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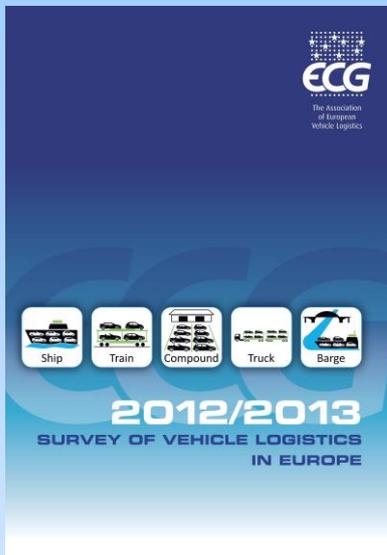
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NEWS FROM BRUSSELS

ECG welcomes Paragon Automotive as a new member

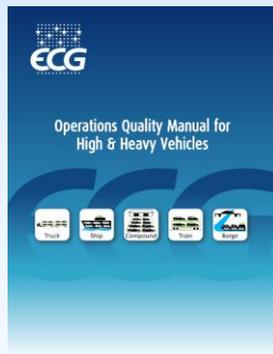
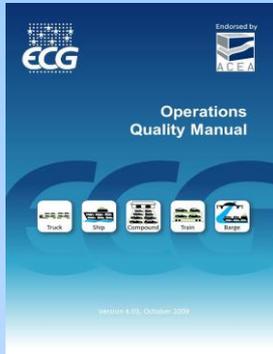
(Source: *ECG*, 18th September 2013) This week, ECG is very pleased to welcome **Paragon Automotive** as its newest member. Paragon Automotive Ltd has recently acquired Stobart Vehicle Services Ltd, a subsidiary of Stobart Automotive formerly "Autologic", from Stobart Group. This acquisition has consolidated Paragon's position as the market leader in vehicle processing and fleet management in the United Kingdom. Paragon Automotive offers a nationwide coverage from its network of vehicle preparation centres supported by its fleet of 110 trucks. Each year, Paragon carries out in excess of 100,000 pre-delivery inspections (PDI) for both cars and light commercial vehicles (LCVs). Used vehicle refurbishment services are provided for OEM's and Fleet companies and the company moves around 1,000 vehicles per day and 250,000 vehicles per year. It also owns 12 compounds of a total area of 2,000,000m².

For more information, please visit the website of Paragon Automotive: <http://www.paragonautomotive.co.uk>.

Mega-trucks proposal runs into political roadblock

(Source: *Euractiv.com*, 16th September 2013) On 17th September, the European Parliament's Transport (TRAN) Committee has debated issues including new aerodynamic aspects of the proposal [from the Commission to review the current Directive 96/53 on Weights & Dimensions], which unite environmentalists and the road transport lobby. But it increasingly appears to be an academic exercise, according to the International Road Transport Union (IRU), even though the Parliamentary Rapporteur, Jörg Leichtfried (Socialist & Democrats, Austria), still expects his report to be adopted at the last plenary session of the year in April 2014, a month before the European elections. "If nothing goes wrong he'll succeed but given the volatility and sensitivity of the whole dossier I doubt it," Marc Billiet, the IRU Head of EU goods policy said. "The proposal is pretty controversial for some Member States and it also lacks clarity in several aspects. The Irish EU Presidency didn't want to touch it. The Lithuanians won't touch it and it remains to be seen if the Greeks and Italians will actually do something with it. It is very unlikely that there will be any clear messages coming from the European Council before the Parliamentary recess next year," he added. The proposed new guidelines are part of a wider revision of the EU's 1996 weights and dimensions directive, whose provisions date back to the 1980s. "Mega-trucks" are vehicles that can be up to 25 metres long, and weigh 60t. They can carry larger volumes and the road industry say using them requires fewer trips. Current rules say that European lorries may be no longer than 18.75 metres and weigh no more than 40t. Members of the European Parliament (MEPs) have fought a small-scale guerrilla war against several of the proposal's measures and, in March 2012, forced the Transport Commissioner Siim Kallas to apologise for neglecting to consult them. The new EU-wide aerodynamics proposals, arguably an environmental sweetener for the legislative expansion of mega-trucks, were presented to the European Parliament in April this year and would add devices to the back of vehicles hitched up to 45ft containers. Environmental campaigners and road hauliers have united to push for a speedy adoption and implementation of these rules. "We see eye to eye [with IRU] on the need for more fuel efficient transport as it means less pollution, and we are on a similar line on aerodynamics as again this is a very simple and cost-effective way of making trucks less polluting," said Nina Renshaw, the Deputy Director of Transport and Environment (T&E), a green think-tank. "But we don't see eye to eye on adding another 50% of weight to each truck," Renshaw cautioned, "it would mean that trucks could be 60t rather than the standard 40t today." Environmentalists say that making road vehicles longer and less manoeuvrable, as IRU proposes, would increase the risk and severity of accidents. "The safety reservation is a huge one," Renshaw said.

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“It is not disputed by anyone that mega-trucks are more dangerous per vehicle, and we don’t believe that there will necessarily be less of them out there because of road pricing schemes,” she added. A report for T&E by CE Delft found that allowing mega-trucks to cross national borders would make freight transport by lorry 20% cheaper. But IRU counters that, so far, truck weights have only increased to 60t in 4 countries – Denmark, Finland, the Netherlands and Sweden – and their main purpose is to carry an additional volume of goods, rather than an additional weight. A recent report by Steer Davies Gleave for the European Commission’s Transport Department on EU road cabotage found “no statistical evidence” to support the view that foreign hauliers were involved in more road accidents than domestic ones. The same paper also noted that “empty running” – lorries driving without a load – was equivalent to about 22% of all vehicle kilometres driven. Reducing this phenomenon “would have a knock-on effect on CO₂ emissions,” the report says. But passenger car emissions, which account for 12% of all of Europe’s CO₂ emissions, also underpin the rail sector’s case against the EU’s mega-trucks. The Association of the European Rail Industry (UNIFE), argues that any expansion of mega-truck sizes would “shift freight transport from rail back to the road, thereby resulting in a considerable increase of CO₂ emissions from transport.” IRU disputes this, arguing that the rail sector is trying hard to block the legislation because of “theoretical estimates” that are rooted in a 3% loss of transport market share by the rail industry.

ECG Note: The presentations from the hearing are available here: <http://www.europarl.europa.eu/committees/en/tran/events.html#menuzone>. ECG members wishing additional information, or a transcript of the debates, please contact tom.antonissen@ecgassociation.eu.

After Eurovignette, EU wonders: “For whom the road tolls?”

(Source: Euractiv.com, 19th September 2013) 7 years after the Eurovignette directive, the European Commission is planning to permanently shift its method for measuring road pricing away from the time that a vehicle has spent on a motorway and towards the distance it has covered, according to a leaked draft directive proposal. Time-based road charging – also known as vignettes or Eurovignettes – for heavy goods vehicles (HGVs) was enabled by a 2006 EU directive. But in the new directive it is dubbed a “suboptimal tool” for applying the “user pays” and “polluter pays” principles which underwrite EU transport legislation. The costs of the system, its enforcement, compliance obligations, and the administrative burden for hauliers are seen by Brussels as “disproportionate compared to the returns.” “Vignettes should therefore be gradually replaced by distance-based charges which are fairer and more efficient,” the draft says. The changeover is planned for 1st January 2019. “Eurovignette doesn’t work to the level we want,” Keir Fitch, Deputy Head of Cabinet for European Transport Commissioner Siim Kallas, said. “We need a new directive,” he added. In a measure that will please the road transport industry but prove controversial with several EU states, a substantial share – “at least 70%” – of the monies raised from such charges should be earmarked for reinvestment in road transport and infrastructure, the paper says. But hauliers may be less happy with the introduction of “mandatory external-cost charges” to compel the industry to “internalise” the estimated €144bn a year from infrastructure, health and pollution-related costs of HGVs. “The external-cost charges are more effective for internalising the external costs of air and noise pollution, and are easier to apply,” the draft says. Multipliers would apply for mega-trucks – or “European Modular Systems” – and for travel across mountain passes. The law would also allow congestion charges to be levied on top of infrastructure charges, so long as they apply “on a transparent and proportionate basis to heavy goods vehicles, light commercial vehicles and cars,” the draft says. The city caps would include a “multiplier” factor of 2.9 for charging HGVs. “With public budgets increasingly constrained, we are convinced that the future of infrastructure funding lies in charging the users of the road; just as trains pay track access charges and planes

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pay airport charges," Kallas told the International Road Transport Union (IRU) conference in Vilnius, Lithuania, on Monday 16th September [See also the IRU press release under the "Press Releases" section of this ECG News issue]. Siim Kallas added that EU action on congestion would follow the "user pays" principle. "Let there be no doubt," he said. "If we are not to lose the benefit of a well-functioning infrastructure, we must act soon to end years of chronic under-investment," Kallas added. Other measures in the draft directive would simplify EU states' notification and reporting requirements, introduce new values for infrastructure and external costs, and ensure greater transparency and non-discriminatory rules for tolling schemes. The proposals received a qualified welcome from Jos Dings, Director of Transport and Environment (T&E), a green think tank. "It is encouraging that the Commission's proposal aims at loosening up on issues like which type of road can be covered, but its renewed insistence on spending the money on roads is as unhelpful as it is pointless," he commented. "National Finance Ministers, not the European Commission, decide on the best use of public resources," he said. The new proposals would also make it easier and quicker for governments to introduce and adapt toll roads. It further specifies that all motorways, expressways and major routes used by trucks should be included in tolls – from which governments would have to opt out – rather than opting-in to such schemes, as it happens at present. Road transport industry representatives said that they supported the inclusion of passenger cars in the congestion charge proposals. "All road users should be included" said Michael Nielsen, IRU's General Delegate to the EU, at the IRU conference. "We think we're already paying for congestion because our trucks are being blocked. This externality is a cost for us," he said. Nielsen backed the "earmarking" of charges levied on road use to maintain and build infrastructure, warning that his industry would effectively be "cross-subsidising" air and rail transport if toll revenues leaked away from the hauliers sector. "If the Commission is making a revision of the directive, it is crucial that money is earmarked to ensure that funds for infrastructure are made available from the money they collect," he said. Some EU states may be irked by any revision to the Eurovignette directive. The British government is believed to be in the process of introducing a vignette system following the EU's last revision of the directive, just 2 years ago. But the EU and environmental groups contend that a better model is needed than the current patchwork of national charging systems. "Smart road tolls make trucks pay for their pollution instead of citizens and give them incentives to clean up and become more efficient," Jos Dings said. "But the EU law has become a deterrent for Member States to introduce such tolls, instead of a stimulus," he added.

European Mobility Week: Vice-President Kallas calls for innovation to make hydrogen cars cost-competitive

(Source: European Commission, 17th September 2013) Zero-emission cars are no longer a distant vision. As part of the European Mobility Week (www.mobilityweek.eu), European Commission Vice-President Siim Kallas participated in a debate about hydrogen and fuel-cell-powered cars on Tuesday 17th September. These cars offer the same benefits as battery electric cars: high energy efficiency, zero tail-pipe emissions and quiet operation. But their range is much longer and their refuelling is quick, which makes them a perfect solution for both urban and long-distance trips. However, the sector is still maturing and needs substantial research and development efforts to become cost-competitive. This is why the Commission is proposing a budget of €700m for centralised research, as part of the Horizon 2020 programme (http://ec.europa.eu/research/horizon2020/index_en.cfm). EC Vice-President Kallas said: "If Europe does not want to be left behind in the race to materialising a low-carbon future, it must innovate. With Horizon 2020, we have a chance to turn brilliant ideas into viable products."



ECG AGENDA

- ▶ **ECG Maritime & Ports Working Group on 24th September 2013** in the Port of Civitavecchia (Port of Rome), Italy
- ▶ **ECG Eastern Regional Meeting on 26th September 2013** in Budapest, Hungary
- ▶ **ECG Academy Alumni Meeting on 27th September 2013** in Frankfurt, Germany
- ▶ **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
- ▶ **ECG UK & Ireland Regional Meeting on 29th October 2013** – TBC
- ▶ **ECG Maritime & Ports Working Group on 07^h November 2013** in the Port of Marseille Fos, France
- ▶ **ECG Board Meeting on 28th November 2013** in Munich, Germany
- ▶ **ECG Spring Congress & General Assembly on 22nd & 23rd May 2014** in Athens, Greece

AUTOMOTIVE INDUSTRY

Toyota plans RAV4 output in Russia after plant expansion

(Source: *Automotive News Europe*, 18th September 2013) Toyota will invest around 18bn yen (€135m) to expand capacity at its St Petersburg plant in Russia where it will start assembling its RAV4 compact Sport Utility Vehicle (SUV) in 2016, the carmaker said. While car sales have been declining for 6 consecutive months in Europe's 2nd biggest market due to an economic slowdown, Toyota has seen sales of the RAV4 rise by 43% to 27,000 vehicles in the first 8 months of the year. At the expanded plant, Toyota will build up to 50,000 RAV4 vehicles a year based on the complete knock-down system, the company said in a statement. The plant, where Toyota currently makes the Camry sedan, now has an annual capacity of 50,000 vehicles. "Demand is growing and the RAV4 has become Toyota's best-selling model in Russia, so we will start producing the model locally based on a longer term standpoint," Ryo Sakai, a Toyota spokesman, said. Russia grants incentives to encourage foreign carmakers to localise production and that would also help Toyota build more vehicles there, he added. The RAV4 is the 4th best-selling SUV in Russia after the Dacia Duster, the Chevrolet Niva and the Lada 4x4. The RAV4 accounts for nearly a quarter of Toyota's sales in Russia. Toyota has seen car sales in Russia drop 3% year-on-year this year, compared to a 7% decline in overall car sales in the country. Sales have grown in recent years. In 2012, the carmaker sold 169,000 vehicles in Russia, up 26% from 2011, while Russia's total auto demand rose 11% to 2.94m vehicles, Sakai said.

Daimler furthers alliance with Renault-Nissan

(Source: *Automotive Logistics News*, 17th September 2013) Daimler and Renault have announced a step forward in the merger of their operations with an agreement to produce light commercial vehicles together. The new van models will be designed and produced in Japan. The move comes as the carmakers continue plans for a joint engine production plant in Decherd, Tennessee, set to go online in 2014. The manufacturers have been steadily adding schemes and initiatives over the past 3 years of their alliance. Originally, the partnership focused its efforts in Stuttgart through Daimler's Smart city cars and Mercedes delivery vans. At the Frankfurt Motor Show, the companies confirmed that Renault-Nissan will supply Daimler with the NV350 Urvan, which will be sold in selected export markets and branded under Mitsubishi Fuso.

Fiat will produce 5 new models in the next 2 years

(Source: *Automotive News Europe*, 18th September 2013) Fiat plans to produce 5 new models in the next 2 years as it seeks to return to profitability in the Europe, Middle East and Africa (EMEA) region, the company said. A spokesman for the company confirmed an interview in the daily *Corriere della Sera* in which Alfredo Altavilla, Fiat Group's Head of the EMEA Region, said the automaker would produce 4 models of the 500 minicar family and one new version of its Panda minicar. "We are redesigning the DNA of the Fiat brand with a clear strategic objective to position it in the premium segment of the market," Altavilla told the paper. "To do this, we are focusing on 2 of our car families which have had the greatest success: the 500 and the Panda," he added. Altavilla said the plan was part of the company's objective to return to profitability in the EMEA region in 2015. The paper gave no indication where the 5 new models would be manufactured, but said the new Panda would have more off-road type characteristics to be able to compete with SUVs. Altavilla also said Fiat would, within a few weeks, finalise an important collaboration in Russia, but did not give any further details. Recovery in the European car sector is expected to be long and slow as unemployment remains high and bank lending weak. At the Frankfurt Motor Show, European carmakers warned the industry still needed to close more



Events in Brussels

EU Mobility Week, by the European Commission on 16th-22nd September 2013

<http://www.mobilityweek.eu>

European Transport Forum, by the Volvo Group on 15th October 2013

<http://europeantransportforum.eu>

ECG will attend

TEN-T Days, by the European Commission on 16th-18th October, Tallinn, Estonia

http://tentea.ec.europa.eu/en/news_events/events/ten-t_days_2013.htm

Clean Power for Transport Conference, by the European Commission DG MOVE on 21st October 2013

http://ec.europa.eu/transport/themes/urban/events/2013-10-21-cpt-conference_en.htm

ECG will attend

Logistics Conference 2013, by the European Commission DG MOVE on 7th-8th November 2013

http://ec.europa.eu/transport/media/events/2013-11-logistics-conference_en.htm

ECG will attend

European Logistics Summit, by the Alliance for European Logistics on 27th November 2013

<http://www.logistics-summit.eu>

ECG will attend

4th Intelligent Transport Systems Conference, by the European Commission DG MOVE on 2nd December 2013

http://ec.europa.eu/transport/themes/its/events/2013_12_02_its_conference_en.htm

ECG will attend

factories and cut more jobs to staunch losses at some manufacturers and ease price pressures for all automakers.

Renault and Bolloré work towards sustainability with electric vehicles

(Source: *Automotive Supply Chain*, 13th September 2013) Following the success of Bolloré's Autolib' electric car sharing service – installed in Paris, France, in December 2011 – the Renault and Bolloré groups will look at the possible founding of a joint venture to win and implement new sustainability-themed projects. As of February 2013, the Autolib' scheme has more than 65,000 registered subscribers, and offers 4,000 charging points in 55 municipalities in and around the Paris region, with contracts already won by the Bolloré Group in Lyon, Bordeaux and Indianapolis. Renault mentioned the possibility of joining forces with the Bolloré Group by taking a stake in Bluey in Lyon and in Bluecub in Bordeaux. One reason for the venture may be the unexpectedly high numbers of subscribers that the Bolloré's electric vehicles have encountered, as the 2 groups will look at the possible transfer of some production processes to the Renault Group's Dieppe plant, alongside the supply of parts and components by Renault. There are also some new production ideas, with Renault possibly providing the Bolloré Group with the development and production for a 3-seater electric vehicle with a range of over 200km. The Autolib' Bluecar is available to anyone aged 18 or older with a valid French driving license, or a valid foreign license plus the international driving license, who takes out a paid subscription of €500 per month.

Nissan strikes a new Note in Sunderland

(Source: *Automotive Logistics News*, 18th September 2013) Nissan has begun production of the new Note model at its Sunderland plant in the UK. The compact Multi-Purpose Vehicle (MPV) is set to further boost revenues in Sunderland following an investment of £125m by Nissan. These funds were secured with a £9.3m grant from the UK government's Regional Growth Fund. The new version of the Note will be made alongside the Qashqai and Juke models, as well as the new Leaf electric vehicle, which went into production there in April this year. In addition to vehicle assembly, the new Note has brought additional work to the Sunderland plant and its supply chain in axle production, cylinder head casting, camshaft machining and engine assembly. John Martin, Nissan Europe's Senior Vice-President for Manufacturing, Purchasing and Supply Chain Management, said that the Note's combination of "design, technology and safety features" made it an exciting and innovative model. "This investment is further endorsement of our Sunderland plant, which is now an international benchmark for productivity and quality," he said. Michael Fallon, the UK's Minister of State for Business and Enterprise, added that the move came as a result of government and industry working together. He said that production of the new vehicle would bring a welcome boost to the workforce and to the greater UK's North East economy as a whole. "Working in partnership with industry, our automotive industrial strategy sets out how we will secure the long term future of the sector as a UK success story, by growing our share of the value chain and by getting ahead of the game in research and development on the vehicles of tomorrow," Fallon said. It is estimated that the Note will result in the creation of 2,000 new jobs in the automotive industry in the UK, which includes 400 at Sunderland. This means that there are currently 35,000 people employed in Nissan's British workforce. Nissan has remained Britain's biggest car producer and has been since 1998. Over £3.5bn was originally poured into the Sunderland plant in 1986. The plant now exports 80% of production to 97 markets. In 2012, the group produced more than 510,000 vehicles. Its newest model will see Nissan's busiest launch period in Europe since its conception, which is a further proof of its goal to become Europe's best-selling Asian brand.

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EUROPE

Autolink expands services at Malmö

(Source: *Automotive Logistics News*, 18th September 2013) Copenhagen Malmö Port (CMP) has added 45,000m² of new terminal space for vehicle handling at Frihamnen in Malmö, Sweden. The area has been added to accommodate traffic handled by finished vehicle distribution company **Autolink**, which needs capacity to meet growing demand according to the port. The company has secured new volumes and needs additional space for its pre-delivery inspections (PDI) terminal for vehicles being shipped to customers in Scandinavia and the other countries in the Baltic region. CMP's 4 terminals handle up to 40,000 cars from all over the world according to the company. The area, which was previously part of an old dock in Frihamnen, has now been filled with dredged material. One third of the space was taken into use in 2012. "The expansion of Autolink and other companies in the area shows that the region is developing rapidly," said Johan Röstin, Chief Executive Officer of CMP. "The completion of the new terminal also shows that CMP is able to grow with its customers and offer adapted logistics flows; and that we are able to make unused land available to both existing and new customers in a short time. In this way, CMP can be a distribution hub for additional operators supplying a wider region, for example the Baltic States."

Odette Guidelines could make GHG emissions reporting easier

(18th September 2013) In order to support the ambitious carbon reduction targets that governments have set for 2020 and beyond, the transport industry will be pushed to implement carbon reduction strategies over the next few years. Freight Greenhouse Gas (GHG) reporting is therefore becoming an increasingly important topic for this sector as it is one of the first steps towards the reduction of the GHG emissions. Yet there is often confusion about which methods to use and how to obtain the data. To answer these questions, Odette has published a document entitled "Guidelines for Reporting Freight Greenhouse Gas Emissions". These guidelines, produced by a project team made up of vehicle manufacturers and technical experts from France, Germany, Sweden, Turkey and the UK, will assist all those involved in understanding the basic principles. It promotes a consistent approach that will support both recent and future standards, business and legislative requirements. Rather than introducing new methodologies, the Odette Guidelines make clear recommendations based on the use of the most appropriate existing initiatives. These include the general recommendations from the Greenhouse Gas Protocol, the new European CEN standard and the requirements of the new French legislation which are taking effect from Tuesday 1st October 2013. Even though companies may have different objectives for GHG reporting and may use different calculation methods, the over-riding principle promoted by the Odette Guidelines is that the methods used should be clearly explained and that they should be based on publicly recognised approaches. These guidelines, aimed at all professionals involved in transportation within the European automotive industry, provide the following benefits: the use of recognised methods that can be used to answer information requests from customers and government bodies; a list of 6 simple steps to success for anyone reporting; an alignment to new French legislation and the new European CEN standard; an ability to support Corporate Sociability and Sustainability surveys without duplication of effort; the move to a better harmonisation of emissions reporting amongst service providers and transport users; and the alignment with other industry sectors. Sjoerd Ewals of Ewals Cargo Care commented on these guidelines saying that they were providing "a comprehensive outline on today's available information regarding freight greenhouse gas emissions." He went on to say that this information was "for any industry sector and helpful for both decision makers and 'newcomers' to the topic." To download a free copy of the "Guidelines for Reporting Freight Greenhouse Gas Emissions" please go to: www.odette.org.



Russia backs down from costly customs dispute

(Source: *Euractiv.com*, 17th September 2013) Earlier this year, the Russian Federation decided to forgo a UN Convention called TIR that guarantees a country's tax revenue from goods travelling through its territory, claiming that it was owed 20bn rubles (€650m) in unpaid levies. Russia, Europe's 3rd largest trading partner, then decided to impose its own national guarantees on goods entering the country from the European Union and other territories. European officials denied that Russia was owed any unpaid taxes, and speculation has been rife as to Russia's motivation for the move. Sources have openly questioned whether the new national tax guarantees were designed to temporarily boost the Russian budget, or an internal dispute between the Customs Ministry and the body in charge of dealing with TIR requests – The Association of International Road Transport Carriers (ASMAP). But on Friday 13th September – the day before a negotiating deadline – Andrey Belyaninov, Head of the Federal Customs Service, announced that the national guarantees would only apply to customs offices "subordinate to the Siberian and Far Eastern Regional Customs Departments" until 1st December 2013. In other words, European hauliers would no longer have to pay the extra guarantees beyond TIR and have their goods taken out and re-registered at the Russian border. But the Russian Minister may yet re-impose the decision after 1st December, when ASMAP's contract with the government runs out. Algirdas Šemeta, the European Tax and Customs Commissioner, believes that EU-level pressure brought the temporary end to the dispute. "I think it is due to direct European pressure that Russia decided to stop the measure," Šemeta said. "I sent a letter on Tuesday 10th September to the Russian Customs Minister Andrey Belyaninov. The Ambassador passed the letter on to the Minister on Friday 13th September and he decided that the measure would only apply to Siberia and to the Far East from Friday 13th September," he said. The Russian decision to forgo TIR and impose national guarantees was supposed to enter into force on Saturday 14th September. Šemeta hopes that the decision to postpone the measure will buy the EU enough time to settle the issue with Belyaninov. "Until December this year we have the time to negotiate and have an agreement with Russia," he said. "I want an agreement that will protect European carriers. The Russian measure is clearly against the UN's TIR Convention," the EU's top tax official added. The border dispute has already caused significant disruption, due to European hauliers having to pay extra guarantees and cargo arriving hours and sometimes days late. Under the TIR system, hauliers pay an average of \$70 (€52) per trip. While the Russian Customs Ministry has said that the new national system would be cheaper, IRU estimates that new national guarantees would cost between \$300 and \$3,000, if additional costs such as service brokers were taken into account. IRU is one of the largest actors in the TIR system, issuing some 3m "carnets" – or guarantees – around the world every day. IRU Secretary General Umberto de Pretto expressed dismay at the Russian Minister's decisions. "IRU issues about €1bn in bank guarantees for hauliers every day. Do you think that as the Secretary General of this organisation I'm going to allow these to continue in a situation like this? It's really pushing things to the limit," he said. Part of the Russian Federal Customs Ministry's motivation for halting its compliance with TIR was that the number of customs' complaints was rising. To add to the confusion, before the current flare up, IRU had considered Russia a model of effectiveness under the TIR system due to its low number of payment disputes. "Russia said the number of disputes was increasing. There are only 8 on-going disputes. 8 cargo loads. And you're going to call into question an entire international agreement?" de Pretto said. "If you want to claim that you are owed €650m, you have to provide documentation," he added. IRU Secretary General added that if the dispute continued, many EU countries would have "good grounds" to lodge a complaint with the World Trade Organisation (WTO), of which Russia only became an official member in August 2012. Lithuania, an important transit region for cargo travelling between the EU and Russia, is the world's highest per-person beneficiary of TIR. Lithuanian officials had therefore lobbied Russia heavily to continue using the international convention. But within a matter of days, Russia decided to increase controls on vehicles entering the country from Lithuania, pulling cargo out and leaving it by the roadside as customs officials carried out their own checks. "This appeared to be retribution," said Marek Retelski, Head of the TIR Department at IRU.

Short sea sector hit by "worst crisis in a generation"

(Source: *LloydsLoadingList.com*, 17th September 2013) The short sea sector is living through the worst crisis in a generation and is being hit by numerous negative factors, the boss of a leading Dutch operator in the segment has warned. Bart Otto, Chief Executive of Flinter Shipping, said that consumer demand is still subdued in many sectors. For instance, Flinter's trade in timber from Northern Europe to Spain has collapsed since the Spanish housing bubble burst. The price of bunkers remains high and Flinter simply cannot afford to install scrubbers, he admitted. Regulatory requirements on emissions and ballast water will be expensive to meet. "This industry is really struggling big time, and needs a recovery fast. I'm not sure it will come any time soon," he said. Margins remained very thin on smaller vessels, and operators should do what they can – within the law – to keep rates as firm as possible, he added.



Ireland to crack down on UK hauliers' abuse of cabotage in the Republic

(Source: *Commercialmotor.com*, 13th September 2013) The Road Safety Authority (RSA), the agency responsible for road haulage enforcement in Ireland, is investigating allegations that foreign hauliers have been operating illegally and flouting cabotage rules in the Foynes port area of Limerick. The Irish Road Haulage Association (IRHA) claims that licenced hauliers in the region feel discriminated against after out-of-state operators, mainly from Northern Ireland and the British mainland, have allegedly been taking on more local work than cabotage restrictions allow. Under European law, foreign operators are only allowed to carry out 3 cabotage operations within 7 days of completing their incoming international delivery. However, IRHA President Eoin Gavin said that the association believes 30% of haulage firms operating in southern Ireland are not from the country. Gavin said: "Irish hauliers feel discriminated against in favour of out-of-state operators. The association has provided intelligence led information to the enforcement agencies to assist their efforts to combat this practice." He added that police have said they would be taking a tougher stance on enforcing cabotage restrictions, in response to a protest held by IRHA on Tuesday 10th September. A spokeswoman for RSA confirmed that it was aware of the allegations, which are currently under investigation. "While the Road Safety Authority does not comment on individual cases while subject to investigation, it can confirm that the matter has been brought to the attention of both the Department of Transport, which is the licensing body for the haulage industry, and [police force] An Garda Síochána," she said.

REST OF THE WORLD

Jack Cooper set to buy Allied Holdings

(Source: *Automotive Logistics News*, 18th September 2013) North American vehicle haulier Jack Cooper is to acquire the business of bankrupt rival Allied System Holdings following a confirmed successful bid. "The Bankruptcy Court Judge in Delaware confirmed that Jack Cooper Holdings Corporation was the successful bidder in the 363 auction sale of Allied Holdings," Michael Riggs, Chairman of Jack Cooper Holdings, said. "This is a proud day for the Jack Cooper team," he added. Allied went into Chapter 11 proceedings in 2012 following filings against the company from 2 lenders that were involved in litigation against it since 2009. The purchase by Jack Cooper remains subject to government approval before it is finalised, a process that could be completed in the next 4-6 weeks, but will be decided by 31st December this year at the latest. "We are hopeful to come in somewhere in the middle of that timeframe," said Riggs. According to Riggs, the transaction is good news for all stakeholders, including employees, customers, lenders, suppliers, as well as being of benefit to pension funds and stockholders. The acquisition of Allied's assets will mean a combined fleet of 4,000 total trucks and trailers. Jack Cooper already has the largest active car carrier fleet in the US, and the company is now expected to reach \$1bn in annual revenue in 2014. Following Chapter 11 proceedings last year, Allied announced it would be closing terminals and locations, as well as looking for cuts in overheads, and the elimination of debt, to reposition itself as a more profitable business. The carrier emerged from a previous Chapter 11 proceeding in 2007 but was hit badly by the downturn in the US market in 2008. In 2011, Allied withdrew its distribution services for Chrysler and GM following a dispute over employee pay and haulage rate rises. Facing strike action related to a 20% wage cut it had proposed to staff to reduce costs, Allied tried to raise the haulage rates charged to the carmakers, something they were reported to have rejected, which prompted the withdrawal of services by Allied. Jack Cooper picked up part of that business, which involved delivery contracts for up to 550,000 vehicles per year from 15 assembly and distribution centres in the US and Canada. It invested \$12.5m at the time, to purchase 175 used transporters and redeployed 300 rigs from its existing laid-up fleet. The haulier is now benefiting from an improvement in business in the North American market, something Riggs acknowledged at the Finished Vehicle Logistics conference held in California back in June this year, when he noted there was now more financing and access to capital.

Toyota increases Argentinean production

(Source: *Automotive Supply Chain*, 19th September 2013) Toyota Argentina SA (TASA) will increase the annual production capacity at its Zarate plant to 140,000 units at the end of 2015. The plant currently produces 92,000 units of the Hilux and Fortuner models, but further growth in demand is expected in Latin America and exports are also likely to increase by approximately 110,000 units annually. Roughly £1.7bn is to be invested in the capacity increase and the updating of existing production facilities. "Toyota remains committed to activities that are regionally rooted and to contributing to the development of Argentina's automobile industry and economy," added a Toyota press release. Toyota positions TASA as a supply base for the "Innovative International Multi-Purpose Vehicle" (IMV) series of the Hilux pick-up truck, the Innova minivan and the Fortuner SUV to export throughout the Latin American market. In 2012, TASA exported 63,000 vehicles, accounting for approximately 70% of its total annual production, to Brazil and 14 other countries in Latin America. The IMV plant started production in 1997 and employs 4,300 people.



Two Audi models produced in Brazil by 2015

(Source: *Automotive Supply Chain*, 18th September 2013) As of 2015, Audi will produce the Q3 and A3 models in São José dos Pinhais, Brazil. The company intends to invest around €150m to prepare the site for production. "By producing in Brazil, we will create the basis for further growth in the region," said Rupert Stadler, Chairman of the Board of Management of AUDI AG, who also announced that the Audi Sales Department would more than double the size of the dealer network by the end of the decade. "Also in Brazil, our goal is to lead the premium segment," he added. Stadler and Dr Bernd Martens, Member of the Board of Management for Procurement, met members of the Brazilian government to mark the occasion of announcing a Audi production site. "For the production of the A3 Sedan, we want to purchase a lot of components locally; we therefore plan to establish close relationships with Brazilian suppliers at an early stage," explained Dr Martens. In late 2013, Audi will expand its worldwide production network when the 2nd Audi plant in China starts production in Foshan, and the company plans to produce cars in Mexico by 2016. The city of São José dos Pinhais is the 3rd powerhouse of Brazil automotive industry, housing automakers Volkswagen, Audi, Nissan and Renault.

VW says US plant could make small SUV by 2016

(Source: *Automotive News Europe*, 18th September 2013) Volkswagen plans to debut a subcompact Sport Utility Vehicle (SUV) in the United States as soon as 2016 and may build it at its Tennessee factory. "Chattanooga is in the lead to build the small SUV," Marc Trahan, Executive Vice-President of VW of America, said on Tuesday 17th September. "We've made a significant investment in Chattanooga and it's one that we want to have its full potential realised," he added. Trahan's statement was the clearest signal yet that the Chattanooga plant could get the vehicle, which could also be produced in Mexico depending on what VW decides. Volkswagen is looking to increased deliveries in the US to help it achieve its target of becoming the world's largest automaker by 2018. US sales of VW-brand vehicles – including the Passat sedan produced at the \$1bn Tennessee factory – fell 1.3% to 282,913 this year through August. VW will decide where to build its small SUV by the end of 2013, and cost will be the determining factor, Trahan said. At this stage, the Chattanooga plant would beat a VW factory in Mexico, he said. "For me, the answer is obvious, but we have to go through a pretty deliberative decision-making process," Trahan said. "Additional product will go in the Chattanooga plant. It's not a question of 'if'. It's a question of when and what," he concluded.

PRESS RELEASES

The European Commission, the Lithuanian Presidency on behalf of the Council of the EU and the IRU agree to jointly tackle challenges and further improve road transport efficiency to support growth

(Source: *International Road Transport Union – IRU*, 16th September 2013) The 3rd IRU/EU Road Transport Conference "The Road Transport Market – Competitiveness and Partnership: Transforming Challenges into Effective Solutions for Growth" held on Monday 16th September in Vilnius, Lithuania, brought together some 200 political, transport and trade leaders from all 28 EU Member States as well as representatives from many Eastern Partnership states. The conference, jointly organised by the Lithuanian Presidency of the Council of the European Union, the European Commission and the International Road Transport Union (IRU), focused on the main challenges facing the road transport industry, and how to transform these challenges into effective solutions for growth, through co-ordinated action at political and industry level, and called for all signatories of the UN TIR Convention to fully respect their obligations under the agreement.

Keynote speakers included the Lithuanian Minister of Transport, Rimantas Sinkevičius, the Vice-President of the European Commission responsible for Transport, Siim Kallas, the IRU President, Janusz Lachny and DG MOVE Director General, Matthias Ruete, amongst others.

There was a broad consensus among the participants of the conference that the establishment of increased co-operation and partnerships will be essential in order to meet the on-going challenges that the sector faces and thereby stimulate growth in the EU, as well as ensure an even more efficient road transport sector. Participants thus affirmed, in order to deliver the economic growth and social and environmentally sustainable mobility needs of all EU companies and citizens:

- the importance of commercial road transport as a vital production tool to support growth;
- the desire to continually improve road safety and the security of the transport chain through high quality training, information systems and high quality enforcement across Europe;



- the imperative need for efficient crossing of external borders, and thus for ensuring that all related international conventions are fully respected;
- the need for continuously improving traffic flows and ensure sustainable mobility through the best use of existing infrastructure, filling the missing links as well as concluding without delay international passenger transport agreements.

With the view to achieve a more efficient EU road transport sector to support growth and mobility needs, the conference addressed the following points namely to:

- bring pressure on signatories of international trade facilitation treaties and conventions to ensure that signatories fully comply with their international obligations in order for trade to flourish thereby underpinning sustained growth and prosperity;
- focus on amending appropriate weights and dimensions rules to allow aerodynamic, efficiency gains and road safety improvements for vehicles and equipment, and to promote efficient connections between modes;
- ensure adequate social conditions in the road transport sector and the implementation of more harmonised and co-ordinated inspection regimes in relation to, for example, roadworthiness, as well as a more harmonised infringements handling, including the level of fines;
- provide support for the increased use of collective passenger transport in particular by bus, coach and taxis.

Rimantas Sinkevičius, EU Transport Council President and Minister for Transport of the Republic of Lithuania, said that “countries want to have long-lasting and reliable transport and logistics policy across international borders,” and invited participants “to further develop more effective and streamlined mechanisms for international road transport and trade facilitation.”

The Vice-President of the European Commission Mr Kallas highlighted: "More and more goods are carried on the road between the EU and our neighbours. This is a good and healthy sign of closer integration of our respective markets. It will support economic growth to the benefit of everybody."

IRU President, Janusz Lachny, noted: “It should be remembered that commercial road transport is the only transport mode which provides door-to-door service and complements all other modes; so I welcome the recognition of the need for even closer partnerships with the road transport sector in order to meet today’s challenges. I can only stress how such close co-operations are necessary to challenge, for instance, unilateral decisions taken by countries to change their compliance with international agreements, such as the United Nations TIR Convention. Only by working together can we ensure that measures taken by individuals can be stopped, and thus avoid that international trade and economic development will be curtailed. It should finally be said that the IRU expects that the increased co-operation will avoid situations where increasing restrictions and costs, or limiting possibilities for innovation for road transport operators, will reduce competitiveness and the economic viability of the many small and medium-sized road transport enterprises.”

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The B2MOS project paves the path for Businesses to connect to the Motorways of the Sea

(Source: *Escola Europea de Short Sea Shipping*, 17th September 2013) 22 partners and 5 implementing bodies from Spain, Italy, Slovenia, Greece, Germany and the United Kingdom have joined together under a common cause: to boost the ability of short sea shipping to compete on more door-to-door corridors and facilitate the development of TEN-T Motorways of the Sea network connecting Europe, bridging the gaps between TEN-T corridors and revitalising peripheral regions.

All of this will take place under the Business to Motorways of the Sea (B2MOS) project – co-financed by the Trans-European Transport Network (TEN-T) and with the participation of the European Commission DG MOVE. The project is contributing to establishing a European maritime space without barriers by facilitating and simplifying compliance with regulations, and by promoting intermodal sustainable transport solutions that reinforce the Motorways of the Sea (MoS) strategy and that take full advantage of existing port facilities and short sea capacities.

At the beginning of October this year, the 22 partners and 5 implementing bodies will officially kick-off the project in Valencia. The Valenciaport Foundation and the Port Authority of Valencia will be the hosts of this event, which will clearly explain and clarify the objectives, activities, and the interoperability studies and 14 pilot initiatives that will be



carried out in the period from July 2013 to December 2015. This meeting will also specify the plans for the Maritime Single Windows in the 6 participating countries – Germany, Greece, Italy, Slovenia, Spain and the United Kingdom.

The B2MoS global project, through its activities, intends to demonstrate how the application of emerging and existing technologies, sustained by efficient communication procedures and collaborative information exchanges among public and private stakeholders, can improve, promote and simplify the use of multimodal short sea services by using the existing maritime links and facilities, connecting maritime, road and rail resources optimally through the use of European Motorways of the Sea.

This global project was already initiated by the MOS4MOS Action approved during the 2010 Call and selected as one of the successful TEN-T project implementations in 2012, and published in the "10 (More) of TEN" publication by the TEN-T Executive Agency. The new B2MOS Action extends the work started during MOS4MOS further than just the Mediterranean region, and explores interactions with ports of neighbouring third countries for a smooth access to the MoS.