ECG News

Truck Ship Compound Train Barge

ECG – The Association of European Vehicle Logistics

Issue 14.08, 24th –28th February 2014

CONTENTS

SAVE THE DATE

ECG Spring Congress & General Assembly 2014

22-23rd May

Athens, Greece

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NEWS FROM BRUSSELS

EP counts on increased competition to improve rail services

(Source: European Parliament, 26th February 2014) Competition to provide better rail passenger services should warm up under draft rules voted in the European Parliament on 26th February. National authorities that today give rail service contracts to a single operator would have to put them out to tender or justify not doing so. New and/or small operators would have to be given better access to rail infrastructure, and complex authorisation procedures for putting trains on tracks would be simplified. To improve rail service quality and focus on tangible improvements for the passenger, a list of efficiency and service quality criteria should be set for public service contracts, say Parliament's amendments, voted on 26th February, to draft common rules for awarding public service contracts in the rail passenger sector. National authorities could tender out public service contracts or award contracts directly to a preferred rail operator, but the EU rules would set a maximum duration for such contracts and require the authorities to justify awarding them directly on efficiency criteria such as punctuality of services, cost-efficiency, frequency of train operations, and customer satisfaction, says Parliament. Public service operators that are selected by the authorities should grant their staff working conditions that comply with binding national, regional or local social standards and/or rules for transfer of staff in the event of a change of operator. They would also have to comply with the relevant collective agreements and ensure decent employment and working conditions, adds the text. The proposed rules also aim to create opportunities for new operators to provide services and to give all operators equal access to track infrastructure, while safeguarding the important role of public service contracts. Size limits on public service contracts, defined by setting a minimum number of contracts to be awarded in each member state according to traffic volume, should help smaller operators to compete for public contracts. MEPs also backed rules designed to harmonize safety certification for rail operators and cut the time and cost of vehicle authorization procedures. This vote confirms Parliament's first reading position. When the Council [*of Ministers*] has set out its own position, the two sides will negotiate the final wording of the rules.

European rail workers protest liberalisation plan

(Source: EUbusiness, 25th February 2014) Thousands of rail workers from across Europe staged a demonstration in front of the European parliament on 24th February to protest a plan to scrap national rail monopolies in the EU in five years' time. Police said an estimated 2,700 people took part in the rally in front of the European legislature in Strasbourg. "Our future is at stake. Liberalisation has become a religion, it makes services more expensive and has already destroyed thousands of jobs in the EU," the Luxembourg chief of the rail section of the European Transport Workers' Federation, Guy Grievelding, told the crowd. On 24th February MEPs were to debate the measure drawn up by the European Commission to allow competition on rail networks in EU Member States. An initial vote was held on 26th February, which will be followed by a long process because it bypasses the parliaments of EU Member States. One aspect of the plan calls for the management of a national rail network to be separated from its operation, as is already the case in Britain. Both Germany's Deutsche Bahn and France's SNCF are opposed to that. The bill also provides for minimal train service to be provided for the public when strikes take place. Union leaders said they feared public safety and workers' conditions would suffer under liberalisation.

ECG Note: *To see the European Commission's (disappointed) reaction, as well as those from other stakeholders, please go to the "Press Releases" section below in this ECG News issue.*

Austria and Spain urged towards more transparency in its financing for rail

(Source: European Commission, 20th February 2014) The European Commission is concerned that Austria and Spain should ensure full transparency on the separation of accounts in rail, as it is required by Directive 2012/34/EU. One of the main purposes of the EU rules is to ensure transparency in the use of public funds for public transport services, so that transport service providers may compete on an equal footing to the benefit of end users. To date, contrary to EU provisions, these two countries do not ensure full transparency in the presentation of the accounts of railway undertakings mainly as far as public funds paid for services under public service obligations are concerned. Keeping transparent accounts is the only way to identify how public money is spent and whether it is used for other purposes then the ones foreseen. Indeed, the current arrangements in Austria and Spain do not exclude that public funds paid as public service obligations dedicated to passenger transport services are used to cross subsidise other transport services. Since this is contrary to existing EU rules, which aim at establishing an efficient, non-distorted and competitive EU internal market for rail, the Commission sent a reasoned opinion to Austria and Spain. In the absence of a satisfactory response within two months, the Commission may refer them to the Court of Justice of the European Union.

Romania requested to impose fair rail infrastructure charges

(Source: European Commission, 20th February 2014) The European Commission is concerned about the financial equilibrium of the main Romanian infrastructure manager in the years to come. Romania's rail network is one of the largest in the European Union and charges for freight trains are among the highest in Europe. The rail network incurred significant deficits increasing year on year while larger parts of the network were not maintained in good condition. At the same time, the infrastructure manager lacks the incentives to reduce costs and charges. However, the Single European Railway Area Directive requires Member States to ensure the financial equilibrium of the infrastructure manager with effective incentives to reduce costs and charges. What is more, whilst all main rail corridors of Romania are electrified, diesel pulled trains have to contribute to the financing of electric equipment on the track side at the same level as electric trains. Since the EU Directive limits charges to the direct costs of the train service, the Commission asks Romania not to impose such charges on diesel trains.

Spain asked to improve the security of its ports

(Source: European Commission, 20th February 2014) The European Commission has sent a formal request to Spain to ask for the correct application of the Directive on Enhancing port security (2005/65/EC) in all Spanish ports concerned by the Directive. The main objective of the Directive is to introduce common measures to enhance port security in the face of threats of security incidents. Many Spanish ports have not yet adopted and implemented the assessments and port security plans that are provided for by the Directive. This Directive, which is a fundamental policy instrument for maritime security, aims to ensure a high and equal level of security for both passengers and cargo in all European ports.

Car CO_2 limits agreed

(Source: European Voice, 25th February 2014) The European Parliament (EP) approved on 25th February new CO_2 limits for passenger cars manufactured after 2020. The new limit will be set at a 95g/km limit for the average of each manufacturer's fleet. The legislation was held up for several months by the German government, which refused to endorse a deal reached in June between MEPs and the Irish government, which held the rotating Presidency of the European Union's Council of Ministers. The block came ahead of the German general election in September. A new deal granting some concessions to

Germany was struck in November by Lithuania when it held the Presidency. The limit will be phased in over one year under the November deal: 95% of new car sales will have to comply with the target in 2020 and 100% in 2021. The deal was widely seen as a face-saving measure for the German government, which had to see the text changed in some way before it could remove its original objection. In June, Germany had asked for a four-year phase in. The compromise backed by the full Parliament on 25th February will also expand the ‘super-credits’ scheme, which allows electric vehicles to count more towards the fleet average. Speaking after the vote, German Green MEP Rebecca Harms said the vote closes what has been a “shameful” chapter in EU history. “This vote confirms what is a major pre-electoral gift for the German car industry,” she said. “The final agreement, which reneged on an earlier agreement, also undermines the EU’s democratic decision-making process.” Connie Hedegaard, European Commissioner for Climate Action, said she was glad an agreement has finally been reached. “Ende gut, alles gut,” she said after the vote. “After long and difficult discussions, I’m glad that a deal was sealed which maintains ambition. (…) The 95g target is achievable by employing technologies available today,” she added. “But it is clear that long-term clarity is important for the car industry. This is why the Commission will now focus on the next step and come up with ideas for a post-2020 target in the coming months.” The international automobile federation (FIA) welcomed the addition of the phase-in and enhanced super-credits to the legislation. “It is encouraging to see that MEPs have voted for an achievable target to decrease vehicle emissions,” said Jacob Bangsgaard, FIA Region I Director General. “To raise consumer awareness and understanding of these important changes we would now urge for improved labelling of vehicles' CO_2 emissions.”

AUTOMOTIVE INDUSTRY

Long-run trends in car use

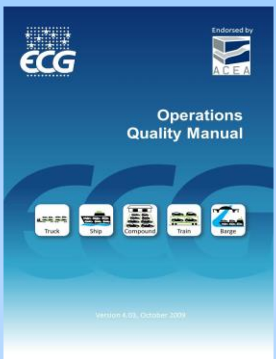
(Source: International Transport Forum, 18th February 2014) The International Transport Forum (ITF), linked to the Paris-based OECD, published a new report entitled “Long-run trends in car use”. The growth of car use in several advanced economies has slowed down, stopped, or turned negative. The change cannot be attributed to adverse economic conditions alone. Socio-demographic factors, including population ageing and changing patterns of education, working, and household composition matter. Rising urbanisation and less car-oriented policies in some cities also reduce the growth of car use, perhaps combined with changing attitudes towards mobility. Some groups choose to use cars less, others are forced to. The report summarises insights into the drivers of change in car use. It shows that explanations are place-specific, and that projections of future car use are increasingly uncertain. The task for policy-makers is to identify mobility strategies that are robust under an increasingly wide range of plausible scenarios.

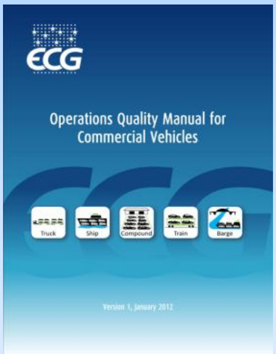
For the whole report and for a summary document please follow the below link: http://internationaltransportforum.org/Pub/new.html and http://www.internationaltransportforum.org/jtrc/DiscussionPapers/DP201309.pdf

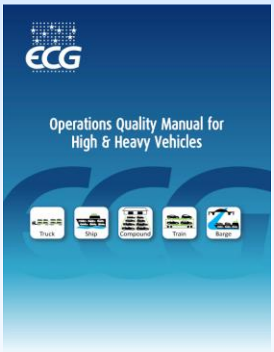
UK automotive jobs will grow in the tens of thousands by 2017, says KPMG

(Source: Automotive Supply Chain, 24th February 2014) John Leech, KPMG’s UK Head of Automotive, commented on the UK car production figures for January published by the SMMT. “UK car production in January 2014 was flat but recent launches of cars made in Britain such as the Nissan Qashqai, BMW Mini and Range Rover Sport bode well for the UK industry. The SMMT forecasts that vehicle production will grow from 1.5m in 2013 to over 2.0m in 2017,” said Leech.

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







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

For comments or inquiries please contact: info@ecgassociation.eu
T: +32 2 706 82 80

ECG Academy

Course 9 will commence in October 2014

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

Benefits:

- Acquiring a vast wealth of knowledge in an accelerated timeframe, but in as much depth as it is required
- Unique networking opportunities. Each course brings together over 20 individuals representing companies from across Europe
- The course culminates in the award of a Certificate in Automobile Logistics Management, which is an accredited qualification.

For more information please contact info@ecgassociation.eu

"A key question vexing the industry and government is whether this will percolate down into jobs growth in Britain's 2,000 supply chain companies. In the 1990s and 2000s the UK automotive supply chain was ravaged and the proportion of parts sourced from UK suppliers dropped to as low as 35%. Eighteen months ago, the Automotive Council highlighted that there was £3bn of unfulfilled opportunity for UK suppliers, which has undoubtedly increased substantially since then. This has prompted recent investments from companies such as GKN, TRW, Lear, Borg Warner and Nifco raising optimism that the proportion of parts sourced from UK suppliers is likely to rise above 40% by 2017. The increase in supply should translate into jobs growth measured in the tens of thousands by 2017. Leech concluded: "We are seeing a substantial upsurge of interest by potential investors in the UK automotive supply chain the like of which we haven't seen for several decades. Investors are principally overseas automotive suppliers but we are seeing interest from private equity and companies from closely-related sectors too. All in all, the outlook for the UK car industry looks bright."

VW offers €6.7bn to purchase rest of truck maker Scania

(Source: Automotive News Europe, 21st February 2014) Volkswagen Group is bidding €6.7bn for the rest of truck maker Scania to deepen co-operation with its other commercial vehicles units after being blocked previously in those efforts by the Swedish company's minority shareholders. VW, which already controls a majority of Scania's capital and 89.2% of the voting rights, is offering 200 kronor ($30.6) per share, 36% higher than the closing price of 147.50 kronor for the company's B stock on 21st February. VW is looking to jump-start a stalled seven-year effort to more closely align Scania, its own commercial vehicles business and Munich-based truck maker MAN, which VW also controls. VW will target annual operating profit synergies of €650m from joint projects between the three. VW has faced resistance from Scania's other investors, who in February asked for an independent auditor to examine whether ownership of the company by VW and MAN poses a conflict of interest. "Scania is a core element of the integrated commercial vehicles group that we intend to accomplish under the umbrella of the Volkswagen group," CEO Martin Winterkorn said in a statement. "Our offer is designed to create a sustainable and clear ownership structure for Scania." Volkswagen already has a domination agreement with MAN, which means the two can legally work more closely. That leaves Scania as the last of the three units preventing VW from fulfilling its goal of creating a heavy truck division that can better compete with global leaders Daimler AG and Volvo AB. VW noted that the €650m in improved annual operating profit will take as long as 15 years to achieve because of the lengthy development cycles in the commercial vehicles industry and will come on top of €200m in yearly savings to be achieved by the end of 2014.

EUROPE

Sulphur limits: cleaning up shipping or going overboard?

(Source: Automotive Logistics News, 18th February 2014) On 1st January 2015, parts of international regulations come into effect in the Baltic Sea, North Sea and English Channel, as well as the east and west coasts of North America, limiting sulphur emissions to 0.1% from the current limits of 1% in most parts of those areas. The regulations were first prescribed by the International Maritime Organisation (IMO), a branch of the United Nations, and have since been transposed by the European Union. The emission control areas (ECAs) mark an extreme difference with much of the rest of the world (and even the rest of Europe, including the Irish Sea and the Mediterranean), where sulphur limits are currently 3.5%, and slated to come down to 0.5% by 2020 (pending a 2018 review). Limits within EU ports themselves, however, are already 0.1%. Maritime logistics companies – including Ro-Ro carriers – are busy working out their

ECG AGENDA

►**ECG Academy Module IV** on **25-29th March**, in Hinterstoder, Austria

►**ECG Russia Regional Meeting** in **March (date TBC)**, in Moscow, Russia

► **ECG Board Meeting** on **9th April 2014**, Munich, Germany

►**ECG Eastern Regional Meeting** in **10th April**, in Prague, Czech Republic

► **ECG Land Transport Working Group Meeting** on **6th May 2014**, in Frankfurt, Germany

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

► **ECG Maritime & Ports Working Group meeting** on **11th and 12th June**, in Le Havre Port, France

►**ECG UK & Ireland Regional Meeting** on **19th June**, in London, UK

►**ECG Eastern Regional Meeting in September (date TBC)**, in Kiev, Ukraine

► **ECG Conference** on **16th & 17th October 2014** in Amsterdam, the Netherlands

►**ECG UK & Ireland Regional Meeting in November (date TBC)**, in Birmingham, UK

compliance strategies, as the cost impact will be high. Shipping lines also face a number of uncertainties and risks, including questions over how the rules will be enforced and penalised, and whether or not enough compliant fuels will be available. In either case, many experts believe that the rising costs associated with meeting the regulations will undoubtedly result in higher transport prices to pass onto customers. There are also fears that short-sea shipping will lose market share to other transport modes.
The technological challenge faced by ship-owners and operators will depend on which of the three main approaches they choose to meet the new regulations. One option is to switch to marine gas oil (MGO) with lower sulphur content; another is to continue using 'traditional' high sulphur fuel oil alongside an exhaust gas cleaner, commonly known as a 'scrubber'; finally, operators can run ships on liquefied natural gas (LNG). According to a recent survey by Denmark-based Shipping Watch, most carriers are currently moving toward the low-sulphur fuel option. This is also the case at deep-sea carrier **WWL**, which will bring most its vessels into compliance by 2015 with an MGO. According to Roger Strevens, Vice-President for environment at the company, this fuel is already "familiar" to the industry and should have minimal technological impact. Nevertheless, Strevens adds that low- and high-sulphur fuels differ operationally, and switching between them can lead to problems if managed poorly. He stresses, however, that WWL has experience of such a switch since it has been required in Californian waters for several years. The remainder of the WWL fleet will comply by using exhaust gas cleaners – the scrubbers. It's a technology that Strevens says is still relatively new to the maritime sector. Looking further ahead to the 0.5% global cap, Strevens says WWL has a 'four stream approach' that entails detailed research and testing in four potential compliance areas – distillates, other energy sources, chiefly LNG, less than 0.5% bunker and scrubbers. At this stage, the scrubber technology has not been a popular choice amongst other shipping lines largely because of its high cost, which typically runs between €1m-1.3m per vessel. There are also concerns about weight, stability and vessel compatibility. However, one significant company going the scrubber route is Copenhagen-based **DFDS**, which runs most of its routes in the Baltic and North Sea emission control areas. DFDS has already announced intentions to install scrubbers on 12 of its ships before the end of this year, with more installations planned for 2015. With a fleet of around 50 ships, it's an investment that could top $100m, according to a source at the shipping line.
As well as switching to low-sulphur fuel, Tom Antonissen, EU Affairs Adviser at the **Association of European Vehicle Logistics (ECG)** points out that investment in dual fuel engines – which combine normal marine fuel with LNG – is also considered a potential option for new-build ships. He warns, however, that the cost of retrofitting existing vessels is similar to installing scrubbers, while older vessels cannot be retro-fitted at all. In spite of the high initial costs, one company [*US-based shipping firm Crowley*] has decided to go further by commissioning ships run solely on LNG. Another company eyeing shipping's environmental impacts is Nissan Motor Car Carrier (a shipping line owned by Nissan and MOL), which launched an energy-efficient Ro-Ro car-carrier called the Nichioh Maru in early 2012. In terms of ensuring compliance with the sulphur emission regulations, ECG's Antonissen warns that, even though a switch from high-sulphur fuels may initially be cheaper than installing scrubbers, there is a "realistic fear" in the industry that the price of low-sulphur marine fuel could go up as much as 70% as it competes with diesel for road transport. In his view, this is largely because oil refineries, which tend to consider both fuels as almost the same product, have yet to signal any intent to boost their capacities. "Whatever solution shipping lines will adopt, compliance will inevitably result in increased costs which will be impossible to absorb within their already low profit margins, and will ultimately lead to increased costs for their customers as well as the end consumers," says Antonissen. "This would also correspond to what several politicians have already been saying, namely that such policies to make transport greener are wanted by the general public and therefore they should accept –

Events in Brussels

The 11th Annual conference on Road User Charging will be held in Brussels on **5-6th March**
http://roaduserchargingconference.co.uk/
ECG will speak at the event.
A 20% discount is offered to interested ECG members, please contact the Secretariat

The Greens Group of the European Parliament organises the conference 'EU Industrial Policy: What Role for the Service Sector?' on **6th March**
http://www.greens-efa.eu/eu-industrial-policy-11630.html

Smart, Green and Integrated Transport – SMEs in Transport Information Day, organised by the European Commission on **11th March**
http://ec.europa.eu/research/transport/events/smes2014/index_en.htm

The European Commission organises the Transport Business Summit 2014 on **27th March**
http://www.transportbusinesssummit.eu/
ECG will attend.

even be 'educated' – to pay the costs of such measures through increased prices of the transported end products themselves," he adds. "Obviously this is easier said than done, since in the current economic climate nobody wants to see cars becoming more expensive, for example." Meanwhile, from an industry perspective, Strevens warns that compliance with the current sulphur and emission regulations are already at the point where the costs cannot be absorbed, and must instead be passed on to cargo owners. "To help ensure this is done effectively, we have been proactive in informing customers of the forthcoming regulations well in advance. In addition we are transparent in how we handle the costs," he says.
In light of the ongoing concerns about the costs of technological adaptation, Antonissen says some shipping lines have lobbied policymakers to postpone the 2015 deadline by at least two years. However, the European Commission has frequently stated that so-called 'frontrunners' – companies which have already invested and are seemingly ready to comply – should not be penalised for their 'early mover' investments by any sort of theoretical transitional measure. Although this delay is not currently under consideration, Antonissen believes that it might be when the "true consequences" become evident in 2015. He reveals that there has also been some talk of relaxing the enforcement obligation of EU Member States, largely because questions remain about how they will patrol the emission zones, given existing 0.1% sulphur limit in ports. Effectively, authorities would need to test sulphur fuel emissions out on the seas rather than only when ships are in harbour. "Last but not least, referring to the US SECA I understand there will be a transition measure starting as of 2015, while apparently this is not possible for the EU as it needs to be requested by [*individual*] Member States within the IMO," says Antonissen. "This is quite ironic, as the EU keeps saying it was the US which pushed for SECAs within the IMO in the first place."
The Commission has set up the European Sustainable Shipping Forum (ESSF) as part of a proposed 'toolbox' of measures meant to support the shipping sector. However, according to Antonissen many stakeholders believe this toolbox is empty as it lacks the necessary funding. Even so, ECG has responded to the Commission's call to designate representatives to discuss possible support measures, and the association now has several members involved in the different sub-groups of the ESSF, which will look at the implementation of the Sulphur Directive – largely relating to monitoring activities post-2015 – as well as economic impacts, financial support and alternatives such as LNG and scrubbers. The subgroups held their first meetings in recent months. Antonissen is hoping that the dialogue between stakeholders and regulators will lead to better partnership, but he expresses concern about the potential for even stricter regulations. "There are also currently discussions going on both at IMO and EU-level with regards to potential new measures to further restrict NO_x and CO_2 emissions of shipping. We can only hope that the regulators will learn the right lessons and come up with more realistic future policies that take the situation of all stakeholders into account," he adds. WWL's Strevens calls for tougher enforcement, particularly in Europe, to ensure the playing field is as level as possible. "In order for the serious, quality players to be able to compete on fair terms, there must be a robust enforcement regime," he says. "In Europe enforcement is generally poor and so I think correcting that deficit is one of the main areas that the European Commission and other authorities could address to help the responsible vehicle shipping sector, as well as the environment and coastal populations."

ECG Note: *To read more on the topic, please see:*
http://www.automotivelogisticsmagazine.com/news/ro-ro-lines-living-in-denial-since-2008
For further background information, please download ECG's 'Report on Sulphur content in marine fuels' from:
http://www.ecgassociation.eu/publicationsreports/ecgpositionandbriefingpapers.aspx

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EU to support "Green Danube port" in Romania

(Source: INEA, 24th February 2014) The European Union has granted €400,000 from the TEN-T Programme to co-finance a series of studies to promote the development of an eco-efficient port engineering and operation system in the Romanian Port of Giurgiu. The studies contribute to the realisation of the "Waterway axis Rhine/Meuse-Main-Danube" (TEN-T Priority Project 18). The studies, selected for funding under the 2012 TEN-T Multi-Annual Programme, are part of the larger global project which aims to convert the Port of Giurgiu into the first "Green Danube Port" based on integrated energy-efficiency concepts and comprehensive environmental measures for intermodal ports. They will first take stock of the current situation by undertaking a technical and operational analysis, a market analysis and an environmental assessment, which will be followed by specific studies to support the introduction of innovative technology in the port. The ultimate objective for the study is to deliver the final design of the new Intermodal Port of Giurgiu and also define its business model.

REST OF THE WORLD

Mazda officially opens Salamanca plant in Mexico

(Source: Automotive Logistics News, 26th February 2014) Mazda's new assembly plant in Salamanca, Mexico, opened officially on 27th February, in a move that will significantly boost the OEM's shipping capacities to the US market. The new facility will offer the company a low-cost production base from which the OEM can operate in Mexico, already one of the world's fastest growing markets for developing automotive production. The new Mazda facility will bring stability for the shipping of cars to Europe, the US and Latin America, amidst the current precarious position of the yen. Original plans for the Salamanca plant targeted a 140,000-capacity factory, a large portion of which would be dedicated to assembly of Mazda2 and Mazda3. The remaining space was to be used to construct a small car for Toyota, based on the Mazda2 model. However, capacity for an additional 90,000 units was acquired, which Mazda aims to have ready by March 2016. Output began in January of this year and is expected to reach a production rate of 140,000 units a year come April. It is hoped that this will grow as the carmaker releases its new Mazda2 and the next generation Toyota Yaris. The increased output, in addition to production in China, Russia and Thailand, brings the OEM closer to its target of building half of its vehicles outside Japan by March 2016. Two years ago, the figure was 30%. The Mazda plant has emerged as the latest in a series of projects across international supply chains to expand and boost production and exports from Mexico. Nissan has recently opened a new plant in Mexico, as has Honda, with premium OEM Audi also building a plant. Recent bouts of investment from a variety of suppliers and OEMs have led to a target production rate of 1.5m additional vehicles by the end of 2016. The growth in production has led to a flurry in automotive logistics investment in Mexico. The expected rise in vehicle exports to the US, for example, has prompted huge investment in rail wagons and track capacity. Shipping lines have also been adding further calls between Mexican and US ports. In October of last year, finished vehicle logistics provider SSA Mexico announced the start of car handling operations at the port of Lázaro Cárdenas, after winning a concession there. **GEFCO** was also quoted last year as suggesting that as much as 95% of its business in Mexico over the coming years will be automotive, following the opening of its Mexican subsidiary in Mexico City in March 2013, with the company negotiating a project to incorporate a pre-existing logistics platform in nearby Toluca, near Mexico City. Vehicles built at the new Mazda plant, which includes the re-designed Mazda3 compact car, will be cheaper to produce and, it is hoped, more profitable to sell. The plant will also operate a product-sharing deal with Toyota, to create a buffer against lower than expected demand. The plant is the

first foray back into North America for the carmaker, following the move of production of the Mazda6 back to Japan last year from its AutoAlliance International joint venture plant with Ford in Michigan.

Volvo and Eicher looking to expand beyond India

(Source: Automotive Logistics News, 25th February 2014) Volvo Group's equal joint venture in India with Eicher Motors – VE Commercial Vehicles (VECV) – has announced that it is targeting 15% of total sales to come from exports within the next five years. The Volvo distribution network in Africa, the Middle East and Southeast Asia will be used to sell the Eicher range of commercial vehicles. Vinod Aggarwal, VECV's CEO, said the company is also considering entering the left-hand drive market. In 2013, VECV exported 8.1% of its total sales volume, amounting to around 3,300 trucks and buses. It is now targeting markets in Ghana, Tanzania, Ivory Coast, Kenya, Sri Lanka and Bangladesh, as a means of boosting exports. However, the company's Senior Vice President, Philippe Divry, ruled out selling the Eicher brand in markets such as Europe. "Eicher is the first brand within the Volvo portfolio to come from an emerging market," he said. "This will help in serving similar markets but we don't have any plans to market the brand in Europe today." Nevertheless, additional use will be made of the Volvo group distribution network in other emerging companies to export Eicher-branded vehicles. In 2013, while the industry in India declined by 32.5%, VECV improved its heavy duty market share from 3.9% to 4.4%. In terms of buses, its share grew from 12% to 13.5%.

BMW eyes doubling of engine production in China

(Source: Automotive Purchasing, 26th February 2014) Despite the restrictions placed on foreign domiciled automakers by the laws on foreign ownership, all brands are expanding capacities in China – now the planet's biggest car market. BMW is at the forefront of this brave new world, and now says it plans to upgrade its Chinese engine capacity. Lying behind BMW's strategy to potentially double capacity is the automaker's aspiration to close the gap with Audi in China. BMW, the best-selling luxury-car brand globally, trails Audi in China. The additional capacity will help BMW lower shipping costs and avoid taxes on imports, while also lowering exchange rate fluctuation risks for the German manufacturer, whose sales in China rose 20% to 391,000 vehicles, while Volkswagen AG's Audi delivered 492,000 cars, a gain of 21%. BMW and its joint-venture partner Brilliance China Automotive Holdings Ltd plan to make as many as 400,000 engines a year at a new facility in Shenyang, the Munich-based carmaker said in a statement to *Bloomberg News* in response to questions. The expansion includes a foundry as part of its push to boost local content. The new plant would be set next to an already existing car assembly facility, would start production from 2016, with an initial output of 200,000 engines a year – four-cylinder gasoline for the locally built cars. BMW says as capacity would go up to 300,000 units on the medium term and eventually top out at the full 400,000 figure, the engine production expansion would keep pace with the plans to increase production of cars in China – the automaker wants to jump from 200,000 to 400,000 vehicles in a short period.

Exports of cars and parts from South Korea set to rise

(Source: Automotive Logistics News, 25th February 2014) The Korea Automobile Manufacturers Association (KAMA) has released data indicating that South Korea's exports of finished vehicles and automotive parts is expected to soar over the coming year in response to increasing global demand for domestic brands. In a report issued last week, KAMA estimates that overseas sales will hit $77.8bn this year: an increase of 4.1% in exported vehicles. Local production of cars started falling in 2011, and a reported 4.52m units were shifted last year. However, sales may rebound to 4.6m units this year, up 1.7%. The total number of cars shipped abroad is expected to rise 3.6% during the course of the year to 3.2m, which is a record for a one-year period, according to KAMA. Automotive parts shipments are also expected to increase, by 2.7% to $26.8bn. In addition, KAMA said that local production of cars, which started falling after peaking at more than 4.65m in 2011, may rebound to around 4.6m units in 2014, up 1.7% from 4.52m reported for last year. On domestic sales, KAMA estimated some 1.58m cars may be sold. Of these, sales of cars made by local OEMs should advance 1.2% to around 1.4 m with the imports accounting for around 180,000 units.

PRESS RELEASES

EP adopts equivocal first reading position on Fourth Railway Package

(Source: European Commission, 26th February 2014) The European Commission expressed its disappointment about the European Parliament's plenary vote on the six legislative proposals forming the Fourth Railway Package. The package was presented by the Commission in January 2013 to deliver better

quality and more choice in railway services in Europe, thereby contributing to the competitiveness of the rail sector. However, the amendments adopted by the European Parliament on 26th February will limit effective competition in the rail sector.

Commission Vice-President Siim Kallas, responsible for mobility and transport, said: “This is not the strong signal that European rail needs and expects to increase its attractiveness. While the EP opens the way for reducing technical obstacles, the plenary vote is yet another demonstration of the tenacity of the vested national interests that proved more appealing to MEPs than the balanced and well-reasoned compromises reached in December by the Transport and Tourism (TRAN) Committee."

On the so-called “technical pillar” of the package (recasts of the safety and interoperability directives and a new regulation on the European Railway Agency), the European Parliament confirmed the need to remove existing administrative and technical barriers. MEPs have empowered the European Railway Agency (ERA) with new tasks, such as the issuing of safety certificates and vehicle authorisations valid throughout the EU. This will contribute to increasing economies of scale and to decreasing administrative costs and procedures for railway undertakings.

However, on the so-called “market pillar” of the package (directives on governance and market opening, and regulation on public service obligations), MEPs disregarded the Commission’s proposals and the work of the TRAN Committee by adopting an unambitious stance that could put at risk the development of a Single European Rail Area.

While the European Parliament endorsed the introduction of a right for European railway undertakings to offer commercial domestic passenger services in all Member States as from 2019, competitive tendering procedures for public service contracts have been postponed to 2023 and are subject to very significant exceptions. Amendments adopted by the European Parliament on 26th February also fail to ensure an effective independence of the infrastructure manager and financial transparency within vertically integrated structures which are essential to ensure an equal and non-discriminatory access to the network.

Next steps
With this vote, the European Parliament has adopted its first reading position on the six legislative proposals of the package. It is now up to the Council [*of Ministers*] to adopt its own position. The Council has so far examined the proposals in a sequential manner and is close to finalising its position on the technical pillar. The examination of the market pillar is expected to start under the ongoing Greek Presidency. The Commission can alter or withdraw its proposals as long as the Council has not acted.

European Parliament paves the way for the future of a healthy European railway sector

(Source: CER, 26th February 2014) The Community of European Railway and Infrastructure Companies (CER) welcomes the outcome of the European Parliament vote on all aspects of the Fourth Railway Package. The text approved by Parliament on 26th February represents a welcome improvement on the Commission’s initial proposals.

In particular, the European Parliament voted on governance and market opening, on the revision of the regulation on public service obligations (PSO) and on the so-called technical pillar consisting of three legislative acts revising the processes of safety certification, vehicle authorisation and giving new power and competences to the European Railway Agency.

CER Chairman Christian Kern commented: “I am very happy to see that the intense dialogue between the Members of the European Parliament and CER has resulted in reasonable legislative solutions. I want to thank all MEPs who dedicated their attention to these dossiers. It is beyond all questions that we have to ensure non-discriminatory access to the network and we have to strengthen regulatory rights. Based on that general understanding we can achieve railway reforms in favour of our customers and the European tax payers. With good will from each side it should be possible to reach consent easily.”

Voting on the technical pillar, the Parliament confirmed the view of the Transport and Tourism (TRAN) Committee on the Regulation establishing the European Railway Agency, on the Directive on rail safety and on rail interoperability.

Regarding the PSO [*Public Service Obligations*] Regulation (revising Regulation (EC) 1370/2007), the vote confirmed the positive decision reached by the TRAN Committee last December.

On the revision of Directive 2012/34/EC on governance and market opening, the European Parliament introduced vital improvement compared to the Commission proposal. On governance, the amendments tabled by MEPs Frigo (S&D, IT), Ertug (S&D, DE), Pargneaux (S&D, FR), Zeribi (Greens/EFA, FR), Reul (EPP, DE) et al. were supported by a very large majority of Members guaranteeing more flexibility for Member States when it comes to choosing the model of governance for their respective infrastructure managers.

Welcoming the vote's result, CER Executive Director Libor Lochman said: "The Parliament's efforts will enable the Single European Railway Area to develop efficiently, thereby benefitting the European economy and all European citizens. The urgent need now is for legislators to move swiftly forward with the approval of a final text on the Technical Pillar."

CLECAT disappointed by First Reading Position of the European Parliament

(Source: CLECAT, 27th February 2014) The European Freight Forwarders' Association, CLECAT, has expressed its disappointment about the European Parliament's plenary vote on the six legislative proposals forming the 4th Railway Package which took place in Strasbourg on 26th February.

Amendments adopted by the EP failed to ensure an effective independence of the infrastructure manager and financial transparency within vertically integrated structures, which are essential to ensure an equal and non-discriminatory access to the network.

Nicolette van der Jagt, Director General of CLECAT said: 'whereas there will be progress on technical harmonisation, the amendments adopted by the European Parliament on the governance directive will limit effective competition in the rail sector and therefore undermine the whole raison d'être of the European Commission proposals: the need to deliver better quality and more choice in railway services in Europe. We had expected a more ambitious stance from the European Parliament since the Transport and Tourism Committee (TRAN) reached a good compromise in December. The Plenary vote demonstrates again the strength of the vested national structures of railway companies.'

CLECAT welcomed progress on the 'technical pillar' of the package (recasts of the safety and interoperability directives and a new regulation on the European Railway Agency) which will contribute to less administrative costs and procedures for railway undertakings. Also, there was good progress on the proposals to empower the European Railway Agency (ERA) with new tasks, such as the issuing of safety certificates and vehicle authorisations valid throughout the EU.

Ms van der Jagt concluded: 'Freight forwarders have an interest in exploring the opportunities of rail freight today and in the future. We remain convinced that the success in achieving an increased share of rail freight in the future depends on fair competition and open access in the rail freight market through the development of sound business models and efficient internal management that must be achievable within the framework of a modern rail market legislation.'

Parliament supports life-saving eCall system in cars

(Source: European Parliament, 26th February 2014) Emergency call devices that automatically alert rescue services to car crashes must be fitted to all new models of cars and light vans in the EU by October 2015, said MEPs on 26th February in a vote on draft legislation setting up the eCall system. Road accidents across the EU caused 28,000 deaths and left 1.5m people injured in 2012.

"The deployment of a public EU-wide emergency call system represents a very important achievement for the safety of European road users. About 2,500 lives could be saved every year in Europe as well as the severity of injuries could be considerably reduced in tens of thousands of cases. The eCall will be free of charge, for the benefit of any driver in Europe independently of the car he or she drives," said the Czech Socialist Rapporteur, Olga Sehnalova.

The in-vehicle eCall system uses emergency call number 112 technology to alert the emergency services automatically to serious road accidents. It indicates the exact location and helps them arrive faster, save lives, reduce the severity of injuries and cut the cost of traffic jams.

The draft rules set October 2015 as the final date for manufacturers to be ready to install eCall devices in new models of cars and light vans. However, to meet the industry's request for more time to develop and test the system, MEPs left open the possibility of postponing this deadline.

MEPs strengthened a data-protection clause in the draft law to ensure that eCall-equipped vehicles are not subject to constant tracking. When an accident triggers an eCall, the data sent automatically to emergency centres should be restricted to the type of activation, the class of vehicle, the type of fuel used, the time of the accident, the exact location of the vehicle, the direction of travel and the number of seatbelts fastened, says Parliament's amendment.

The Commission estimates show that eCall devices could cost around €100 each when installed in all vehicles. MEPs add that the eCall is a public service which uses the 112 number and should therefore be free of charge for users.

Russia's Supreme Arbitration Court re-confirms illegality of Russian Customs' restrictive measures

(Source: IRU, 26th February 2014) Further to last week's decision by the Arbitration Court of the Russian Federation that allegations used by the Federal Customs Service of Russia (FCS RF) and its Chairman, to justify TIR restrictions on Russian territory, are inconsistent with reality and defamatory (case number A40-134939/2013), the Supreme Arbitration Court of the Russian Federation on 24th February once again judged the FCS RF's decisions and letters issued as from 14th October 2013 invalid, reconfirming the illegality of the restrictions on TIR imposed by the FCS RF (case number VAS-17458/2013).

Further to this significant decision by the highest judicial body of Russia, the IRU has reiterated its appeal to President Putin to ensure that the Chairman of the FCS RF fully respects this decision and confirms the reinstatement of the full functioning of the TIR System for import, transit and export on the entire territory of the Russian Federation with immediate effect.

Click here to read the latest developments on the TIR crisis in Russia: http://www.iru.org/en_iru_tir_news