ECG News

Truck Ship Compound Train Barge

ECG – The Association of European Vehicle Logistics

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NEWS FROM BRUSSELS

Consultation on harmonised carbon footprinting measures in Europe

(Source: European Commission, 21st March 2014) The European Commission has launched a public stakeholder consultation on harmonised carbon footprinting measures for both freight and passenger transport services in Europe. The consultation is aimed to map the opinions of stakeholders across the EU regarding harmonisation of carbon footprinting at the service level. Carbon footprinting is a method to generate data about the greenhouse gas (GHG) emissions of transport operations on an aggregated level of a company, or more detailed, on the level of a trip and service, like the delivery of a parcel. Many initiatives, both at the EU and global level, have been deployed for identifying carbon footprints of transport services. Also several tools are available for comparing various transport modes on the GHG emissions. However, at the moment there exists no universally accepted definition of the concept of carbon footprint. Existing methodologies and tools for measuring the carbon footprint show manifold divergences and inconsistencies between them. The availability of carbon footprints of transport services that are based on a common methodology and the increased use of carbon footprinting by the industry may improve the GHG performance of the transport sector. In order to contribute to the harmonisation of carbon footprinting measurement for both freight and passenger transport services in Europe, the Commission launched a study supporting the assessment of impacts for possible actions to be undertaken at the EU level.

***ECG Note**: ECG members are welcome to participate in this consultation and can send their individual responses as well to the Secretariat, in order to feed into an eventual ECG-contribution (please contact tom.antonissen@ecgassociation.eu). The consultation itself, as well as a background document, can be found here (the deadline for responses is **13th June 2014**):*
http://ec.europa.eu/transport/themes/sustainable/consultations/2014-06-13-harmonised-carbon-footprinting-measures_en.htm

Clean fuel infrastructure rules agreed by the EU

(Source: Council of the EU, 26th March 2014) The Member States' permanent representatives on 26th March endorsed the compromise reached between the Council and the European Parliament concerning a Directive on building up minimum infrastructure for alternative fuels across the EU. Creating a sufficient network of recharging and refuelling stations is considered crucial in order to drive consumer demand for vehicles powered by "clean fuel", such as electricity, hydrogen and natural gas, and to encourage manufacturers to develop such vehicles and to sell them at competitive prices. Under the Directive, each Member State will adopt a national policy framework for the market development of alternative fuels infrastructure, outlining its national targets for putting in place new recharge and refuel points and relevant supporting actions. It must send its framework to the Commission within two years from the entry into force of the Directive. Co-ordinated by the Commission, the national policy frameworks of all Member States will provide long-term security for private and public investment into vehicle and fuel technology and infrastructure roll-out.
Member States must set targets for the following infrastructure:

- **Electricity for cars**: By the end of 2020, Member States should install enough recharge points for electric cars to be able to circulate at least in cities and suburban areas. As an indication, the appropriate average number of recharge points should be equivalent to at least one recharge point per 10 cars, also taking into consideration the type of cars, charging technology and available private recharging points.
- **Electricity for ships**: Shore-side electricity supply is to be installed as a priority in ports of the Trans-European Transport (TEN-T) Core Network, and

in other maritime and inland ports, by the end of 2025, provided there is demand and the costs do not outweigh the benefits.

- **Hydrogen**: If the Member State decides to include hydrogen in its national policy framework, it must ensure that there are enough refuelling stations available to allow smooth circulation by 2025 within the networks determined by the Member State.
- **Liquefied natural gas for ships**: LNG-powered ships should be able to move between the TEN-T Core Network maritime ports by 2025 and between the TEN-T Core Network inland ports by 2030.
- **Liquefied natural gas for trucks**: The plans for LNG refuelling points installed at least along the existing TEN-T Core Network are to ensure that, by 2025, LNG heavy-duty motor vehicles can move throughout the EU, where there is demand, unless the costs are disproportionate to the benefits. The adequate distances for the refuelling stations will be defined taking into account the minimum range of LNG trucks. As an indication, the necessary average distance should be approximately 400km.
- **Compressed natural gas**: CNG motor vehicles should be able to circulate in agglomerations by 2020 and at least along the existing TEN-T Core Network by 2025. As an indication, the necessary average distance between refuelling points should be approximately 150km.

Common technical standards are to be applied, making all new recharge and refuel points interoperable. Motor vehicle manuals, refuelling and recharging points, and motor vehicle dealerships, among other things, must provide clear information as to which motor vehicles can be fuelled with which fuels or recharged by which available recharge points. Private investment is expected to play a key role in the build-up of alternative fuels infrastructure. Support measures by Member States are possible, in compliance with EU state aid rules. In addition, relevant actions are eligible for EU funding from the Connecting Europe Facility (CEF) and Horizon 2020. To come into effect, the text still needs to be formally approved by the Parliament and the Council (agreement at first reading). The Directive will enter into force twenty days after its publication in the EU Official Journal. After that, Member States will have two years to adopt national provisions to comply with the directive.

In order to read the reaction of the European Sea Ports Organisation (ESPO), please go to the 'Press releases' section of this issue of ECG News.

AUTOMOTIVE INDUSTRY

Renault least vulnerable European automaker in Russian turmoil

(Source: Automotive News Europe, 24th March 2014) Russia's leading automaker, Renault-Nissan-AvtoVAZ, is best placed among automakers including Volkswagen and Ford Motor to withstand the effects of a weakening rouble from the fallout of Russia's annexation of Crimea, analysts say. A sliding rouble combined with a chronic undersupply of locally made parts may bite into foreign carmakers' revenues this year in Russia, making the imported parts the industry relies on more costly. The Renault-Nissan alliance has a majority stake in AvtoVAZ, owner of Lada, Russia's best-selling brand, and the three automakers sell about one in three cars in Russia. With the alliance's components localisation close to 100%, "Renault may even benefit from price increases forced on less-localised peers," Barclays wrote in a report last week. "Renault benefits from a very high level of local sourcing in Russia so that we are fairly protected from the devaluation of the rouble," a company spokeswoman said. While western Europe and the United States seem unlikely to impose full Iran-style sanctions on Russia in retaliation for its annexation of Crimea, the weaker rouble and shaky consumer sentiment is seen depressing the 2.8 million-unit car market there this year even if

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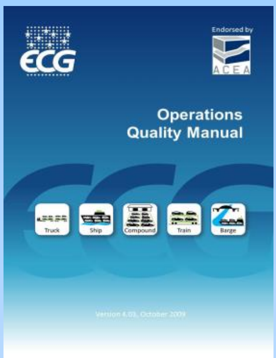

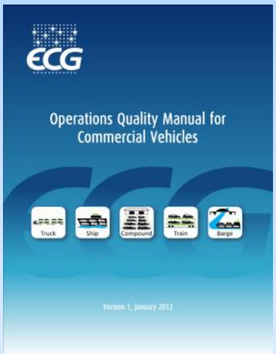

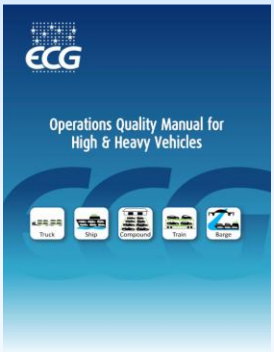

- Written by the Quality Working Group and the H&H Working Group composed of OEMs and LSPs.
- The manuals can be downloaded from: http://www.ecgassociation.eu/PublicationsReports/ECGOperationsQualityManuals.aspx

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new sanctions don't arrive. IHS Automotive is cutting its 2014 forecast for the Russian market to a decline of 7%, from a 3% decrease predicted this year before the Ukraine crisis accelerated, said Carlos Da Silva, IHS's Manager for light vehicle forecasts in Europe. Sales fell 6% in 2013. The current political turmoil will also affect 2015 and 2016, said Da Silva, and a worst-case scenario of full sanctions would spark a further downgrade. “The most vulnerable automakers are the ones importing the most,” Da Silva said. “Any carmaker that is not producing locally will be impacted.” Renault-Nissan-AvtoVAZ had a 32% market share in Russia in the first two months, followed by Volkswagen Group with 11% and General Motors with 9%, according to data from the Moscow-based Association of European Businesses (AEB) in Russia. Parts supply has been the Achilles' heel of the Russian car industry, according to Boston Consulting Group, which said in a report last summer that the share of locally produced parts in locally assembled vehicles rarely exceeds 25%. But since most carmakers keep much larger stockpiles than their European counterparts, no components crunch is looming. VW Group sources 60% of its components locally, spokesman Christoph Adomat said. Ford is working with its partner, Sollers, to increase localisation of parts. The company does not release information on how much of its components are sourced locally, two Ford spokespeople said. A Ford spokeswoman declined to comment on media reports last week that Ford may halt production for a few months in Russia because of the rouble's decline. “The weakening of the rouble puts additional pressure on Ford Soller's business, as always, we are constantly monitoring the overall economic situation and will act according to the changing environment,” the spokeswoman said. “We have nothing to announce.” VW Group has poured about €1bn into local production since 2006 and will invest another €840m from 2013-2015. VW will stick with ambitious expansion plans in Russia even as European leaders consider sanctions over the country's seizure of Crimea, CEO Martin Winterkorn said last week. Full economic sanctions would have a devastating effect on the future development of the Russian car industry, which is heavily dependent on foreign investment, said IHS's Da Silva. Foreign automakers have committed to invest $10bn in Russia up to 2020, enticed by tariff cuts, scrappage schemes and car-ownership levels well below Eastern and Western Europe - and less than half the 740 vehicles per 1,000 inhabitants in the United States. But a three year growth spurt in car sales ended last year, and the current turmoil means that it may take longer for the Russian market to rebound. The crisis in Crimea is particularly difficult for Opel, which views Russia as its most important developing market. “At the moment we are feeling the pressure caused by the rouble's exchange rate,” Opel Chief, Karl-Thomas Neumann, told *Automobilwoche*. But the CEO said he expected the situation to normalise and is still confident that Russia will pass Germany to become the region's No. 1 market. “It's certain that Russia will be Europe's biggest car market by 2020. The development until then will be like a marathon with high and low points,” Neumann said.

Honda cuts UK car production due to weak growth outlook

(Source: Automotive News Europe, 25th March 2014) Honda unveiled further cuts to its manufacturing operations in the UK, citing disappointing sales growth in Europe which it did not see picking up in the next couple of years. Honda said it planned to move from a three-shift to a two-shift pattern at its factory in Swindon, southwest England, resulting in an estimated 340 job losses, slightly more than 10% of the workforce. The change means Honda now expects to produce about 120,000 vehicles in 2014 at Swindon, its hub for European car manufacturing activity, down from 140,094 vehicles in 2013 which was a decrease of about 15% from the previous year. The factory has the capacity to make 250,000 cars a year. The automaker has seen its market share in EU and EFTA countries fall to 1% from 1.1% so far this year. In the first two months, Honda's vehicle sales in the region dropped 10% to 18,037, according to figures from the industry body ACEA. Ian Howells, Senior Vice President of Honda Motor Europe, said the company had not seen the growth it had anticipated over the past year. “With no

increase forecasted for the next couple of years, we must scale our manufacturing activity accordingly," Howells said in a statement. He noted that the company was confident in the long-term future of the Swindon plant after the restructuring which followed job cuts of 800 last year. The latest cuts come as European carmakers struggle to reverse dwindling car sales of the past six years as consumers, particularly in austerity-hit countries, hold back spending. Many in the industry hope the slump in car sales will bottom out in 2014 as the sovereign debt crisis abates.

VW to add Poland plant, concentrate Porsche bodies and assembly

(Source: Automotive Logistics News, 24th March 2014) Volkswagen is reorganising major parts of its plant production in Europe, including the construction of a new light commercial vehicle plant in Poland while also consolidating production of Porsche car bodies and final assembly at a number of locations in Germany and Slovakia, which have so far been done in separate locations. The latter moves are expected to save substantial logistics costs. Volkswagen will open a new plant in Poland to build the successor to the VW Crafter van. From 2016, it is expected to roll out the newly designed vehicle at Wrzesnia, about 50km to the east of Poznan, where its existing commercial vehicle plant is located, making the Caddy. "Our experience with the production of the Caddy in Poland has been excellent," said Dr Eckhard Scholz, member of the Management Board of Volkswagen Commercial Vehicles, adding that the region around Wrzesnia offered ideal economic conditions and infrastructure. Dr. Leif Östling, member of the Management Board of Volkswagen, and responsible for Commercial Vehicles, added: "With the decision to produce the Crafter in Poland, we have laid the foundations for the strategic reorientation of our light commercial vehicles." Currently, Daimler builds the VW Crafter at its plants in Dusseldorf and Ludwigsfelde in Germany. At the same time, VW's Commercial Vehicles division has said its Tiguan van will be assembled at the Hanover plant as well as Wolfsburg, also from 2016. At Porsche, by 2016 the Volkswagen Group will shift the production and painting of body shells for the Panamera to Leipzig, where final assembly already takes place. At a press conference, Porsche has also revealed that a similar supply triangulation will also end for the Cayenne SUV. Volkswagen currently builds the car bodies and interiors for the Cayenne at its plant in Bratislava, Slovakia, before shipping them to Leipzig. But Porsche Chief Executive Matthias Müller told reporters last week that the next generation Cayenne would be built entirely in Bratislava after 2016. The concentration of Panamera and Cayenne production at Leipzig and Bratislava is expected to save considerable logistics costs, as well as allow the Volkswagen Group to take advantage of economies of scale and shared components at the factories. The Leipzig plant has already seen around €500m in investment in recent years to make it a fully-fledged factory with its own paint shop and capacity for body assembly of the Macan SUV. Porsche and the Volkswagen Group have also applied the 'New Logistics Concept' at the plant, which synchronises production with suppliers through the use of group-wide crossdocks.

EUROPE

LSPs recognised at Irish Logistics and Transport Awards

(Source: Automotive Logistics News, 26th March 2014) DHL Global Forwarding, **DB Schenker** and **National Vehicle Distribution** were among the winners at this year's Irish Logistics and Transport Awards, held in Dublin on 20th March. The Awards involved 100 entries from companies with logistics and transport activity in Ireland competing across 18 award categories. DHL Global Forwarding took the award for Overall Logistic and Transport Excellence as well as receiving the prize in the Freight Forwarding Company of the Year category. The awards were

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- 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

ECG AGENDA

►**ECG Russia Regional Meeting** in **April (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

accepted by Maurice Meade, managing director of DHL Global Forwarding, Ireland. DB Schenker was also recognised with two awards: one in the category of Freight Forwarding Team of the Year and the second in recognition as Employer of the Year. Ray Hennessy, Managing Director at Schenker Ireland accepted the awards. Finished vehicle carrier National Vehicle Distribution took the award for Transport Company of the Year. NVD provides a range of services including both Irish and UK transport of vehicles, body repairs, pre-delivery inspections, vehicle conversions and enhancements, as well as monitored 24 hour secure storage at three facilities with a combined storage capacity of 35,500 units. John Boland, operations director at NVD, accepted the award.

Crimean conflict will curtail major logistics markets

(Source: Transport Intelligence, 25th March 2014) The crisis around the Russian annexation of Crimea appears to be of such magnitude that it is likely to have a profound effect on the economies across Central and Eastern Europe. As ever, logistics will be a primary focus. An obvious problem area will be trade both in the Black Sea region and the Baltic Sea. The consumer boom that Russia has experienced over the past decade has overstretched its port's capacity to handle imports resulting in the growth of trans-shipment ports in Turkey and Romania, handling not just containers but also Ro-Ro cargoes such as cars. Presumably this traffic will be hit badly. The Baltic trade has also grown vigorously recently. Not just ports in Northern Germany, Poland and the Baltic States but shipping providers such as **DFDS**, Unifeeder and **Grimaldi** have significant business into Russia. Of course within this trade Finland occupies a special position. Its efficient, reliable ports are a major access point into Russia and even just a recession in Russia will directly affect such businesses. One group that can hardly be surprised at events are road freight operators between Russia and Central Europe. For example there have been a series of conflicts between the Russian authorities and the Baltic States over strange issues to do with cargo insurance and TIR agreements. It is tempting to believe that these owed as much to do with the political environment in Moscow than any objective problems with the regulation of freight movement. The opportunity for further problems here seems considerable. There must also be effects on Russian investments in logistics outside the country. Prominent amongst these is **GEFCO** which is now 70% owned by the Russian State Railway company RZD whose head is Vladimir Yakunin, a close associate of Vladimir Putin and who has been named as a target for sanctions by a number of western Governments including France. Bearing in mind it appears that part of the logic for the investment in GEFCO was to attract Western European cargoes onto Russian railways it raises questions about the future strategy of GEFCO and possibly the viability of the whole ownership. **Deutsche Bahn Schenker** has also developed rail services across Russia through Central Asia to China. These must be seen as vulnerable to political interference whilst the termination of DB Schenker's rail service across Kazakstan and through Russia carrying German, American and British military equipment back from Afghanistan must surely be likely, although alternatives are available, not least air/land services through Dubai. A further aspect is the implications for Russian companies such as Global Ports that have raised capital in London for investment in their business. Such firms would appear to be prime targets for some sort of action not least as they are often controlled by persons close to political power in Moscow. Another potential area is overfly rights from Russia. In the recent past Russia has not been shy about manipulating these. For example it used the threat to withdraw overfly rights from Lufthansa as part of its attempts to get the German airline to use a Siberian airport as a cargo hub. The possibility that it will use this tool in its conflict with western states must be high. So the list of potential disruption to logistics in Europe is very long. Yet a more profound trend will be the re-orientation of trade from Western and Central Europe away from Russia. Not just in the energy sector but many businesses such as the automotive sector, chemicals and luxury goods will experience a considerable

Events in Brussels

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/

change of direction as a market of not inconsiderable size is effectively shut-down.

Confusion as Ukraine reverses decision on vehicle import duties

(Source: Automotive Logistics News, 26th March 2014) Despite earlier plans to cancel or substantially reduce customs duties on the import of vehicles to Ukraine, the country's parliament has now published a bill that actually increases the rate of tax. "The Cabinet of Ministers with the support of Parliament prepared amendments to the tax code, which will affect the automotive industry," said Oleg Nazarenko, head of the All-Ukrainian Association of Automobile Importers and Dealers (VAAID). "In particular, it is planned to increase the excise duty on foreign cars twice while the utilisation fee will be increased by 8%." Last year, Ukraine followed Russia's examples by implementing a 'utilisation' fee to cover the costs of recycling vehicles imported to the country. As with Russia's, it is largely seen as a protective move to support local manufacturers. The utilisation fee also followed 'special duties' on imports, which experts have said contributed to sharp falls in Ukrainian vehicle sales. The new bill proposes increasing the rate of excise duty for new cars and motorcycles with engine capacity exceeding 0.5 litres by twice the current rate. In addition, it will set the excise tax on motorcycles with an engine size up to 0.5 litres at €0.06 per/cm^3. At the same time the Ministry of Finance, which is thought to have instigated the turnaround, is not expected to increase the excise duty for cars produced by Ukraine's carmakers or for local complete knockdown kit (CKD) assembly, according to VAAID. Those companies assembling vehicles from CKD kits will not be affected by the decision regardless of the level of parts and supply localisation. Instead, domestic producers will continue to be the subject of the minimal level of excise, which is €109 per car. Importers, however, will now have to pay €2,860 instead of €1,430 for new cars with engines of 2,201cm^3 and €6,054 instead of €3,027 for vehicles with engines size of 3.0 litres. The latest measures, including the increase in the utilisation fee by 8%, constitute a reversal of policy of the new Ukrainian government, which has overturned earlier promises made by the previous regime and has resulted in widespread confusion amongst the authorities involved in implementing the legislation. "There is a complete mess," said Nazarenko. "It feels like the ministries are working in absolute isolation from each other." The bill to increase import and utilisation fees will take effect in the next few days, but Nazarenko promised that VAAID "would take all necessary measures to prevent lawlessness". According to him the latest legislation governing the automotive market repeats all the same mistakes that the old one did, namely introducing senseless protective duties and taxes on imported cars, which hurt both businesses and ordinary citizens of the country.

Business to Motorways of the Sea transport study wins EU support

(Source: INEA, 26th March 2014) The European Union will support with nearly €5.7m from the TEN-T Programme a study to promote the operational co-operation of the public and private sectors to increase the efficiency of the "Motorways of the Seas" (TEN-T Priority Project 21). The study, selected for funding under the 2012 TEN-T Multi-Annual Programme, will contribute to establishing a European maritime space without barriers by facilitating and simplifying compliance with regulations and by promoting intermodal sustainable transport solutions that reinforce the Motorways of the Sea (MoS) strategy. Six Member States (Germany, Greece, Italy, Slovenia, Spain, United Kingdom) are aiming to overcome Information and Communication Technology (ICT) obstacles in providing seamless transport operations in the multimodal supply chain. This will boost the development of a MoS network and improve European cohesion by simplifying specific administrative procedures and reducing barriers to intra-EU trade.

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REST OF THE WORLD

Hyundai Glovis to open facility for China exports

(Source: Automotive Logistics News, 26th March 2014) Automotive logistics provider **Hyundai Glovis** will open a parts export facility in South Korea in the first half of this year that will move truck and bus parts to Hyundai's joint venture assembly plant with Sichuan Nanjun Automobile Group in Zinyang City, China. The joint venture in China, Sichuan Hyundai, began production last year following an investment of RMB600bn ($4.6bn). Zinyang City is in Sichuan province, central China, southeast of Chengdu. The export facility in South Korea is located at the Wanju Techno Valley complex, 235km south of the capital Seoul, and near Hyundai's Jeonju commercial vehicle plant. It will assemble and package complete knock down (CKD) kits for three models assembled at the plant in China: the Trago Xcient and Mighty trucks, as well as the County Bus. Hyundai Glovis said the kits will be made from 3,000 components supplied by 200 parts suppliers. When full production is up and running, the plant will be able to export parts for 40,000 commercial vehicles, said the company. The kits will be delivered just-in-time (JIT) and will be taken by ocean to China onward transport, by barge, up the Yangtze river. The latest development builds on Glovis' established business in sending car parts and kits to Hyundai and Kia plants in nine countries, from South Korean knock-down kit export plants in Ulsan and Asan.

Höegh ship assists in search for missing plane

(Source: Automotive Supply Chain, 21st March 2014) The **Höegh** St. Petersburg was the first ship to arrive in the area where the two objects were spotted by satellite on 17th March in one of the remotest parts of the globe, around 2,500 km southwest of Perth. "We will continue searching during the night at reduced speed and with all spotlights available, and we will increase the speed again when the light comes back (around 2300 GMT)," Ingar Skiaker, Chief Executive of Höegh Autoliners, told a news conference in Oslo. "We have not had any report of any finds, but if or when they find something... the captain will report to the Australian authorities first," he said. Höegh Autoliners said as far as they knew theirs was still the only ship in the area in the southern Indian Ocean, with other ships on their way and expected to arrive tomorrow. Two Royal Australia Air Force AP-3C Orions, a U.S. Navy P-8 Poseidon and a Royal New Zealand Air Force P-3K2 Orion are also involved in the search. A Royal Australian Navy ship equipped to recover any objects was en route and China's icebreaker for Antarctic research, Xuelong, or Snow Dragon, was to set off from Perth, state news agency Xinhua cited maritime authorities as saying. The Höegh St. Petersburg would stay to help in the search for as long as it was needed, a company spokesman said. "We are thinking about those who are waiting for news. We are thinking of the relatives," Skiaker said. The car carrier was on its way from Madagascar to Melbourne when it got a request from Australian authorities to assist in looking for the objects.

Differences in supply chain across Africa pose 'massive challenge'

(Source: Automotive Purchasing, 24th March 2014) The African automotive industry has broadened its footprint far beyond the confines of South Africa. These days, the Maghreb region of North Africa and Egypt are burgeoning as automotive OEMs, particularly those in Europe, look for growth. Yet, according to Bart van Dijk, partner at AT Kearney and co-author of the African Retail Development Index, "there are wide differences in infrastructure and supply chain development across African countries. Understanding the opportunities and limitations from country to country is a critical element of the retail expansion decision," he explains. The report added: "Supply chain remains a massive challenge in Africa. How to develop a supply base in Africa remains an open question." It explained that a lot of the urban growth there is "informal and

uncontrolled", which can put "overwhelming strains" on deliveries. "Furthermore, supply chains undergo pressures that even the most seasoned supply chain professionals struggle with," it said. "The route to market for products can involve any combination of rivers, mountains, deserts, jungles, floods, and drought, not to mention road and railway difficulties and governance issues that can stymie the transporting of goods across international boundaries." Rwanda, Nigeria, Namibia, Tanzania, and Gabon occupied the top five positions on the AT Kearney index. Furthermore, Algeria is the largest North African new vehicle market, followed by Egypt, Morocco and Tunisia, all of which experienced (baring Egypt) increases through 2013.

Daimler Truck exports to Africa on the increase

(Source: Automotive Logistics News, 25th March 2014) Daimler has doubled sales of the Fuso truck in Africa during the first two months of the year, based on finished vehicle exports from Japan and India. The company reported sales of 1,000 Fuso trucks during January and February and said that to maximise further growth potential it would be combining the strengths of the commercial vehicle subsidiaries Mitsubishi Fuso Truck & Bus Corporation (MFTBC) in Japan and Daimler India Commercial Vehicles (DICV). The DICV facility in Chennai, India ships completely built trucks to Kenya, Morocco, Egypt and South Africa, and forms part of its Asia Business Model that targets sales in Africa and Southeast Asia. Daimler Truck Asia has also recently launched the Fuso truck in Tanzania. Last year it sold a total of 8,500 trucks in Africa, based on five models: the medium-duty models FA and FI (between 9 and 16 tons) and the heavy-duty models FJ, FO and FZ (ranging between 25 and 49 tons). "We are already present in over 30 marketplaces in Africa and are still expanding both our product range and our service operations network," said a spokesperson for Daimler. "This is a clear signal that we expect further growth in Africa." The company would not specify with which transport providers it was working on the export trade, stating that the choice depended on factors relating to route, timing and conditions. Through the Daimler Trucks Asia division the company plans to invest €300m in international sales and production structures between 2014 and 2018. It added that by 2020 around 290,000 units of the Fuso and BharatBenz brands would be sold worldwide. "Our Fuso brand is firmly established in Africa and Asia," said Dr Wolfgang Bernhard, member of the Board of management of Daimler, responsible for Daimler Trucks and Buses. "In combination with the products from our Indian production, we want to continue to grow our sales in these important growth markets." Asked whether continued sales growth would lead to the establishment of full production facilities in the African market, the spokesperson said that Daimler was not currently looking at this option.

JLR is closer to opening of car plant in Saudi Arabia

(Source: Automotive Logistics News, 24th March 2014) Jaguar Land Rover has announced the signing of a deal to examine the financial viability of building cars in the Middle East. A letter of intent has been signed between JLR and the National Industrial Clusters Development Programme to determine the commercial viability of a new automotive facility in the country. The carmaker, which currently produces the Range Rover Evoque and Land Rover Freelander2 models, is preparing to enter into discussion with Saudi Arabia over the possibility of setting up a manufacturing plant in the country, initially creating an updated version of the Land Rover Discovery. The move follows a preliminary agreement between JLR and the Saudi Ministry of Commerce last year. According to recent reports, JLR has already set aside up to £100m ($164m) to develop the site, which would be capable of producing an annual rate of 100,000 vehicles. The first cars to roll off production lines in Saudi Arabia would be built using UK components, but Saudi companies could, in the future, provide more parts. Saudi Arabia's aluminium supply would no doubt be tapped into by JLR, which increasingly uses the material to reduce the weight and therefore efficiency of its cars. Saudi Arabia is expected to invest in any new JLR facility as it bids to develop an automotive industry. The news comes as the carmaker continues its efforts to expand its international reach. With 85% of its products being exported, it is currently in the process of building a similar plant to the proposed Saudi Arabia venture near Shanghai. This may be used as a blueprint for later acquisitions, and will be aimed at allying with Chinese carmaker Chery to support growth of JLR cars in China. In early December last year, JLR also announced upcoming plans for a new factory in Rio de Janeiro. JLR representatives confirmed that a "detailed feasibility study" was currently underway to consider Saudi Arabia's suitability for the production of new JLR models.

PRESS RELEASES

2020, a new strategic objective for the GEFCO Group

(Source: GEFCO, 27th March 2014) In 2013, the **GEFCO Group**, a global player in industrial logistics and the European leader in automotive logistics, recorded a turnover of €4bn, up more than 11% on its result for 2012.

Current operating income stands at €95.5m, for a net profit of €57m, up 28%. In the words of Luc Nadal, Chairman of the GEFCO Executive Board: "Despite the difficulties with the economy in Europe, our results for 2013 were satisfactory and in line with our expectations. They demonstrate that our customers recognise the unique expertise that GEFCO has in supply chain optimisation. They are also tangible proof that we are a financially sound organisation which is pursuing the right strategy for geographical and cross-sector diversification."

In 2013, the turnover for the GEFCO group approached €4bn, the highest ever in the history of the company since it was founded in 1949. Responsible first and foremost for this increase in turnover were GEFCO's activities in Central and Western Europe as well as in South America, with the company's results for the rest of the world remaining stable.

The Group's profitability also improved, and is in line with industry standards. Thanks to its very low debt levels, GEFCO has been able to generate a sustained and regular free cash-flow over the years which shielded it from the recession of 2009 as well as the slowdown in the European automotive market in 2012 and 2013. This sound financial health is what provides the Group with the flexibility necessary for its future growth. All the results achieved by GEFCO in 2013 confirm that its "asset-light" business model is the right one and underline the efficiency of its flexible costs structure. Furthermore they show that the Group has secured its place among the top ten logistics integrators in Europe. GEFCO is also number one in Europe for Finished Vehicles Logistics.

2013, a year of major changes for GEFCO
2013 was notable for the major changes at GEFCO, following the sale of 75% of its capital by PSA Peugeot Citroën at the end of 2012 to the JSC Russian Railways group (RZD), with GEFCO remaining the exclusive logistics provider for PSA in the world. The partnership with the RZD group provides GEFCO with a long term strategic ally and new growth opportunities, in Russia and in the countries of the Commonwealth of Independent States.

As a result, GEFCO benefits from easier access to the leading Russian and international manufacturers who operate in these markets, and can help them optimise their supply chains and improve productivity. The partnership with RZD has provided GEFCO with another growth driver: the development of trade links between Asia, Russia and Europe through rail transport. In order to accelerate its growth in this region, GEFCO has restructured the way it is organised and created a dedicated geographical zone assembling a "cluster" of 50 logistics experts, based in Moscow and who are already operational. In so doing, GEFCO is now in a position to add its expertise in the Russian market and in trade with Russia to the range of services it offers.

Diversification at the heart of the Group's strategy
2013 also saw the start of the 7 year contract with General Motors (GM), under the terms of which GEFCO is to manage and optimise the entire GM logistics chain in Europe and in Russia. This contract, which concerns over one million vehicles a year, has made GEFCO the no. 1 European logistics integrator in the automotive sector in Europe, despite the mixed fortunes which have beset this market.

Every year the Group continues to diversify its customer portfolio. The turnover generated from key international accounts – other than PSA Peugeot Citroën – and from medium sized companies, has constantly increased and exceeded the €2bn mark in 2013. This revenue now accounts for 50% of the Group's total turnover, compared to 42% in 2012. In addition to car manufacturers and suppliers, GEFCO boasts customers from a variety of sectors, in particular the aviation and industrial machinery ("High and Heavy") sectors.

The Group can rely on its fully integrated information systems to uniformly support all its activities and operations throughout the world. The Group is also concentrating on developing its own research and engineering departments as well as its logistics engineering capabilities in order to increase the added value of its services and improve both its own productivity and that of its customers.

Strong and sustained international growth
GEFCO opened three new subsidiaries in 2013, in Dubai, Mexico and in Croatia, thus underlining its intention to help its major international customers achieve new sales success. Today the Group has a network of 37 subsidiaries (as opposed to 9 in 1999) completed by a network of partners and sales representatives providing it with a presence in 150 countries. It is this global network which enables the Group to manage the logistics

flows in the countries where it operates and to leverage the potential of numerous strong growth regions, such as South America, China, India, Central and Eastern Europe, the Middle East and Russia.

These are the strengths and opportunities that GEFCO intends to exploit as part of its ambitious strategy for growth; the Group aims to achieve a turnover of €8bn by 2020. In the words of Luc Nadal: “We plan to double our turnover by accelerating our geographical and cross-sector diversification and through external growth initiatives.”

ESPO welcomes first reading agreement on Clean Fuel Strategy

(Source: European Sea Ports Organisation - ESPO, 21st March 2014) On 20th March, the negotiators for the European Parliament and the Council reached an informal first reading agreement on the Clean Fuel Strategy. If confirmed by European Parliament’s Transport (TRAN) Committee and Plenary, the Directive could still be adopted before the EU elections and finalised under the Greek Presidency.

“We would like to congratulate the negotiators for reaching this agreement. European ports and stakeholders now have a clear view of what is expected from them and can start or continue working towards that goal. The obligations foreseen in this Directive imply quite some investments and planning for the port authorities and port industry. We are convinced that this Directive together with the funding opportunities that will be offered under the forthcoming TEN-T calls will enhance the use of cleaner fuels in maritime transport in a realistic way. We also believe that a lot of ports will not wait for 2025 to meet the obligations of this Directive”, says ESPO’s Secretary-General Isabelle Ryckbost.

The two issues of importance to ports in this Directive are the framework for the supply of shore side electricity and the obligations as regards the provision of refuelling points for LNG in ports.

On shore side, Member States must ensure that the need for shore-side electricity supply for inland waterway vessels and sea-going ships in maritime ports is assessed in their national policy frameworks. Such shore-side electricity supply shall be installed, as a priority in ports of the TEN-T Core Network, and in other ports, by 31st December 2025, unless there is no demand, the costs are disproportionate to the benefits, including environmental benefits.

As regards the LNG refuelling points, Member States must ensure that an appropriate number of refuelling points for LNG are put in place at maritime ports to enable LNG inland waterway vessels or sea-going ships to circulate throughout the TEN-T Core Network by 31st December 2025 at the latest. Member States must co-operate with neighbouring Member States where necessary to ensure adequate coverage of the network.

IMO should focus on developing global CO_2 reporting system before looking at ship indexing

(Source: International Chamber of Shipping, 21st March 2014) The IMO Marine Environment Protection Committee (MEPC), which starts on 31st March, will seek to make progress on the development of a global system of monitoring and reporting of CO_2 emissions from ships. This is supported by the International Chamber of Shipping (ICS) which has made a detailed submission on the issue to the MEPC meeting on behalf of its members, national shipowners’ associations.

In Ålesund, Norway, at a seminar organised by ICS for senior officials of maritime administrations, ICS explained that it supports a global system, provided that the mechanism is simple to administer, is primarily based on fuel consumption and that the system itself will not be used for the development of a full blown Market Based Measure (MBM). ICS supports the ‘three phase’ approach to the development of a global system proposed by the United States.

ICS Director External Relations, Simon Bennett said: “ICS believes that the question of whether IMO should eventually develop a mandatory system of energy indexing for existing ships – to which ICS is currently opposed – should be left open until after a mandatory CO_2 emissions reporting system has been established, trialled, and the results evaluated.”

He added: “The priority of ICS is to assure the primacy of IMO as the industry’s global regulator. The successful development of a global system will require the support of all IMO Member States, including nations such as China. In order to make progress and discourage regional regulation, we think that the MEPC should initially focus on how information about emissions should be collected before launching into detailed discussions about efficiency indexing of ships, on which there is little global consensus. If they so wish, IMO Member States can always return to the question of ship indexing once a CO_2 monitoring system has been established."

Mr Bennett remarked: "It is unfortunate that the debate has been complicated by the parallel proposal from the European Commission, now being considered by the European Parliament, for a unilateral regional system of CO_2 reporting. In order that the systems can be compatible, it will be helpful if EU Member States could defer reaching agreement on any regional EU regulation until IMO has had time to make progress on a global system."

ICS made the remarks at a seminar for members of the Consultative Shipping Group (CSG) of maritime administrations, organised with the assistance of the Norwegian Shipowners' Association in Ålesund on 20th March.