrives at US customs, it can go through without further waiting time or approvals to be made; time and the certificate cost the companies money," she added. This is a lot more complicated

than tariff negotiations because of the different regulatory programmes involved on either side: the EuroNCAP and the US NCAP. Both standards, and the regulatory bodies enforcing them, ensure a sufficient level of safety for the occupants, but the technology mandates behind developments in safety expected over the next few years raise questions according to Natarajan. The US is expected to require advanced driver assistance features, such as forward collision warning and rear-view cameras, as standard for instance. Discussions will also have to lay the ground for a mutual acceptance on the standards needed to back up these safety measures for future technology, including electric vehicles. The European Commission is currently drafting a mandate on standards for EU Member States to approve and adopt. The EU Trade Department is also about to publish an independent impact study on the different industry sectors, including automotive, that will look at the different scenarios attendant on the negotiations. For Natarajan, the fact that a greater number of suppliers working on safety innovations are based in Europe is not a threat to the proceedings. “The US stands a great chance of tapping the potential of advanced technologies developed by European suppliers in making their vehicles safer. In a nutshell, there is neither threat nor any great challenge in terms of safety for bilateral trade between the EU and US,” he said.

Mitsubishi to boost exports from North America

(Source: Automotive Logistics News, 13th March 2013) Mitsubishi Motors North America (MMNA) is planning to increase exports from its facility in Normal, Illinois. The plant makes the Outlander and Lancer models, as well as the Eclipse, Eclipse Spyder and i-Miev electric vehicle. The recent announcement follows plans outlined in 2012 to stop making vehicles exclusively for the North American market and instead focus on Outlander exports from the facility. The company is looking at Latin America and Russia amongst its export markets. This is because of a slowdown in production in the US and Europe. Factories in emerging countries such as Thailand are, by contrast, at full capacity. That said, MMNA reported a year-over-year sales increase of 28% in February 2013. More than 6,000 units were sold marking Mitsubishi's largest monthly sales total since March 2012. The company sold 1,644 Outlander vehicles in North America in February, an increase of almost 20% compared to February 2012. Sales of the fuel-efficient CUV model, also now manufactured at the Illinois plant, showed an increase versus the prior year for the sixth consecutive month. Lancer sales were up 89%, and are up 97% year-to-date.

BNSF to test LNG as alternative to diesel

(Source: LloydsLoadingList.com, 12th March 2013) BNSF Railway, the US’s biggest rail freight operator, will this year begin testing a small number of locomotives powered by Liquefied Natural Gas (LNG) as an alternative fuel to diesel. "The use of LNG as an alternative fuel is a potential transformational change for our railroad and for our industry," said Chairman and CEO, Matthew K. Rose. "While there are daunting technical and regulatory challenges still to be faced, this pilot project is an important first step that will allow BNSF to evaluate the technical and economic viability of the use of LNG in through-freight service, potentially reducing fuel costs and greenhouse gas emissions, thereby providing environmental and energy security benefits to our nation," he added. BNSF, a subsidiary of Berkshire Hathaway, is said to be the second-biggest user of diesel in the country, after the US Navy. The group has been working with the two principal locomotive manufacturers, GE and EMD, a unit of Caterpillar, to develop the natural gas engine technology that will be used in the pilot. BNSF had considered using natural-gas-powered locomotives in the late-1980s, but dropped the idea when prices for the fuel increased. Today, the context is different, with the price difference between diesel and natural gas being significant and expected to remain so. But the possible switch to natural gas to power locomotives would engender obtaining regulatory approval relating to the safety of fuel tanks, while investment would also have to be made in LNG depots, in special tanker cars to carry the fuel, and in staff training. A diesel locomotive retrofit could be very costly too, but this would be likely to diminish through the effect of economies of scale, experts say. If the pilot proves successful, oil’s dominance as a transport fuel could be weakened and provide a new outlet for the abundance of cheap natural gas in North America. Natural gas has also been mooted as an alternative for diesel-driven trucks operating on long distances, but a major obstacle is the lack of refuelling stations, the development of a nation-wide network of such facilities being some way off.

PRESS RELEASES

EU budget plans rejected by Parliament – MEPs want more flexibility and efficiency

(Source: ESPO – European Sea Ports Organisation, 12th March 2013) On Tuesday 12th March, the European Parliament overwhelmingly rejected the European Council conclusions on the EU budget for 2014-2020 in their current form.

While accepting the ceilings proposed by the Council, Members of the European Parliament (MEPs) urged for more flexibility and efficiency within the budget. During the meeting in Strasbourg, MEPs adopted by 506 votes to 161 and 23 abstentions, the resolution setting out the Parliament's mandate for talks with national governments over the Multiannual Financial Framework (MFF) for 2014 to 2020.

In February, European leaders reached an agreement on the EU budget for the next seven years, assigning €23bn for transport infrastructure projects. With a cut of one third in the €32bn initially foreseen, transport did not appear to be considered a priority sector in the next budget.

Although the transport infrastructure envelope increased compared to the current multiannual budget, the European Sea Ports Organisation (ESPO) and the European Federation of Inland Ports (EFIP), backed by several other European transport organisations [*including **ECG**, see http://www.ecgassociation.eu/Media/PressReleases/PressReleases2013.aspx*] remained critical about the deal, but declared to believe in the importance of a swift adoption of the EU budget plan for 2014-2020.

The new resolution, which was prepared by the group leaders of the European Parliament political parties EPP, S&D, ALDE, Greens and GUE/NGL, gives the Parliament's negotiators a strong mandate to ensure that the MFF is flexible enough to allow available funds to be used optimally. MEPs also called for a mid-term review of MFF spending, so as to give the newly-elected EU Parliament and Commission an opportunity to influence the budgets that they will inherit from today's legislators. Furthermore, the EU Parliament makes the case for a system of genuine own resources to fund the EU budget and stresses that all the EU expenditure should go through the budget.

The informal negotiations should result in a regulation laying down the MFF, for which the Parliament's consent is required, as well as an inter-institutional agreement between the Parliament, the Council and the Commission.

In the meantime, MEPs are negotiating the legal bases for the various EU programmes in parallel, but for these, the Parliament and the Council will have to decide through the co-decision procedure. If no agreement is found by early 2014, the MFF ceilings from 2013, adjusted for inflation, will then apply.