ECG News

Truck Ship Compound Train Barge

ECG – The Association of European Vehicle Logistics

Issue 14.39, 6th –10th October 2014

CONTENTS

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

Council adopts its position on port services

(Source: Council of the EU, 8th October 2014) The Transport, Telecommunications and Energy Council adopted a general approach on new rules for access to the port services market in the EU and the financial transparency of ports. The main questions agreed at the Council meeting relate to the ports and services covered by the draft regulation. The ministers agreed that the regulation would cover all seaports listed in the Trans-European Transport Network guidelines, i.e. including the comprehensive network as well as the core network. However, Member States may decide to leave out ports in the comprehensive network located in the outermost regions, such as Réunion, Madeira and the Canary Islands. They may also decide not to apply the rules on the separation of accounts to small ports in the comprehensive network, subject to certain conditions. On the other hand, Member States would also be free to decide whether to apply the regulation to other ports as well. When it comes to the different categories of service, cargo handling and passenger services will be subject to the financial transparency rules but exempt from the market access provisions, as initially proposed by the Commission. Member States will remain free to decide on market access rules for these services, in compliance with the Court of Justice case-law. Members States may decide not to apply market access rules to pilotage into and out of ports, but the other parts of the proposal, including the provisions on financial transparency, will be applicable. Dredging will only be covered by the rules requiring separate accounts for publicly funded activities. These rules will apply when the port management body which receives public funding provides dredging within the port area under its jurisdiction. A number of other provisions have been made more flexible in order to avoid disproportionate administrative burdens for small ports and to take into account the diversity of the port sector in Europe as well as the particular circumstances of the Member States. For instance, the potential for limiting the number of service providers has been expanded, e.g. to include cases where the level of traffic does not make it economically viable for several service providers to operate. Considerations of safety, security and environmental sustainability have also been included as grounds for limiting the number of providers and for imposing public service obligations. Transitional provisions have been adapted so as not to interfere with contracts concluded before the adoption of the regulation. The principle of freedom to provide services, a main principle introduced by the regulation, will apply to port services under certain conditions. Member States and port management bodies will be allowed to impose minimum requirements for the provision of port services and to limit the number of service providers if necessary. Where a port management body receives public funding, it will have to keep separate accounts to show how those funds have been used. New rules will also make port service charges and port infrastructure charges more transparent. The objective of the new rules is to promote fairer competition and reduce legal uncertainties, thereby encouraging efficient port services and investment in ports. This can bring down costs for transport users. It can also help create new short sea links and improve the integration of maritime transport with other transport modes. The transparency in financial relations between the state, ports and port service operators is expected to contribute to better allocation of public funds and to the effective and fair application of EU competition rules in ports.

ECG Note: *In related news, please see the article on a new UK ports manifesto under the 'Europe' section below. ESPO has reacted to the Council's general approach in a press release which can be read under the 'Press releases' section of this ECG News.*

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

Road traffic offence directive: Council adopts its position

(Source: Council of the EU, 8th October 2014) The Transport, Telecommunications and Energy Council adopted a general approach on a draft directive on the cross-border exchange of information on road traffic offences. This follows the Court of Justice's annulment of the previous directive in May 2014 on the grounds of an incorrect legal basis. However, the Court granted a one-year reprieve to allow for adoption of the new directive. This means that the current rules remain in effect until a new directive enters into force, provided that this occurs before 6th May 2015. The annulled directive was adopted by the Council and the European Parliament in 2011 with police co-operation as its legal basis. The Commission, which had originally presented the proposal on the basis of EU powers in the area of transport, disputed this choice. In its ruling, the Court deemed that the main aim of the directive was to improve road safety and that the system for sharing data provided the means of pursuing this objective. Therefore, the correct legal basis would be transport. The change in legal basis means that the directive will apply to all 28 Member States. Currently, the United Kingdom, Ireland and Denmark, due to their special position with regard to police co-operation, are not taking part in this measure. As they will need to make an additional effort to put the system in place, ministers agreed that these countries should be given more time to adopt their national provisions: until May 2017 instead of May 2015. The objective and scope of the directive remain unchanged. Under the directive, Member States may access each other's national vehicle registration data in order to track persons liable for certain offences that jeopardise road safety. This data sharing covers eight major road safety related offences: speeding, not using a seatbelt, failing to stop at red lights, drink driving, driving under the influence of drugs, not wearing a safety helmet, using a forbidden lane, and illegally using a mobile phone, or any other communications device, while driving. The Commission sent its proposal on 18th July 2014. In order to be adopted, the legal act will also have to be approved by the European Parliament.

ECG Note: *ECG News reported on the European Court of Justice's decision in May in our issue 14.18. The European Transport Safety Council (ETSC) has reacted to the Council's general approach in a press release which can be found here: http://etsc.eu/eu-member-state-backing-for-cross-border-road-safety-enforcement-welcomed/.*

AUTOMOTIVE INDUSTRY

Ford, Renault-Nissan bet on Russia, despite turmoil

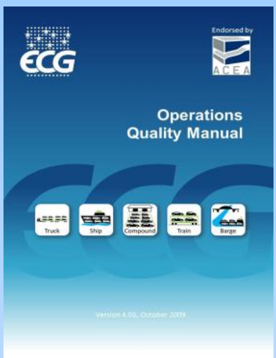
(Source: Automotive News Europe, 7th October 2014) It sounds risky, but many auto executives say that the best response to Western sanctions against Russia is to continue investing there. Automakers including Ford Motor and Renault-Nissan plan to continue to invest in Russia. Executives stressed the below factors in interviews at the Paris Motor Show last week: A belief, or at least a hope, that the rupture in Russia's relations with the US and Europe will heal within a few years; The declining value of the Russian rouble, and the possibility of higher Russian import tariffs. Both encourage local auto production and more investment in Russia. Fiat Chrysler CEO Sergio Marchionne was among executives expressing measured optimism. "I do think that in the medium term, this thing will settle and we will come back to some level of normality." "The only reason that I say that is that the alternatives are relatively ugly, not just for Europe, but in general." But Marchionne warned that whoever has "expectations about Russian volumes coming back quickly in the next 12 months, is in for a big surprise." Volkswagen CEO Martin Winterkorn said: "The Russian market will come back. One has to think in longer terms." "It's right, we cut production (temporarily in September at the Kaluga plant) but Russia will come back, I'm convinced of that,"

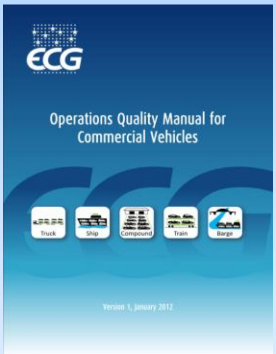
he noted. Automakers appear reluctant to give up on what had been viewed as a prime growth market. Their hopes were bolstered by a recent report by Roland Berger, which said that import embargoes against Western vehicles would hurt the Russian government most by cutting tax and tariff revenues. But Roland Berger warned that "automotive sanctions – even if not economically reasonable – are possible." Asian automakers could be the main winners in an all-out trade war between Russia and the West, the report said. Carmakers are particularly concerned by the rouble's 11% drop in value since 28th February, as Russia moved toward annexation of Crimea. They are responding with the strategy adopted by Japanese carmakers in the wake of the yen's decline – build where you sell. Carlos Ghosn, CEO of the Renault-Nissan Alliance, said the devalued rouble and tariffs mean that "selling imported cars is quasi-impossible" in Russia. "The only thing you can do is localise, localise, localise, just to get out of the trap of the exchange rate created as a consequence of the political events," Ghosn said. Likewise, Ford of Europe Chief Operating Officer Barb Samardzich says that the Russian government's push for local production is "in our best interest." Ford has not slowed investment in Russia. "The more we can localise and get in roubles, the less exposed we are," Samardzich said. Toyota expects to keep its sales in Russia at last year's levels despite the market slump, helped by its focus on more downturn-resistant higher-end vehicles. "There is a lot of uncertainty in Russia ... people are more reluctant to spend money; this is why the entry market is much more affected than the premium market," European operations head Didier Leroy said. BMW is still considering building a factory in Russia that would help protect the company against possible Russian retaliation against EU sanctions over Ukraine. "We are in constructive but confidential discussions, but there is no time pressure," BMW CEO Norbert Reithofer said. But not all automakers are optimistic. GM's Opel unit has frozen plans to expand production at its assembly plant near St. Petersburg, Opel CEO Karl-Thomas Neumann said. "We currently are only very, very carefully investing in Russia before we get a better understanding of where it's going," Neumann said. Russian light-vehicle sales were down 12% to 1.58 million in the first eight months, the Moscow-based Association of European Businesses (AEB) said in September.

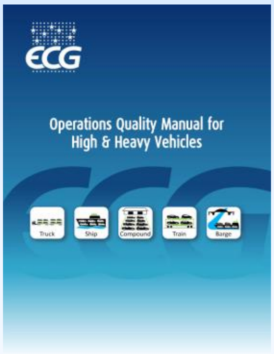
UK car sales rise 5.6%

(Source: Financial Times, 6th October 2014) Car sales in Britain continued to accelerate last month, with the industry recording its best September in a decade. Some 426,000 new cars were registered last month, a rise of 5.6% year on year and the highest September sales since 2004. The news means the UK car industry has now enjoyed 31 consecutive months of growth, though many analysts are predicting the rapid rise will taper off as sales reach pre-crisis levels.
Despite the strong September numbers, third-quarter growth including July and August was 6.2% – the slowest three-month period since the second quarter of 2012. The UK car industry still remains on track for 2.45m new registrations this year, which would be the best 12-month period since 2004. Pre-crisis sales peaked at 2.6m in 2003. Demand in the country, propped up by easy access to credit and a 2009 scrappage scheme that brought buyers in to the new-car cycle, has been one of the few bright spots for global carmakers in Europe. Continent-wide sales still lie 20% off 2007 levels, but the UK – now the second-biggest new car market behind Germany – continues to power ahead. The country contributed almost a third of the absolute growth – taking account of contracting markets – in new car sales achieved across Europe in the year to the end of August, according to Deloitte. The credit-fuelled growth was underlined on Monday as Volkswagen's UK financing arm revealed its portfolio of car loans, leasing and insurance had increased by 40% in two years to reach £10bn. But David Raistrick, head of UK automotive at Deloitte, said the UK was close to capacity. "It is about to come to a gradual stop," he said, referring to the growth in sales. "That's not a bad thing – it's just the reality that the UK market has a finite size, and we're very nearly at that." September is one of the most important months for the industry as it sees the release of new registration plates and tests consumer appetite for the latest

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

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vehicles. September and March – when the first yearly plate change comes in – together account for a third of annual registrations. Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders, said September's performance was particularly strong given the context of "bumper" volumes in the same month last year, when sales grew 12.1%. "Demand for the new 64-plate has been boosted by intensifying confidence in the UK economy, with consumers attracted by a wide range of exciting, increasingly fuel-efficient new cars," he said. But Mr Hawes added that in the months since March – which saw an 18% annual rise in registrations – the growth has shown signs of levelling off, with the market starting to find its "natural running rate". Registrations for the first nine months of the year are now at almost 2m, up 9% on the first three quarters of last year, according to the SMMT, the industry body. Ford, Vauxhall and VW, which together control a third of the UK market, continued to produce the UK's most popular models. The US carmaker's Fiesta and Focus are number one and two in sales in the year-to-date, with the Vauxhall Corsa in third position. Ford said its commercial vehicle sales in the UK in September were the best ever for a single month, while overall Ford vehicle sales approached 70,000 – its highest monthly sales total since 2007.

EUROPE

Clean-fuel rules 'may drive shippers from short sea to road'

(Source: Lloyd's Loading List, 2nd, 6th and 7th October 2014) **DFDS Seaways** estimates that a low-sulphur surcharge to be introduced at the beginning of next year will add around 15% to its freight rates, with other ferry companies also planning similar increases to compensate for the introduction of new low-sulphur fuel rules. The levy is designed to compensate for the projected steep hike in fuel costs resulting from compliance with new marine fuel regulations in the Emissions Control Areas (ECAs). The Danish operator, whose routes include Dover-Calais, Dover-Dunkirk and Gothenburg-Immingham, said that the extra costs incurred from using marine gas oil (MGO) had been calculated for each route "based on the actual number of lane metres carried per consumed ton of fuel" and taking into account factors such as route distance, speed, capacity, utilisation, type of ship. Sweden's Stena Line estimates that the new low sulphur rules will add more than €125,000 per day to its fuel costs. Samskip's Chief Operating Officer, Diederick Blom said certain operators had already closed services anticipating a modal shift in favour of road transport when new rules come into force in January, although he felt this would be a short-term development. "Longer term we expect transport by sea and rail will increase and by more than road," he said. "The European White Paper on transportation says that one third of road traffic that travels more than 300km will have to be off the road by 2030 and in total 50% will need to be off the roads by 2050. So the European Commission will have to make road transport less efficient than it is today in an attempt to support transportation by sea and by rail." Samskip is expecting its fuel costs to increase by 50% as a result of the new Sulphur regulations that will force it to switch to more expensive marine gas oil. Samskip has calculated that using more expensive, cleaner fuel will increase its bunker costs by $10m per year. And that figure does not include increases in the cost of marine gasoil fuel as a result of extra demand by shipping lines to meet the new Sulphur limit. Samskip has not yet announced the level of surcharge it will implement to recover this increased cost. However, Blom said it will be broken down to individual routes to ensure that all customers pay their fair share. Some have suggested that the fines applied to companies that fail to meet the incoming regulation have not been set high enough, which may encourage less-scrupulous operators to take the penalty rather than pay for more expensive fuel. However, Blom dismissed that argument, saying the market was "responsible" and that offenders risked further sanction, not just fines. Although the authorities have not announced how they will tackle persistent offenders, he is

ECG AGENDA

►**ECG Board Meeting, on 16th October,** in Amsterdam, the Netherlands

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

►**ECG Land Transport Meeting, in October (TBC)**

►**ECG Academy Alumni Meeting on 7th November**, in Munich, Germany

►**ECG UK & Ireland Regional Meeting on 12th November**, in London, UK

►**ECG Dinner Debate in the European Parliament, on 19th November (TBC),** in Brussels, Belgium

►**ECG Board Meeting, on 20th November,** in Brussels, Belgium

►**ECG Maritime & Ports Meeting, on 20-21st November,** in Zeebrugge, Belgium

►**ECG Board Meeting, on 27th January,** in Munich, Germany

sure there will be some form of response. He also pointed out that other industry participants will take a dim view of such players, one example being Danske Bank's suggestion that it could cancel loans for companies that do not comply with the regulation. P&O Ferries estimates that meeting the new rules will increase its annual fuel bill by £30m, costs it intends to recover from customers. Fuel typically represents roughly one-third of ferry companies' overall operating costs and switching to cleaner fuel could increase this bill by between 50 and 60%. The common view appears to be that the low-sulphur supplement will not be a blanket charge for all services but calculated on the basis of individual routes. Several container lines have outlined their plans to introduce ECA surcharges from next year, although the plans of ferry operators have been little reported to date. Planned container surcharges vary from $15 per TEU to more than $165 per TEU, depending on the route. For example, feeder specialist Unifeeder has said it would impose a surcharge of €65 per container to recoup the extra cost of switching to low-sulphur fuel from January 2015. Switzerland-based Mediterranean Shipping Co (MSC) will implement a surcharge of up to $165 per TEU on shippers using its North European and North American services as a result of the new bunker rules. And Maersk Line has warned shippers to expect surcharges of $50-$150 per TEU on affected services from the start of next year.

UK ports manifesto to protect industry

(Source: Automotive Logistics News, 7th October 2014) During the recent political party conferences held across the UK, United Kingdom Major Ports Group (UKMPG) launched Ports4Prosperity – a new manifesto – for the UK ports industry. UKMPG represents 41 of the UK's major ports, and is now calling on the government to support UK industry by working with the ports sector. The manifesto sets out five points: make the EU work for ports, not against them; make better road and rail links to ports a priority; develop a single strategy for ports; create a planning system that backs investment; and help boost skills and safety. The launch of the manifesto coincides with ongoing industry calls for the government to block or exempt the UK from the proposed EU Port Services Regulation, which is seen as a huge threat to the UK's ports industry. The proposed regulation aims to create more transparency and standards around port funding and access to market services, which would also be tied into a funding mechanism that could contribute around €26bn between 2014-2020 on infrastructure projects and port links. Currently, there is almost no EU ports legislation, compared with other transport modes. The EU wants to review ports policy, focusing on the Trans-European Transport Network (TEN-T), which will encompass 329 key seaports along the European coastline that will become part of a unified network, and also improve the public port financing. The proposed regulation has been controversial among British port operators, however, as it would see each country appoint a ports regulator, with power to intervene over use of infrastructure, and prices for cargo handling. Earlier this year, the secretary of state for transport, Patrick McLoughlin, gave reassurance to those campaigning against the regulation, after 23 cross-party MPs urged Prime Minister, David Cameron, to stop the proposed regulation. A spokesperson for **Associated British Ports (ABP)**, told *Automotive Logistics*: "The Ports4Prosperity Manifesto is crucially important for ABP and the whole UK ports industry. In particular, the government must block or ensure the UK is exempt from the proposed EU Port Services Regulation. With the Italian Presidency rushing to reach a political agreement on 8th October, it is now a race against time to protect the national interest." Speaking at the recent Labour Party conference, Shadow Minister for Transport, Gordon Marsden MP, said: "We need national and local government to put ports at the heart of intelligent, long-term planning. But even more pressing today is the need for ministers to be robust in Europe and stop new regulations placing unnecessary burdens on our vibrant, competitive ports and jeopardising the working conditions of those employed within them." Around 95% of the nation's trade in goods is moved by sea, UK

Events in Brussels

The European Logistics Platform holds its next event on “Future actions on Freight Logistics” on **14th October**
http://tinyurl.com/mn636cz
ECG will attend

Community of European Railway (CER) holds the event “Europe’s rail sector to 2020: Sector vision and policy choices” on **15th October**
http://tinyurl.com/p3hwyqz
ECG will attend

CLECAT organizes the ‘2014 Freight Forwarders Forum, Envisioning the Future of Logistics: Challenges and Solutions Explored’ on **6th November**
http://tinyurl.com/nc4bsv5
ECG will attend

CER organizes the event ‘Can rail help deliver a brighter future for Europe?’ on **4th December**
http://tinyurl.com/lox9q37
ECG will attend

ports support 400,000 jobs, and ports contribute more than £21bn to the economy every year. The ABP spokesperson said: “Ports are vital for the UK economy… ABP alone contributes £5.6 billion to the economy every year and supports 84,000 jobs.” *Automotive Logistics* spoke to 40 European ports earlier this year to establish their light vehicle sea trade. In 2013, the UK had the second highest figure behind Germany, importing 2,263,298 units, and exporting 1,379,497 – a total of 3,642,795.

A copy of the manifesto can be downloaded from this site:
http://www.ukmajorports.org.uk/pages/latest-news

GEFCO brings Talgo’s trains to Russia

(Source: Transport Intelligence, 3rd October 2014) **GEFCO** has signed a contract with Spanish railway manufacturer, Talgo. GEFCO will guarantee the transport and distribution of six passenger trains for the Moscow-Berlin and Moscow-Kiev railway lines, as well as manage customs formalities. Diego Díaz, Senior Buyer at Talgo said, “When we received the order from our customer in Russia, it was clear to us that we needed a real logistics partner, able to ensure the delivery of the goods under optimum conditions, all the while providing us with great flexibility. Furthermore, we needed a strong partner with proven experience in a market as complex as the Russian one.” GEFCO Spain guarantees the multimodal transport of the trains, already finished and assembled by Talgo, from Vitoria in Brazil, via the Russian port of Ust-Luga at St Petersburg. GEFCO Russia then takes over and ensures unloading and transport by rail to Moscow. The subsidiary also takes care of customs operations. Within the contract, GEFCO Spain also offers air freight services to Russia two to three times per week, for spare parts and components.

IMO pushes shipping towards mandatory electronic cargo data

(Source: Lloyd’s Loading List, 6th October 2014) International shipping has taken a step towards a more efficient, digital future after an International Maritime Organization (IMO) committee approved new rules that could make it mandatory to exchange cargo and other information electronically. After a five-year review process, the IMO’s Facilitation Committee approved a revised annex to the Convention on Facilitation of International Maritime Traffic (FAL). If the review is adopted at the Committee’s next session, scheduled for March/April 2016, this would introduce the mandatory electronic exchange of information relating to cargo, crew and passengers. The new rules could then enter into force 15 months after adoption. The FAL convention includes, in its annex, ‘Standards’ and ‘Recommended Practices’ on formalities, documentary requirements and procedures that should be applied on arrival, stay and departure to the ship itself, and to its crew, passengers, baggage and cargo. One aspect of the revised Annex would oblige public authorities to establish systems for the electronic exchange of information within a period of three years after the adoption of the amendments. “There would be a transitional period of not less than 12 months from the date of the introduction of such systems to make the use of electronic transmissions mandatory, during which period paper and electronic documents would be allowed,” said an IMO statement. Another recommended practice would be the use of a ‘single window’ concept to enable all the information required by public authorities in connection with the arrival, stay and departure of ships, persons and cargo, to be submitted without duplication.

France backs down on HGV tax

(Source: Lloyd’s Loading List, 3rd, 7th and 9th October 2014) The French government has announced that it is suspending plans “indefinitely” for an HGV transit tax after several of the country’s road haulage associations had threatened industrial action. Earlier this week French haulage association Organisation des Transporteurs Routiers Européens (OTRE), largely representing small operators, had issued an ultimatum to France’s government to withdraw plans for a transit

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tax on HGVs or face the consequences - in the form of disruptive protests. Last week, France's four leading road haulage associations announced in a joint statement that they have broken off negotiations with the government on a new version of a proposed HGV tax. The initial version of the truck levy was set to be introduced from the beginning of this year but was postponed amid violent protests, particularly in Brittany. A new version has been the object of negotiations for the past few months. The hauliers' trade bodies have voiced their "total opposition" to the tax in whatever form and called on members to take action. The OTRE has now given the French authorities a week to declare that the tax had been "definitively abandoned" warning that if this does not happen its members will take "large-scale action" from 17th October. This would entail blocking roads and distribution hubs but could also lead to an all-out freight transport strike. In a statement on 8th October, the Ministry of Transport said ministers had met with representatives of hauliers' trade bodies, which had convinced the government of the "difficulties entailed in introducing the tax, including during its experimental phase". Ahead of the meeting with ministers, one road haulage chief, speaking in a TV interview, said that firms were having to accept margins as low as 1% and if the truck levy was adopted it would put 20% of them out of business in his region. The government has pledged to "intensify the search for solutions to make the country's road haulage industry more competitive thus preserving firms and jobs".

Eurostat: intermodal freight at a standstill

(Source: EurActiv, 2nd October 2014) EU initiatives to better integrate and improve connectivity between road, rail and waterways have failed to yield any significant results, according to the latest Eurostat data on freight transport. In 2012, 74.5% of freight travelled by road in the EU28, a level that "has remained almost unchanged since 2007," according to a Eurostat report released on 1st October. Shares of rail (18.6%) and inland waterways (6.9%) in freight transport also barely budged over the period. Road transport had a share of over 90% of freight in Cyprus, Malta, Ireland, Greece and Spain, while rail dominated in the Baltic states. Ten Member States, including Malta and Portugal, do not utilise or have inland waterways. Within the EU28, Romania appears to have achieved the best balance between the various modes of transport, with roads, rail and inland waterways each representing about one third of freight. The data suggests that longstanding EU efforts to improve intermodality, or the use of "at least two different transport modes in an integrated manner", have yielded little results. In 2001 and 2011, the Commission had issued White Papers aimed at cutting emissions from transport, thanks, in part, to a shift away from road to rail and inland waterways. Over the years, the EU sent mixed signals, however, about its determination to support greener modes of transport. In 2011, transport ministers renounced ambitions to cut transport emissions by 60% by 2050, an objective that had been set by the European Commission. At the same time, the EU has launched a variety of funding programmes such as Marco Polo, and the Connecting Europe Facility (CEF), in order to facilitate the deployment of cleaner transport. Speaking on behalf of the Community of European Railway and Infrastructure Companies (CER), Executive Director Libor Lochman told *EurActiv* that he was not surprised by the lack of progress. Insufficient investments in infrastructure, including maintenance and upgrades and the building of the "last miles" between rail networks and freight customers (factories, etc.) and of intermodal terminals, are insufficient. For example, the quality of some tracks in Eastern Europe is poor, whereas tracks that ensure punctual, reliable transport are key for competitiveness with other modes of transport, Lochman explained. On the positive side, he noted that CEF granted an almost equal share of funding for road and rail projects. Another barrier to rail development is the patchwork of national administrative rules that complicate cross-border travel and increase the cost of rail freight. The gradual adoption of EU technical specification rules should eventually remove that obstacle, however. A third reason for the status quo stems from the need to level the playing field between road and rail. Distance-based

charging and the integration of external expenses such as pollution costs are currently not applied to road transport. These measures, which were already envisaged in the 2001 White Paper, could be the subject of EU regulation, according to CER. “The opening of the rail market to competition has already happened, but it will not deliver unless these three barriers are removed,” the CER Executive Director concluded. Talking to *EurActiv*, NGO Transport & Environment (T&E) had a similar reaction to the Eurostat report: “road freight continues to have an unfair competitive advantage in that it does not pay fully for its external costs. Damage to roads, air pollution, congestion and noise cost Europeans over €150bn a year. If we want rail ever to have a fair chance, road freight’s external costs must be fully internalised in the EU”. But “that’s just one side of the coin”, added the NGO, “rail freight should also become more efficient and competitive itself.” T&E believes that despite market liberalisation, national rail monopolies continue to shield their markets and numerous technical obstacles hamper cross-border freight.

ECG Note: *CER’s Executive Director Libor Lochman will be one of the speakers at the annual ECG Conference which takes place next week on 16th and 17th October in Amsterdam (see www.ecgconference.org). The International Union of Combined Road-Rail Transport Companies (UIRR) reaction to Eurostat’s findings can be found in the ‘Press releases’ section of this ECG News. To read the Eurostat press release, please follow this link:*
http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/7-01102014-AP/EN/7-01102014-AP-EN.PDF

Russia looks to renege on WTO vehicle import commitments

(Source: Automotive Logistics News, 8th October 2014) Russia is preparing to renegotiate some of the commitments it made when it joined the World Trade Organisation (WTO), including those governing the duties applied to vehicles imported to the country. According to Deputy Minister of Industry, Viktor Evtukhov, Russia aims to preserve or even increase the import duties, which previously it had promised to reduce. Negotiations are expected to focus on duties applied to products from the automotive, engineering and metals industries, according to the Ministry of Industry, though there is currently no published list of the products on which the revised duties will be applied. “The Ministry of Industry will analyse the requests of the companies and industry unions on this issue,” said Evtukhov. The decision has support from political leaders, and last week the country’s Minister of Industry and Trade, Denis Manturov, is reported to have discussed the issue with President Vladimir Putin. Immediately after Russia’s accession to the WTO, import duties for new cars were decreased from 30% to 25%. The original agreement called for further decreases until import duties reached 15% in 2018. When Russia joined the WTO in 2012, it also committed to a recycling tax designed to remove older, more polluting vehicles from the road. According to some commentators those recycling fees were specifically designed to replace import duties and protect the domestic market. For certain types of vehicles the reduction in duties was scheduled to be even greater. For cars with engine capacity exceeding 2.8-litres, the duty was planned to drop to 12.5%, while SUVs with 3.5-4.2-litre engines were to incur no more than a 10% duty. Now, however, the Russian government is reported to be curtailing the extent of its plans following advice that any further decrease in duties could close local assembly as carmakers switch to more imports. One source at the Ministry of Industry and Trade, who wished to remain anonymous, said there was a high probability that the government would raise the issue and that, in the current situation, it would not be hard to prove the drop in duties could hurt the Russian car industry. “The reduction of import duties on cars in the current environment will exacerbate the crisis in the industry and could make a number of producers, which have opened assembly plants in the country, reconsider their investment plans in Russia,” said the source. He added that the Russian government has now committed itself to supporting the automobile market through various measures, and that it was clear that the further reduction of duties would be counterproductive. Roland Berger Strategy Consultants has suggested that customs duties on cars will in fact be raised to the level they were before the country joined the WTO, which were between 30-35%. Edward Cherkin, member of the board at the Russian office of the consultancy, estimated that this measure could increase the revenue of the country’s budget by €55m per year and said that this money may go to further support localised automotive producers. Earlier this year, a report by Roland Berger suggested that declines in the Russian market were liable to lead some OEMs to close smaller factories in Russia, potentially leading to a higher share of imports relative to locally produced vehicles. However, the reported efforts to reverse lower duties demonstrate the extent to which the Russian government is willing to protect local vehicle assembly. It is not yet clear what impact Russia’s reversal of its commitment to the WTO would have on its membership in the organisation.

REST OF THE WORLD

Renault mulls engine plant in Morocco to serve growing car production

(Source: Automotive News Europe, 3rd October 2014) Renault is considering building engines in Morocco to serve growing production in the country and to cut costs. Chief Competitive Officer Thierry Bollore said an engine factory would make sense, given that Renault has capacity to build 400,000 vehicles at plants in Tangier and Casablanca. “We are thinking about it, but we first need to have a stronger supply chain on the ground,” Bollore said on 2nd October at the Paris Motor Show. Renault builds the Dacia Sandero hatchback in Morocco and has threatened to shift more production there from the no-frills brand’s home in Romania, where unions are demanding higher wages. Renault’s nearest engine plant to Morocco is in Spain.

PRESS RELEASES

Automobile CEOs call on EU policy makers to deliver on competitiveness and investment pledge

(Source: ACEA, 3rd October 2014) At its meeting on the side-lines of the Paris Motor Show on 3rd October, the Board of the European Automobile Manufacturers’ Association (ACEA) formally welcomed the European Commission President’s pledge to strengthen Europe’s competitiveness and to stimulate investment for the purpose of job creation.

Quoting figures from ACEA’s newly-published Automobile Industry Pocket Guide 2014-2015, ACEA President Carlos Ghosn stated: “Europe’s automobile industry supports 12.7 million jobs, is responsible for €32.3bn in annual R&D investment, has a turnover of €843.4bn – or 6.6% of EU GDP. It contributes €95.1bn in net exports and over €388.8bn in tax contributions to the EU economy.”

“ACEA will be working constructively with Europe’s new policy makers to ensure that it can deliver on its pledges, and that it can keep the automotive industry running as Europe’s engine of growth and innovation while ensuring it can stay competitive globally,” Mr Ghosn said. “We are looking forward to the creation of a more balanced and smarter regulatory environment in Europe which allows our companies to continue innovating under more cost-effective conditions, thereby maintaining and further strengthening the technological leadership and standard-setting role our industry has traditionally played globally. More specifically we believe that stronger sector-focused strategies will be needed to support the Commission’s Jobs, Growth and Investment Package.”

ACEA’s Board is made up of the CEOs of the 15 Europe-based car, van, truck and bus manufacturers. Meeting on the final day of the seventh round of EU-US negotiations on the Transatlantic Trade and Investment Partnership (TTIP) agreement, the CEOs also reiterated their support for TTIP, calling for a comprehensive automotive deal, which includes the elimination of both tariffs and non-tariff barriers through regulatory convergence. ACEA’s Pocket Guide compiles the latest data on vehicle production, registration, use and taxation, as well as employment and trade. It can be downloaded via this link: http://www.acea.be/publications/article/acea-pocket-guide.

ECG Note: *ACEA’s Secretary General Erik Jonnaert will also be one of the speakers at the annual ECG Conference which takes place next week on 16th and 17th October in Amsterdam (see www.ecgconference.org).*

Misleading picture in Eurostat freight transport report

(Source: UIRR, 7th October 2014) Taking 21 months after the end of the reporting period, the European Union statistics services (Eurostat) published its report concerning 2012 Inland Freight Transport in the European Union last week. UIRR, the International Union for Road-Rail Combined Transport regrets the numerous questions that are to be raised with regards to the report, and pledges its collaboration to help revise the EU’s statistics practice in a way, which will serve the needs and fulfil the purpose of accurately informing European transport politicians.

Every reader of the aforementioned Report should be conscious about the following questions and shortcomings, when considering this Eurostat communication:

- It is unclear, and even confusing, why Eurostat has chosen 2007 as the basis year of comparison (in its analysis) of the 2012 data, as it conducts a data collection every year. Should 2009 have been chosen, the title could have read: market share of road declined 2.5 percentage points in five years.
- Eurostat defines “inland freight transport” as “road, rail and inland waterways”, whereas the coastal shipping variation of short-sea navigation is a direct competitor to the aforementioned transport modes; subsequently its performance data should have been included if desiring to provide an accurate picture.
- Considering that the road mode is three times as large as all other modes of transport, it is regrettable that Eurostat did not make an effort to split this huge slice of the pie, especially since there are two distinctively different business models in road haulage: day-trucking, or local distribution within a radius of 300km, and long-distance trucking, which takes place on distances longer than 300km requiring that the driver spends the night away from his home when performing the journey. [DG MOVE was capable of doing this distance-based breakdown as early as in 2010 within its Road Freight Transport Vademecum.] Moreover, only this differentiation could have enabled accurate gauging of the progress towards the European Commission’s 2011 Transport White Paper’s modal-shift aims of trucking over distances longer than 300km to sustainable modes.
- It is surprising that Eurostat requires 21 months to produce a report, which should be published at least a year sooner to be useful and effective. In case it took this long, much deeper and well considered analysis should have accompanied it.

UIRR has been engaged in the collection of statistical data from its members concerning the rail portion of the Road-Rail transport-chains that they operate. These UIRR statistics are included in the Eurostat transport statistics handbook, and show an almost linear growth of 80% over 23 years (1990-2013).

It is UIRR’s desire to assist in transforming Eurostat’s transport data collection and reporting practice to better support European transport politics in the future.

Scrubbers: Shipowners urge for clarity and legal certainty at the eleventh hour

(Source: ECSA, 7th October 2014) In a position paper published on 7th October, European shipowners ask EU Member States to adopt a clear, long-term and, above all, harmonised position on the issue of the discharges of washwater produced by open-loop scrubbers installed on ships.

The EU Sulphur Directive requires that, as of 1st January 2015, all ships sailing in the SECAs (Sulphur Emission Control Areas - the Channel, the North Sea and the Baltic Sea) use bunker fuels with a maximum sulphur content of 0.1% or that the same level of emissions is reached by the use of alternative fuels or compliant abatement technologies. Scrubbers are devices that use water to wash unwanted substances from an exhaust gas stream. They have been identified as one of the few abatement technologies available that allow ships to reduce the sulphur content in their emissions.

The EU Water Framework Directive (WFD) is a source of concern for European shipowners as it sets limits for the content of pollutants in ports, estuaries and coastal areas. This in turn means that the discharges of washwater will in some areas be well under the limits set by the WFD, while in other areas with poorer water quality, washwater discharges might be prohibited by Member State legislation. The resulting lack of harmonisation and clarity will without a doubt hamper the uptake of scrubber technology.

What is more, the WFD foresees a progressive reduction of some substances and a complete phasing out of others. However, due to a lack of information on the actual composition of washwater discharges, it is currently not possible to ascertain whether scrubber discharges fall within the two aforementioned categories. Hence, more scientific research on the actual ecological effects of scrubber discharge is necessary.

Patrick Verhoeven, ECSA Secretary General commented: “The current uncertainty jeopardises investments already made by shipowners eager to meet the compliance criteria before the fast-approaching deadline of 1st January 2015, but more importantly hinders the commissioning of future scrubber installations. Any restriction of the use of scrubber technology should in our view be preceded by a scientific assessment with any changes in the approval procedure of such systems reflected under IMO rules. Also, shipowners that have already committed to a scrubbing system should not be disproportionately penalised.”

ECG Note: *The ECSA position paper can be downloaded from the below link:*
http://www.ecsa.eu/news-and-media/latest-news/9-latest-news/163-scrubbers-shipowners-urge-for-clarity-and-legal-certainty-at-the-eleventh-hour.
ECSA's Secretary General Patrick Verhoeven will also be one of the speakers at the annual ECG Conference which takes place next week on 16th and 17th October in Amsterdam (see www.ecgconference.org).

Council deal on Port Regulation: the glass is half full

(Source: ESPO, 9th October 2014) The Transport Council reached an agreement on the Port Regulation proposal on 8th October. The European Sea Ports Organisation (ESPO) recognises the enormous efforts made by the Italian Presidency to reach a deal on this very difficult proposal and believes the Council has made substantial progress on different important issues. These mainly relate to:

- The deletion of dredging from the list of port services. Dredging, be it capital or maintenance dredging, has to be considered as a part of the development and maintenance of the port infrastructure, not as a port service.
- The provisions related to the users' committee and stakeholders consultation, by choosing for a more pragmatic, bottom-up approach.
- The handling of complaints. The original proposal for an independent supervisory body has been replaced by a more realistic provision setting out a procedure for the handling of complaints.

ESPO however believes that more needs to be done to create a ports policy that means a step forward for every single port in Europe. The European port authorities identify 3 main points of concern in that respect:

- The watering down of the principle of autonomy of the port to set its own charges, as foreseen in the Commission proposal of 23rd May 2013. European port authorities need a policy that empowers them to successfully match the commercial and public interests and to meet the various challenges that both market forces and society imposes upon them. Notwithstanding their diversity, European port authorities believe that more autonomy will best help them in facing the challenges ahead. Port charges are an important tool of port management. By giving Member States the option to give ports more autonomy or not in that respect, the current Council text risks to further undermine the level playing field between European ports.
- Transparency in public funding and guidance for state aid for port infrastructure remain a priority and an essential condition for levelling the playing field between ports.
- A further clarification of some essential parts of the Council text is needed. The provision regarding infrastructure charging, as well as the definitions need to be looked at further.

"The Council has set important steps towards a more realistic and workable regulation. But more work needs to be done. We still need to assess the outcome of the Council in detail. But one thing is clear already. We want the autonomy of ports strengthened in Europe, as it was initially proposed by the Commission and supported by the rapporteur and the main players in the European Parliament. We hope that the new Parliament continues to support us in that direction", says ESPO's Secretary General, Isabelle Ryckbost in reaction to the agreement.

Next steps: The general approach of the Council still needs to be formalised in a common position. But first the Parliament has to express its opinion in a first reading. The work in the Parliament is expected to start at the end of this year, beginning next year. MEP Knut Fleckenstein (Germany, S&D group) has been re-confirmed as Rapporteur.

IRU lays out path for transport system of the future

(Source: IRU, 9th October 2014) The International Road Transport Union (IRU), policymakers and industry stakeholders have outlined actions to lay the groundwork for an innovative transport system to be developed over the next 20 years optimally benefitting all EU citizens and businesses. Spearheaded by the road transport industry, these next steps – including the creation of a reflection group and Innovation Lab – were identified in Brussels on 9th October at the 4th IRU/EU Road Transport Conference on "The Future of Road Transport – Innovation & Efficiency".

The reflection group will bring together key industry stakeholders and policymakers to examine not only the technical or design aspects of future commercial road vehicles, but also the entire transport system of the future. In addition, the IRU announced the establishment of a new Innovation Lab to foster innovation and best practices in the sector and effectively support the sustainable development of the transport system.

IRU Secretary General, Umberto de Pretto, highlighted, “This gathering has stirred concrete and creative ideas that we will take up further in the reflection group. It is high time that stakeholders define how commercial road vehicles should look and operate to optimally integrate into the wider transport system of the future while guaranteeing greater efficiency of the entire transport supply chain. The IRU is willing and prepared to take on the challenges of creating this roadmap in co-operation with all transport stakeholders.”

The IRU has worked hard to foster innovation in road transport along its 3 “i” strategy for sustainable development based on innovation, incentives and infrastructure. To this end, the conference examined innovative propulsion methods for road transport, such as alternative fuels and electricity, and the practicalities of operating with such fuels, including refuelling infrastructure and power supply possibilities. Other innovative operating methods and technology-based applications were highlighted, including concepts for the ‘platooning’ of vehicles, driverless vehicles, and Co-operative Intelligent Transport Systems (C-ITS).

The conference also showcased entrants for the new IRU Award for Best EU Road Transport Operator 2014, who have created novel, efficiency improving operating methods and environmental schemes, once again demonstrating the excellence and pioneering taking place every day within the road transport sector.

Mr de Pretto concluded, “The IRU is fully committed to making the EU transport system and road transport worldwide even more efficient and sustainable through new technology and innovation. It is not only a priority; it is a must for the immediate and long term future. I think we can all agree that road transport plays a major role in driving tourism, mobility and trade. Those who do not embrace innovation will fail and we cannot afford to make this grave error lest we be held accountable for our actions or even worse, inactions.”

To see the conference highlights, use this link: http://www.iru.org/en_4thirueu.