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ECG – The Association of European Vehicle Logistics
Issue 13.41, 14th – 18th October 2013

CONTENTS

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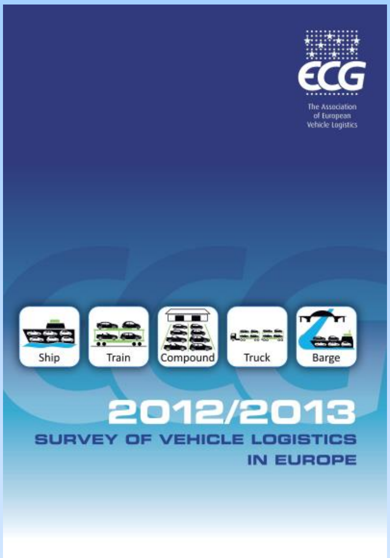

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NEWS FROM BRUSSELS

Better times ahead for the European vehicle logistics sector

(Source: Automotive Logistics News, 15th October 2013) With vehicle sales across the EU finally heading in the right direction, carmakers and providers cited the need for increased efficiency, cost reduction, and understanding government regulations as key to success in 2013 and beyond. The European finished vehicle logistics sector will get some much-needed relief as the automotive market at last appears to have hit the bottom of a 6 year decline in the sale of new vehicles, with the region likely to return to modest growth next year, and steadily rise for the rest of the decade. That, at least, was the view shared by market analysts and executives from global carmakers and logistics providers last week at the **ECG Conference in Berlin**. The annual event brings together Europe's automotive manufacturers with members and suppliers that make up **ECG – the Association of European Vehicle Logistics**. "We might be at the end of a very bad period. Even if the market is stable, there will be an increased demand for transport," said Costantino Baldissara, President of the association, as well as Commercial and Logistics Director at Italian shipping firm, **Grimaldi Group**. According to Michel Costes, President of Paris-based analyst firm Inovev, sales for the European Union will finish this year 4% lower than 2012 at around 12m vehicles – a 25% decline from the market's 16m-unit peak in 2007. This will have included drops for every major market this year, except for the UK. But numbers will turn positive for most other markets in 2014. European production, following a 6.8% drop in 2012, should already rise modestly this year to close to 20m units – including Russia. Some carmakers, notably premium brands such as Daimler and BMW, are anticipating stronger growth than others. Daimler, for example, has been increasing its production footprint, including growing production at its plant in Hungary, which opened last year, as well as contract manufacturing or alliance agreements in Russia, Finland and France. While the potential return to growth is certainly good news, analysts at Inovev pointed out that increases would be small, and that the European market has undergone a structural change that meant it would be unlikely to return to 2007 sales levels for the foreseeable future. The company's 4-year outlook for the EU envisions sales only reaching around 13m passenger cars by 2018. There was better news, however, for both the global automotive market and the wider European picture. Worldwide vehicle sales and production are expected to rise further, driven by recovery in North America and growth in China and Asia. Closer to home, production in central and Eastern Europe has grown even as plants in Western Europe suffer from excess capacity. Sales in Russia, meanwhile, are anticipated to recover after a decline in sales this year and reach levels similar to Germany by 2016, while sales and vehicle exports to North Africa – especially for French carmakers in Algeria – remain particularly strong. Björn Svenningsen, Head of the Car Transport Sales department at short-sea shipping provider **UECC**, said that the company now has vessels calling Algeria, Tunisia and Libya. "We will move about 150,000 cars this year to North Africa, including 3 vessels that are serving Algeria," he said. Along with economic shifts, it is also an important time for European regulation. "Just as the economic climate has an impact on your business that you have to manage, so too is European policy important for your business," said Christos Economou, Deputy Head of Unit Land Transport at the European Commission. The European Commission (EC) is currently proposing changes to its directive on weights and dimensions for trucks, which would have impacts on the allowable lengths, heights and weights of car transporters across Europe. The EC has also recently established a new budget for funding infrastructure, which could have impacts on multimodal projects. ECG has stepped up its lobbying efforts in Brussels, and the conference revealed that it could be getting closer to achieving some long-term goals, particularly around harmonising allowable loaded lengths for car transporters. However, with political tensions running high, and with Member States and political parties expressing very different views on issues such as

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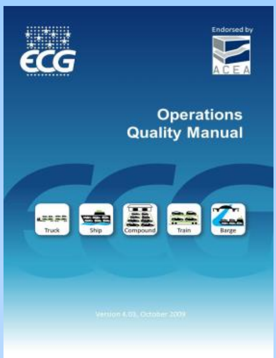

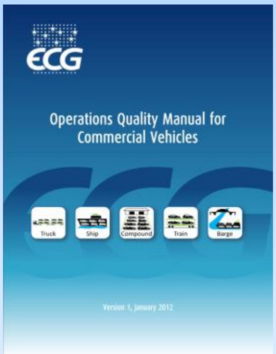

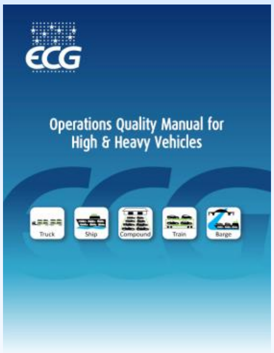

- Written by the Quality Working Group and the H&H Working Group composed of OEMs and LSPs.
- The manuals can be downloaded from: http://www.ecgassociation.eu/PublicationsReports/ECGOperationsQualityManuals.aspx

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truck lengths, foreign operator rules and road charging schemes, there are risks that the needs of the niche vehicle logistics sector could be ignored or passed over. With the market highly competitive, and many volume carmakers still with excess production capacity, cost pressure on vehicle logistics providers is likely to continue. “Cost reduction is the number one priority in my job, and the reason why I’m paid to go to work every day,” admitted Lutz Quietmeyer, Manager of Distribution Schemes for Alliance Logistics Europe at Renault Nissan. However, the good news is that the industry appears more committed to working together to reduce costs than in the earlier years of the crisis, when carmakers tended to impose unilateral rate reductions. At Renault Nissan, for example, the carmaker has put considerable efforts into combining volume between its brands, and in decreasing empty backhauls across all transport modes. Quietmeyer emphasised that it was “up to all of you providers” to work with the carmaker to find the best opportunities. At Volvo Car Corporation, meanwhile, Magnus Ödling revealed how the carmaker had taken its logistics management and purchasing back in-house over the past year or more, and that it had led to carmaker’s management actually valuing more its relationship with logistics partners. “We are open to working with providers to find new concepts and solutions. We recently worked with UECC on an alternative route to Russia, for example, which took a southern route via Italy,” said Ödling, who is Head of Network Strategy and Business Applications for Inbound and Outbound at the Swedish carmaker. ECG, meanwhile, continues to meet regularly with representatives of the Automotive Logistics Working Group at ACEA, the European automotive manufacturing association. ECG has also recently expanded its co-operation with **AIAG**, a supply chain association in North America with more than 1,000 members, including carmakers and logistics providers.

To read a full report on the 2013 ECG Conference, please click on the following link: http://www.ecgconference.org/

EU grants of almost €1.6bn to support key TEN-T infrastructure projects

(Source: European Commission DG MOVE, 16th October 2013) The European Commission (EC) has selected a total of 172 projects that will benefit from almost €1.6bn in EU co-financing from the trans-European transport network (TEN-T) programme for improving transport infrastructure across Europe. 89 projects selected from the 2012 Multi-Annual Call and 83 from the 2012 Annual Call will use this financial support to help realise TEN-T network development – ranging from preliminary studies for new projects to top-up grants aimed to help assist on-going construction initiatives, in all transport modes. Commission Vice-President Siim Kallas, responsible for Transport, noted: "Trans-European networks in transport are some of the best examples of the value the EU can bring to its Member States. A well-functioning network is essential to the smooth operation of the single market and will boost competitiveness. These projects will also assist Europe in moving to a more sustainable future and allow the same market access to all our regions." The 2012 Multi-Annual Programme Call provided €1.348bn of funding to projects financing the highest priorities of the TEN-T network, focusing on 6 modal areas: Air Traffic Management (ATM) – 3 projects selected, €58.8m in funding; European Rail Traffic Management System (ERTMS) – 14 projects selected, €68.33m in funding; Intelligent Transport Systems and European Electronic Toll System (ITS & EETS) – 2 projects selected, €3.58m in funding; Motorways of the Sea (MoS) – 13 projects selected, €169.37m in funding; River Information Services (RIS) – 4 projects selected, €3.43m in funding; Priority Projects (PPs) – 53 projects selected (39 new projects, 14 on-going projects), €1.044bn in funding. The 2012 Annual Programme Call gave financing for a large number of smaller projects covering the different modes of transport. This Call granted €247.20m in total funding in 4 main priority areas: Priority 1 – Acceleration and facilitation of the implementation of TEN-T projects (inland waterways, multimodal, maritime, rail, road) – 67 projects selected, €211.36m in

ECG Academy

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funding; Priority 2 – Measures to promote innovation and new technologies for transport infrastructure – 6 projects selected, €13.74m in funding; Priority 3 – Support to Public-Private Partnerships (PPPs) and innovative financial instruments: 3 projects selected, €5.75m in funding; Priority 4 – Support to the long-term implementation of the TEN-T network, in particular corridors: 7 projects selected, €16.35m in funding. The individual funding decisions will be gradually adopted by the European Commission during the months of October and December 2013. In the framework of the TEN-T days 2013 in Tallinn, 32 of these individual decisions will be handed over to the Ministers and Secretaries of State. The projects will be monitored by the TEN-T Executive Agency (TEN-T EA), working together with the project beneficiaries across the Member States and under the auspices of the Directorate-General for Mobility and Transport (DG MOVE) of the European Commission.

ECG Note: *ECG attended the TEN-T Days this week in Tallinn (http://www.tentdays2013.eu/) and aims to continue monitoring the developments of this multi-modal funding policy, which is of significant importance to the transport sector as a whole.*

Germany wins backing of the European Union to block car emissions law

(Source: Automotive News Europe, 15th October 2013) European Union Environment Ministers agreed to German demands to scrap an agreement to cap average EU new-car emissions at 95 grams of CO_2 per kilometre in 2020, from about 130g/km now, after Berlin argued the target would cost jobs and damage its premium automakers. After months of forceful lobbying from Germany, the Ministers from the 28 EU Member States agreed on Monday 14th October to re-open a deal sealed in June this year, but said they would work to secure it in weeks, not months. German luxury carmakers Daimler and BMW produce heavier and less fuel-efficient vehicles than those from volume automakers, meaning they would find it challenging to meet tougher CO_2 targets. EU governments and the European Parliament had agreed last June a 95g/km target. The target is equivalent to fuel use of 4l per 100km. But Germany built a coalition of countries supporting its plan to delay the start of the emission curbs. It proposed the law should be fully applicable to all new cars only in 2024. On Monday 14th October, EU Environment Ministers, meeting in Luxembourg, authorised Lithuania to start talks with the European Parliament to change a preliminary deal agreed in June. "It was made clear from all sides that we want an ambitious climate-protection goal and, at the same time, it was made clear that in some places more flexibility must be sought and can be found," German Environment Minister Peter Altmaier told reporters after the meeting. "In this narrow room for manoeuvre, we will find a solution in the coming weeks," he added. Countries including the UK and Poland supported the German call for a revision of the draft. Ministers from nations such as Belgium, France and Italy said they backed the June deal. To be enacted, the draft law would need approval from both Member States and the European Parliament. EU Climate Commissioner Connie Hedegaard said she was disappointed that agreement on implementing a target first laid out 5 years ago had been blocked. "It is not a terrific thing that we could not conclude on cars," she said. Environment campaigners say Germany is abusing the EU's democratic process, throwing away the chance to make European cars more energy efficient and to reduce the bloc's dependency on oil imports. British-based consultancy Cambridge Econometrics researched how much Europe would save on oil imports if the 95g/km target was implemented across the EU fleet. It found the EU as a whole would save around €70bn per year, while Germany would save €9bn in fuel bills. "It's an unacceptable price, which will be paid by every European driver in higher fuel bills, by the planet that will warm quicker and potentially by Europe's auto sector that will be less competitive," Greg Archer, Programme Manager at campaign group Transport and Environment (T&E), said. "The deal struck in June

ECG AGENDA

► **ECG UK & Ireland Regional Meeting** on **29th October 2013** in Birmingham, UK

► **ECG Maritime & Ports Working Group** on **7th 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

was a reasonable political compromise. Now we go back to the drawing board," he added. Although Germany managed to get the support of other EU Ministers, many Member States have voiced unease at the manner in which Berlin blocked the deal. Sweden's Environment Minister Lena Ek said the risk was that further delays could hold back adoption of the rules until 2015 because of impending European Parliament elections in 2014 and the appointment of new Commissioners. Germany would bear "a very heavy responsibility," she said. As well as seeking to protect its automakers, Germany also wants to avoid the car emissions law complicating its decision on forming a new governing coalition. The German Greens are strongly in favour of cutting CO_2 emissions to 95g/km, but Chancellor Angela Merkel supports the country's carmakers.

AUTOMOTIVE INDUSTRY

Spain extends scrappage scheme again as car sales rebound

(Source: Automotive News Europe, 17th October 2013) On Wednesday 17th October, Spain said it would extend for the third time a scheme to subsidise purchases of new cars that has helped reverse a fall in deliveries in the country. Treasury Minister Cristobal Montoro said the government would add another €70m to the scheme after an initial €220m, announced in 2012 and earlier this year, ran out. Under the scheme, people who scrap their old car and buy a new one get a rebate of €2,000, half from the government and half from the carmaker. Sales of new cars in Spain grew 29% to more than 45,000 cars in September this year, according to data from Spain's auto industry group Anfac. The rise has raised hopes that the worst may be over for a Western European auto market enduring its weakest year in 2 decades. But Anfac cited the impact of government subsidies as well as other factors for last month's rise, including a statistical effect after a sharp drop in sales in September 2012, when the centre-right government raised its main VAT rate by 3 percentage points to 21%.

Ford's Russia venture will add production of Edge SUV

(Source: Automotive News Europe, 15th October 2013) Ford Sollers, a joint venture between Ford and Russian carmaker Sollers, is adding the mid-sized Edge Sport Utility Vehicle (SUV) to its range to meet growing local demand. Production of the model will start at the Ford Sollers plant in Elabuga in Tatarstan early next year, Ford said. The venture, formed in late 2011, produces the Ford Kuga medium SUV, Ford Explorer large SUV, compact Focus and mid-sized Mondeo models. Additionally, it builds the Transit van and the S-Max, Galaxy and Tourneo Custom large minivans. Ford said in May this year it would also start to build EcoSport SUVs in Russia in 2014 at a second plant in Tatarstan in Naberezhnye Chelny. Ford Sollers also has a plant near St Petersburg. Western carmakers have invested heavily in production operations in Russia, betting that the market will grow as people look to update old models. However, Russia's $2tn economy has faltered. The Association of European Businesses (AEB) recently cut its car sales forecast for the full year to 2.8m vehicles, a fall of 5%.

EUROPE

Quintiq supports DB Schenker Rail network in Europe

(Source: Automotive Logistics News, 15th October 2013) **DB Schenker Rail** is to start using a software platform supplied by Quintiq, the supply chain planning and optimisation provider, to integrate its rail network across Europe. Quintiq will work with IT consultants Ab Ovo and DB Schenker Rail's in-house IT department to implement the platform, which the company said would increase profitability, as well as lower costs and reduce waste. The platform will be used across the DB

Events in Brussels

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: "Logistics in 2030 – Challenges and way forward" by the European Commission DG MOVE on 7th-8th November 2013
http://eulogisticsconference2013.com/
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

Transport Policy Event: "The Truck of the Future: Innovative, fuel-efficient, safe" by ACEA – The European Automobile Manufacturers' Association on 5th December 2013
http://truckofthefuture.eu/
ECG will attend

Schenker Rail fleet, which includes 5,300 freight trains running daily, to manage freight planning. This will also include the management of driver qualifications, processing traction knowledge and ensuring locomotive and track restrictions are adhered to. DB Systel, which provides information communications technology (ICT) services in Germany, will set up a support centre for the platform with its own staff and certified consultants from Ab Ovo and Quintiq. "We chose Quintiq because they are able to deliver solutions configured to address all of our needs, empowering us to create a Europe-wide integrated operations network while reducing costs and improving customer service," said Oliver Barthel, Chief Information Officer at DB Schenker Rail. "DB Schenker Rail has used Quintiq for several years across its Netherland, German and Danish networks, and has had positive experiences and excellent results. We are excited to extend our relationship with Quintiq for the duration of this project," Barthel added. DB Schenker Rail's European rail freight network generates revenue of around €4.92m. Automotive is one of its core sectors.

Better access to the Port of Barcelona thanks to EU co-funding

(Source: TEN-T EA, 16th October 2013) The European Union will provide €790,000 from the TEN-T programme to support a series of studies looking at ways to improve the road and rail access to the Spanish **Port of Barcelona**. The studies, which contribute to the realisation of the "High-speed railway axis of southwest Europe" – TEN-T Priority Project 3 – will pave the way for the works to realise the new access routes. The studies, which were selected for funding under the 2012 TEN-T Multi-Annual Call, will look at the best possible ways to create a new southern road and railway access to the Port of Barcelona. They will look at the technical assessment of the alternatives for implementation, including the planning and final design studies as well as the financial-economic analysis. The studies are set to be completed by the end of 2014.

Italian Port of Civitavecchia road link studies to receive EU funding

(Source: TEN-T EA, 16th October 2013) The European Union will support with almost €1m from the TEN-T programme a series of studies focusing on a new road link between the Italian **Port of Civitavecchia** (**Port of Rome**) and the Orte intermodal node, in order to improve the safety and reliability of the network and boost intermodality in the region. The initiative, which was selected for funding under the 2012 TEN-T Annual Call, aims to identify the best route for the new road link from several alternative alignments and prepare the documentation required for the approval procedures. Once completed, the new road link will: increase intermodal transport between the Port of Civitavecchia and the freight terminal of Orte; allow quicker access to the Tyrrhenian region and the new airport planned in Viterbo; ensure improved road safety. The outcome of the study will be a helpful decision-making tool for the subsequent final design and financing of the road link. The studies are set to be completed by October 2014.

Strike at DB subsidiary Euro Cargo Rail enters seventh day

(Source: LloydsLoadingList.com, 16th October 2013) A strike at **Deutsche Bahn Schenker Rail**-owned French subsidiary, Euro Cargo Rail (ECR), over working conditions, which began on Thursday 10th October, shows little sign of ending. ECR is France's second-biggest rail freight operator behind Fret SNCF. The company played down the impact of the action saying strikers represented no more than 20% of its 1,000-strong workforce. According to ECR, "the vast majority of staff are coming into work and ensuring that our customers' traffic is handled as planned each day and under optimal safety conditions." But a senior union official claimed that 50% of ECR's personnel are supporting the strike and that the company's traffic "is practically paralysed". Earlier this month, more than 70 of ECR's trains were idle in marshalling yards due to a shortage of drivers, he

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said. "We are ready to sit down with management and negotiate but it refuses to do so while the strike continues," the senior union official added.

German carmakers in struggle against anti-dumping duties in Russia

(Source: Automotive Logistics News, 14th October 2013) German carmaker Daimler and its subsidiary company Mercedes-Benz Rus have sent the Eurasian Economic Commission – the head body of the Custom Union of Russia, Belarus and Kazakhstan – a complaint against the commission's decision to impose anti-dumping duties on some light commercial vehicles (LCVs). Andrei Rodionov, a representative for Mercedes-Benz Rus, confirmed the news. The official answer, according to procedure, will be given within 60 days. Anti-dumping duties were imposed in countries belonging to the Customs Union in June 2013, with respect to certain types of LCV manufactured in Germany, Italy and Turkey. Particularly high duties – from 10% to almost 40% – have been placed on German LCVs. This step will no doubt have a negative impact on sales for German brands in Russia. In particular, imports of LCV for Daimler "lost all meaning", according to Andrey Rodionov; the import model Mercedes-Benz Sprinter Classic costs 25% more than the model which the company began producing this summer at its plant on contract with Russian commercial vehicle manufacturer Gaz in Nizhny Novgorod. This summer, the Volkswagen group petitioned a cancellation of the Eurasian Economic Commission's decision, but the company fell short of its aim. "The German carmaker has not given up on plans to challenge this decision of the commission, but so far we have not applied anywhere else," said Marcus Osegowitsch, CEO for the group in Russia. According to Osegowitsch, provided that the duties are not cancelled, VW is considering initiating LCV production in Russia. He said that the company currently evaluates the market and selects the possible models that could be localised in the near future. However, the plans were still not adopted, as it is not clear whether or not the German carmakers are able to achieve the cancellation of these duties.

TIR restrictions lifted amidst Russian Supreme Court battle

(Source: Automotive Logistics News, 15th October 2013) The Russian Supreme Court has ruled against legislation passed recently in the country that imposed international road transport restrictions on a number of countries. The decision has ruled that the Federal Customs Service of the Russian Federation (FCS RF)'s restrictions were illegal and invalid. The FCS RF's earlier decisions this year had restricted foreign carrier operations using the so-called TIR carnet. Those restrictions had been met with dismay by many in the logistics industry, particularly by the Association of International Road Transport Carriers (ASMAP). The court decision is supposed to be enforced with immediate effect. The Transport Internationaux Routiers, or TIR, has been in operation for over 60 years and is an international customs transit system, allowing goods to travel from their country of origin to their country of destination with customs-control recognition along the supply chain. The system has been meant to reduce delays and costs involved in international transit and encourage the smooth passage of global trade. In the past decade, around 3m billeted TIR permission forms were granted, incorporating countries from all over the world. The TIR serves as the only global customs transit system to date. The system has been regularly used to transport automotive components as well as finished vehicles from Europe and Central Asia to Russia. The restrictions have put limits on foreign trucks moving in and out of the Russian Federation.

Russia passes controversial car recycling bill

(Source: The Wall Street Journal, 15th October 2013) Russia's Parliament passed a bill on Tuesday 15th October that would require domestic carmakers to pay the same recycling fee as foreign manufacturers, just days after the European Union filed a complaint with the World Trade Organisation (WTO). The fee took effect a

week after Russia joined the WTO in 2012. The European Commission says it is a thinly disguised import tariff designed to replace the ones that Russia abolished to meet WTO membership requirements. EU auto exports to Russia are down 7% as a result of the scrap fee, the EU executive said. The complaint, the first filed in the WTO against Russia, is a significant test of the organisation's ability to rein in the most recent major economy to join its ranks. The bill, adopted by the Russian lower house on both its second and third readings, calls for the fee to be applied to manufacturers in Russia, Belarus and Kazakhstan starting in January 2014. The legislation now heads to Russia's Federation Council, where it is expected to pass. President Vladimir Putin must also agree before it becomes law. "The EU is currently studying the bill and looks forward to further details and clarifications in the very near future," said EU Trade Spokesman, John Clancy. The EU lodged its first protest with the WTO in July this year, saying Russia was illegally protecting its carmakers as the fee did not apply to cars made at home or to those from Belarus or Kazakhstan, both part of a customs union with Russia. The 28-nation bloc sought consultations in a bid to resolve the dispute within 60 days. Japan filed a similar trade complaint against Russia in July. Last week, saying Russia was not budging, the EU went a step further and asked the WTO to declare the fee a violation of international trade rules. Moscow countered that the EU ignored its proposals during talks.

Russia to increase auto subsidies

(Source: Automotive Logistics News, 14th October 2013) A new draft of the federal budget for 2014 states that the Russian government will allocate a record amount of money – RUB99.25bn ($3bn) – to support the automotive industry. By comparison, the end of this year will see total government subsidies in the area decreased by 10 times. "The growth of subsidies is related to the expected deterioration of the situation in the automotive market. The government does not directly support companies experiencing falling sales; this is usually done through special programmes. Next year, the government will support the car industry through actions confirmed through WTO regulation," said a spokesperson in the Ministry of Industry and Trade. Under the programme, an unprecedented RUB50.4bn will be allocated to carmakers "as compensation for the cost of maintaining jobs." Market experts do not doubt that, at this point, it has "masked" the compensation of utilisation fees – levies paid by manufacturers to cover the cost of recycling imported vehicles – that carmakers will have to pay in 2014. It is assumed these subsidies will go only to manufacturers that have assembly facilities in Russia, based on the industrial agreements the government made with a number of manufacturers, known as "Regulation 166" or the "Contract of Industrial Assembly". A source in the Ministry of Industry and Trade said: "The introduction of a new mechanism for utilisation fees will no doubt do harm to the implementation of investment projects already running. So we had to find some form of compensation to investors who have already implemented investment projects, to help them to return to their previous state." Russian officials had promised that some form of compensation of utilisation fee would be entered. "Russian automakers operating in the industrial assembly regime will receive compensation in connection with the introduction of the utilisation fee. All obligations of the Russian Federation, which were undertaken at the Contract of Industry Assembly, will be met. We just need to figure out in what form we will allocate the funds," noted the previous Deputy Minister for Economic Development, Vladimir Saveliev. Another focus for the programme will be compensation for the transport of cars from the Far East. For this purpose, the government plans to allocate RUB3bn. It has been noted that this figure could increase. In a memorandum from the Ministry for Industry and Trade, it was noted that "subsidies in 2013-2015 are allocated as the automotive companies provide a positive social and economic impact on the economy, and industry, of the Far Eastern Federal District." Currently, the funds go to Sollers, who carry out transport for Original Equipment Manufacturers (OEMs) such as Toyota and Hyundai. However, the Ministry of Industry and Trade does not exclude that, in the future, other companies may be able to join this programme. In terms of future subsidies, the amount provided is set to increase. According to plans for the years 2016 to 2020, the government will spend RUB20.1bn to this end.

REST OF THE WORLD

US vehicle shipments threatened as strike idles Baltimore Port

(Source: Automotive News Europe, 16th October 2013) The Port of Baltimore, which handles Mazda, BMW, Mercedes-Benz and Fiat vehicles and was the N°1 in the United States for automobile cargo in 2014, ceased operations as workers from the International Longshoremen's Association (ILA) began a strike over a contract dispute with the Steamship Trade Association. The port is the 12th largest in the United States by container volume, and one of the top 10 employment centres in Maryland, according to the Maryland Port Administration's most recent annual report. The facility handled 538,000 vehicle transfers in 2011 and 652,000 last year, according to the port's website. "We are closely monitoring the situation in Baltimore and we hope for a speedy resolution there," Chrysler-Fiat Spokeswoman, Katie Hepler, said. The automaker shipped about 124,000 vehicles using the port in 2012, Hepler said. This year it started receiving shipments of the Fiat 500L, a roomier version of its compact 500,

through Baltimore. Mazda signed a contract this year with the Port of Baltimore to ship 65,000 vehicles through the terminal annually. "We're aware of it, and we're looking into it," said Nick Beard, a spokesman for Mazda. The strike comes amid a steady rise in US vehicle sales. "Like everyone else who uses the Port of Baltimore, we're hoping the strike is short and that business as usual returns as soon as possible," said Ken Sparks, a spokesman for BMW North America. "Baltimore is one of our 3 ports on the East Coast and of course we always have contingency plans should any location not be available for a period of time," Sparks added. Daimler AG's Mercedes-Benz said about one third of its US sales were processed through Baltimore. Mercedes Spokeswoman Donna Boland said: "It's our hope that the situation will be resolved in the next few days." "If an agreement can be reached within the next day or two, we don't think there will be a huge economic impact," Richard Scher, a spokesman for the Maryland Port Administration, said. "If it continues a week or two weeks, then you're looking at some significant economic impacts," he added.

Daimler will increase Mercedes output in South Africa despite labour unrest

(Source: Automotive News Europe, 17th October 2013) Daimler will push ahead with a 3bn rand investment plan in South Africa to boost output of the Mercedes-Benz C-Class model, despite recent labour unrest in the country's auto industry. Workers at carmakers operating in South Africa, including Mercedes, BMW and Ford, returned to work at the beginning of September, ending 3 weeks of industrial action over pay. The strike cost automakers an estimated 20bn rand. Mercedes plans to introduce new technology and a third shift at its East London plant to boost capacity to 100,000 units a year, Martin Zimmermann, the automaker's South Africa CEO, said at the Johannesburg auto show on Wednesday 17th October. The plant currently builds about 60,000 units a year of the C-Class sedan for the local and US markets, together with a small number of commercial vehicles. Daimler's commitment comes less than 2 weeks after rival BMW said it would put expansion in South Africa on hold after strikes in August and September this year cost it 13,000 cars in lost production. Lost production from the strike would be recovered by Mercedes in 6 to 7 weeks, Zimmermann said. "We have quite a significant order book," he added. The outlook for growth in Africa's biggest economy is "very positive", Zimmermann said. South African vehicle sales will probably stagnate in 2014 as slower economic growth and the weak rand stifle consumer spending, according to the National Association of Automobile Manufacturers of South Africa (Naamsa). "The economic indicators are just against us at the moment," Naamsa Chairman, Johan van Zyl, said at the show. Vehicle sales would show zero growth in 2014 after an estimated 5% advance to 650,000 units in 2013, he said. The group estimates that the industrial action will cut about 0.5% from 2013 vehicle sales in the market.

PRESS RELEASES

Hödlmayr completes reconstructing of logistics compound Wiener Neustadt

*(Source: **Hödlmayr Logistics**, 10th October 2013)* Following the acquisition of the logistics compound of Porsche Austria GmbH & Co OG in Wiener Neustadt in March 2013, Hödlmayr Logistics GmbH also has a modern logistics centre in the east of Austria. Since then, Hödlmayr is not only responsible for the transport of vehicles – which has been done for 20 years – but also for the operation of the new car distribution facility including technical and logistics services. Reconstruction started mid-June this year, and at the beginning of October, they were already finished. 15 new jobs were created for the additional activities.

"With the investments in technical infrastructure we are starting a new chapter of technical possibilities in the greater Vienna area," says Board Spokesperson, Johannes Hödlmayr. "We are pleased that the reconstruction was rapidly finished and we are promptly fully operational in the interest of our clients."

From compound management to automatic car wash

Hödlmayr offers brand-independent comprehensive services such as compound management, vehicle preparation or buy back processes. Additionally, at the beginning of October, a hall for vehicle preservation and automatic car wash has gone into operation. As a result, Hödlmayr find itself well positioned in the 3 following locations: Schwertberg, Graz and Wiener Neustadt.

Avtologistika launched a new PDI facility for automobiles in Sea Commercial Port of Illichivsk

*(Source: **Avtologistika**, 16th October 2013)* On Thursday 19th September 2013, the brand new centre of pre-delivery inspection (PDI) for cars adjacent to the boundaries of a ferry complex of the Sea Commercial Port of Illichivsk in Ukraine had been launched by Avtologistika. On a territory of 12,000m^2 of the new centre, there are a

high-performance washing station, PDI and painting workshops, office and administration buildings and service buffer areas. Flow capacity of the centre allows to service a few thousands cars per month.

The centre, which launch was dedicated to the 10th anniversary of the group of companies Avtologistika, provides a number of technical service operations for new vehicles prior to their direct distribution from the port to dealerships, thus creating new opportunities for Ukrainian auto-importers. Pre-delivery inspection of new vehicles in the port and their direct distribution from the port to regions of Ukraine allow considerable cuts in the logistics costs of auto importers, enhance the delivery of new cars to final customers, and improve the overall quality of transport services by minimising the number of required transhipments on the way.

Mr Dmitry Belokurov, Director of Avtologistika branch office in Illichivsk, points out that the new centre of pre-delivery inspection already helps the OEMs and car importers to optimise logistics processes and related costs, reduce the time of vehicles delivery, and also monitor and improve the quality of logistics. The new centre is a key element in Avtologistika's development strategy and the first of its planned investments in Odessa region.

GEFCO is setting up operations in Croatia

*(Source: **GEFCO**, 16th October 2013)* The GEFCO group, a European leader in automotive logistics and a global benchmark in industrial logistics, is opening up a new subsidiary in Zagreb. Croatia's strategic position, at the crossroads of several borders, will help to strengthen its overland and maritime transport operations in the Balkan Peninsula.

"A business location in Croatia, one of the fastest growing economies in South-Eastern Europe, will help GEFCO strengthen its presence in these markets and give local and international companies easier access to the group's high value added services," explains Tihomir Skrtic. A Croatian national, he has been appointed Managing Director of GEFCO Croatia. Previously, he was the Business Development Manager of the group's Slovenian subsidiary.

A context that is particularly conducive to the growth of logistics operations
On 1st July this year Croatia entered the European Union, marking a crucial stage in the country's history and opening up new opportunities for development as well as reinforcing its strategic position in South-East Europe. Located in Zagreb, GEFCO's new subsidiary can now take advantage of the simplified customs procedures resulting from the opening up of the borders, and so offer the whole range of its services without administrative constraints.

A strategic geographical situation
3 pan-European transport corridors run through Croatia and connect with Western Europe, Asia, Eastern Europe and the Mediterranean Sea, making the country a vital link in the logistics chain of the South-East European region. This dynamic, high-potential region, comprised of countries with rapidly growing economies, will undoubtedly develop and expand even more. The opening of a subsidiary in Croatia will therefore enable GEFCO to develop flows with its neighbouring countries: Italy, Slovenia, Hungary, Serbia, Bosnia-Herzegovina and Montenegro.

Because of this ideal geographic location, the Croatian subsidiary is a real platform for co-operation in the region and in a position to provide optimised services to GEFCO customers throughout the area. Also, the short distance between the GEFCO office in Zagreb and the Port of Rijeka, the largest port complex in the country, plays a key role in GEFCO Croatia's strategy. The subsidiary intends to expand its overseas operations and will set up an office in the very centre of the port facilities in 2014, with a view to establishing a point of entry for the entire European Union.

GEFCO is a true partner for its industrial customers
The subsidiary has already signed a contract with PSA Peugeot Citroën to provide logistics services for its new vehicles and spare parts in partnership with local partners with whom it has set up several agreements. It will also provide distribution, automotive logistics and customs assistance services as well as overland and maritime transport in full/part loads for its customers in Croatia, and also in Romania, Serbia, Bulgaria and Bosnia-Herzegovina. The subsidiary is aligned with the group's development strategy and gives top priority to diversifying its operations in a variety of industries such as bedding, energy or industrial equipment.

Railway safety – Council agrees its position

(Source: Council of the European Union, 10th October 2013) The Council of the European Union agreed on Thursday 10th October a general approach on new rules for the safety of European railways. This recast of the 2004 railway safety directive is aimed at further improving the safety of the Union's railways and facilitating access

to the market for rail transport services. The draft directive is applicable to the rail system as a whole, including the management of infrastructure and operation of the traffic. Local rail systems, such as metros, trams and other light rail systems are excluded.

In order to operate, a railway undertaking has to possess a safety certificate. While safety certificates are currently issued by each Member State, the text agreed by Ministers provides for a dual system of safety certification introducing a single safety certificate. The European Railway Agency (ERA) would serve as a one-stop-shop for railway undertakings operating in more than one Member State, but national authorities would retain an important role in carrying out the assessments necessary for the issuance of the safety certificate. Where the area of operation is limited to one Member State, the applicant may choose to submit a request for certification either to the agency or to the national safety authority. The new provisions will also clarify the roles and responsibilities of the different actors involved.

Under the general approach, the national safety authorities will supervise rail companies' and infrastructure managers' continued compliance with safety requirements. Important prerogatives will be left in this area at the national level, for example concerning temporary safety measures. Decisions taken by the national authority in relation to such measures will be subject to judicial review.
Ministers also agreed that the question of fees to be charged on the issuance and renewals of safety certificates will be addressed in the context of the future ERA regulation, taking into account the principle that they should not lead to any unnecessary burden on companies.

The adoption of the railway safety directive requires the approval of both the Council and the European Parliament. The draft safety directive is part of the technical pillar of the Fourth Railway Package, published by the Commission in January this year. This technical pillar also includes a new regulation on the European Railway Agency, which will replace the current regulation from 2004, and a recast of the 2008 directive on the interoperability of the EU rail system, on which the Council reached a general approach last June. The dual system of safety certification agreed is similar to the vehicle authorisation procedure agreed upon by the Council in its general approach on the rail interoperability directive.

To see the webpage of the European Commission on the Fourth Railway Package, please click on the following link:
http://ec.europa.eu/transport/modes/rail/packages/2013_en.htm

To access the website of the European Railway Agency, please see: http://www.era.europa.eu/Pages/Home.aspx

TIGER DEMO project at Intermodal Europe 2013

(Source: NewOpera, 09th October 2013) The TIGER DEMO – Trans-Rail Integrated Goods European-Express Routes Demonstrators – project co-funded by the European Commission, was present with an entire dedicated workshop session at Intermodal Europe 2013, the major European event for Intermodality. TIGER DEMO is the TIGER project continuation moving from the pilot phase to a full-scale market demonstration. The consortium between sea ports, rail freight and intermodal operators, infrastructure managers, dry ports, engineering and system providers as well as institutions and associations, took the TIGER DEMO into a full market uptake service implementation.

The workshop played a very important role in the project dissemination and internationalisation strategy following the kick-off in April 2011, the workshop in Genoa in March 2012, the active participation to Innotrans 2012 in Berlin, Multimodal 2012 and 2013 in Birmingham, Transport and Logistics in Munich in June 2013, remarking the TIGER DEMO 3 demonstrators' vicinity to the users' needs.

The project will close its activities with an international event in Genoa on 13th December 2013. The 3 demonstrator leaders of Genoa Fast Corridors, iPort and MegaHub made dedicated presentations of the adopted solutions implemented in the different geographical scenarios.

The TIGER DEMO project used the existing European rail infrastructures with the adoption of new business models based on more efficient and faster transit from sea ports to dry ports at inferior costs. Investments in technology, transport management systems, innovative e-customs and e-seals solutions, and the upgrading of infrastructures for correcting bottlenecks and expanding terminal capacities have been the project's integral parts.

TIGER DEMO accomplished its objectives of demonstrating the importance of rail freight industrialisation, supporting and reinforcing the regulation of the "European rail network for competitive freight" which has become law in November 2010.

To learn more about the TIGER project, please see: http://www.tigerproject.eu/

To have more information on the TIGER DEMO project, please click on: http://www.tigerdemo-project.eu/

European Conference of Ministers of Transport celebrates 60th anniversary

(Source: OECD – International Transport Forum, 17th October 2013) 60 years ago, on 17th October 1953, Ministers from 16 European countries signed the "Protocol on the European Conference of Ministers of Transport" in Brussels, Belgium. The ECMT, as it became widely known, was intended by its founders as "a procedure whereby effective steps can be taken to co-ordinate and rationalise European inland transport of international importance."

Less than a decade since the end of the World War II, the reconstruction of Europe's devastated transport infrastructure was still far from complete. Yet the aspiration of the European nations to regain economic prosperity and bring people together that had only recently been enemies called for an effort to systematically develop the transport of people and goods on the continent. Since those early days, ECMT resolutions, recommendations and reports have informed transport policy decisions on issues as diverse as railroad regulation and road safety, accessibility and environmental standards and market liberalisation for international road freight haulage. Seat belts, helmets for motorcyclists, speed limits, blood alcohol limits and targeted traffic education programmes were all pioneered by ECMT before becoming the norm.

ECMT membership grew from 16 in 1953 to 50 by 2003. Most notably, 22 countries of the former Eastern Bloc joined ECMT between 1991 and 1998, starting with Hungary and Poland in 1991, and culminating with the accession of Russia in 1997. From its inception, the ECMT has looked beyond the confines of Europe. Canada and the United States were invited as associate members in the founding protocol and joined in 1975 and 1977. Japan became the first non-European associate member in 1969, followed by Australia in 1973 and New Zealand in 1991. At the time of its 50th anniversary in 2003, a total of 50 countries were involved in ECMT: 42 members, 6 associate members and 2 observer countries.

The reality of globalisation – enabled not least by transport – was reflected in the Ministers' decision to transform the ECMT from a European organisation focusing on land-based transport to a global, all-modes forum for transport policy. Created by the Dublin Declaration in 2006, the International Transport Forum (ITF) is now taking the work of ECMT to a global level to meet the challenges of transport for the 21st century. ITF includes all former ECMT associate members as full members and has since attracted new countries: India joined in 2009, China in 2011 and Chile in 2012.

ECMT remains the legal core of ITF and maintains a number of European activities, such as the Multilateral Quota System. On the occasion of its 60th anniversary, the ECMT archive has been digitised and is now available online via the OECD iLibrary.

For more information, please visit: www.internationaltransportforum.org