



## CONTENTS

### NEWS FROM BRUSSELS

Moving towards global standardisation in vehicle logistics	2
EU regulators seek to close car emissions testing loopholes	2
Greens, industry square off over putting cars in European carbon market	3

### AUTOMOTIVE INDUSTRY

Volvo Trucks debuts chassis unique driver manual app4	4
New and premium models boost UK car exports to July record	5
Volvo hikes 2014 car sales outlook	5

### EUROPE

CETM welcomes revival in Spanish haulage but calls for change	6
European new car market on track for twelve straight months of growth	7

Russia may ban car imports if West applies new sanctions	7
GM cuts production in Russia as market slump continues	8
Ukraine freezes import of cars due to falling demand	8
UK HGV Road User Levy raises £17m in four months	9
Haulage businesses "better together" says UK government	9
Heavier loads permitted over the Brenner	10
French act on rail safety	10

### REST OF THE WORLD

EV sector in China set to accelerate further still	10
--	----

### PRESS RELEASES

DP World saves €1.09m annually with Musco's lighting solution	11
Commission clears acquisition of Rolls Royce Power Systems by Rolls Royce	11





**ECG**  
Conference

powered by  
**FINISHEDVANDLOGISTICS**

16-17 October  
Marriott Hotel,  
Amsterdam

**REGISTER NOW**

Change is the only constant

Succeeding in the new reality



**C.A.R.** Control Automotive Risk  
**Consulting Group**



## ECG's campaign on harmonising loaded truck lengths – You can help us!

As the readers of ECG News will know, Directive 96/53/EC on Weights and Dimensions of Heavy Goods Vehicles is currently being reviewed by the European institutions.

Today most trucks are restricted to 18.75m in length when crossing borders between EU Member States, even if for specialised vehicle transporters the limit of allowed loaded length within most EU countries is significantly higher. Therefore, for more than a decade ECG has been campaigning for an EU-wide harmonised loaded length of at least 20.75m.

Finally, in April 2014 the European Parliament (EP) adopted amendments that would allow vehicle transporters to cross all internal borders with up to 20.75m loaded length, which could end the current patchwork of national regulations. It would also mean that new EU legislation could clearly differentiate between loaded and unloaded length (for vehicle transporters only), which is not the case today.

Discussions will continue as of September 2014, since the Council of Transport Ministers still needs to agree to the EP's amendments before any proposed changes can become law.

If you are able to speak for your company and willing to help by supporting the ECG campaign towards your national transport ministry, please contact [Tom Antonissen](#), EU Affairs Adviser at ECG to discuss.

## NEWS FROM BRUSSELS

### Moving towards global standardisation in vehicle logistics

(Source: ECG, 14<sup>th</sup> August 2014) ECG announces the release of the first joint publication in conjunction with AIAG, the Automotive Industry Action Group in North America, covering transport damage reporting in the finished vehicle logistics industry. The two associations represent the two largest markets in the world for finished vehicle logistics and began collaborative discussions in 2007. More recently this has become a closer and more regular co-operation in order to develop processes and manuals together with the aim that they could become global industry standards that would be widely accepted in the finished vehicle logistics sector and the automotive industry. This has led to the 'Finished Vehicle Logistics Transport Damage Codes' document launched this month as a joint publication. Originally published as a set of common damage codes by AIAG these were promoted as 'Global Damage Codes' by both parties. Since then ECG has worked to promote these codes in the European market as an industry standard to improve efficiency through harmonisation. This builds on the core ECG objective of 'standardisation' as a means of improving efficiency for operators in the vehicle logistics sector.

The document is freely available on the ECG website at: <http://www.ecgassociation.eu/en-gb/publicationsreports/fvltransportdamagereporting.aspx> During transportation, when the party responsible for finished vehicles changes, they are inspected for any missing parts as well as for any damage including scratches and dents. The damage is reported through a standard five-digit set of codes. These codes focus on three areas: type, location and severity of the damage. AIAG's and ECG's common document gives guidance to facilitate the localisation of the damage incurred, with the help of vehicle 'splat' charts for better visualisation. The common document covers other FVL-related issues besides the Damage Codes – such as key placement within new vehicles during transport and storage. Every manufacturer has its own preferences for the key placement in new cars, a situation which can cause a lot of headaches for the companies that handle them and is crying out for standardisation. It is hoped that eventually widespread adoption of the Damage Codes on the two continents will lead to the acceptance of the codes on other markets as well and thus become globally recognised. AIAG and ECG are now in discussion regarding other areas that would benefit the industry from standardisation. "We are increasingly seeing other global markets taking a lead from the mature markets of North America and Europe and firmly believe that global products merit global standards for quality and handling. Working towards standardisation in this way can only be to the benefit of the logistics companies and other operators, manufacturers and ultimately consumers. We are happy to work together on these and other issues with our American colleagues in order to make efficiency gains wherever we can." said Mike Sturgeon, Executive Director of ECG. AIAG and ECG will continue to update these guidelines through the contribution of all industry experts who supply their time and talents to these endeavours. Bill Kerrigan, AIAG's program manager for finished vehicle logistics, points out that the high level of participation from industry volunteers in their FVL Work Group is what makes AIAG's activities so effective. "Our focus is always on identifying new ways to save the industry time and money, and when it comes to identifying new ways to address FVL-related pain points, these are the companies you want in the room," Kerrigan adds.

### EU regulators seek to close car emissions testing loopholes

(Source: Reuters, 20<sup>th</sup> August 2014) European Union regulators are preparing draft legislation that will require vehicle fuel use to be tested on roads rather than in laboratories, looking to close loopholes that allow carmakers to exaggerate fuel-saving and emissions credentials. Already starting on 1<sup>st</sup> September, slightly tougher European Union testing standards will be enforced, in line with a global

## ECG Academy

Course 9 will commence in  
October 2014



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

### Benefits:

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

For more information please contact [info@ecgassociation.eu](mailto:info@ecgassociation.eu)

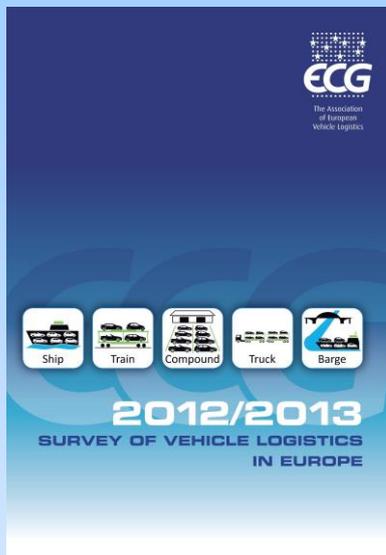
push for accuracy. More stringent standards are likely to be opposed by automakers. EU research published last year showed that lab techniques, such as taping up car doors and windows and driving on an unrealistically smooth surface, explained around a third of a recorded drop in average EU CO<sub>2</sub> emissions, linked to reduced fuel consumption. An EU official, talking on condition of anonymity because he is not authorized to speak to journalists, said a proposal on "a new real-world testing method" was expected by the year-end. This would need to be endorsed by EU Member States. Other officials also said a proposal was expected over the coming months. The Commission, the European Union's executive, says nitrogen oxide (NO<sub>x</sub>) emissions, linked to lung disease and hundreds of thousands of early deaths, have been miscalculated to a still-greater extent than CO<sub>2</sub> levels. "In the real world we have seen that NO<sub>x</sub> emissions are higher than indicated by the test, up to a factor 4 or 5 and exceptionally more," one European official said. No one from the European Commission was available for official comment, although the Commission has previously made clear its wish to tighten the testing regime. A policy document published last year said "real-world" NO<sub>x</sub> emissions were roughly five times the EU limit, adding that had a major impact on pollution and generated "negative publicity and reputational damage for vehicle manufacturers." Under the testing regime from 1<sup>st</sup> September, diesel models, which have been particularly blamed for NO<sub>x</sub> emissions, should emit no more than 0.08 gram (80 milligrams) of NO<sub>x</sub> per kilometre. Environmental groups, independent researchers and the Commission say even in the new regime loopholes mean such emissions will be higher. The old tests, obsolete at the end of August, are based on a 0.180 g/km limit as part of a reduction from 0.5 g/km over 15 years. The car industry has acknowledged the tests are flawed, but argues the Commission needs to be realistic. *Verband der Automobilindustrie* (VDA), the lobby for the German car industry, said it was working on its own real-world testing proposal, which it would put before the Commission. Already, the industry says, it has a major challenge to adapt to a law that the European Union agreed earlier this year, which enforces the world's toughest limits on carbon dioxide. And it says it is too soon to set a 2025 standard on car CO<sub>2</sub> emissions, which the Commission has also said it is working on, with a view to a policy announcement this year. "Further targets should not be set prematurely for the period after 2021," VDA said in a statement. It said it was vital "industrial policy and climate protection targets have equal priority". If the carmakers have reservations, some testers embrace change. Vehicle tester TUV Nord said it has been involved in Commission debate on the real-world tests, which will need member state approval under a fast-track EU process to become law. Johannes Berg, head of TUV Nord's Brussels office, told Reuters "real driving emission" tests would provide valuable data on fuel use and emissions.

## Greens, industry square off over putting cars in European carbon market

(Source: Reuters, 20<sup>th</sup> August 2014) Environmental campaigners are bracing to take on big business over whether Europe should follow California's lead and include road transport in the European carbon market. Bringing transport - Europe's biggest source of greenhouse gas emissions after the power sector - into the European Union's Emissions Trading System (ETS) could bring down the costs the car industry faces in meeting existing regulation as well as tackling the oversupply on the carbon market. Environmental campaigners, however, say such a move would undermine more effective policies. The arguments are likely to flare later this year when the European Commission is expected to make a policy statement on a new 2025 standard for CO<sub>2</sub> emissions from cars and EU leaders set a 2030 goal for overall emission reductions. The Commission has not suggested including a specific EU-wide 2030 target for transport even though the sector is the fastest-growing source of emissions. So far emissions from Europe's transport sector, which accounts for a fifth of all European Union's greenhouse gas discharges, have been forced downwards by emission standards for new cars. These have compelled carmakers to make engines more efficient, although

**NOW 50% OFF!**

**The ECG Survey of  
Vehicle Logistics  
2012-2013  
is now half price**



**From €50 for members  
From €125 for non-members**

- Unique scientific publication, created by the sector to represent the reality of the industry in each single country across Europe, including Russia, Turkey and Ukraine.
- It combines global and European data and information on the automotive industry in general, and the finished vehicle logistics sector in particular.

To order a copy of the new ECG survey, please click on the following link:

<http://www.ecgassociation.eu/PublicationsReports/ECGBiennialSurvey.aspx>

testing loopholes have raised doubts over their effectiveness. The targets' ambition was also eroded by industry lobbying. Earlier this year, European lawmakers agreed average new car emission limits for 2021 only after those caps were weakened by lobbying from Germany, home to brands such as BMW. Even the diluted goals are still the toughest in the world and carmakers say any further cuts would be technically difficult. They also say they face higher costs than other sectors to meet existing goals, but so far have stopped short of saying publicly they want transport to be in the ETS. "Any new CO<sub>2</sub>-reduction policy should be cost-efficient, technologically neutral and balanced in achieving the aim of reducing CO<sub>2</sub>," Erik Jonnaert, secretary-general of the European Automobile Manufacturers' Association (ACEA), said by email. The phrase "technologically neutral" is often used by business to champion using the EU ETS to tackle emissions, rather than sector-specific targets. The idea is that the market sets a carbon price and then allows included sectors to choose how they reduce emissions, theoretically at lowest cost. Environmental campaigners Transport & Environment (T&E) oppose including road transport in the ETS. They say it would do little to cut emissions and make it easier for carmakers to persuade lawmakers to scale back more-effective policies such as road taxes. "The carmakers would scream 'double regulation' and argue to weaken CO<sub>2</sub> standards because emissions have been dealt with in the ETS," T&E's Greg Archer said. Europe has previously shied away from including transport in the ETS, its flagship climate policy and the world's biggest carbon market, partly because it would be tricky to measure. Efforts to bring air and seaborne transport emissions into the ETS have also been fraught. Lawmakers reversed plans to regulate foreign flights after countries complained that doing so would infringe on carriers' sovereignty. But Member States Britain and Denmark have this year pushed the idea of expanding the scheme and California has set an example with plans to include transport in its cap-and-trade system from next year alongside a raft of other regulations. The ETS regulates around half of Europe's greenhouse gas emissions by forcing more than 12,000 power plants, factories and airlines to surrender an allowance for every tonne of CO<sub>2</sub> emitted under a gradually decreasing emission cap. The Commission admits the scheme is not driving down emissions for now because of an allowance oversupply, which accrued during the economic downturn. That glut has pushed allowance prices down to around €6.50 (\$8.63) per tonne from more than €30 six years ago, curbing incentives to invest in CO<sub>2</sub>-cutting technology. The European executive has proposed to regulate supply by establishing an allowance reserve but analysts say prices over the next decade will remain too weak to encourage more investment in low-carbon technologies. California has sought to learn from the mistakes of the Europeans by imposing a minimum price for auctioned allowances, which currently trade just below \$12. Including transport would mean the European ETS covered around 65% of the bloc's emissions and could mop up some of the surplus by introducing more buyers. However, analysts expect the move to have a minimal price effect because lawmakers would be forced initially to increase the overall ETS emissions cap to accommodate the sector. "The only way it would have much of an effect would be to bring in transport without raising the current cap, but that seems very unrealistic," said Richard Smokers of Dutch consultancy TNO, tasked by the Commission to study options for future CO<sub>2</sub> targets for land transport. He said even a carbon price of €50 would raise diesel prices by 13 cents a litre, not nearly enough to drive emissions down by encouraging drivers to cut journeys, drive more efficiently or buy cleaner vehicles.

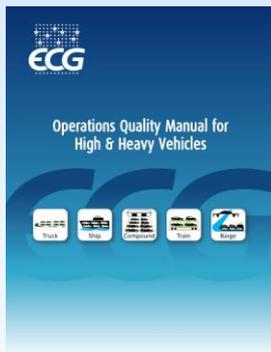
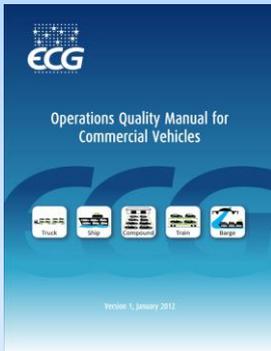
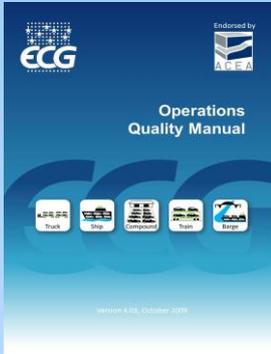
## AUTOMOTIVE INDUSTRY

### Volvo Trucks debuts chassis unique driver manual app

(Source: *Automotive Purchasing*, 20<sup>th</sup> August 2014) From 20<sup>th</sup> August, Volvo Trucks' driver manuals are available in a new version on the Internet and for



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



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

For comments or inquiries please contact: [info@ecgassociation.eu](mailto:info@ecgassociation.eu)  
T: +32 2 706 82 80

smartphones and tablets. The idea is to always give customers, drivers and mechanics access to up-to-date, chassis-unique information irrespective of time and place. As Automotive Purchasing editor Drew Hillier reports, the manual will also be available in digital form with extended functionality. "With our digital driver's manual the user always has access to complete, up-to-date and specific vehicle information that is even available offline. The digital manual features tools that make it far simpler to find what you are looking for. It includes instructive films and images to show how the truck's various functions can be handled in the best possible way," explains Malin Ersman, project manager at Volvo Trucks. The new driver's manual can also contribute to increased vehicle uptime. Since the workshop engineers can immediately see exactly how the truck is configured, it is possible for them to respond more quickly to customer questions about various functions and how they should be handled. Volvo Trucks' new digital driver manuals are free of charge and will be available for the Volvo FH, Volvo FH16, Volvo FM and Volvo FMX models, with the exception of trucks built in South America. The new digital driver manuals are available both on the Internet and as apps for downloading to smartphones and tablets from AppStore and Google Play.

## New and premium models boost UK car exports to July record

(Source: *Automotive News Europe*, 21<sup>st</sup> August 2014) The UK reported its best July on record for car exports, the Society of Motor Manufacturers and Traders (SMMT) said today, as production rose by nearly 3% year-on-year because of new models and strong sales of top-end vehicles. The UK built nearly 103,000 cars for export, the highest ever for a month of July, according to the SMMT, whose records date back to the 1920s. Including cars built for domestic sale, production reached 132,570 cars, a rise of 3%, the highest for the month since 2004. The SMMT said rising exports were due to new models being made in the UK and the increasing popularity overseas of premium and specialist brands such as those made by Jaguar Land Rover. Among the volume models to roll off UK production lines and boost figures in the past 12 months are Honda's Civic Tourer wagon and a new version of Nissan's Qashqai SUV. Premium and specialist marques – including brands such as Volkswagen Group's Bentley and BMW Group's Rolls-Royce – now account for more than half of car exports, whereas they represented only a third a decade ago. "This is a major milestone and testament to the burgeoning reputation of UK automotive excellence and demand for British-made cars", SMMT CEO Mike Hawes said in a statement. July's growth rate is a drop from June's 4% increase as the expansion starts to level off after several years of rapid gains to recover ground lost since the 2008-09 financial crisis, when output and domestic sales nose-dived. However the SMMT still expects annual car production to beat 1972's all-time high of 1.92m by 2017. So far this year, overall production has risen 3% to 923,884, while production for export is up 4% to 728,440. The proportion of UK-built cars exported abroad has steadily increased from a low point of one in five in the mid-1980s to four in five last year. The market's trade deficit in cars in the second quarter of 2014 shrank moderately to £277m (\$461m) from £317m a year earlier, according to the Office for National Statistics.

## Volvo hikes 2014 car sales outlook

(Source: *Automotive Purchasing*, 20<sup>th</sup> August 2014) Citing the positive influence of a strong first half, Geely-owned Volvo Car Group has raised its outlook for 2014 sales after posting strong growth in China and a moderate upturn in Europe more than offset lingering weakness in the United States. As Automotive Purchasing editor Drew Hillier reports, Gothenburg-based Volvo, one of Sweden's top exporters and employers (though a small player in the global autos industry), saw demand gain traction during the end of last year and the latest figures show momentum has carried into 2014. After a 9% rise in sales for the first seven months of 2014, Chief Executive Hakan Samuelsson said he saw



Truck



Ship



Compound



Train



Barge

## ECG AGENDA

- ▶ **ECG Board Meeting on 10<sup>th</sup> September**, in Turin, Italy
- ▶ **ECG Eastern Regional Meeting on 25<sup>th</sup> September**, in Sofia, Bulgaria
- ▶ **ECG Maritime & Ports Meeting**, in Le Havre, France **on 29-30<sup>th</sup> September**
- ▶ **ECG Land Transport Meeting**, in **October (TBC)**
- ▶ **ECG Conference on 16<sup>th</sup> & 17<sup>th</sup> October 2014** in Amsterdam, the Netherlands
- ▶ **ECG Academy Alumni Meeting on 7<sup>th</sup> November**, in Munich, Germany
- ▶ **ECG UK & Ireland Regional Meeting on 12<sup>th</sup> November**, in London, UK
- ▶ **ECG Dinner Debate in the European Parliament, on 19<sup>th</sup> November (TBC)**, in Brussels, Belgium
- ▶ **ECG Board Meeting, on 20<sup>th</sup> November**, in Brussels, Belgium
- ▶ **ECG Maritime & Ports Meeting, on 20-21<sup>st</sup> November**, in Zeebrugge, Belgium

sales growing "close to 10%" this year compared to a previous forecast of "a good 5%". "We came in at nearly 10% in the first half and for the full year we expect growth to continue at that level," Samuelsson told Reuters, pointing to continued expansion in China, adding: "We will continue to grow faster than the market (in China), if at a slightly slower pace. We expect to have a volume of a bit more than 80,000 cars in China this year," he said. Lifted by China as well as recovering volumes in Europe, Volvo reported operating earnings of SEK1.21bn (\$176.5m) for the first half versus a loss of SEK577m a year earlier. Revenues rose 15% to 64.8bn. Bought by Zhejiang Geely Holding Group from Ford Motor in 2010, Volvo Cars has stated its ambitious aim to nearly double annual sales to 800,000 cars by 2020 and make inroads in a premium market dominated by rivals such as Daimler's Mercedes-Benz and BMW. While its Chinese business is taking off, a lack of new models has seen Volvo's US sales fall to roughly half of what they were a decade ago, totalling only 61,233 cars last year. "In the US our target is to keep volumes flat (this year). We face large challenges there and they will remain," concluded Samuelsson. "I feel there are some initial positive indications there so I would hope that toward the end of the year we will be able to see some first positive signs also in terms of sales."

## EUROPE

### CETM welcomes revival in Spanish haulage but calls for change

(Source: *Automotive Logistics News*, 18<sup>th</sup> August 2014) The head of Spain's vehicle haulage association has welcomed positive signs in the market and called for a working party to represent the interests of the sector. Daniel Tarragona, managing director of the **SETRAM** group, has had his position as president of the vehicle haulage association – *CETM Portavehículos y Logística de la Automoción* – extended for another four-year term. Speaking shortly after his re-election, he welcomed the fact that the market situation was changing and that, in the last few months, supply capacity had increased and the industry was beginning to pick up momentum. "Hopefully, this will become a trend and it will become clear what the offer should be, since the market is now moving in our favour and we no longer have to degrade ourselves," he said. In his speech Tarragona said there was a need to set up a working party to defend the interests of the road auto haulage sector in respect of bodies such as the Economic Development Ministry, the Spanish Vehicle Manufacturers' Association (ANFAC) and the national traffic department. He foregrounded issues, such as traffic restrictions, given the impact on the performance of the sector. At the same event vice-president Carlos Mejia added that the sector would benefit from the creation of alternative routes for trucks, though trials with such schemes have already been tried unsuccessfully in Catalonia. The organisation also called for fines to be more sensitively applied, especially in areas such as vehicle length. Currently fines can be imposed where a loaded car carrier is just two centimetres over the maximum permitted length of 20.55 metres, while drivers have been fined for starting a shift ten seconds before a mandatory rest period has come to an end. According to Daniel Tarragona, there will come a time "that even a notary will have to be called to verify that a measurement has been made correctly and that a vehicle is good to go or not." Tarragona also referred to the ongoing problem with cabotage within France, a subject that the organisation has been discussing for some time, but for which no solution has yet presented itself. Effectively, authorities in France, which allow three domestic movements per week, now regard each unloading of a vehicle as one of these trips; according to the CETM, it is only when a vehicle is completely unloaded that a full trip has occurred. Nowadays, a legal department is needed to interpret existing legislation, observed Tarragona.



## Events in Brussels

European Voice organizes an international conference on 'Vehicle connectivity', on **18<sup>th</sup> September**  
[http://www.development-institute.com/en/sitededie/41/connected\\_vehicles/event?origine=5562](http://www.development-institute.com/en/sitededie/41/connected_vehicles/event?origine=5562)

Green eMotion EU flagship project holds 'The Green eMotion electric rally: A showcase of an interoperable e-mobility system' on **18<sup>th</sup> September**  
<http://www.eurelectric.org/events/2014/green-emotion-electric-rally-to-brussels/>

HIT Rail will hold the 'Interoperability in Practice' workshop for the railway industry on **9<sup>th</sup> October**  
<http://interoperability.hitrail.com/>

INEA holds the 2014 CEF Transport Info Day, on **9-10<sup>th</sup> October**  
[http://inea.ec.europa.eu/en/new\\_events/events/2014\\_cef\\_transport\\_info\\_day.htm](http://inea.ec.europa.eu/en/new_events/events/2014_cef_transport_info_day.htm)

CLECAT organizes the '2014 Freight Forwarders Forum, Envisioning the Future of Logistics: Challenges and Solutions Explored' on **6<sup>th</sup> November**  
<http://tinyurl.com/nc4bsv5>

## European new car market on track for twelve straight months of growth

(Source: Automotive Purchasing, 19<sup>th</sup> August 2014) New car sales in Europe increased 5.4% in July whilst experiencing eleven months of consecutive growth. As Automotive Purchasing's Alex Kreetzer reports, Volkswagen continues to be Europe's most popular brand with sales up 8.1% on last July. The European new car sales market is showing no sign of slowing down with July's sales up 5.4% on the same period last year according to JATO Dynamics. The majority of Europe's biggest markets saw positive growth for the month and the five largest markets have all grown year-to-date. Out of the 29 countries analysed, 22 record year-on-year increases in sales, with nine of the top 10 brands increasing their sales compared to July 2013. Skoda was the best performer in the top ten with a 27.8% increase compared to the same month last year. Europe's largest markets continue to grow, with four out of the 'Big 5' recording strong year-on-year growth. Spain saw the best performance, a double-digit growth of 11.3% for the month. Great Britain saw an increase of 6.6%, Italy saw a 5.3% growth, while Germany returned to a growth of 6.8% following a slight fall in June. France saw a sales drop of 4.3% but growth remains up 1.9% on year-to-date sales. 22 of the 29 country's registered growth compared to July last year. Sweden continued to experience growth, with sales growth up 12.7% on the same month last year and a 17.1% increase year-to-date. The Czech Republic recorded another month of double-digit growth, with sales increasing 21.8% year-on-year while Switzerland started to reverse its year-on-year decline with growth of 4.3% compared to July last year. Monthly sales for July increased considerably from last year in Ireland at 61.6%, while Portugal experienced an increase of 30.6%, although both markets started from a low base. Ireland benefitted from a split registration system, which gave consumers a better choice in buying their new car mid-year rather than during the busy first quarter. VW remained the top European brand by sales, with growth of 8.1% compared to July of last year – with its market share increased predominantly from their iconic Golf model. The new Golf Sportsvan and the Tiguan also helped to boost sales. Golf remains the top selling model in Europe and led the way for Volkswagen with a sales increase of 10.9% for July and 13.7% year-to-date. Audi's A3 recorded a 23.0% increase in sales for the month, putting its year-to-date sales at a 29.3% increase. The top 10 brands have all seen healthy year-to-date sales growth and all but one saw a sales increase in July. Skoda, helped by strong sales of the Octavia (up 34.9%), ranked ninth with a 27.8% increase in July; this brings Skoda's year-to-date sales growth to 19.4%. July also saw increases for BMW (up 9.1%) and Opel/Vauxhall (up 8%), with strong sales of the Mokka and new 4-series body types. "Based on this month's performance there are no signs that the European new car sales recovery is slowing down," said Gareth Hession, Vice President of Research at JATO Dynamics. "Gains remain steady across most European countries, particularly amongst a number of key larger markets, and I expect this to continue in August, therefore delivering a full year of overall sales growth."

## Russia may ban car imports if West applies new sanctions

(Source: Reuters, 18<sup>th</sup> August 2014) Russia may tighten retaliatory sanctions against Western nations to include a ban on car imports, if the United States and the European Union impose additional sanctions on Moscow, daily newspaper Vedomosti reported on 18<sup>th</sup> August. The impact of the measure on many foreign automakers would be softened because their factories inside Russia would not be affected, but some high-end brands such as Daimler AG's Mercedes-Benz could be more vulnerable as their models have to be imported. The West accuses Russia of arming separatist rebels in Ukraine, an allegation Moscow denies. Western governments imposed sanctions on Moscow, including on its financial and energy sectors, and Russia has already hit back by stopping imports of many food products. Announcing the food bans on 7<sup>th</sup> August, Prime Minister Dmitry Medvedev said the government was also considering protective measures in aircraft, shipbuilding and automotive industries, without specifying the scope of



## ECG Office



**Mike Sturgeon**  
Executive Director  
T: +32 2 706 8282  
[mike.sturgeon@ecgassociation.eu](mailto:mike.sturgeon@ecgassociation.eu)



**Tom Antonissen**  
EU Affairs Adviser  
T: +32 2 706 8283  
[tom.antonissen@ecgassociation.eu](mailto:tom.antonissen@ecgassociation.eu)



**Oleh Shchuryk**  
Research & Projects Manager  
T: +32 2 706 8279  
[oleh.shchuryk@ecgassociation.eu](mailto:oleh.shchuryk@ecgassociation.eu)



**Cliona Cunningham**  
External Relations Manager  
T: +32 2 706 8280  
[cliona.cunningham@ecgassociation.eu](mailto:cliona.cunningham@ecgassociation.eu)



**Szilvi Kiss**  
Communications Officer  
T: +32 2 706 8284  
[assistant@ecgassociation.eu](mailto:assistant@ecgassociation.eu)



**Beatriz Peon**  
ECG Survey Project Coordinator  
T: +32 2 706 8285  
[temp@ecgassociation.eu](mailto:temp@ecgassociation.eu)

any possible sanctions. "We are seriously concerned. We hope that the Russian government will think twice before taking any such measures as they would hurt all manufacturers," Joerg Schreiber, chairman of the Association of European Businesses' Automobile Manufacturers Committee, told Reuters. Schreiber said the impact of any sanctions would depend on their scope, such as whether the government banned imports of built cars or both cars and components, or raised import duties. Vedomosti reported that a ban on vehicle imports had been among proposals put before Russian President Vladimir Putin, who rejected the idea and ordered a ban on food imports only. But it said car import restrictions remained an option in the event that Western nations extend sanctions on Russia. Citing an unnamed government source, the paper said Russia may fully or partly ban imports of cars from countries which impose sanctions on Moscow, though it quoted another source saying the government had not yet been instructed to prepare the introduction of any new measures. The article did not specify if the proposed ban would cover all imported vehicles, including trucks and buses as well as passenger cars. Imports accounted for 27% of passenger car sales in the first half of 2014, while for trucks and buses the proportion was 46% and 13% respectively, it said. Foreign carmakers have invested at least \$5bn (£3bn) in setting up local production in Russia since the mid-2000s. The government encouraged the trend by raising import duties on cars and lowering tariffs on parts. U.S. automaker Ford Motor, Germany's Volkswagen AG, France's Renault, Japan's Toyota Motor and South Korea's Hyundai Motor are among those which produce locally. Daimler has a joint venture with Russian truckmaker Kamaz to assemble Mercedes-Benz trucks in Russia, but it does not make passenger cars in Russia. The firm's saloons are heavily favoured by Russia's wealthy classes. According to the AEB Automobile Manufacturers Committee, sales of Mercedes-Benz cars in Russia stood at 44,376 in 2013, up 19% on 2012. That accounts for just over 3% of global Mercedes-Benz car sales last year. The other big luxury car brand in Russia, BMW, produced more than 20,000 cars in Russia's western enclave of Kaliningrad last year. It sold 44,871 BMWs and Minis in Russia in 2013. BMW declined to comment on the Vedomosti report, as did Daimler, Volkswagen and German auto industry association VDA. Volkswagen, which imports cars into Russia as well as making VW brand and Skoda vehicles at its Kaluga factory, said only that it was closely monitoring the situation. VW spent €1.3bn between 2006 and 2013, mainly to set up an assembly plant in Russia. Further plans call for €1.2bn euros in investments through 2018 to help it boost annual sales in the country by more than 60% to about 500,000 cars. A ban on Western car imports could benefit Asian manufacturers, such as China's Great Wall Motor, Chery Automobile and South Korea's SsangYong Motor.

### GM cuts production in Russia as market slump continues

(Source: Automotive News, 21<sup>st</sup> August 2014) General Motors said it will reduce production at its plant near St. Petersburg, Russia, citing a continued slowdown of the country's auto market. The plant, which makes Chevrolet Cruze, Opel Astra, and Chevrolet Trailblazer models, will only work four days in August and four in September, extending to eight in October, a company spokesman said today. Car sales have faltered in Russia this year as economic growth has slowed, causing people to put off large purchases. Consumer sentiment has come under further pressure because of Western sanctions over the crisis in Ukraine. The downturn in Russia's car market gathered pace in July, with sales sliding 23% year-on-year after a 17% fall in the previous month, according to the Association of European Businesses (AEB) lobby group. AEB data showed that sales of Chevrolet cars fell 45% to 8,457 units in July, year-on-year, while Opel sales tumbled 25% to 4,927 vehicles.

### Ukraine freezes import of cars due to falling demand

(Source: Automotive Logistics News, 20<sup>th</sup> August 2014) The fall of the car market in Ukraine, as well as the drop-off in the exchange rate of its currency – the hryvnia – has forced most vehicle importers to halt deliveries of cars to the



Truck



Ship



Compound



Train



Barge

country. As reported by the country's state statistics service, in the first half of the year car sales in Ukraine only reached 64,609 units, which is 47% less year-on-year. Ukraine reduced the import of cars in the first quarter of 2014, compared to the same period of 2013, by 56% to 20,630. Analysts have since reported that sales have fallen every month, creating a build-up of vehicle inventory at the distribution warehouses. "One reason for the drop in sales and imports was the depreciation of the national currency," said Oleg Nazarenko, general director of the Ukrainian Association of Automotive Importers and Dealers. "The situation is that the cost of imported cars is directly proportional to the rate of the dollar or the euro. At the moment imports are frozen. There is, of course, still some demand on cars, but it is not as high as it was in the past, or the year before. We see sales falling." He added that a large number of foreign plants in Ukraine now export cars from the country. "We understand that the Ukrainians do not buy cars for a million [hryvnias] because they have no money," said Nazarenko. "So these cars will be taken out of the territory of Ukraine, and we have already seen such practice, because the plant will not sell the car at a loss; it is better for them to sell in the BRIC countries or in the USA and so on." Continuing decline in the car market in Ukraine has also led to a drop in production. Citing figures from the Association of the Ukraine Automotive Industry, Viktor Medvedchuk, leader of the Public Movement for Ukrainian Choice, said that total production of vehicles in July dropped by more than twice the figure for the previous month, and more than nine times compared with the same month last year. However, experts have pointed out that imports are likely to be restored soon. Sergey Borovik, director of marketing for the AIS group of companies, said manufacturing at Krasz, one of the largest carmakers in the country, stopped in August, as well as contract assembly of Geely and SsangYong models at its plants. These cars will now be imported to Ukraine. The same thing could happen at other CKD manufacturing locations, which will ultimately support import supplies in the second half of the year. "The truth is that due to the decline in sales and complete closure of the Russian market, all domestic automakers now are on the verge of bankruptcy, and most likely in the next few months it will completely stop production," said a representative of the Ukrainian Association of Automotive Industry, who wished to remain anonymous. "The state will not support them, because the heads of the government just do not see any sense in such moves." As a result, by the end of the year, when the fighting in the East of the country comes to an end, the market will start to revive and imports could return to their former level, especially given the fact that there will be no competition from domestic producers," he added.

### UK's HGV Road User Levy raises £17m in four months

(Source: *Commercial Motor*, 14<sup>th</sup> August 2014) More than 618,000 individual HGV Road User levies have been purchased since it came into force on 1<sup>st</sup> April [in the UK], by some 112,000 vehicles from 76 different countries. The Department for Transport (DfT) said today that foreign-registered HGVs have generated £17m in additional revenue over the past four months, with the initial target being £20m over the first year of its enforcement. Transport minister Robert Goodwill said that this figure showed that compliance had been high, and that DVSA officers had issued over 850 fixed penalty notices to drivers who had not paid the levy, resulting in fines worth more than £250,000. "Before the levy was introduced we had a ridiculous situation where foreign HGV drivers could fill up their tanks on the continent, pick up business in the UK and return to the mainland without even buying fuel here – without giving a penny to help maintain our roads," he said. "Meanwhile British hauliers were effectively operating at a disadvantage. I'm glad to see this levy has addressed that imbalance," Goodwill added. All hauliers operating trucks of 12 tonnes or more must pay the levy, including UK hauliers – who do so through readjusted VED rates. Foreign-registered vehicles pay a charge of £10 per day to operate in the UK. James Hookham, MD, policy at the Freight Transport Association, said: "UK road freight operators have consistently argued that foreign-registered HGVs operating in the UK should contribute to their use of our roads. The HGV levy ensures this, and in so doing helps those domestic UK hauliers who are in direct competition with foreign carriers for loads."

### Haulage businesses "better together" says UK government

(Source: *Commercial Motor*, 15<sup>th</sup> August 2014) The government has said that it would be economically and legally beneficial for haulage businesses if Scotland votes no to independence and chooses to remain in the United Kingdom. Following a *Commercial Motor* (CM) magazine investigation into the impact of a 'Yes' vote in Scotland next month, a spokeswoman for the Department for Transport (DfT) outlined the UK government's position on the impact independence would have on hauliers. "The UK government believes Scotland is better off in the UK and the UK is better off with Scotland in it, and working together as part of the UK helps create better opportunities and more secure jobs," she said. "A benefit of the UK is that hauliers throughout Britain are not subject to cabotage restrictions when operating within the UK. The UK government would be obliged by EU rules to apply these restrictions to an independent Scotland, in line with those imposed on hauliers based in the rest of the European Union," she added. The government also said that it was reviewing the implications independence would have on the o-licence system and it was "convinced that it is better for



business and the effective, efficient regulation of the road haulage industry across Britain for Scotland to remain in the UK." It also confirmed that the HGV Levy would apply to trucks registered to hauliers in an independent Scotland. Furthermore, following the publication of CM's investigation, the UK Warehousing Association has urged government's on both sides of the border to consider the impact independence would have on the movement of bonded goods and the level of excise duties paid. Earlier this month the Scottish government said it would be business as usual for hauliers on both side of the border if the 'yes' campaign was successful.

### Heavier loads permitted over the Brenner

(Source: *Railway Gazette*, 19th August 2014) Following a series of trials and technical studies, Italian infrastructure manager RFI has approved the operation of 1,500 tonne trains on the Brenner route to Austria for a trial period of one year. The ability to operate long trains on the corridor is a 'a real revolution for freight transport' which will 'contribute to reducing our costs for returning empty wagons back to Germany and also optimise track utilisation', said Walter Pardatscher, President of Rail Traction Co which ran the first 1,500 tonne train on the route. FS subsidiary Terminali Italia and Interporto Bologna have established a joint venture to provide all intermodal terminals operating and last-mile services in Bologna and Parma (Castelguelfo).

### French act on rail safety

(Source: *World Cargo News*, 19th August 2014) RFF, the French rail track authority, will test a new radar system to improve safety at level crossings. Rail has a reputation in France for being the safest mode of transport. However, one major area of concern is level crossings. Even though the number of incidents has fallen by 40% in the past 10 years, still last year in France there were 148 incidents resulting in the death of 29 persons and many others injured. Such accidents are the second biggest cause of fatalities on the rail network, after suicides. On the entire French network - not counting port rail networks not managed by RFF (many of these are managed by Europorte, part of Groupe Eurotunnel) - there are 15,000 level crossings. However, because train use of some branch lines has ceased, many never "see" a train pass, and all new lines are designed and built with grade separation. In all, around 100 level crossings nationally are considered dangerous and RFF has set up a safety improvement programme with a budget of €40m. The work includes replacing old signalling systems, introducing full road width barriers on both sides of the crossing, and so on. Some crossings may even be closed to road access. Also under study is a radar system to detect the presence of road vehicles "stuck" on the crossing. Signals would be transmitted automatically over relatively long distances along the track to receivers installed in the train cab, so the driver can slow the train in time to halt it. Starting next year, trials will be carried out at six sites, in Normandy and Rhône-Alpes. If they are successful, general installation work could start in 2017. The test standard is to stop a train travelling at 100km/h within a distance of 1,000 metres. Other systems are also under consideration. One, used in places in Russia, pops up a kind of wheel trap from the road surface if the vehicle gets too close to the level crossing barrier. This is similar to security systems installed at some embassies in certain parts of the world. The new spending comes on top of €25m invested by RFF and the French state in 2012 to improve safety, including reduced approaching train speeds, better audio-visual warnings for vehicle drivers, and vehicle speed detectors and OCR cameras that can result in fines. Causes of incidents include driving too fast in icy weather and not being able to stop in time, drivers and cyclists not stopping at crossings without barriers, or swerving round single barrier arms on each side of the track.

## REST OF THE WORLD

### EV sector in China set to accelerate further still

(Source: *Automotive Purchasing*, 21st August 2014) The latest slew of market analysis, growth, trends and forecast released by MarketResearchReports.Biz sees the China electric vehicle (EV) industry gain market share going forward. With the implementation of fiscal subsidies, demonstration and popularisation, purchase tax exemption, local barriers-dismantling and other favourable policies, China's EV footprint has seen accelerated development. In the first half of 2014, China's electric vehicle sales volume exceeded 20,000, more than last year's total. Based on this, the sales volume throughout the year will be around 50,000, and the industry average growth rate will be maintained above 50% for years to come. Now, electric vehicles in China are mainly concentrated in the field of buses, the development of passenger car market is relatively lagging behind. China's electric passenger car market used to be dominated by electric taxis and a small quantity of official cars, however, driven by the fiscal subsidy, purchase tax exemption and other good policies, and along with the continuous improvement of infrastructures, for instance charging station and charging pile, the electric



car private consumption market has begun to grow fast. Passenger vehicle enterprises in China have stepped up their layout in the field of electric vehicles. Of these, MarketResearchReports.Biz regards local companies, such as BYD, enjoying a relatively impeccable layout, with more leading product and technical reserves. In the area of plug-in hybrid electric vehicle (PHEV), there are F3DM, S6DM, Qin, Tang, M3DM and other models; in the field of electric vehicle (EV), there are K9, E6, Qin EV, Denza EV, and so on. In the future, electric cars T3, T5, T7, etc. applied to the logistics domain will be launched to realize a multi-field layout. As for foreign companies, the likes of Tesla, BMW and Volkswagen have entered the Chinese market in succession. BMW plans to introduce three electric vehicle models within 2014; Volkswagen AG will embark on electric car production in China from 2016; Tesla Model S has posted sales volume of 1,545 vehicles in the first half of 2014, targeting to hit 5,000 in 2014 and 10,000 in 2015.

## PRESS RELEASES

### DP World saves €1.09m annually with Musco's lighting solution

(Source: Musco Lighting, 15<sup>th</sup> August 2014) Musco Lighting recently installed its innovative Green Generation Lighting® system at DP World's Jabel Ali Port Terminal 1. Covering more than 175 hectares, this terminal operates 24/7 with cargo movement and storage.

DP World faced many challenges with the prior system as it produced excessive spill light, required constant maintenance with frequent lamp outages, and consumed a massive amount of energy. Musco's team worked closely with DP World to build a custom-designed solution that complemented its operations with Multi-Watt™ dimming capabilities to allow for reduced light and energy for inactive areas.

The system's advanced light control ensures a safer environment with reduced glare and uniform light levels for workers. Musco's Green Generation Lighting system reduced kW consumption by 72%, cut annual CO<sub>2</sub> emissions by more than 10,000 metric tonnes, and eliminated maintenance costs for 15 years. This system will save DP World €1.09m in annual operating costs.

### Commission clears acquisition of Rolls Royce Power Systems by Rolls Royce

(Source: European Commission, 19<sup>th</sup> August 2014) The European Commission has approved the acquisition of sole control, by Rolls Royce of the UK, over Rolls Royce Power Systems of Germany, under the EU Merger Regulation.

Rolls Royce develops and manufactures aircraft engines and power systems for aerospace and marine applications. Rolls Royce Power Systems is active in the sale of medium and high speed diesel and gas reciprocating engines for off-highway applications.

The Commission concluded that the proposed acquisition would not raise competition concerns, because it would not alter the competitive situation in the market to a significant extent, since, before this transaction, Rolls Royce already controlled Rolls Royce Power Systems jointly with Daimler. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number M.7310.