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Registrations are now open for ECG Academy Course 9.

More information on the website.

NEWS FROM BRUSSELS

Transport MEPs push for safer, more environmentally-friendly trucks

(Source: European Parliament, 18th March 2014) Draft truck design rule changes, to allow designers to make it easier for drivers to see pedestrians and cyclists and improve bodywork streamlining to cut pollutant emissions, were backed by Transport (TRAN) Committee MEPs on 18th March. The rules would allow designs to exceed current maximum length and weight limits in order to improve performance in these areas. "The draft rules would allow designers to put better trucks on the road that improve road safety and reduce environmental damage. On the issue of 'megatrucks' Parliament has always asked the European Commission for a proper impact assessment. By deleting the parts of the legislative proposal on cross-border circulation for longer vehicles, we reinforce this position. The Commission will be asked to review the situation and report back to the Parliament and the Council by 2016," said Austrian Socialist Rapporteur Jörg Leichtfried. The draft rules would allow truck cabins to be made longer if designed to cut emissions, e.g. by improving aerodynamics; or to prevent accidents, e.g. by reducing blind spots or making the cab more rounded to push people clear, so that they are not run over. Aerodynamic flaps up to 50cm wide would be allowed at the rear of the truck to reduce drag and emissions. To encourage the use of less polluting motors, many of which are heavier and hence less commercially attractive than traditional ones, trucks and buses with low-carbon alternatives, could exceed the current maximum weight by up to one tonne, depending on the weight of the alternative system. The draft rules would also allow trucks for use in combined road-rail or road-ship transport operations to be made 15cm longer, to make it easier to load standard 45-foot containers. The changes are to be put to a vote by Parliament as a whole **on 15th April**.

ECG Note*: ECG welcomes the vote in the TRAN Committee on the revision of Directive 96/53/EC on weights and dimensions of road vehicles, which sets in motion a long-awaited clarification of the rules on the loaded length of vehicle transporters circulating within the EU. MEPs of the TRAN Committee displayed a clear political will to finally give more legal certainty to the vehicle logistics sector, though this goal will only be achieved after a final vote in the European Parliament's plenary session – foreseen on 15th April in Strasbourg – as well as an agreement with the Council [of national Transport Ministers], which is aiming for a General Approach at their meeting on 5th June in Luxembourg. ECG and its members will continue to work with these key decision-makers in the hope that a solution to the sector's longstanding wish for a true Internal Market will be reached by early 2015.*

To read the reactions of the NGO Transport & Environment (T&E) as well as ACEA, please see the 'Press Releases' section of this ECG News. For more background information, please find the corresponding ECG Position Paper on http://www.ecgassociation.eu/publicationsreports/ecgpositionandbriefingpapers.aspx.

Port Services Regulation vote postponed till after elections

(Source: TRAN Committee Newsletter, 18th March 2014) Member of the European Parliament (MEP) Knut Fleckstein, the German Socialist Rapporteur on the Port Services Regulation explained in the TRAN Committee that the vote on this file would not take place during this legislature due to the lack of time and to the fact that several key questions remained open. He informed the Committee about the progress that had been made so far with regards to the Regulation and the current state of play. The scope of the Regulation and state aid were the two main issues discussed, as they were the most problematic points where no compromise between the different political groups had been reached. However,

Advertising opportunity
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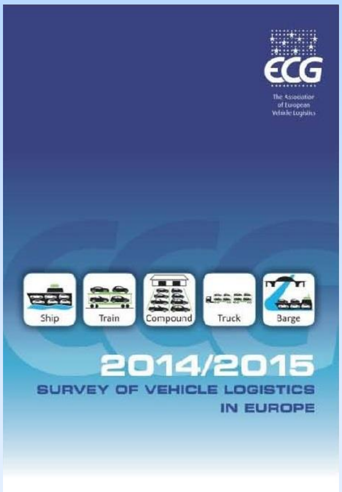
ECG Survey of Vehicle Logistics in Europe 2014-2015

ECG has started working on the latest edition of its **Biennial Survey** on vehicle logistics for 2014-15! It is the most important publication of ECG, covering every two years and representing the reality of the industry in each country across Europe, including Russia, Ukraine and Turkey.



The Biennial Survey will be officially launched at the ECG Conference in Amsterdam, on **16-17th October**. It has a genuine two year shelf-life and reaches a very wide audience across the whole vehicle logistics sector.

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Mr Fleckenstein highlighted the ground covered successfully with regards to subjects such as the safeguarding of employees' rights, the minimum requirements for the provision of port services and the transparency of financial relations. The Shadow Rapporteurs and Members unanimously endorsed the Rapporteur's opinion that the Commission had presented this legislative proposal far too late in the legislature. Several Members even questioned the need for this Regulation, calling on the Commission to withdraw its proposal. In the new legislature, the Committee will be able to take into account the political progress made on this file so far.

Deal struck on promoting use of alternative fuels on roads and waterways

(Source: European Parliament, 20th March 2014) To boost the take-up of alternative fuels in transport, EU countries will have to ensure that enough refuelling and recharging stations are available to enable cars, trucks and ships using alternative fuels, such as natural gas and electricity, to move freely on EU roads and waterways, under an informal agreement reached by Council and Parliament negotiators on 18th March. "This is a crucial step forward for the development of alternative fuels. It represents a balanced agreement which holds together both the ambition and the realistic approach that makes this Directive the appropriate tool to create market prospects and give operators and manufacturers certainty as to the law", said Italian centre-right MEP Carlo Fidanza, the Rapporteur and lead negotiator for Parliament. The new EU rules will seek to reduce the EU transport sector's dependence on oil and curb its climate impact. They will require Member States to develop the infrastructure needed for alternative fuels. EU countries will have to draw up plans including targets for the number of recharging and refuelling stations provided so that electric cars and cars using compressed natural gas (CNG) can circulate freely within EU cities and urban areas by the end of 2020; that trucks and other vehicles using liquefied natural gas (LNG) and CNG can move freely along roads in the EU's TEN-T core network by the end of 2025; and that LNG-powered ships can move between TEN-T network maritime ports by the end of 2025 and between TEN-T network inland waterway ports by the end of 2030. Member States that opt to include hydrogen-refuelling stations in their national plans will have to ensure that enough of these stations are available to ensure smooth circulation by 2025. The plans should not add any extra costs to Member States' budgets. However, they could include incentives and policy measures such as for example building permits, parking-lot permits and fuel-station concessions. These plans and common standards for recharging and refuelling installations should create stable conditions and investment security needed by the private sector to develop the infrastructure. The informal agreement still needs to be approved by the Parliament's Transport (TRAN) Committee and Parliament as a whole in April and then the Council.

AUTOMOTIVE LOGISTICS CONFERENCE

The Automotive Logistics Conference took place in Bonn on 11th- 12th March. As it is a major event in the vehicle logistics calendar, we included a special section on it in this ECG News.

Healthier times ahead for Europe

(Source: Automotive Logistics News, 13th March 2014) European vehicle production is heading towards higher capacity utilisation as factories close, models are localised and the new vehicle sales market finally starts to recover, according to PwC Autofacts. Continued growth in exports as well as complex material flows should also benefit automotive logistics providers, although the

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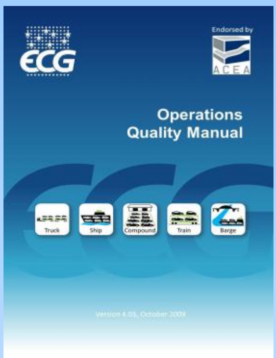

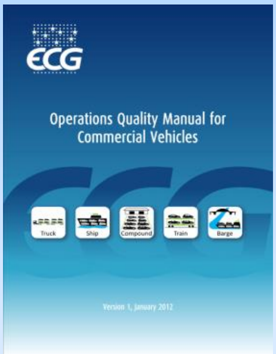

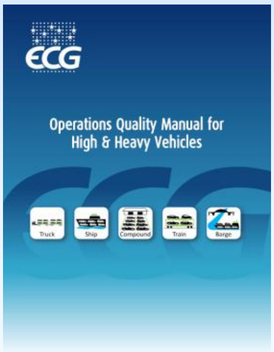

- Written by the Quality Working Group and the H&H Working Group composed of OEMs and LSPs.
- The manuals can be downloaded from: http://www.ecgassociation.eu/PublicationsReports/ECGOperationsQualityManuals.aspx

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European market may never return to its former sales peak. Speaking at the Automotive Logistics Europe conference in Bonn, Michael Gartside, Senior Manager of the Autofacts strategy group, predicted that plant capacity utilisation in the European Union would improve to above 80% by 2016, and approach its pre-recession level of 85% by 2017, up from current levels of about 75% and a low of 70% in 2009. Plants are generally considered to be profitable at utilisation rates of around 80%. Gartside pointed to several significant factory closures, including PSA's plant in Aulnay, France last year; Ford's plank in Genk, Belgium this year; and the end of production at Bochum, Germany next year. "Plant capacity will be reduced by around 650,000 with plant closures," said Gartside. At the same time, Gartside cited several new models and production localisation products that should increase production volume by around 550,000 units. Specific models that will come to Europe over the coming years include the Fiat 500, which had been produced both in Poland for the European market and in Mexico for the North American market but will now be concentrated in Poland; the Nissan Micra, which will be supplied from a Renault factory in France for the continental market, rather than India; a new sports crossover Jaguar model, along with higher Land Rover production in the UK; and a new Suzuki compact SUV that will be built in Hungary. "Assembly growth is driven by EU demand and localisation of production, which is mostly a positive development for logistics," said Gartside. PwC anticipates that EU production will rise from 15.9m units in 2013 to 16.5m this year, increasing to 18.4m by 2016 and reaching 19m by 2018, which would be higher than the 18.8m peak of 2007. This recovery is supported in part by an anticipated return to growth in the EU, plus Iceland, Liechtenstein, Norway and Switzerland, following six consecutive years of decline. Sales are expected to rise around 4-5% this year to 12.6m, and rise steadily over the coming years to around 14m units in 2016 and 15m by 2019. Sales growth will be uneven across the continent, although growth is expected even in hard hit southern European markets such as Italy and Spain. Gartside, however, does not anticipate that the European market will again reach the 16m units sold in 2007, as the region grapples with a stagnating and ageing population, increased cost of vehicle ownership, longer replacement cycles as well as falling interest in car ownership among young consumers. Gartside suggested that Europe is already facing "peak demand". "We don't believe that 16m will ever be achieved again in the European market," he said. European exports to other regions are expected to remain stable, although growth is expected to slow as more products are localised in North America and China, for example. "The export surplus in Europe will likely reduce over time," he said.

OEMs should take advantage of 'floating warehouse'

(Source: Automotive Logistics News, 14th March 2014) Carmakers may not be able to avoid the long shipping legs and need for dwell time at ports, however, they could be making better use of the time, including more flexibility in allocating vehicles and changing their destination. The timely and efficient rescheduling of labour at port terminal and vehicle yards at assembly plants is one of the main drivers towards a better-run supply chain, according to Christian Fuss, Vice-President, Head of supply chain management at **Wallenius Wilhelmsen Logistics**. "We need to start scheduling with units: if a vessel arrives a day earlier, we want the port to reschedule the labour, thus avoiding costs," he said at this year's Automotive Logistics conference in Bonn. "This kind of planning can be improved upon." Fuss maintained that port storage costs can be avoided, particularly if the time spent at ports could be managed better in view of all transport requirements, including damage repair. "We could make better use of these dwell times for repairs on damaged vehicles, which would save a great deal of time," he said. When waiting at ports to be shipped to their various destinations, or even once on the water, Fuss added that carmakers could make better use of the shipping process as "a floating warehouse", which could even

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.

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help to avoid tax exposure in some cases. He pointed to a WWL study that found that around 50% of vehicles moving in the supply chain become confirmed orders during the transport leg or while at ports; being able to reallocate vehicles once they are on the water or waiting at ports could help decrease the final delivery leg by changing destinations.

European damage rates down, catastrophic loss up

(Source: Automotive Logistics News, 14th March 2014) Overall damage ratios for finished vehicle delivery in Europe have fallen by as much as 50% in recent years, with huge cost saving implications. At the same time, more incidents of extreme weather have led to higher catastrophic loss cases. Matt Holmes, Director of damage claims and survey specialist, Sevatas, said that the overall damage ratio for vehicle logistics is now no more than 1-2%, from 3-4% in 2007. He told delegates at the Automotive Logistics Europe conference that the improvement was down to better handling processes, more targeted vehicle protection and better analysis of the root causes of damage when delivering vehicles. Assuming an average cost of repair of around €300 per damage incident, this decrease would translate to an industry savings of around €100m across the European sector. On the other hand, Holmes said that he was seeing more cases of extreme weather leading to major cases of damage. Just this past quarter, for example, he pointed to major flooding incidents at a UK port that led to the loss of 70 vehicles, as well as storms and flooding in Germany, Oman and Sweden. “You can have the most perfect vehicle handling processes in the world, but there is very little that can be done to prevent this kind of major damage,” he said. “The UK has just had the wettest winter on record for 350 years, for example, and we’ve seen numerous incident of catastrophic loss.” Holmes recommended that the best solution would be for carmakers, logistics providers and terminal handlers to work together more on having specific catastrophic loss insurance plans.

Odette estimates €30m savings for outbound with B2B standard

(Source: Automotive Logistics News, 14th March 2014) Developing a standard for business-to-business communication protocols for finished vehicle logistics could save the European automotive industry at least €30m per year, according to Odette, the standards association for automotive supply chain management. John Canvin, Managing Director of London-based Odette, said that there is currently no standard method for vehicle carriers and OEMs to exchange EDI (Electronic Data Interchange) messages. The result is that many operations are being done manually, by paper, or in some cases without any automated messaging at all. “Delivery chains have become longer and more complex, and so exchanging messages are important to efficient delivery,” said Canvin. Odette, which has already completed a project that created a standard for business-to-business messages on Edifact or XML, intends to do the same thing for the outbound sector. But the association has so far failed to see much involvement from OEMs, despite the fact that such a standard would be more straightforward for outbound logistics. “We are carrying out a survey to determine which standards and processes we should consider, but so far we have only had five responses,” said Canvin. “The parameters for outbound logistics are simpler than inbound as well because there is not the huge amount of part numbers and transport orders.” Odette estimates that implementing a standard would improve supply chain communication and eliminate some unnecessary paperwork. Canvin estimates the savings to be at least €2 per car, or more than €30m across European Union production. “If anything, we think this is a conservative estimate,” he said. “We are ready to do this, but we need more involvement from carmakers.”

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

Lohr and CTM tie up for convertible trailers in Europe

(Source: Automotive Logistics News, 18th March 2014) French vehicle trailer manufacturer, **Lohr Industries**, has signed a partnership agreement with Convertible Trailer Manufacturers Worldwide (CTM WW) to produce trailer equipment that will be able to handle both finished vehicles and a range of other general cross-industry freight, including containerised parts. CTM WW's vehicle transporter designs mean trailers can convert into a number of configurations to accommodate vehicles and high & heavy equipment, along with containerised cargo that can be carried in its own AutoBox containers. The agreement with Lohr was announced at the Automotive Logistics Europe conference in Bonn, Germany. Eric Belton, Managing Director of Lohr Automotive, said that the agreement would cover activity on a global scale. "What we are bringing to the equation is that once we have developed the resources for engineering, we will bring our knowledge of all the car carrier markets around the world," said Belton. The company has a global manufacturing presence with seven facilities and some of the world's leading transport providers as its customers. Prototypes of the equipment are expected between June and July this year, followed by pilot projects over the summer. Speaking at the event in Bonn, Bill Pawluk, CEO of CTM WW, confirmed that a number of OEMs would be invited, and he called for other companies to get involved. Pawluk maintains that the automotive logistics industry is spending $50 billion a year worldwide because of inefficient transport, with 42% of car carrier journeys logged with empty trailers – the highest empty factor in the transport industry. Filling those empty miles is the answer to the problem, according to Pawluk.

AUTOMOTIVE INDUSTRY

Volkswagen restructures production; new Polish factory to open in 2016

(Source: Automotive News Europe, 18th March 2014) Volkswagen Group is shaking up its European production, adding a €1.1 billion van plant in Poland and rearranging Porsche Panamera and VW Tiguan output. VW will build a factory in Wrzesnia, Poland, to produce the Crafter commercial van. The plant will employ more than 2,300 people, with production expected to start in 2016, VW said in a statement on 18th March. Daimler has built the Crafter model alongside the Mercedes-Benz Sprinter at its factories in Dusseldorf and Ludwigsfelde in Germany since 2005 but the production will end in mid-2016. VW also noted that production of the Porsche Panamera will be consolidated at Porsche's plant in Leipzig, Eastern Germany, in 2016. Currently, VW's factory in Hanover produces Panamera body shells that are shipped to Leipzig for completion. VW will transfer some production of its Tiguan compact SUV to Hanover from Wolfsburg to compensate for lost Panamera production. Building the Crafter in Wrzesnia about 270km west of Warsaw, will allow VW, which already makes the Caddy and T5 commercial vehicles in nearby Poznan, to significantly reduce its production costs. Labour costs in Poland were just under €7 an hour in 2012, compared with €37 in Germany, according to the Cologne-based IW economic institute. "By taking the decision to build the Crafter in Poland, we are setting the course for the strategic realignment of our light commercial vehicles," Leif Oestling, Head of VW's trucks business, said in the statement.

Europe's price war wages on, top executives say

(Source: Automotive News Europe, 14th March 2014) Few auto executives predict that Europe's intense discounting battle has eased despite six straight months of sales increases in Western Europe and forecasts that show the region's total volume rising about 3% this year. With registrations languishing at about 20%

Events in Brussels

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

The Forum for the Automobile and Society organises the event 'Future of mobility: Political Groups' visions' in the European Parliament, on **2nd April**
http://www.autoandsociety.com/en/events/fas_debate_on_the_future_of_mobility.htm

The European Barge Union organises a seminar on "Modal integration within the multimodal TEN-T corridor concept", on **7th April**
http://www.ebu-uenf.org/

below their pre-crisis peak, Fiat Chrysler Automobile CEO Sergio Marchionne said: "It's too soon to start singing the victory march." Marchionne said the recovery is driven more by fleet and rental sales rather than by consumer demand. Industry analysts say that self-registrations by dealers continue to artificially inflate sales to enable them to hit internal volume targets, especially in December and January. When asked last week at the Geneva Auto Show whether the price war would end this year, Volkswagen Group CEO Martin Winterkorn gave a one-word answer: "No." Renault and Daimler were the only two car companies to increase market share last year, on the strength of Renault's Romania-built low-cost Dacia models and Mercedes-Benz's line of compacts that includes the A class and B class. VW, BMW, Toyota and Hyundai-Kia declined in Europe at a slower rate than the market's 2% drop last year. Meanwhile Ford, General Motors, Fiat and PSA Peugeot-Citroën lost both European sales and market share in 2013. Since demand is weak in relation to manufacturing capacity, car dealers have been forced to offer discounts. On average, they are cutting sticker prices by 11% to 12%, automaker sources told *Automotive News Europe*. "In the first two months there has been no change in the pricing arena," Ford of Europe CEO Stephen Odell said in an interview. "We still have a market with a production capacity of about 20m and sales of 14m. From an industry perspective, we would need a significant shift in demand to see everyone turn back the spigot a bit [on discounts]". That doesn't mean that carmakers are not trying to end value-destroying practices. Ford managed to boost retail sales by 1% last year even as it cut back on dealer self-registrations and daily rental sales, a spokesman said, adding that the US automaker's money-losing European unit "is trying to stay below industry average" on discounts. Renault has managed to raise transaction prices by more than 7% in the past 24 months, said the French carmaker's chairman of Europe, Stefan Mueller, because of the popularity of the Clio subcompact and Captur small SUV. The improvement came also because of better dealer performance, Mueller said. For example, the automaker worked with a selected number of dealers in Austria and improved performance by setting individual sales goal and improving customer relationship management tools. "We established a lot of support tools and sales manager follow-up," he said. As a result, sales at the Renault's dealerships that took part in the programme rose 17% versus a 9% average for its entire European retail network.

Peugeot boosts 308 production

(Source: Automotive Purchasing, 17th March 2014) Citing strong demand, Peugeot has confirmed an increase in the production of its next generation 308. The second evocation of the Peugeot's popular hatchback is a huge hit for PSA Peugeot Citroën, especially since the model in question has received the 2014 European Car of the Year award and production for the model will be increased, due to strong demand, at the Sochaux plant. "The Group has already taken 60,000 orders for the new Peugeot 308, which was launched in the fall of 2013. With the European Car of the Year award and the upcoming introduction of the 308 SW station wagon, the Sochaux plant will be increasing its output", said the carmaker in its official press release. Peugeot is also assembling the new 308 SW, the 508, the 3008 and the DS5 at the Sochaux plant, besides the new five-door hatchback 308. The current factory has 10,800 workers with a permanent contract and 600 with a temporary contract. The daily output of the 308 and 308 SW will be increased by 180 units, to a total of 1,563 cars, by adding 600 more employees, 450 of them on temporary contracts.

Peugeot appoints Board chairman

(Source: Automotive Purchasing, 19th March 2014) PSA Peugeot Citroën has confirmed the selection of Louis Gallois, former Chief of EADS, the parent company of Airbus, as the Head of its revamped Board following its rescue by

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Chinese auto company Dongfeng and the French state. At a meeting, the company's supervisory Board approved a shake-up to include two representatives each from the French state and Dongfeng, who under a deal reached last month are to take part in a €3bn capital hike that will help the company survive after posting colossal losses. A statement issued on 19th March said the Board formally approved signing the deal with state-owned Dongfeng and the French state, which is expected to take place on 26th March at the presidential palace when Chinese President Xi Jiping visits Paris. The French state and Dongfeng will each hold 14% stakes in the company after the capital increase, the same level as the Peugeot family which founded the carmaker. Dongfeng is to be represented on the Peugeot Board by its chairman Xu Ping and deputy General Manager Liu Weidong, the statement said. The French state will be represented by Bruno Bezard, General Director of public finances, as well as a representative of SOGEPA, the fund that manages the French state's investments in aeronautic firms. The Peugeot family will have two seats on the Board, which will also include six independent members, plus a representative of employees and one of shareholders. Shareholders will be asked to approve the Board appointments on 25th April.

EUROPE

Eight logistics providers among GM Supplier of the Year winners

(Source: Automotive Logistics News, 18th March 2014) General Motors has announced its 2013 Supplier of the Year award to 68 suppliers, including eight companies working specifically in logistics for the carmaker. Only 1% of GM's 24,000 global suppliers are selected for the awards, which are chosen by a group of purchasing, engineering, quality, manufacturing and logistics executives. "Our suppliers play an important role in helping GM deliver compelling vehicles to our customers," said Grace Lieblein, GM Vice-President of global purchasing and supply chain. "Supplier of the Year winners have outstanding track records for consistently meeting our business needs while also supporting our cultural priorities." Logistics-related winners of the Supplier of the Year 2013 award included: air cargo provider Active Aero Group; port processing firm Amports; global express logistics provider Fedex; Ro-Ro shipping lines **Grimaldi Group** and **Höegh Autoliners**; finished vehicle carrier Jack Cooper Transport; logistics analyst and consultancy firm Müller – Die lila Logistik; and lead logistics provider Ryder Systems. Logistics and supply chain executives on hand to give out awards included Edgard T Pezzo, Executive Director global logistics and containers and Bill Hurles, Executive Director of supply chain. For European winners, there was also Susanna Webber, Board member GM Europe and Vice-President purchasing and supply chain for Adam Opel. Reflecting GM Europe's outsourcing of logistics management to a fourth party provider last year, the presenters also included **GEFCO**'s Vice-President, Antoine Redier.

Rhenus sees growth in UK

(Source: Automotive Logistics News, 14th March 2014) Automotive logistics provider **Rhenus Logistics** has reported revenue increases in excess of 100% for its UK-based operations during 2013. It said there had been an increase in the volume of consolidated stock, and a rise in the demand for added value supply chain services: such as decanting, and picking parts to order. Its express services have also expanded, serving a variety of tier one and two suppliers. The Rhenus Automotive Competence Centre (ACC) in Cannock, UK, was set up in 2010 to provide logistics services for vehicle manufacturers, as well as tier one and tier two component suppliers. The company currently operates a synchronised inbound components service for Volkswagen, involving scheduled collections

from UK and Ireland-based suppliers. It also controls the inbound shipment of contracts from the Far East, providing a complete supplier consolidation service. “As vehicle manufacturers are expanding their European facilities to keep up with demand, so the pressure on their space utilisation increases,” said Darren Cater, Head of the Rhenus in the UK. “Unable to use prime assembly areas for stocking and storage of parts, more automotive parts suppliers are turning to us to provide secure and managed stockholding capability.” Cater added that the company was seeing a significant rise in the number of manufacturers and OEMs looking for supply chain partners that could add value by offering flexible, bespoke service, as well as providing 24/7 service, groupage, just-in-time and even reverse logistics solutions.” To cope with increased demand, Rhenus stated that it had adopted a two-shift working day for its 14 logistics professionals, who will provide a 24-hour picking and packing solution.

ERTMS upgrade for locomotives in Austria and Slovenia

(Source: INEA, 17th March 2014) A project to upgrade Austrian and Slovenian locomotives in terms of European Rail Traffic Management System (ERTMS) will be supported by the European Union with a little over €1.6m from the TEN-T Programme. The project will improve the safety of rail transport whilst at the same time making the sector more competitive. The project was selected under the 2012 TEN-T Multi-Annual Call, which gave priority to ERTMS, a major European industrial initiative to make rail transport safer and more competitive. Its goal is to substitute more than 20 different train control-command systems which are currently in use in Europe with a single harmonised system. It specifically concerns retrofitting 13 locomotives belonging to four private railway undertakings from Austria and Slovenia. The locomotives will then be able to operate on the ERTMS (level 1 and 2) lines of Austria, Germany, Hungary, Slovenia, the Czech Republic, Slovakia and Switzerland. By increasing the interoperability of the locomotives, the project will enhance the competitiveness of the rail freight sector. The project will be monitored by the Innovation and Networks Executive Agency (INEA) and is set to be completed by the end of 2015.

Ports of Rotterdam and Antwerp urge not to postpone NECA implementation

(Source: World Cargo News, 17th March 2014) The port authorities of Rotterdam and Antwerp are urging the IMO not to postpone implementation of the North Sea and English Channel NO_x emission control area (NECA) standard. In a joint statement, the ports say they want to see the stricter Tier 3 NO_x emission standards for new-built vessels in the North Sea and English Channel introduced on schedule in 1st January 2016. The Regulation was agreed at IMO in 2008, with unanimous support from EU Member States. However, the Russians have been working to postpone the implementation date for five years, to January 2021, and some EU Member States, under pressure from their own shipping industries, are wavering. The environment committee of the IMO will discuss Russia’s postponement proposal at the beginning of April. “The two largest ports in Europe do not support a proposal to postpone this already agreed upon Regulation by five years,” says the joint statement. “Ships’ engines that comply with the new standards emit 80% fewer nitrogen oxides than current built vessels. Reducing the emissions from shipping to improve air quality is in line with the sustainability policy of the two port authorities.”

ECG Note*: On Russia’s efforts to postpone the legislation, please have a look at ECG News 14.09, in the ‘Europe’ section*.

Risks weigh on BMW’s Russian business

(Source: Automotive Purchasing, 19th March 2014) BMW’s Chief Financial Officer said any worsening of the crisis between Ukraine and Russia, one of its fastest growing markets, would jeopardize the car maker’s outlook. With the potential for the situation in the Crimea to escalate after a Ukrainian serviceman was killed when a base came under attack in the main town of Simferopol, the German automaker’s CEO has urged for a diplomatic solution to the conflict. Although Russia accounted for around 2% of BMW’s group sales of 1.96m vehicles in 2013 it was among its fastest growing markets, rising 11.8% to a record 44,871 vehicles. BMW’s CFO Friedrich Eichiner said the company was aware of potential risks from an escalation of the conflict. “There are risks in the Russian business. We see risks in currency, the rouble has weakened. So long as the crisis does not escalate then we stick to our guidance. If it does, all our statements about our outlook that we made today need to be questioned,” Eichiner said during a presentation at the company’s annual accounts press conference 2014. Meanwhile, BMW’s Board member for sales and marketing Ian Robertson said in the longer term he sees potential in the Russian market, while Chief Executive Norbert Reithofer called for a diplomatic solution. Eichiner concluded: “The BMW Group has set itself ambitious growth targets for 2014 and strives to remain the world’s leading premium car company. Our new models and the dynamic market

environment in North America and China will provide positive momentum in sales volumes. A steady upward trend is forecast for the European automotive markets - although our business development could be affected if this fails to materialise. But, overall, we expect our positive business development to continue in 2014."

REST OF THE WORLD

Wage dispute means lockout at Toyota Kirloskar

(Source: Automotive Logistics News, 18th March 2014) Production at two plants operated by Toyota's joint venture business in India – Toyota Kirloskar Motor – has been brought to a standstill following a dispute over wages that has resulted in a lockout at both facilities. The plants, located in Bidadi, just outside Bangalore in the south of the country, have been hit by disruption for the last 25 days, according to the carmaker. "[U]nder the instigation of the union, certain sections of the employees have resorted to deliberate stoppages of the production line, abuse and threatening of supervisors thereby continuously disrupting business for the past 25 days," said the company in a statement, adding that it was left with no other option but to declare a lockout of the premises to ensure the safety of its workers and management personnel." The TKM Employees union has responded stating that the company has acted illegally in not issuing a 14-day notice ahead of the lockout. Its president Prasanna Kumar even suggested to *India Today* that the carmaker may have closed the plant to reduce production and lower inventory, which he said has been increasing due to declining sales. The company did not comment on the allegation. The wage dispute between the carmaker and its workers has been rumbling on for 10 months following a demand for Rs. 8,000 for the fiscal year from the employees union, which cites the rise in the costs of living and increased work load. Toyota Kirloskar management responded with an offer of Rs. 3,050. Combined annual production capacity at the plants stands at 310,000, and the company said that the disruption over the last 25 days has cost it 2,000 vehicles in lost output.

PRESS RELEASES

Grimaldi Group Recognised by General Motors as a 2013 Supplier of the Year Winner

(Source: Grimaldi Group, 17th March 2014) The **Grimaldi Group** was named a GM Supplier of the Year during its 22nd annual Supplier of the Year awards ceremony on 12th March. The event was held at the Cobo Center in Detroit, Michigan.

(L to R: Costantino Baldissara, Antoine Redier, Edgard T. Pezzo, Susanna Webber)

GM's exclusive Supplier of the Year honour was presented to only 68 suppliers worldwide who have consistently exceeded GM's expectations and created outstanding value. This is the 13th time Grimaldi Group has received this prestigious award.

"Our suppliers play a huge role in helping GM deliver compelling vehicles to our customers," said Grace Lieblein, GM Vice President, Global Purchasing and Supply Chain. "Supplier of the Year winners have outstanding track records for consistently meeting our business needs, while also supporting our cultural priorities."

Less than 1% of GM's suppliers around the world receive the Supplier of the Year award. Winners are recognised for delivering innovative technology, superior quality, timely crisis management and competitive, total-enterprise cost solutions.

"We are very honoured to have received this prestigious award for 2013," said Emanuele Grimaldi, Managing Director of the Grimaldi Group, together with his brother Gianluca. "General Motors is one of our main customers, with whom we have been co-operating for over 40 years providing logistics services characterised by punctuality, quality, economic convenience and efficiency," said Mr. Grimaldi.

With over 60 years of experience in shipping, the Grimaldi Group is specialised in the operation of Ro-Ro vessels, car carriers and ferries. It is a dedicated supplier of integrated logistics services based on maritime transport to the world's major vehicle manufacturers. With regards to General Motors, the Grimaldi Group provides logistics services for the transport of GM vehicles between North Europe, the Mediterranean, West Africa, North and South America.

EU Parliament vote marks end of the brick-shaped lorry

(Source: Transport & Environment – T&E, 18th March 2014) The European Parliament's Transport (TRAN) Committee on 18th March voted to change rules for lorry cabins that could save hundreds of lives and reduce fuel consumption and emissions. The committee voted to give lorry manufacturers more design space for the front end, allowing a more streamlined nose and ending the era of Europe's characteristically brick-shaped lorries.

Parliament decided that some of the extra cab space has to be used to get rid of blind spots, include a crumple zone and to make sure pedestrians and cyclists are not knocked underneath the wheels in a collision. Lorry makers will have the possibility to improve designs straight away but Parliament wants these life-saving features to become mandatory for all new lorries by 2022. The new design flexibility will enable lorry makers to implement fuel-efficient measures such as better aerodynamics, which will make lorries cheaper to run and cut climate-changing emissions. For the first time, Parliament also called for the introduction of fuel efficiency standards for lorries.

On the controversial issue of 'megatrucks', MEPs rejected the Commission's proposal to allow the cross-border use of longer lorries. Instead, MEPs demand that the Commission properly assesses the impact of wider megatrucks' use and report back to Parliament in 2016. William Todts, clean vehicles officer at Transport & Environment, said: "Today is a good day for pedestrians, cyclists, drivers, hauliers and the environment. This vote brings the end of the brick-shaped cab closer. It's a key decision that will reduce road deaths and kick-start progress on lorry CO_2 emissions after 20 years of stagnation."

The current EU law on lorry dimensions forces cabins to be shaped like a brick, which as well as being dangerous, is also inefficient. This hampers progress in fuel efficiency and safety. A rounder lorry front along with rear flaps could improve fuel economy by up to 7-10%, which at today's diesel prices would save hauliers approx. €3,000 per vehicle per year. In contrast to cars and vans, lorries' environmental performance has stagnated over the last 20 years. Whilst only 3% of vehicles, lorries account for a quarter of Europe's road transport emissions. That share is expected to grow as traffic increases further. Lorries also have a dreadful safety record: every year 15% of all fatal collisions – around 4,200 deaths - involve lorries.

This Parliament decision needs to be approved by the 28 EU Member States before it can become law. Member States are under intense industry pressure to block the life-saving redesign. Lorry makers are lobbying for new designs to be prohibited until 2025 to safeguard what they call 'competitive neutrality'. They also reject additional safety requirements such as improved direct vision.

"Giving lorry makers extra cab space in return for life-saving and fuel-efficient features is a no-brainer. Europe's governments shouldn't let vested interests trump common sense", William Todts concluded. The vote needs to be confirmed by the plenary of the European Parliament this April before the draft law can be considered by EU Member States.

Flexible approach to truck dimensions will have greater impact on fuel efficiency, say manufacturers

(Source: ACEA, 18th March 2014) Following the vote on 18th March by the Transport (TRAN) Committee of the European Parliament on the revised Directive on truck weights and dimensions, the European Automobile Manufacturers' Association (ACEA) reiterates its support for having additional space for fuel-efficient innovations in trucks, calling for the flexibility to use the extra space for innovations that have the greatest impact on fuel efficiency.

This does not only include aerodynamics (the best trucks on the market today would only gain a 1% fuel-efficiency improvement through aerodynamic cabs), but include a number of technological innovations that require more space, such as alternative powertrains, more efficient cooling solutions, fuel tanks for alternative fuels and waste heat recovery.

"This flexible approach has far more potential to improve the fuel efficiency of the truck of the future," said ACEA Secretary General, Erik Jonnaert. As regards safety, the industry stresses that it is not necessary to re-design the cab to have the best safety outcome. "Safety technologies that prevent accidents happening in the first place are the way forward," explained Mr Jonnaert. "The industry is committed to continuing to build safety technologies into commercial vehicles."

Council agrees its position on the European Railway Agency

(Source: European Council, 14th March 2014) The Council on 14th March agreed a general approach regarding a proposal aimed at defining new tasks of the European Railway Agency (ERA) to reflect its future stronger role in safety certification and vehicle authorisation.

New tasks resulting from the draft directives on interoperability and safety

The revision of the ERA's rules is part of the technical pillar of the 4th Railway Package, published by the Commission in January 2013. The new ERA regulation will formalise the Agency's wider remit that stems from the other two legislative files under the technical pillar: the Directives on interoperability and safety. According to the general approach adopted on the interoperability and safety Directives, a dual system of vehicle authorisations and safety certifications will be set up, with the ERA acting as a one-stop-shop for authorising vehicles intended for cross-border operations and for issuing safety certificates to railway undertakings involved in cross-border traffic. National safety authorities will still have an important role in carrying out the necessary assessments. The compromise also stipulates that, for vehicles and railway undertakings involved in national transport only, there will be a choice between submitting a request for authorisation or certification to the Agency or to the national safety authority.

What is the purpose of the new rules?

The completion of the package's technical pillar is expected to increase economies of scale for railway undertakings across the EU, reduce administrative costs and speed up procedures. It should also help to avoid any disguised discrimination in the issuing of safety certificates and vehicle authorisations.

Main elements of the general approach

One of the Agency's tasks will be to examine national rules in connection with the railway safety and interoperability Directives. Where the Agency's assessment of national rules is negative, it can, after consulting the Member State, issue an opinion. In addition, the text agreed by Ministers clarifies that only national rules which have already been adopted at national level can be the subject of a Commission decision, while draft national rules may only lead to an opinion by the Agency.

The Agency will monitor, through audits and inspections, how national safety authorities carry out their tasks related to safety and interoperability. If deficiencies are spotted and if, following certain steps, the Member State's response is still considered insufficient, the Commission may take appropriate actions concerning the steps to be taken as a result of the audit. Fees to be charged by the Agency will be set in a transparent manner, with due regard to the principle that they must not lead to an unnecessary burden on companies. They should, however, cover the cost of the services delivered.

The Agency will be held accountable when carrying out its tasks related to safety certifications and vehicle authorisations. A system of appeals will be set up, with the possibility for any natural or legal person to appeal against a decision addressed to them, or of direct and individual concern to them. In the event of a disagreement between the Agency and the national safety authorities, an arbitration procedure will be launched at the national authority's request.

The general approach on the interoperability and safety Directives provides for the possibility of concluding co-operation agreements between the Agency and national safety authorities to facilitate the practical implementation of the new certification and authorisation system. In specific cases of isolated networks, the Agency may subcontract certain certification and authorisation tasks to the national authorities.

The text also includes new rules on the ERA's governance, in line with the recommendations on the decentralised agencies agreed between the European Parliament, Council and Commission in 2012, inter alia regarding the composition of the Management Board and the conditions of employment of the Executive Director. In order to be adopted, the Regulation has to be approved by the Council - by qualified majority - and the European Parliament.

EU Transport Council adopts a favourable position on SHIFT²RAIL, a major step towards the creation of the Joint Undertaking for Rail Research

(Source: UNIFE, 14th March 2014) UNIFE, the European Rail Industry Association, on behalf of the 115 organisations promoting the SHIFT²RAIL initiative, lauds the Council of the European Union's adoption of a favourable position on the Regulation establishing the SHIFT²RAIL Joint Undertaking.

SHIFT²RAIL is an unprecedented joint effort by the European rail sector and the European Union to create a step change in rail technology in order to meet three major targets: enhancing the capacity of the European rail system to cope with increased user demand, increasing the reliability and quality of rail services, and significantly reducing the life cycle cost of the overall system.

This initiative, prepared by the European Commission, will make rail transport more attractive to millions of European passengers and freight users and boost the competitiveness of the most sustainable transport mode. SHIFT²RAIL will encompass research, innovation and demonstration activities in all aspects of the rail system, amounting to no less than €920m, co-financed by the EU and the private sector under the Horizon2020 budget across the 6 year lifespan of the initiative.

Philippe Citroën, Director General of UNIFE, the association co-ordinating the SHIFT²RAIL initiative, added: "UNIFE is very pleased with the outcome of the Transport Council meeting. SHIFT²RAIL will help revolutionise rail travel and make it more attractive to end users as well as boosting the competitiveness of the rail industry. UNIFE would like to express its sincere appreciation to the Greek Presidency for making SHIFT²RAIL one of their transport priorities."