ECG News

Truck Ship Compound Train Barge

ECG – The Association of European Vehicle Logistics

Issue 15.05, 2nd – 6th February 2015

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► **ECG Russia Regional Meeting**, **(TBC)**

NEWS FROM BRUSSELS

ECG publication on finished vehicle logistics by rail

*(Source: **ECG**, 6th February 2015)* ECG has published a book on finished vehicle logistics by rail. The project to produce the book was initiated during the ECG Land Transport Working Group meeting in January 2014. The first draft of the project was presented at the following Land Transport WG meeting which took place in May 2014. It received further support from the group and in order to gain more knowledge on specific rail technical issues it was decided that ECG should organise site visits with rail technical experts of ECG member companies at their railway operations sites. These were held with **DB Schenker Rail Automotive**, **BLG Automotive**, **ARS Altmann**, and **STVA**. As a result of these collaborations, and continuous research on various rail issues, the document was extensively enlarged. The document consists of several parts, namely a historical section that covers railway development in Europe and specific EU countries; a technical part that discusses the different issues of the railway (gauges, electrification, controlling and signalling systems, etc.); a chapter on the liberalisation process in Europe; on the key rail players and on logistics services provided by rail. A substantial part of the document is also dedicated to types of FVL wagons, various types of locomotives and their technical specifications. It includes a section that tackles the question of European regulation of rail and briefly presents the current EU projects and initiatives for rail transport. This detailed document on 'Finished Vehicle Logistics by Rail in Europe' is relevant not only to ECG's members, but also to the whole FVL sector in Europe. It represents a unique undertaking to approach the rail transport sector from the perspective of FVL, taking into account the complexity of European rail. It can be used as an instructive manual for those who wish to understand the complexities involved in moving freight by rail in Europe even if they have no prior knowledge. ECG members are invited to download this document free of charge on the website.

Commission accepts commitments from France on fiscal exemptions for certain maritime chartering services in France

(Source: European Commission, 4th February 2015) The European Commission has closed an in-depth investigation opened in 2013 to examine whether changes to French tax rules for maritime companies were in line with EU state aid rules, after France offered commitments addressing the Commission's concerns. The Commission had concerns that giving favourable fiscal benefits to certain vessels sailing under non-EU flags would run counter to the objectives of EU maritime transport policy. In May 2003, the Commission originally approved the French tonnage tax scheme. This scheme allows shipping companies to be taxed on the basis of the tonnage of the fleet rather than the actual profits of the company. The scheme limited the eligibility of time chartered ships not flagged in the EU ("time chartered" vessels provide maritime transport services with vessels and crew temporarily rented from other companies). Such ships could not constitute more than 75% of the fleet of a tonnage tax payer. This scheme was in line with the then applicable 1997 EU guidelines on state aid to maritime transport, which aimed to enhance the competitiveness of shipping companies facing competition from non-EU businesses and boost jobs in the sector. After the adoption of the Commission's updated guidelines on State aid to maritime transport in 2004, France removed the specific flagging rules for time-chartered vessels without informing the Commission. In November 2013, the Commission opened an in-depth investigation and invited interested parties to submit comments on the reformed measure, because it considered that specific limits on the eligibility of time chartered ships that do not sail under the flag of a Member State should be maintained. Having examined the submissions received, the Commission came to the conclusion that so far no tonnage tax beneficiary in France has had more than 75% of its fleet composed of time

chartered vessels flagged outside the EU or the EEA. The removal of the specific flagging rules therefore did not yet have any effect in practice. At the same time, the Commission also found that there was no guarantee that this would remain the case in future as no minimum EEA flagging requirements were foreseen for new entrants. As a result, a newcomer company whose fleet was 100% composed of non-EEA time-chartered vessels would be able to benefit from the tonnage taxation. The Commission considered that this was not in line with the 2004 Maritime Guidelines. Even if the Guidelines do not impose specific limitations on time charterers (contractually, time-charterers are maritime transport service providers) the Commission has always required in its case practice that time charterers wishing to benefit from tonnage tax contribute to the Guidelines' objectives of preserving a minimum maritime know-how within the EU/EEA or to the objective of promoting EU/EEA flagging of vessels. To address the Commission's concerns, the French authorities have therefore committed to require from all the French tonnage taxpayers that at least 25% of their tonnage is EEA flagged. The Commission has accepted this commitment and has therefore closed its investigation.

AUTOMOTIVE INDUSTRY

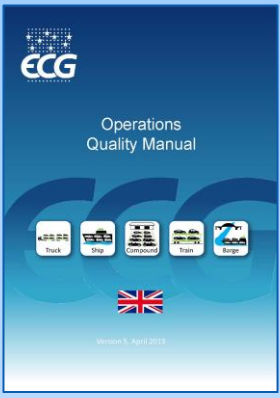
Renault CEO Ghosn says one-third of Russian car market will vanish as recession deepens

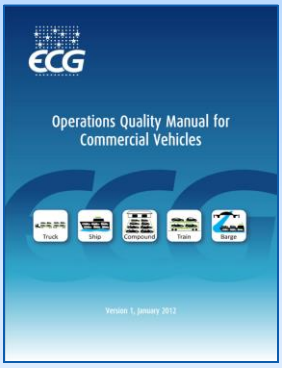
(Source: Automotive News Europe, 3rd February 2015) Renault-Nissan CEO Carlos Ghosn said Russia's car market will probably shrink by another fifth this year, putting pressure on the alliance he leads after Renault-Nissan teamed up with AvtoVAZ to strengthen its leading position in the country. This "is one-third of the Russian market disappearing in a couple of years," Ghosn said in an interview with *Bloomberg Television* on 2nd February in Paris. "With the forecast we have in 2015, we should be at the end of the tunnel, but we never know." Sales of new passenger cars and light commercial vehicles fell 10% in 2014 to about 2.5 million units, according to the Moscow-based Association of European Businesses (AEB). Combined sales by Renault, Nissan and AvtoVAZ - Russia's largest automaker - dropped 7% last year to 764,245 vehicles. The partners' market share widened to 30.7% from 29.6% in 2013. AEB sees Russia's auto market plummeting by a further 24% in 2015. "The combination of falling sales and currency is very problematic," Arndt Ellinghorst, a London-based analyst Evercore ISI, said on 3rd February. "It doesn't endanger the group at all, as the market isn't big enough, but it is a painful delta. We already heard from Ford and GM that Russia is a problem." Renault and Nissan indirectly own 50.01% of Lada-maker AvtoVAZ, a key element in a plan to gain at least 40% of the Russian car market by 2016. The alliance has invested in manufacturing plants and developed a network of local suppliers to be less vulnerable to foreign-exchange fluctuations. Still, the deepening of Russia's economic recession would represent a blow. "For the time being, you can't just move in and out of markets," Ellinghorst said. "You just have to manage the downturn, limit the damage, keep the relationships you've established and wait for the country to recover."

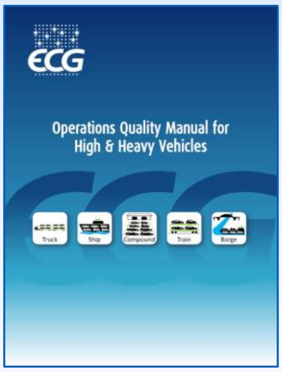
Opel wins renowned '2015 VDA Logistics Award'

(Source: Automotive World, 4th February 2015) Opel has once again been recognized for its innovative drive. At the Third Forum Automotive Logistics in Leipzig, jury-Chairman Professor Dr. Wolfgang Stölzle presented Michael Scholl, Director Supply Chain at Opel with the '2015 VDA Logistics Award'. It is the eighth time that the German Association of the Automotive Industry (VDA) has presented the award to a company for its intelligent logistics system that can serve as a model for other players in the automotive industry. "The system assists us to meet customer requirements on schedule while staying flexible. It also allows us to optimize the value chain and the production program. We can react

The version 5 of the ECG Operations Quality Manual for PCs and LCVs now is 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

quickly and flexibly to changing conditions while maintaining complete transparency," said Michael Scholl, at the award ceremony in Leipzig. Vehicle orders and material supply are the two central areas of work for logistics experts in the automotive industry. Opel succeeded in creating a close network between these two areas both organizationally and procedurally. The most important feature of the new system is that incoming vehicle orders for the production plants are controlled simultaneously in real-time under consideration of material availability, especially the material pipeline of overseas suppliers. Thus, order scheduling is no longer sequential but instead integrated. This also enables Opel to react quicker to changing conditions. "This innovative solution is further proof for our 'change your mind' approach at Opel and our willingness to change the corporate culture. We amended organizational structures and, thanks to a cross-divisional team, introduced a system that allows outstanding flexibility – for the benefit of our customers," said Katherine Worthen, Vice-President, Purchasing and Supply Chain at Opel Group GmbH. The cross-divisional Opel team consists of experts from logistics, materials management, order management, and IT in co-operation with IT service provider Flexis AG from Stuttgart. The new system offers countless advantages such as transparency, flexibility, low material stocks and reduction of special material shipment to name but a few. Elsewhere, the customer also benefits because vehicle delivery dates can be maintained with even higher accuracy. The system enables a future period preview of 40 weeks and considers roughly 45,000 part numbers for 20 Opel models made in seven European production plants.

EUROPE

Germany suspends minimum wage imposition on international hauliers in transit

(Source: Lloyd's Loading List, 3rd February 2015) The German government has suspended the application of legislation introduced last month that imposed the country's minimum wage on international hauliers in transit through Germany. The measure, which had been intended to combat 'dumping' on wages in the German road haulage industry – alleged unfair competition from low-wage countries – but the government has bowed to pressure from other European countries, notably Poland and also trade bodies such as the IRU. However, the minimum wage stays in force for foreign drivers operating to and from Germany or engaged in cabotage in the country.

GEFCO to stay profitable on the Russian market

(Source: Automotive Logistics News, 2nd February 2015) Despite a turbulent Russian market, along with slow growth with its main automotive customer, the **GEFCO Group** is expected to remain profitable in 2015 and to yield a dividend to its major shareholder, Russian Railways (RZD). The logistics provider also expects to continue to grow in Russia and former Soviet countries despite the continuing drop in economic growth and automotive sales that has followed the Ukraine crisis and ongoing economic sanctions on Russia from the US and European Union. During a joint press conference last week in St Petersburg with GEFCO, Vladimir Yakunin, President of RZD, said that the 75% acquisition of GEFCO from PSA Peugeot Citroën in 2012 was a step in the right direction, and that he expected both companies to grow further this year. "In 2015 we are expecting to receive dividends from GEFCO totalling 5bn roubles ($73m), while in future this figure will grow," Yakunin said. "Overall, we are satisfied with the performance of the company during this period [from 2012]," he added. "I believe that the purchasing of GEFCO was the right step – our analysis of the market trends was right. The [Russian] government also supported us in this difficult decision." Speaking alongside Yakunin, Luc Nadal, GEFCO's Chairman, did not disclose GEFCO's 2014 operational profits. However, he did say that the

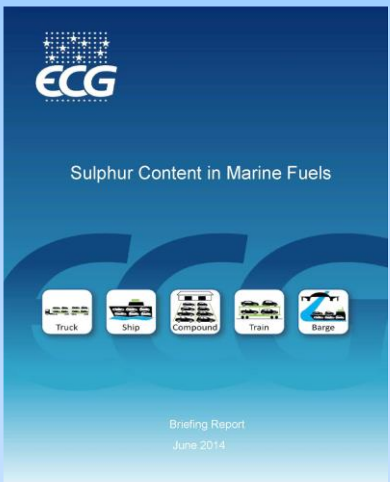
company demonstrated strong growth despite the declines in the Russian automotive market, and the sharp falls in sales and production for PSA in Russia, GEFCO's major global customer. General Motors, which is actually GEFCO's largest automotive client in Russia, has also seen large drops in the market and has suspended production at its St Petersburg plant. "I can say that even given the fact we are going through hard times, the operational income will probably have grown by 10% [year-on-year compared to 2013]," Nadal revealed. Outside Russia, GEFCO has benefited from a return to positive sales growth in the European automotive sector, along with strong growth in Asia, especially China. In 2013, GEFCO achieved a record turnover of €4bn, with about 6% of its profits coming from Russia. In the same year, the company signed contracts worth almost €40m with customers in CIS countries, which last year translated into around €50-100m of additional turnover in GEFCO's '1520 zone', which includes Russia, Ukraine, Baltic States, and Kazakhstan (1520 refers to countries that use the 1,520mm rail gauge). By 2020, Nadal said that GEFCO plans to increase the turnover in CIS countries fivefold, so it will account for around 15% of the company's profits. According to Yakunin, GEFCO's future growth will also be achieved partly through its integration into the structure of RZD, which has its own logistics divisions. Yakunin even suggested the "possibility for GEFCO to fully manage RZD's logistics in the future." According to Nadal, GEFCO's main goal over the coming years will be the diversification of its client base. Slightly before RZD took control of GEFCO in 2012, the provider signed a ten-year contract with PSA that included five years of global exclusivity, a clause that will end in 2017. At that point, PSA will have the option of contracting with other logistics providers. To counter the risk of losing some business from PSA, GEFCO has been aggressively pushing business with other automotive and industrial clients. "We have a certain plan as to how to deal with this situation. The main point is to expand the client base," said Nadal. "We were quite successful in 2014, with growth of turnover from new customers of 9-12%. The target for the team for 2015 is growth [for other customers] by another 15%. If we do that, then the share of PSA by 2017 on the GEFCO account will be lower than it is now." Along with investments in Russia, GEFCO will continue its global expansion this year with development in a number of regions including Latin America and Asia, and the opening of new offices in Greece, Vietnam and Thailand.

REST OF THE WORLD

Mexico - a sea change needed for short sea

(Source: Automotive Logistics News, 3rd February 2015) The use of short-sea shipping to move vehicles within North America still tends to be more of a fallback option for carmakers when there are capacity issues with other modes such as rail, rather than as a regular service. But before shipping lines can offer more frequent sailings, investments in Mexican ports and their inland connections will be necessary. "Short sea is still the emergency cord that you pull when there is a railcar shortage," said Robert Zavala, Head of Mexico at **Wallenius Wilhelmsen Logistics**, speaking at last week's Automotive Logistics Mexico conference, pointing to both a lack of scale and longer lead times compared to rail transport. However, Zavala, along with other executives from major carmakers, have expressed concern that rail capacity will become tight in Mexico as volumes grow. WWL, besides offering sea services, is a major yard operator in Mexico, and manages rail flows for a number of carmakers including Nissan. "We will need 2,000 more railcars in addition to what we currently have in Mexico," Zavala pointed out. "The question is, is that really going to happen? Will there be time to build that number of rail cars to meet the needs?" he asked. However, even with capacity concerns for rail, the short sea option faces a number of issues. One is that the North American market does not tend to use specialised, smaller ships for short-sea flows in the way that is common in Europe. Instead, shipping lines

Briefing paper on the sulphur content in marine fuels updated



As the Regulation on sulphur content in marine fuels came into force on 1st January, ECG has updated its Briefing paper to better inform our readers.

The new rules will affect companies that operate routes in the Sulphur Emission Control Areas (SECAs), i.e. the North Sea with the English Channel and the Baltic Sea. In these zones the sulphur content of the fuel can't surpass 0.1% which is a great technical and financial challenge for these operators.

The Briefing paper contains IMO and EU regulatory background and analysis of the latest developments, as well as a glossary of terms.

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http://www.ecgassociation.eu/publicationsreports/ecgpositionandbriefingpapers.aspx

Events in Brussels

The event ‘Transporting goods from Asia to the EU, What role for intermodality?’ will be organised by CER, with the support of the Latvian Presidency on **24th February**

ECSA organizes the European Shipping Week between **2nd and 6th March 2015** in Brussels https://www.europeanshippingweek.com/
ECG will attend.

IRU holds its Spring Cocktail 2015 on **4th March**
ECG will attend.

ECG organizes its annual **Dinner Debate** on **24th March** in the European Parliament: “Roadmap to a Single European Transport Area: priorities of the finished vehicle logistics sector”

add port stops onto larger global routes between the Americas, or with Europe and Asia. “In Europe, [short-sea transit time] is measured in hours, not days. In North America, it is measured in days not hours,” said Zavala. However, Zavala added that the government should commit the necessary money to develop infrastructure at the ports as well as the rail connections to support these flows. He pointed to the urgency of such investments, with vehicle exports out of Mexico likely to grow by more than 1 million units over the next five years. “The investment required for terminal developments is still pending,” said Zavala. “In Mexico there are no specialist Ro-Ro handling terminals for vehicles. There have always been investment plans but we don’t see them materialising in time to meet the growth in this industry.” Efforts are being made at the Port of Veracruz to develop dedicated terminals with more efficient multimodal links, however other OEM executives share Zavala’s concerns about the speed of development. “Port capacity is one of our biggest worries, including the lack of berths to receive larger vessels,” said Rafael Lopez, Director of material planning and logistics at Ford Mexico. There are infrastructure development plans in Mexico intended to address port capacity. The Secretary of the Economy, Ildefonso Guajardo, highlighted a new government plan to speed the development of the country’s logistics infrastructure, including increasing rail and port capacity. “There is an expansion plan for the Port of Lázaro Cárdenas, and a new terminal is being built in Veracruz, while we also have a plan for the south,” he said. “A lot of money is being committed to infrastructure for the remaining four years of this administration.” Whether the investments will be enough to help short-sea shipping develop as a more frequent service for vehicle transport remains to be seen. However, there are early signs the shift Zavala was calling for is under way. WWL has increased its services, including a new route out of Altamira on the west coast north of Veracruz to serve carmakers that include General Motors. MOL has commenced regular services from both Veracruz on the east coast and Lázaro Cardenas on the west coast, serving Honda and Mazda. **Höegh Autoliners** has also increased services, and has recently opened a new sales office in Mexico. Meanwhile, last year, Ford and Chrysler both increased the vehicles they are moving out of Mexico, although some of this was still on a ‘spot’ basis.

Shipping line cartel exposed in Chile says FNE

(Source: Automotive Logistics News, 3rd February 2015) In Chile, the national agency responsible for ensuring free competition, the *Fiscalía Nacional Económica* (FNE), has referred six shipping lines to a competition tribunal to face allegations of price fixing on the transport of imported finished vehicles. The FNE claims the practice has been going on since 2000. According to a report on the FNE’s website, those involved include domestic operators Compañía Sudamericana de Vapores (CSAV) and Compañía Chilena de Navegación Interoceánica (CCNI); Korea’s Eukor Car Carriers; and Japanese lines K-Line, Mitsui O.S.K. Lines (MOL) and NYK. The FNE has asked the *Tribunal de Defensa de la Libre Competencia* (TDLC) to impose fines amounting to around $75m. The largest fine would be imposed on Eukor, amounting to $25m, while CCNI, K-Line and MOL would each be forced to pay around $12.5m, plus costs. As for CSAV, the prosecution has asked for fines to be waived, because the firm had appealed for leniency. In respect of NYK, which also made the same appeal, the FNE has requested a fine equivalent to 50% of the upper amount. Neither CSAV nor NYK were asked to pay costs. According to the FNE, collusion between the shipping lines was evident on sea routes into Chile from Europe, America and Asia, from which 90.7% of all Chilean automotive imports originate. Indeed, respectively, the FNE accuses the lines of controlling 99.6%, 92.1% and 86% of automotive traffic on those routes. Manipulation of the market was achieved using three main mechanisms. Firstly, those shipping companies not holding accounts deliberately bid for contracts with unrealistically high prices so as to be discarded. Secondly, lines did not enter bids at all. Thirdly, bids involved conditions, making proposals unattractive or unworkable. The end result was that

ECG Office

Mike Sturgeon
Executive Director
T: +32 2 706 8282
Mike.sturgeon@ecgassociation.eu

Tom Antonissen
EU Affairs Adviser
T: +32 2 706 8283
tom.antonissen@ecgassociation.eu

Oleh Shchuryk
Research & Projects Manager
T: +32 2 706 8279
oleh.shchuryk@ecgassociation.eu

Cliona Cunningham
External Relations Manager
T : +32 2 706 8285
cliona.cunningham@ecgassociation.eu

Szilvi Kiss
Communications Officer
T: +32 2 706 8284
assistant@ecgassociation.eu

Beatriz Peon
Communications and Events Officer
T: +32 2 706 8280
info@ecgassociation.eu

an incumbent account holder was not displaced by a cheaper rival. As per figures presented by the FNE, in 2012, 324,480 finished vehicles were imported by sea, whose combined CIF value (Cost, Insurance, Freight) was $5,805m, equivalent to 2.3% of GDP in that year. In the same year, freight rates charged on the imports amounted to $310m. Despite various factors affecting freight rates, on an imported finished vehicle these can represent an average of 5-8% of the total CIF value. In 2012, the $310m charged for Chilean automotive imports was equivalent to around 5.3% of the total CIF value. Significantly, charges similar to those being levied by the FNE are also being investigated in the United States and the European Union, while in March 2014, the competition agency in Japan uncovered similar behaviour by various shipping lines, including MOL, NYK and K-Line, who were fined a total of $110m.

K-Line executive pleads guilty to price fixing on ocean shipping services for cars and trucks

(Source: American Shippers, 30th January 2015) The US Department of Justice announced that Hiroshige Tanioka, who was at various times an assistant manager, team leader and general manager in K-Line's car carrier division, pleaded guilty on 30th January and was sentenced to 18 months in a US prison for his involvement in a conspiracy to fix prices, allocate customers and rig bids of international ocean shipping services for Ro-Ro to and from the United States and elsewhere. Tanioka participated in the conspiracy from at least as early as April 1998 until at least April 2012. "For more than a decade this conspiracy has raised the cost of importing cars and trucks into the United States," said Assistant Attorney General Bill Baer for the Department of Justice's Antitrust Division. "Today's sentencing is a first step in our continuing efforts to ensure that the executives responsible for this misconduct are held accountable." The sentence was the first to be imposed against an individual in the division's ocean shipping investigation. Previously, three corporations have agreed to plead guilty and to pay criminal fines totalling more than $136m, including Tanioka's employer K-Line, which was sentenced to pay a criminal fine of $67.7 million in November 2014 (the other two companies which pleaded guilty are NYK and CSAV). Pursuant to the plea agreement, which was accepted by the court on 30th January, Tanioka was sentenced to serve an 18-month prison term and pay a $20,000 criminal fine for his participation in the conspiracy. In addition, Tanioka has agreed to assist the department in its ongoing investigation into the ocean shipping industry. Tanioka was charged with a violation of the Sherman Act, which carries a maximum sentence of 10 years in prison and a $1m criminal fine for an individual. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

For more information on the US investigation into the cartel of ocean car carriers please see ECG News 15.02.

PRESS RELEASES

Commissioner Bulc welcomes ETF to discuss transport policies

(Source: European Transport Workers' Federation – ETF, 4th February 2015) The ETF President and political staff met with Commissioner for Transport Violeta Bulc who accepted ETF's request for exchanging views on the current and future European transport policy.

The meeting, organised on 3rd February 2015, was an excellent occasion to open a dialogue with the newly appointed Commissioner. Ms Bulc, in office for less than three months, welcomed ETF's offer to learn about the priorities European transport unions have identified for this mandate and beyond.

Commissioner Bulc stated: "Involving and consulting all stakeholders will remain one of the European Commission's corner stones in developing European policy, and that will be no different for transport. I very much welcome ETF's initiative to exchange views on the dossiers at hand and raise with me the trade unions' concerns and I look forward to continuing the dialogue."

ETF President, Lars Lindgren, and ETF General Secretary Eduardo Chagas opened the meeting with outlining the ETF work programme and highlighting a number of general issues the ETF and its members are monitoring closely with concern.

ETF President Lars Lindgren said: "The transport sector is offering employment to a substantial number of workers in Europe and contributes significantly to the European economic development. Operating in a global market brings many challenges and we as a European trade union federation have the responsibility to monitor any consequences it could have on the social and working conditions of the workers we represent. For that reason we have raised with the Commissioner, among other issues, the lack of transparency demonstrated in the negotiations on the Transatlantic Trade and Investment Agreement with the USA and reiterated the ETF position calling for the suspension of the negotiations and the renegotiation of the EU mandate."

The Commissioner's agenda allowed talking about the different sectors represented by the ETF. The responsible political secretaries gave a brief overview of the most important dossiers currently being dealt with in their sectors. Among others, views were exchanged on social dumping in transport, particularly in the road and aviation sectors, EU ports policy and infringement procedures, the exclusion of seafarers from social Directives and the 4th Railway Package.

ETF General Secretary Eduardo Chagas concluded: "This first meeting with the new Commissioner for transport and her cabinet helps setting out a path towards a fruitful co-operation in which the workers' interests are regarded as a priority. The ETF has a tradition of including all dimensions, social, environmental and economic, in its work and we are confident the Commissioner will dedicate the required attention to the workers' point of view in improving the European transport policy."

ECG Note: *We are pleased to announce that **Transport Commissioner Violeta Bulc** plans to join the Maritime & Ports WG meeting in the **Port of Luka Koper on 23-24th April**. ECG is looking forward to the honour of welcoming the Commissioner in a 'working environment' in her home country, where she will not only participate in policy discussions with the group but also witness the operational work in the port. ECG members or sponsors wishing further information on this meeting should contact tom.antonissen@ecgassociation.eu directly.*

ESC to Commissioner Bulc: open up internal market

(Source: European Shippers' Council, 30th January 2015) The European Shippers' Council (ESC) spoke with European Transport Commissioner Violeta Bulc on 29th January about creating a level playing field for shippers and taking down trade barriers within the European Union.

The ESC told Commissioner Bulc that its member companies should be able to take maximum advantage of the internal European market. Currently the European market remains restricted on matters like the weight and dimension of lorries, the hiring of personnel in other Member States and national differences in the implementation of European taxation such as VAT and excise duties that enhance the compliance costs for shippers.

Nik Delmeire, Secretary General of the ESC, presented Commissioner Bulc with the ESC's main goals which it wants the new European Commission to focus on:

- There must be a liberalized rail freight market in Europe, full interoperability and an optimized service level.
- Only a European road freight market without borders, more harmonized labour laws and a level playing field between all modalities can enable a stronger internal market.

- To make air freight more accessible to shippers, there must be a paperless exchange of information, global standards for security measures, greater transparency in pricing and a liberalization of air services.
- More harmonized taxation (VAT and excise), better co-operation between border agencies, and enhanced trade facilitation will boost international trade.
- The maritime service to improve by monitoring alliances to prevent less choice in price, service levels and routes, proportional environmental measures, a European framework for state aid to ports and more competition and financial transparency between seaports.

Guy Verhofstadt to address shipowners and EU officials at ECSA gala dinner

(Source: ECSA, 2nd February 2015) Mr Guy Verhofstadt, former Belgian Prime Minister and leader of the Alliance of Liberals and Democrats for Europe (ALDE), will be delivering a keynote speech at ECSA's 50th anniversary gala dinner on 4th March - one of the European Shipping Week's major events.

His confirmation comes only weeks after Ms Violeta Bulc, European Commissioner for Transport, indicated that she would be speaking at the European Shipping Week's main conference, joining an impressive line-up of some of the most important names in shipping as well as top-level EU officials and prominent journalists.

Mr Verhofstadt said "The competitiveness of our shipping industry is an important, if not vital element in the recovery of the European economy. This event is an excellent occasion to debate this issue with the different stakeholders involved."

The gala dinner is organized to celebrate half a century of ECSA's contribution to the formulation and promotion of European shipping policy and as such will be an event bringing together ECSA's members on the one hand plus members from the European institutions and key stakeholders on the other.

The European Shipping Week is a week-long series of events that aims at raising the EU shipping industry's profile, allowing EU decision makers to get acquainted with its numerous facets and intricacies while promoting useful exchanges between politicians and business representatives.

European Shipping Week is the brainchild of the European Community Shipowners' Associations and will feature a variety of high-level events.

European Shipping Week welcomes more keynote speakers and panellists

(Source: ECSA, 30th January 2015) Kaspars Ozoliņš, State Secretary of the Latvian Ministry of Transport, Nikolaos Tsakos, CEO and Director of Tsakos Energy Navigation EU and Chairman of INTERTANKO and John C. Lyras, President, Paralos Maritime Corporation S.A, Vice Chairman of the International Chamber of Shipping (ICS) and Member of the Boards of the Union of Greek Shipowners and ECSA, have all confirmed their participation at the flagship conference of European Shipping Week on 4th March.

Mr Ozoliņš will take part in the Institutional opening session along with MEP Matthias Groote, Member of the European Parliament's ENVI Committee, European Parliament and João Machado, Director General DG Mobility and Transport, European Commission.

Mr Tsakos will be on the panel during the third conference session where the key topic of discussion will be the competitiveness of the EU shipping industry. Mr Lyras will participate in the first session on 'Innovation' and will also be in the closing roundtable in his capacity as Vice-Chairman of ICS. Session two will concentrate on maritime skills and competences within the shipping industry.

Adam Goldstein, President and COO of Royal Caribbean Cruises, Pierfrancesco Vago, Chairman of CLIA Europe and Executive Chairman of MSC Cruises, and Paolo Tonon, Vice-President and Head of Maersk Technology have also joined an impressive list of key industry shipping personnel and EU regulators at the conference.

Mr Goldstein and Mr Tonon will use their vast experience and knowledge of corporate strategy and information technology on the innovation panel discussion and Mr Vago will be one of the members on the closing roundtable session.

Other confirmed panellists at the inaugural flagship conference on the 4th March at the Plaza Theatre include, Per Hansson, Vice President, Strategy, Ship Power at Wärtsilä and Esben Poulsson, Chairman of Avra International Pte. Ltd and Honorary Secretary of the Singapore Shipping Association.

The flagship conference will attract up to 400 top industry ship owners and regulatory personnel who will hear from industry specialists on key issues such as CO_2 emissions: Is shipping part of the solution or the problem?; How can shipping remain an attractive career option for jobseekers?; and is the EU shipping industry competitive in the global market?

These issues will be interspersed with panel debates and roundtables composing of top level shipping personnel and moderated by senior industry commentators. The event will also provide essential networking opportunities for regulators and ship owners to discuss themes covering industry standards, safety levels, environmental concerns and training.

European Shipping Week is designed to encourage policy-makers from the main EU institutions to meet and engage with European shipowners and other stakeholders from the shipping sector to discuss key issues facing the industry. By collaborating in this way, a much more sustainable and globally competitive European shipping industry can be achieved.

More information about the European Shipping Week and advice on how to books seats for the conference and Gala Dinner is available at:
https://www.europeanshippingweek.com

Auto industry cautiously optimistic for 2015

(Source: ACEA, 5th February 2015) On the occasion of its Annual Reception in Brussels on 4th February, the European Automobile Manufacturers' Association (ACEA) set out its forecast for 2015 and released last year's registration figures for electric vehicles.

Last year, new passenger car registrations were up 5.7% on the previous year, reaching 12.6 million units. "This is significant because it was the EU's first positive annual result since the financial crisis began in 2007, with December marking the 16th consecutive month of growth," said ACEA President, Carlos Ghosn. "However, our optimism about this early sign of recovery must be tempered with caution, given the economic uncertainties still facing many countries."

ACEA expects growth to continue in 2015, but at a considerably slower pace, with a year-on-year forecast in the region of 2%. In terms of units, this would mean edging closer to the 13 million units mark.

ACEA also released the provisional 2014 sales figures for all types of Electrically Chargeable Vehicles (ECVs). Last year 75,331 ECVs were registered in the EU. Although this is up 37% on the 2013 figure of 55,142, it still represents just 0.6% of the total market. ACEA Secretary General Erik Jonnaert commented: "ACEA's members will continue to invest in alternative powertrains, including electric, hybrid, fuel-cell and natural gas-powered vehicles. This needs to be supported by the expansion of the charging infrastructure, as well as a more consistent EU-wide approach to customer incentives."

ACEA is also taking the opportunity of its Annual Reception to re-iterate its three policy recommendations:

- To drive innovation;
- To foster growth through international trade; and
- To build a supportive regulatory framework.

"These are the three keys to building upon the fresh growth in our automobile market, and to supporting the political agenda for jobs, growth and investment," stated Mr Ghosn.

Shipping industry should be prepared for global sulphur cap in 2020

(Source: International Chamber of Shipping, 5th February 2015) The International Chamber of Shipping (ICS) has agreed that the shipping and bunker refining industries should work to the possibility that the global 0.5% sulphur in fuel cap, required by the International Maritime Organization (IMO), is more likely to be implemented worldwide from 2020, rather than 2025.

Speaking after an ICS Board meeting in London, ICS Chairman, Masamichi Morooka, explained:

“While postponement of the sulphur global cap until 2025 is still a possibility, the shipping and oil refining industries should not assume that this will happen simply because they are unprepared. ICS has concluded that, for better or worse, the global cap is very likely to be implemented in 2020, almost regardless of the effect that any lack of availability of compliant fuel may have on the cost of moving world trade by sea.”

ICS members have therefore agreed that they will continue to work with the bunker refiners to help ensure that they will be ready, if necessary, to supply sufficient quantities of compliant fuel by 2020.

Annex VI of the IMO MARPOL Convention allows for the possibility that implementation of the global sulphur cap – which will dramatically increase the cost of marine fuel for the shipping industry worldwide, perhaps by as much as $50bn a year – can be deferred until 2025. This decision is meant to be subject to the results of a fuel availability study that IMO is legally required to complete before the end of 2018.

Despite repeated ICS requests, IMO Member States have so far refused to bring forward the conduct of the fuel availability study. If supply problems are identified at the end of 2018 this will be far too late for governments to take action. ICS member national shipowners’ associations have therefore concluded that a political decision may in effect already have been taken, at least by the United States and the European Union which view the global cap as a public health issue.

ICS’s position is influenced by the fact that the EU has already agreed that, regardless of any decision by IMO to postpone the global cap, a 0.5% sulphur limit will apply to international shipping within 200 miles of the coast of all EU Member States. In theory, if the global cap was not implemented until 2025, this would create a narrow corridor along the coast of North Africa in which ships could continue to burn less expensive residual fuel with a sulphur content of 3.5%. ICS believes that the EU Member States will be unlikely to permit this and will therefore push hard at IMO for global implementation of the 0.5% requirement in 2020.

The ICS Board also reviewed implementation of the 0.1% sulphur in fuel requirements that have applied in Emission Control Areas, in North America and North West Europe, since 1st January. It was agreed that ICS will continue its close liaison with governments and Port State Control authorities in order to ensure a harmonised approach to implementation and enforcement that avoids unfair treatment or market distortion. ICS is particularly concerned by reports that some Port States are charging ships for the analysis of fuel samples.

The ICS Board also reviewed the negotiations at IMO towards the establishment of a global system of data collection on CO_2 emissions from international shipping. ICS members expressed deep concern about the European Union’s decision to pre-empt the IMO negotiations by adopting a unilateral regional Regulation on the Monitoring, Reporting and Verification of individual ship emissions, in advance of IMO completing its work.

Mr Morooka commented: “The EU Regulation will have major implications for the IMO negotiations on a global data collection system which, until now, have been progressing well. There is a real danger the EU initiative will be seen by non-EU States as an attempt to present them with a *fait accompli* which includes controversial elements, such as the publication of individual ship efficiency data, which had previously been rejected, for the moment at least, by the majority of governments at IMO.”

ICS members agreed that when the IMO negotiations resume at the IMO Marine Environment Protection Committee in May, it will be vital for EU Member States to explain how the new EU Regulation can be implemented in a way which is compatible with whatever may be agreed by IMO for global application.

ICS remains concerned that the ultimate motive behind the EU Regulation is to establish a mandatory ship efficiency indexing system that will be used to penalise ships financially, in a manner that could lead to a serious market distortion throughout the global shipping industry.

ESPO hopes Junker Investment Plan does not undermine strategic role given to European sea ports in the new TEN-T policy

(Source: ESPO, 2nd February 2015) The European Sea Ports Organisation (ESPO) held an internal seminar on infrastructure financing on 30th January. The seminar aimed to give ports some practical information on what to expect from the European Investment Bank (EIB) lending and financial instruments.

Speakers came from the European Commission, European Investment Bank and the EU's Innovation and Networks Executive Agency (INEA). Presentations focused on the new European Fund for Strategic Investment (EFSI) that is being set up following a recent initiative by European Commission President Jean-Claude Juncker, as well as existing instruments such as classic EIB lending, the Loan Guarantee Instrument for Trans-European Transport Network Projects (LGTT) and project bonds.

Ports were particularly interested in the details of the Juncker Plan. The European Fund for Strategic Investment (EFSI) aims to leverage investments in the magnitude of €315bn by covering part of the risk of projects. For this purpose, the EU plans to set up a guarantee fund. Of the €8bn that are to be taken out of the EU budget for the new guarantee fund, €2.7bn are to come from the transport envelope of the Connecting Europe Facility (CEF), in particular from the general grant part of the CEF envelope. This means that the overall sum available for grant funding of transport projects (in non-cohesion countries) is considerably cut by the Juncker plan. The existing envelopes for financial instruments and transport investments in cohesion countries remain untouched.

The TEN-T Guidelines defined a stringent methodology for the eligibility and priorities of transport infrastructure. During the past year, the Commission, Member States and infrastructure managers have jointly worked on plans that are to identify the priority projects with the highest European added value that should thus be the first recipients of EU funding. In this methodology, ports are seen as the entry and exit points to the European corridors and are thus the strategic starting point for defining the transport needs of Europe. However, under the EFSI, any European transport project independent of location and mode of transport can receive funding. This shifts the logic away from the carefully chosen transport priorities of the CEF and TEN-T

Moreover, the EFSI does not ring-fence money for any particular type of investments. Different sectors ranging from energy, to education and health will be competing for financing. The money transferred from the CEF could thus end up being absorbed by other sectors if these are better able to present mature projects with clear revenue streams.

ESPO Secretary General Isabelle Ryckbost said: "Ports have been given a strategic role in the new TEN-T policy. We are a little concerned about what we have learned today about the new European Fund for Strategic Investment. By shifting a part of the CEF grant money to the new financial instruments we are not only diminishing the possibility for ports of receiving a grant but there also seems to be a possible shift in priorities. The criteria used by the EIB to assess projects are very different from the priorities set by the new TEN-T policy, which recognises the important role of ports as core nodes of Europe's Transport Infrastructure and entry and exit points to the European corridors."