ECG News

Truck Ship Compound Train Barge

ECG – The Association of European Vehicle Logistics

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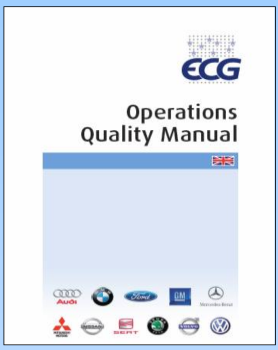
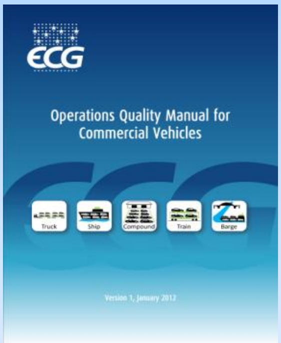
NEWS FROM BRUSSELS

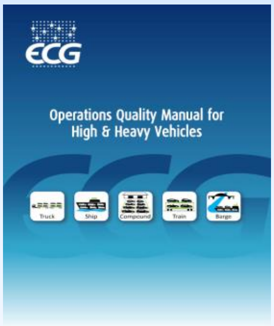
The 2013 ECG Spring Congress & General Assembly – a brief report

*(Source: **ECG**, 05th June 2013)* On 23rd and 24th May 2013, ECG held its 18th Spring Congress and General Assembly in the vibrant city of Dublin, following the Irish Presidency of the European Union. Over 130 member-company representatives and guests took part in the event held in the prominent Westin Hotel, where the first day traditionally comprised of a Board Meeting preceding the statutory General Assembly. The “members only” session began with ECG President Costantino Baldissara’s opening speech, welcoming in particular 6 new members since last year, followed by the Treasurer’s report and votes to accept the accounts and the budget. ECG’s Vice-President Wolfgang Göbel kicked off the open session with his activity report of the past year’s achievements, followed by a series of detailed presentations from the Board Members in charge of the following ECG Working Groups: Maritime & Ports, Quality, Eastern Region, UK & Ireland Region, EU Affairs and Education & Training. They reported on their activities of the last year and mentioned future projects, while interactive questions using an integrated voting system kept the members closely involved. ECG’s future strategy was laid out by the Vice-President, who reported on some of the innovative thinking which came out of a dedicated Board meeting last March. After the Board discharge came the customary Golden Pin which was awarded to several outgoing Board Members: Treasurer Jean-Michel Floret (**Groupe STVA**) and Maritime & Ports Commission Chairman Bjorn Svenningsen (**UECC**), for their outstanding services to the association. The General Assembly ended with the election of a new Board [*see link to the Press Release below*] for the coming year, and the day culminated with a welcome dinner during which ECG proudly announced another 17 high-potential managers graduating from the 7th Course of the ECG Academy. All were rewarded with a Certificate in Automobile Logistics Management by the European Business School and the top student, Tanja Mattheis of ECG-member **BLG**, received the Giovanni Paci Award, which was presented by the ECG President together with Irish Member of the European Parliament (MEP) Jim Higgins – who delivered a warm welcome address during the dinner. The Spring Congress itself took place on the second day and was opened by President Baldissara, followed by Executive Director Mike Sturgeon – acting as a moderator throughout the congress – with a selection of results from the latest ECG Confidence & Cost Trend Quarterly Survey. John Canvin, Managing Director of Odette, gave an interesting overview of this OEM-backed organisation whose aim is to stimulate co-operation within the industry on issues such as B2B messaging and CO_2 reporting. Traditionally active on the inbound side of logistics, Odette is interested to see what can be done on the outbound side and is looking to collaborate with ECG and the ACEA Automotive Logistics Working Group. Arthur Maher, Director of Research at LMC Automotive concluded the first session with a gloomy outlook of Europe’s light vehicle production, entitled “Still in the Mud”. He highlighted the current demand backdrop linked to a slowing down of economic growth in the EU, low consumer confidence and high unemployment, with the only upside being growth in the key export markets. While touching on European OEM’s unevenly distributed plant utilisation rates, Maher ended with an outlook warning for a further financial squeeze which could lead to price cutting, deeper alliances, further drops in capacity utilisation and the potential for a renewed crisis of superfluous stock. The second session of the congress saw the European Commission’s Claire Whittaker deliver an insight in DG MOVE’s planned policies to further achieve sustainable freight transport in the EU, as it is expected to grow by 80% by 2050. While acknowledging logistics as a driver for growth and a provider of jobs, challenges such as scarce energy resources and climate change need to be addressed by, for example, the “Clean Power for Transport” package and the Horizon 2020 programme for research and innovation. Of particular importance to

The ECG Operations Quality Manuals for PCs and LCVs, CVs and H&H are available on-line!







- 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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ECG is the current review of Directive 96/53/EC on weights and dimensions of road vehicles, though she admitted that the Commission had decided to focus on foreseeing length increases only to allow the fitting of aerodynamic devices while leaving the problem of loaded lengths for car transporters outside of their new proposal. The reasoning provided was that while the Commission is aware of the specific problem in finished vehicles logistics, as it touches on the politically sensitive issue of loaded lengths it would have opened up a lot of "intensive" discussions which would have delayed the adoption of the whole Directive. Whittaker continued with an overview of other topics ECG has been following closely, namely the €23bn currently foreseen in the “Connecting Europe Facility” (CEF) for 2014-2020, the concept of E-freight, the continuation of the Marco Polo programme – which will be integrated in the CEF – and road user charging. Following this insightful presentation, two keynote speeches took place by Maurice Mullen, Assistant Secretary at the Irish Department of Transport and MEP Jim Higgins, Member of the Transport & Tourism Committee. Both high-level guests conveyed warm messages of welcome to Ireland, and took ample time to enlighten the audience with insights from their respective institutions – the EU Council of Ministers and the European Parliament. Both also acknowledged the role a trade association like ECG has in contributing to EU policy-making, and delved further into some important achievements the Irish Presidency was hoping to conclude by the end of June in the field of ports, maritime and rail transport. MEP Higgins was particularly supportive of ECG’s longstanding wish to attain a harmonisation of minimal loaded lengths for car transporters at 20.75 meters, and pledged his full support to ensure the Commission’s proposal would be amended in the European Parliament so as to achieve the shared objective of fuel efficiency in road freight. Strengthened by this sign of support for the finished vehicle logistics sector, in his closing address ECG President Baldissara nevertheless highlighted the importance of the automotive industry for Europe and the devastating consequences for state incomes and national economies if the industry is not adequately supported by European policymakers. As the world is asking for cars “made in Europe”, the European Union should find ways to incentivise the sector – for example by reinstating successful car scrapping schemes at the EU level. He ended with a plea for ECG member-companies to communicate their views to the association so that a strong common position can be delivered in Brussels, and to continue their support to the ECG Board and Secretariat in doing so.

The ECG press release can be found on the ECG website under the “Media - Press Releases 2013” section or click on: European car manufacturers now dependent on exports amid deepening domestic slump.

To check the extensive press coverage of the ECG Spring Congress and General Assembly, please click on ECG in the News on the ECG website.

TRAN Committee MEPs exchange views on the 4th Railway Package about interoperability and governance of the rail infrastructure

(Source: TRAN Newsletter, 31st May 2013) On Wednesday 29th and Thursday 30th May, Members of the Transport and Tourism (TRAN) Committee exchanged views on several aspects of the 4th Railway Package recently issued by the European Commission. Regarding interoperability, the Rapporteur, Member of the European Parliament (MEP) Izaskun Bilbao Barandica, repeated that there was currently a lack of transparency with some 11,000 national rules. Some could not be implemented while others protected historic monopolies. Manufacturers or operators could wait for up to two years before receiving authorisation. This harmed small and medium enterprises (SMEs) and hampered investment. A simpler system would reduce costs and allow new operators to enter the market. The Rapporteur's objectives included increased transparency, the elimination of unnecessary national standards, similar procedures in all Member States and a

ECG Academy

Course 8 commences on Tuesday 8th October 2013 in Berlin, Germany.

This practice oriented course takes place over **five modules**, 22 days of intensive training. The modules are held at different locations in Europe to give the participants insights into practical realities of the different elements that make up vehicle logistics. It is targeted at both experienced practitioners and new entrants to the supply chain management.

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clear division in responsibilities between the European Rail Agency (ERA) and National Safety Authorities (NSAs). Her first priority was to agree on the diagnosis, so solutions could then follow. She was ready to consider transition periods but did not favour adding to the exemptions already proposed by the Commission. Shadow Rapporteurs broadly endorsed this analysis. Several said that a simplified system of rules would improve rail competitiveness in relation to road. This would yield environmental benefits and increase employment in the rail sector. Most speakers emphasised the need for clarity as to who was responsible for what. One said there was nothing more dangerous than shared responsibility. Concerning the governance structure of the rail sector, the Rapporteur, Belgian Socialist MEP Saïd El Khadraoui, promoted a pragmatic approach in order to avoid an ideological debate and to ensure a certain degree of flexibility with regards to the various national railway systems. He agreed with the Commission's proposal that cross-financing between an infrastructure manager and the rest of an integrated company should be absolutely banned and that a non-discriminatory access to infrastructure should be guaranteed. Regarding market opening, he proposed that open access operations should be restricted in order to better protect the provider of public services. Shadow Rapporteurs broadly agreed that an ideological debate should be avoided and that a pragmatic approach should be found with regards to the governance structure of the sector. There was the understanding that public service contracts deserve some degree of protection against cherry-picking. On the other hand, such contracts should not be misused to block market access unduly. Some Members commented that the provisions on the “Chinese walls” for integrated companies were too prescriptive and that more flexibility was necessary as long as the overall objective of non-discriminatory access to rail infrastructure was maintained. It was said that the regulator could have an enhanced role in this respect.

ECG Note: *As reported earlier, ECG – together with its member **ARS Altmann** – is supporting a **Dinner Debate in the European Parliament on 18th June** hosted by Polish MEP Boguslaw Liberadzki entitled “What does the Automobile Industry expect from the 4th Railway Package?” Speakers will consist of experts from the finished vehicle logistics sector as well as from GM and SEAT, who will debate with representatives of the European Parliament, Commission and the railway sector their vision of the future of rail freight. ECG still has a few seats available for its members, if you are interested to join please contact tom.antonissen@ecgassociation.eu.*

EP TRAN Committee adopts 3 proposals on the Roadworthiness Package

(Source: TRAN Newsletter, 31st May 2013) On Thursday 30th May, the Transport and Tourism (TRAN) Committee of the European Parliament (EP) adopted three proposals on the Roadworthiness Package. The first report adopted – on roadworthiness testing – was drafted by German Member of the European Parliament (MEP) Werner Kuhn. It changes the frequency of testing for cars from the 4-2-1 year's formula as proposed by the European Commission to 4-2-2, which is the existing rule. The TRAN Committee rejected the Commission's proposal to make roadworthiness tests mandatory for motorcycles, leaving the decision up to Member States. It also rejected a Commission’s proposal to introduce periodic roadworthiness tests for light trailers with a maximum permissible mass of 2,000kg or less, but voted in favour of testing trailers of the caravan type. Moreover, the Committee found compromises on issues such as testing tractors with a speed of over 40km/h, separating repair and inspection activities and defining historic vehicles. In addition, the Committee underlined the principle of subsidiarity of the Regulation by clarifying that Members States may adopt stricter rules on roadworthiness testing. A report on technical roadside inspections – drafted by Czech MEP Olga Sehnalová – was also adopted by the TRAN Committee. It introduces some important changes to the Commission's proposal: the Regulation will affect tractors not used for agriculture purposes; the

ECG AGENDA

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

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

► **Webinar to present the ECG Quarterly Survey results** on **4th September 2013**

► **ECG Academy** Course 8 commences on **8th October 2013** in Berlin, Germany

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

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

► **Webinar to present the ECG Quarterly Survey results** on **18th November 2013**

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

5% of vehicles to be inspected in each Member State is to be calculated on the basis of registered heavy commercial vehicles only; the risk rating system should use the ERRU register referred to in Regulation (EC) N°1071/2009 and a system of voluntary safety inspections is introduced to enable transport companies to improve their profile within the system; in relation to cargo securing, Member States are encouraged to check cargo using European standards but the outcome of cargo securing inspection will not be included in the risk rating system until the rules are harmonised at the EU level, which TRAN Committee called on the Commission to consider. As a result of the vote, light commercial vehicles are excluded from the scope of the Regulation. Finally, a third report on registration documents – drafted by Estonian MEP Vilja Savisaar-Toomast – was adopted by the TRAN Committee. This report introduces the inclusion of a reference to the roadworthiness tests in the registration document so as to reduce the number of papers drivers have to carry. The physical size of the registration certificate however, is not reduced. It also gives the possibility for a vehicle owner to cancel the registration of a vehicle no longer belonging to him, so as to be exempted from further liability, and it obliges Member States to mutually recognise the validity of roadworthiness tests in case of re-registration. It urges Member States to exchange information by using national electronic databases, and limits the period of delegated powers to five years.

Shipping voices mixed feelings about Brussels' proposed port guidelines

(Source: LloydsLoadingList.com, 31st May 2013) Shipping players have greeted Brussels' proposed new guidelines for ports with a mixed response, despite claims that the changes by the European Commission will "prevent possible price abuses by operators with exclusive rights." Management at the Port of Rotterdam, Europe's top container and freight gateway, claims the proposals will increase bureaucracy. Meanwhile, the Brussels-based European Community Ship-owners Associations (ECSA) has demanded further discussion, questioning why the Brussels regulator has not pushed harder on cargo handling, passenger services and port labour issues. ECSA Secretary General Alfons Guinier said: "The recently published study on behalf of the European Commission extensively documents that although port labour in many European Union ports works very well, many restrictive practices remain in several ports." However, the EU freight forwarders' lobby CLECAT described the policy package from Vice-President Siim Kallas, Commissioner for Mobility and Transport, as a "step in the right direction" although it, too, had reservations about restrictive practices. The reason why the Commission backed away from regulating port services may be that some 2,200 port operators in Europe employ around 110,000 dockers. Previous attempts to liberalise cargo handling, allowing ships' crew to load and unload cargo, failed after sometimes violent opposition from Antwerp and Rotterdam dockers. Announcing the policy initiative, Mr Kallas said: "Our sea-ports are vital gateways, linking our transport corridors to the rest of the world. We already have some of the finest port facilities in the world. We need to keep them. But we are facing major challenges in terms of congestion, traffic growth and investment. "More of our ports need to reach these high standards. The proposals will bring Europe's port services into the 21st century, help attract investment and create jobs where they are most needed." The Commission wants to "cut red tape" at ports, proposing "more transparent and open procedures to designate the providers of port services." Its proposals include "rules to prevent possible price abuses by operators with exclusive rights," and moves to introduce a port users' advisory committee. Port of Rotterdam Authority and Deltalinqs, the association of port industries, fear that appointing an independent supervisor for ports in every Member State would create "unnecessary procedures and delays." In a joint statement, they said: "This supervisor would have to start checking ports in terms of such aspects as setting port tariffs and market access." Port of Rotterdam Authority Chief Executive Hans Smits said that appointing supervisors would "undermine the intentions of the Commission and increase red tape." He

Events in Brussels

CER 25th Anniversary: "25 years of CER and EU Transport Policy: On the right track for a single European railway area?" by the Community of European Railway on 17th June 2013.
ECG will attend

Dinner Debate on "What does the Automobile Industry expects from the Fourth Railway Package?" by MEP Boguslaw Liberadzki in the European Parliament on 18th June 2013.
Supported by ECG

"Transeuropean rail freight transport: What future lies ahead?" by the Lithuanian Presidency of the EU Council and the Community of European Railway (CER) on 9th July 2013.
ECG will attend

said: "In the Netherlands, such new supervision is totally superfluous. Following its empowerment in 2004, the Port Authority signed a covenant with Deltalinqs, after it had been reviewed by the Netherlands Competition Authority. "In it, highly efficient and effective procedures for setting port tariffs were agreed. Furthermore, anyone who has a complaint can report it to the Competition Authority." Deltalinqs President Steven Lak said: "As clients of the Port, we have a well-functioning consultation system with the Port Authority for setting the Port tariffs every year. If we are unable to agree on these tariffs, there is an independent arbitration scheme." The Port of Rotterdam Authority is in consultation with the Commission and said it assumed that the regulator's proposal would be amended to include the Rotterdam model in the new port package. CLECAT Director General Nicolette van der Jagt said: "The proposal calls for modernisation of EU ports and financial transparency, which is an important step in the right direction." She urged the European Commission to "exert its influence to ensure the parties concerned engage together to remove restrictive and anti-competitive" practices. "We are doubtful that the current proposal provides the best instruments to this effect," she said. Although it said restrictive labour practices had eased in Europe in recent years, CLECAT added: "There are some ports where practices remain highly restrictive and amount to what is, in effect, a closed shop, where service providers may not select the personnel of their own choice." Brussels' proposed reforms have not played well with the UK ports industry, in which private-sector ownership is now the norm, whereas many ports in Continental Europe are owned by municipal landlords. The UK Major Ports Group (UKMPG) has slammed the proposed port services legislation as "ill-timed, unnecessary and potentially harmful and unfair to UK ports," saying it would worsen "legal and policy instability". In a statement, the group called the Brussels proposals "ill timed", noting that the EU was still considering "earlier Commission legislative proposals on public concession agreements, and the nature and financing of the EU transport network including ports." It said the proposals were "unnecessary because the Commission's current policy of applying general EU rules on state aid and competition, combined with guidance, has been enabling UK and EU ports to improve performance and invest. Port users and stakeholders have not been asking for any new policies." The legislation is "potentially harmful", according to UKMPG, as the proposals "will interfere with UK ports' commercial judgement in areas such as charging and stakeholder consultation as well as adding burdensome regulation. The group added that "this could make it more difficult for UK ports to attract investment and contribute to UK economic growth and jobs." It concluded that the proposals were also "unfair", putting major UK ports at a competitive disadvantage. "Continental ports with their different governance and financing structures will not be subject to the same degree of regulation," UKMPG said.

EC VP Kallas hits back at European port policy critics

(Source: LloydsLoadingList.com, 04th June 2013) European Commission Vice-President Siim Kallas has pledged to make his new policy package "light on regulation", telling the European Sea Ports Organisation (ESPO) that in no way was Brussels "trying to interfere in good business practices." Addressing the ESPO gathering in Varna, Bulgaria, Kallas said: "My concern is that not all ports offer the same high-level service. Let me be clear; this is not about diverting traffic away from some ports to others. It is not about telling customers which ports they should use." Critics have slammed the proposed guidelines for failing to liberalise cargo handling. But Kallas hit back, saying they would create better conditions to "have more short-sea shipping connections," integrating all ports into the logistics chain. "Even the best-performing ports need other ports to be successful, for example to develop hub-and-spoke operations, and avoid congestion," he said. The EU proposal will not increase ports' administrative burden or their costs, Kallas said; they will simplify matters and cut red tape. "It should reduce port costs by almost 7% and save the EU economy up to €10bn by 2030," he said. "It should also generate more business for short-sea shipping. That means more

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port activities and therefore a significant number of new jobs," he added. Freedom to provide services with no discrimination should become a general principle, Kallas said. "This is in line with the principles of the European Union Single Market, in which I am a strong believer. At the moment, it is not easy to challenge monopolies and exclusive rights granted under national law. We propose new, transparent and open procedures to select service providers, with rules to prevent possible price abuses by operators with exclusive rights." Commissioner Kallas said the EU faced a "maritime crossroads" at which European ports, even with only modest growth, would see cargo volumes rise by more than half by 2030, creating new congestion. He said: "Much as we want growth and demand, we must also ask where it will leave Europe's hundreds of ports. They will face major challenges in performance, investment needs, sustainability and human resources, just to name a few." Although Europe boasts some of the world's best ports, variations in players' efficiency and performance create "a real EU divide," he said. Rotterdam, Antwerp and Hamburg handle 20% of the community's goods. Kallas' aim is to create a business climate to attract "badly needed" investment in port capacity, providing investors with "legal and regulatory certainty and much less red tape." In a swipe at today's free ports market, Kallas said: "Unlike other transport sectors, the EU has almost no port legislation on access to services, financial transparency or charges for using infrastructure." He concluded: "The business-as-usual scenario will not allow the market to solve these problems."

AUTOMOTIVE INDUSTRY

Auto pollution exceeds manufacturers' claims, report says

(Source: Euractiv.com, 04th June 2013) The gap has widened between the fuel-efficiency that carmakers declare for their models and the reality for drivers, with luxury German vehicles showing the biggest divergence, a study has found. The research by the non-profit International Council on Clean Transportation (ICCT) found "real-world" carbon emissions for new cars based on fuel consumption are about 25% higher on average than what carmakers say, compared with 10% a decade ago. The findings will add to pressure for the reform of EU vehicle testing procedures to ensure that advertised fuel-efficiency values better reflect normal use. That in turn could make it harder for manufacturers to meet a new EU carbon dioxide (CO_2) vehicle emissions target proposed for 2020. BMW reported emissions figures for its vehicles on average 30% lower than those found in actual use, said the report. The ICCT aims to improve efficiency in transportation to benefit public health and mitigate climate change. Volkswagen AG's luxury unit Audi had the second widest disparity, with reported emissions some 28% below actual use, while Mercedes showed a gap of 26%. Figures for emissions from Toyota vehicles were found to be about 15% less than in real use and Renault and PSA Peugeot Citroën's published data was about 16% lower than for vehicles on the road. "This means that the actual fuel consumption experienced by the average driver is typically 25% higher than what is printed on the sales sticker," Peter Mock, Managing Director of ICCT Europe, said. That difference in fuel use costs drivers on average an extra €300 per year, said the report, which was based on data from nearly half a million private and company vehicles across Europe. Previous research has shown how carmakers have perfected the art of lowering fuel use and thus emissions in laboratory tests, through measures such as using tyres with extra traction or unrealistically smooth driving surfaces. Driving habits vary, meaning there will always be a discrepancy, and exploiting loopholes is not illegal. But the car industry agrees on the need for change. VDA, which represents the German auto industry, has said it is "working actively" on reform of the testing regime. The United Nations is leading a worldwide effort to update test procedures that date from the 1980s. In parallel, the European Union is working on how to tighten EU law on vehicle testing and also to enforce a 2020

emissions goal of 95 grams of CO_2 per kilometre (g/km) across the Union. Legislators in the European Parliament have said a tougher testing procedure should be introduced by 2017, but some EU governments have been seeking a delay until 2020. The 95g/km target for new cars from 2020 has been broadly agreed. However, Germany has led calls for exceptions that campaigners say would seriously weaken the effective enforcement of the goal.

China enters Ukrainian automotive market

(Source: Automotive Supply Chain, 30th May 2013) China Anhui Jianghuai Automobile Ltd (JAC) and Bogdan Corporation, leading Ukrainian automobile makers of the popular Bogdan Isuzu-powered light bus made in Cherkasy, are now partners in producing cars in Ukraine. November 2013 will see the Bogdan factory in Cherkassy start full-scale production, from technology to welding, painting and assembly, on two lines of JAC models. “The steps of the state to protect the industry by limiting imports of finished vehicles are already bearing positive changes. JAC in Ukraine will allow us to load capacity, create jobs, and increase contributions to the budget and social funds,” said Arzumanyan Rudolph, Vice-President of Bogdan Corporation. The facility will start producing the J5 C-Class sedan in November and the compact SUV S5 in December 2013. It is expected the joint venture will produce about 200 vehicles by the end of the year, with production increasing significantly in 2014. JAC exports to South America, Europe, Africa and Asia, and maintains friendly relations with over 120 countries around the world. The annual production of vehicles manufactured by JAC is over 700,000 units. £8.15m were invested in building the production facilities of the Bogdan Corporation, making it possible to produce 120,000 to 150,000 passenger cars, up to 9,000 buses and trolleybuses of all classes, and about 15,000 trucks and special-purpose vehicles.

Mercedes, BMW to skip summer breaks to meet demand outside Europe

(Source: Automotive News Europe, 06th June 2013) Daimler AG will largely refrain from taking a traditional summer break at its car factories, with models like the revamped Mercedes-Benz E-Class keeping assembly lines busy even as overall European auto demand slides to a 20-year low. BMW is also either preparing for new models or keeping plants churning out cars to meet demand. The full order books of the German luxury carmakers contrast with factory shutdowns and job cuts at mass-market rivals PSA Peugeot Citroën and Ford. "Growth in the US and China more than outbalances the European slowdown for the German carmakers," said Christian Ludwig, a Dusseldorf-based analyst with Bankhaus Lampe. "Europe is no longer as important for the German luxury-carmakers as it used to be," he added. Demand from the US and Asia for models such as the BMW 3 series and Audi A3 have insulated the manufacturers from a deepening recession in the euro area. While the financial crunch and government austerity measures have caused the European car market to shrink for six straight years, the German carmakers continue to expand. "We are planning for another year of record sales," Martin Steinlehner, a Mercedes spokesman, said. "We are not slowing our production in most of our plants," he added. This situation is similar to 2012, when Mercedes sold 1.32m cars and SUVs. Factories in Hungary, South Africa and China as well as most plants in Germany will work through the summer months, Steinlehner said. A plant in Bremen, Germany, will halt for two weeks in July to prepare for the new C-Class sedan and station-wagon due in 2014, while Smart ForTwo production in Hambach, France, will be interrupted in preparation for an overhaul of the two-seat minicar. Mercedes has been expanding its model line-up with more entry-level small cars such as the new CLA four-door coupe as it seeks to pass BMW and Volkswagen AG's Audi in sales by the end of the decade. Mercedes deliveries rose 7% to 121,360 vehicles in May, the company said on Wednesday 05th June in a statement. Sales in the first five months of 2013 increased 6% to 562,824 vehicles. "We are posting solid increases in many markets in Europe and Asia, as well as in the US, at a time, when the new E-Class and the CLA are just entering the big markets," Joachim Schmidt, Sales Chief of the Stuttgart-based carmaker, said in the statement. BMW, which is also targeting record sales this year, has not scheduled a general summer break at its plants, Nikolai Glies, a BMW spokesman, said. A current two-week stop in Dingolfing, Germany, is related to maintenance in the paint shop, while SUV production in Spartanburg, South Carolina, will halt for two weeks in July to prepare for the new X5 that will be introduced later this year, Glies said. In September, Mini production in Oxford, England, will stop for two weeks to prepare for the next generation of BMW's compact-car brand. Audi is likewise shutting down some production in Germany to upgrade equipment, Kathrin Feigl, an Audi spokeswoman said. In 2012, the company only slowed production without closing plants. Production of the mid-sized A4 sedan in Ingolstadt will halt during the summer holidays to reorganise production lines for a new version, while A3 manufacturing continues. Audi will stop making the A5 coupe, A8 sedan and other upscale models at its Neckarsulm plant for three weeks in August for maintenance. Elsewhere in the European auto industry, the prospects are dimmer. Workers at a plant in Bochum, Germany, owned by General Motors’ Opel unit, will hold a rally on Monday 10th June as they face the prospect of closing. Ford is shutting a factory in Belgium and two sites in the UK. Peugeot plans to eliminate 17% of its French work force by the end of 2014 and will close a 2,500-employee assembly plant near Paris next year to trim excess capacity. At BMW's factories, "we generally have good utilisation," spokesman Glies said.

EUROPE

European carmakers rely on exports as domestic sales continue to slump

(Source: Automotive Supply Chain, 28th May 2013) Dublin's Westin Hotel was the venue for the **18th ECG Spring Congress and General Assembly**, as ECG members from 25 European countries, operating 400 car-carrying ships, 18,100 purpose-built rail wagons, 85 river barges and over 18,500 road transporters heard some shocking statistics. The Association of European Vehicle Logistics (ECG) represents the interests of the finished vehicle distribution sector and its President, Costantino Baldissara, delivered a severe warning both to his assembled members and to the policy-makers in Brussels and elsewhere in Europe. "Many companies are struggling to survive," he said. "This is an emergency situation." He stressed that Europe's politicians have a responsibility to pay attention to the real economy, "Without a strong response there will be a lack of hope, no new jobs and no activity." A re-launch of the car scrapping incentives that successively stimulated demand in 2009 was the best solution, he said. "If we are worried about the economies of countries like Greece, then we should also be worried about the automotive sector, which makes a larger contribution to the European economy than Greece," he added. The automotive sector which ECG serves is one of Europe's biggest economic drivers, employing around 12m people and contributing around 16% of European Union gross domestic product (GDP). ECG member companies directly employ 70,000 staff and boast an aggregated turnover of €22bn. Europe's car manufacturing industry is slipping deeper into recession and is increasingly dependent on export markets. Production of light vehicles across Europe has dropped back below 2007 levels, with Italy experiencing a particularly severe slump. Arthur Maher, Director of Research at LMC Automotive, revealed that new car registrations in Italy have fallen to where they were back in 1978, and congress attendees heard that a third of all European car plants are running at just 20% capacity. If certain manufacturers are still in profit it is only thanks to strong orders from outside Europe, particularly from China, where sales increased by over 10m between 2008 and 2012. Maher warned that sector losses could be expected to continue to escalate and predicted that distress marketing, such as price cutting, would intensify. New model programmes such as those planned by Fiat and Opel have been delayed or cancelled, and deeper alliances are being formed such as that between General Motors and PSA Peugeot Citroën. He forecast that manufacturing capacity utilisation would drop to 62% this year and that excess capacity would rise by 1.1m units to 11m possibly giving rise to a renewed stock build crisis. On a brighter note, the Spring Congress confirmed the continuing success of the **ECG Academy** for young logistics managers. Now in its eighth year, the academy has already produced around 140 alumni, most of whom continue to work for both logistics service providers and car manufacturers. Seventeen graduates received their final qualifications and around ten are already signed up for the next course, which the association oversees on a not-for-profit basis. In addition to negotiating skills and other core competencies, as well as the valuable experience gained at on-site visits to ports and railheads, the academy provides its students with unparalleled networking opportunities. The ECG members elected a new Board, prior to the Spring Congress, which now comprises of Maximilian Altmann (**ARS Altmann**), Peter Borrmann (**STVA**), Michael Bünning (**BLG Automobile Logistics**), Marcos Duato (**Flota Suardiaz**), Mats Eriksson (**AB Skandiatransport**), Ömer Gürsoy (**Me-Par**), Ray MacDowall (**ECM Vehicle Delivery Service**), Marek Nowicki (**P.W. Wega A**), Kirill Petrunkin (**Autotechnoimport**), Antoine Redier (**GEFCO**), Roberto Volpato (**Eliambrosetti**) and Konrad Zwirner (**Hödlmayr International**). The mandates of the ECG President Costantino Baldissara and Vice-President Wolfgang Göbel have another year to run.

UK government: "There are enough lorry parks, use them."

(Source: Commercialmotor.com, 30th May 2013) The UK government has suggested that there is no shortage of lorry parks in the UK, rather a reticence on behalf of hauliers and drivers to put their hands in their pockets and make use of the current network. In its recently published response to the Transport Select Committee's 11th Land Security Report, which called on the government to work with representatives from the road haulage industry to identify and overcome barriers to the provision of secure lorry parking sites, officials stated it was an issue for the private sector to tackle. "It is government policy that the provision of lorry parking is a matter for the private sector and local authorities, since they are best placed to judge local traffic conditions and needs. However, the Department for Transport (DfT) has had discussions with representatives from the parking sector, local authorities, developers, hauliers' associations and trade unions to see what can be done to unlock barriers to development and improve the provision and quality of parking. The DfT has also attended meetings organised by the International Road Haulage Union (IRU) to discuss the establishment of a voluntary accreditation system to improve standards of security and facilities at lorry parks," the response said. "However it should be noted that the provision and use of secure parking is not simply a matter of building more sites," the government response goes on to state. "Many Large Goods Vehicles' (LGVs) drivers choose not to park overnight in lorry parks, either because their employer will not pay for parking or because they are given a cash subsistence allowance which they would rather not spend on parking." In its response, the government also quoted a DfT survey conducted in 2010-2011 that found 41% of

LGVs parked overnight within 5km of the strategic road network were located in lay-bys or within industrial estates. Only 61% of spaces at lorry parks were used. Members of Parliament (MPs) had called for revenue from the new Heavy Goods Vehicle (HGV) Road User Levy to be used to fund additional lorry parks.

Eurotunnel eyes ways to develop rail freight

(Source: LloydsLoadingList.com, 03rd June 2013) Eurotunnel has introduced an Incentive for Capacity Additions (ETICA) initiative to provide funding for operators launching intermodal rail freight services through the Channel tunnel. The tunnel operator said it believed the competitive level of access charges was not one of the main reasons railway operators found it hard to start new services through the tunnel. It is the start-up costs, marketing and controls at Frethun which cause the problems, it said. The ETICA system will provide a one-off financial sum for start-up investments in their first year of operation, and will be available to all railway operators. Maggie Simpson, Executive Director at the Rail Freight Group, welcomed the scheme. She said: “Cross-Channel rail freight traffic persistently underperforms its potential, and there are many barriers to success including security fees and tariffs, performance issues in mainland Europe and the difficulties of quickly establishing full trainloads. By offering support in the start-up phase, the ETICA scheme should help those operators seeking to establish new services, and we look forward to an increase in traffic levels from this welcome initiative.” The scheme will be fully funded by Eurotunnel, with no public subsidy, and is based on the Marco Polo aid programme. It follows the European Directives and does not change the access charges in the network statement.

Unit throughput up at Vladivostok

(Source: Automotive Logistics News, 05th June 2013) For the first four months of this year the Commercial Port of Vladivostok reported handling 28,909 finished vehicles, which was a 26% increase over the same period in 2012. The Port Authority noted that demand for new imported cars and heavy duty vehicles is on the increase, with the Port acting as a distribution hub for dealers in both Siberia and the Russian Far East. To ensure growth continues in this sector, the Port is to bring into operation additional storage areas to ensure there are no problems with congestion. The overall marketing strategy being adopted by the Port also envisages attracting new partners. Indeed, recently, the Port has handled nine Kato- and Sany-branded commercial vehicles, which are just beginning to enter the Russian market. The aim of these two manufacturers is to increase their presence in Russia, whilst deepening their relationship with the Port. In total, Vladivostok can handle 150,000 finished vehicles annually. At present, it receives calls from four shipping lines handling finished vehicles: Fesco Ro-Ro Line, Eastern Car Liner, SIEM Car Carriers and Fesco Russian Pacific Line. These shipping lines connect the Port with Japan, the US, South Korea and China.

New China-Europe rail freight service makes promising start

(Source: Lloydsloadinglist.com, 31st May 2013) A new rail freight service between China and Europe has made a promising start, according to the Chinese-Polish joint venture company behind the project, YHF Logistics. The weekly service, made up of between 41 and 52 wagons and carrying multi-sized containers, operates from Chengdu, in China’s Sichuan province, in the west of the country, to the city of Lodz, in central Poland. "The weekly service was launched at the end of April and has made a very satisfactory debut to the extent that we are aiming to introduce daily frequencies from Chengdu by the end of 2013," YHF Logistics’ CEO, Sofiane Rachedi, said. The Chengdu-Lodz Express block train crosses countries such as Kazakhstan, Russia and Belarus, during its 10,000km journey, where containers can be unloaded, reaching Poland in 14-15 days. "The service is more expensive than ocean freight but offers far shorter transit times than the 30-40 days by ship. While it cannot match the delivery lead times of air freight, rates are considerably cheaper. The service supplements rather than rivals air and ocean transport, and it has already attracted some of the biggest names in freight forwarding, such as DHL, **DB Schenker**, UPS, TNT, Geodis and Hellmann, who view it as a solution for shipping goods in high-value-added sectors," Rachedi said. The choice of Chengdu as the departure point of the service is not without significance. The city and its surroundings have emerged as a major centre for automobile manufacturing, with Volkswagen and Volvo being among the companies present. Chengdu also boasts a cluster of IT equipment and electronics firms. As for Lodz, it is the distribution hub of transport and logistics firm Hatrans, the Polish partner in YHF Logistics. "From Lodz, we can provide on-forwarding provision to Western Europe and Russia within 48h," Rachedi said. He also has plans to develop “return” traffic from Europe to China. "We expect to operate several trains from Lodz to Chengdu this summer, on an ad hoc basis, and move to a scheduled service of one to two trains per week from end 2013 – early 2014, carrying a broad range of luxury and top brand goods."

REST OF THE WORLD

Fiat ships 500L to North America

(Source: Automotive Logistics News, 05th June 2013) Fiat has delivered its first 3,000 Fiat 500L vehicles to the North American market. The vehicles, which are being produced across the Atlantic at the company's Kragujevac plant in Serbia, were brought by **Grimaldi** from the Port of Bar in Montenegro. The first call was to the Port of Baltimore in the US, where 2,500 units were unloaded. The remaining 500 vehicles were then delivered to the Port of Halifax in Canada. Production of the North American 500L model began at the Kragujevac plant in March this year. The plant is expected to produce around 180,000 vehicles in a full year of production. Car carrier **Mosolf** is bringing the cars by road to Montenegro for the US exports. Fiat has invested €1bn in preparing the Kragujevac plant, which is a joint venture with the Serbian government, for production of the 500 and 500L. It has sold 34,000 units of the model in Europe since production began. The Serbian plant only produces the 500 and 500L vehicles. Asked why it has decided to invest in manufacturing of the 500L in Serbia at a time when Fiat manufacturing in existing Italian plants has dropped to a low of around 40%, a spokesman for Fiat said that this reflected a change in direction for Fiat's manufacturing in Europe. The carmaker has a different plan for production in Italy, according to Fiat, that will focus on the production of premium brands including Alfa Romeo, Jeep and Maserati, for both European and export markets. Fiat's plants in Poland, Serbia and Turkey will now be producing medium range vehicles with a tighter profit margin because of the lower labour and production costs associated with countries outside the European Union. The Tychy plant in Poland makes the 500 and produced its millionth model in April. The Fiat 500L is not being produced at any Fiat-Chrysler plants in the US a spokesman for the company said because all plants there were at near full capacity. Even if there was available capacity in the region, the spokesperson said the retooling required for a 500L platform would be too significant. However, the 500 model is made at Fiat-Chrysler's plant in Toluca, Mexico.

Carmakers can look to Krishnapatnam

(Source: Automotive Logistics News, 22nd May 2013) The Indian Port of Krishnapatnam is building a dedicated finished vehicle terminal, with the first phase due to open in June this year. It is being promoted by the Port's majority shareholder, CVR Group, which is based in Hyderabad. The Port, which is around 190km north of Chennai, is one of India's deepest ports at 18.5 meters and reputed to be the deepest on the east coast of the country. The terminal project, which is being backed by Krishnapatnam Port Container Terminal (KPCT), involves the creation of a new 350 meters-long terminal that will be able to accommodate 15,000 vehicles adjacent to a Ro-Ro ramp, in the Port's southern zone. At present, those car manufacturers based in the region around Chennai and Bangalore, such as Hyundai, Ford and Nissan, currently export output mostly via the Port of Chennai, India's largest for finished vehicles traffic. In 2012, for example, it handled 250,000 units, although the Port is seriously space-constrained, which has resulted in congestion. Furthermore, the congestion has resulted in the levying of surcharges in the last couple of years. Other, "non-billable" consignment charges are also said to be a problem. As a result this adversely affects production schedules as well as inflating logistics costs. Many exporters have therefore switched consignments to the Port of Ennore, which reported traffic of 200,000 units last year and is used by Nissan and Toyota Kirloskar. However, Ennore has its own problems with available space, and access to the Port is also reportedly hampered by the unfinished Ennore-Manali Road Improvement Project. Krishnapatnam, meanwhile, has a 45km railway siding inside the Port, prompting the Port's Chief Executive to dismiss suggestions that the longer distances from the manufacturing plants might prove a hurdle to developing strong export traffic. Backing this up, car manufacturer Ford India was reported in the local press as saying that, while for the moment its entire export production would be channelled via Chennai, should volumes continue to rise, the company may well have a look at Krishnapatnam as a future option. Earlier this year, at the Geneva Motor show, it was reported that Ford was 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. Ford also makes the Figo, Fusion, Fiesta and Endeavour models at the plant, and is keen to exploit capacity and build exports from there.

PRESS RELEASES

The Commission welcomes "historic" agreement on new trans-European transport network

(Source: European Commission, 30th May 2013) Siim Kallas, Commission Vice-President responsible for Transport, welcomed on Thursday 30th May the agreement between the European Commission, the Council and

the European Parliament on proposals to transform the existing patchwork of European roads, railways, airports and canals into a unified transport network (TEN-T).

Vice-President Kallas said: "This is a historic agreement to create a powerful European transport network across 28 Member States. Transport is vital to the European economy, without good connections Europe will not grow or prosper. This agreement will connect East with West and replace today's transport patchwork with a network that is genuinely European. This is a major step towards building a new transport network that will be the backbone to boost growth and competitiveness in Europe's Single Market."

The agreement establishes a core transport network to be established by 2030 to act as the backbone for transportation within the Single Market. Transport financing under the Connecting Europe Facility (CEF) – for the period 2014-2020 – will also focus on this core transport network, filling in cross-border missing links, removing bottlenecks and making the network smarter. The new core TEN-T network will be supported by a comprehensive network of routes, feeding into the core network at regional and national level. This will largely be financed by Member States, with some EU transport and regional funding possibilities, including with new innovative financing instruments. The aim is to ensure that progressively, and by 2050, the great majority of European citizens and businesses will be no more than 30 minutes' travel time from this comprehensive network.

Taken as a whole, the new transport network will deliver safer and less congested travel as well as smoother and quicker journeys. This agreement, reached in trilogue negotiations between the European Parliament, the Council and the European Commission, must be formally approved by the European Parliament Plenary and the Council.

The agreement:
The new EU infrastructure policy aims at creating a real network and no longer focuses on isolated projects. The guidelines contain precise maps of the network which has been identified on the basis of an objective methodology.

The new regulation provides for deadlines to make sure that all projects contributing to the core transport network are implemented as a priority. It sets standards to ensure that trains, ships, planes, trucks and cars can use the transport infrastructure safely and without any technical problem. The core network is to be completed by 2030. For instance, by 2030 the core railway network will be equipped with the European ERTMS signalling system, allowing for easy and safe cross-border train operations. Member States will have to provide sufficient parking space along core network roads for commercial users. Alternative clean fuels have to be available at the key nodes of the network.

Core network corridors will be created as a way to promote the co-ordinated development of infrastructure and resource-efficient ways of using it. The new policy focuses the most critical elements: cross-border projects, interoperability and inter-modality between different means of transport. European co-ordinators will support Member States and project promoters so as to reap optimal benefit from all investments.

Competitiveness of auto industry must not be overlooked in CO_2 review, say Europe's industry ministers

(Source: ACEA, 31th May 2013) During the Competitiveness Council meeting on Wednesday 29th May, EU ministers of industry stated that legislation on CO_2 emissions from cars and vans must not threaten the competitiveness of the European automotive industry.

The European Automobile Manufacturers' Association (ACEA) welcomes that the issue of the competitiveness of the industry – often neglected – has been put to the fore of this debate. It calls on the Council, the European Parliament and the Commission to take this strong message on board in their forthcoming negotiations.

A note circulated by a Council delegation in advance of the meeting stated that "the EU's strategy to improve the fuel economy of new cars and vans is positive and helps vehicle technology to become more efficient, but future objectives for European carmakers should be realistic and achievable to maintain industry competitiveness."

The strategically important automobile sector accounts directly and indirectly for a major share of GDP in many European countries. Today however, the sector finds itself at a critical juncture, with sales of cars having plummeted 22% since 2007.

"Any discussions on new regulatory requirements for the industry must reflect the current economic situation," commented ACEA Secretary General Ivan Hodac. "Considering that most automobile manufacturers are losing money in Europe, the industry needs a regulatory framework as supportive and competitive as possible in order to retain its technological and environmental edge, and to keep production in Europe."

The fact that Europe's legislation is more stringent than in other regions like US, Japan and South Korea creates a clear competitive disadvantage. "The European automobile industry does not exist in a vacuum – it is a global player," said Hodac. "Smarter regulation – accompanied by sound impact assessments – is needed to reinforce the competitiveness of the automotive industry and benefit the European economy as a whole."