ECG News

ECG – The Association of European Vehicle Logistics

Issue 15.19, 11th –13th May 2015

CONTENTS

ECG Spring Congress & General Assembly

28-29th May 2015, Lisbon, Portugal

LAST CHANCE TO REGISTER

ECG & other industry events

►**ECG Board Meeting and Spring Congress & General Assembly**, **on 28-29th May**, in Cascais, Portugal

► **ECG Quality Working Group Meeting**, **on 9th June 2015**, in Brussels, Belgium

► **ECG UK & Ireland Regional Meeting**, **on 10th June 2015**, in Liverpool, UK

►**Automotive Supply Chain Congress**, **on 10-11th June 2015**, in Liverpool, UK

►**ECG Board Meeting**, **on 9th July**, in Naples, Italy

►**ECG Land Transport Working Group Meeting**, **on 14th July**, in Frankfurt, Germany

►**ECG Eastern Regional Meeting**, **on 17h September**, in Istanbul, Turkey

►**ECG Academy Alumni Meeting**, **on 6th November**, Venue TBC

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

►**Automotive Supply Chain Global Awards**, **on 12th November 2015**, in London, the UK

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

NEWS FROM BRUSSELS

Exchange of view with Commissioner Bulc

(Source: TRAN Committee, 8th May 2015) On the latest Transport (TRAN) Committee hearing an exchange of view was organised on the Commission's Work Programme with Violeta Bulc, Commissioner for Transport. This exchange of views was held in the context of the annual structured dialogue between Parliament and the Commission. The Commissioner reported both on the implementation of the 2015 Commission Work Programme (CWP) and the preparation of the 2016 CWP. The Commission plans to submit an Aviation Package in the 4th quarter of 2015. Other initiatives for 2015 will include:

- a European target to reduce serious injuries on roads;
- a legislative proposal seeking to improve access to public and private traffic data;
- a comprehensive strategy to address rail noise;
- a review of the 2011 White Paper on Transport.

The Commission's main priority in 2016 will be the submission of a Road Package addressing three major issues: road infrastructure pricing, market access and social and safety aspects. The Commissioner sought the Committee's views on the possible establishment of a Road Agency as part of this Package. In 2016, the Commission will also work on other initiatives tentatively planned for 2017 such as the review of the Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles and the Commission's new strategy to accelerate the decarbonisation of the transport sector. In the follow-up discussion, Members focused on the following issues:

- enhancing road safety and addressing serious injuries on roads;
- rules on access to the EU road haulage market;
- the possible establishment of a Road Agency;
- social dumping and enforcement of social legislation for drivers;
- the minimum wage in Germany;
- transportation network companies matching drivers to passengers;
- the training of pilots, atypical employment, fuel taxation and a revision of the EASA Regulation;
- the Germanwings crash;
- the effect of the Gibraltar issue on pending aviation files;
- the decarbonisation of transport and the United Nations Climate Change Conference;
- the Romanian plan to close around 30% of its railway network;
- rail noise;
- inland waterways;
- passenger rights and intermodal ticketing.

Hearing on the road haulage market

(Source: TRAN Committee, 8th May 2015) On 5th May the TRAN Committee held a public hearing on the road haulage market. The hearing was organised in the context of the planned reform of the road haulage market. It focused on future challenges for the sector taking into account various social and safety aspects. These included the possibility of introducing a social transport package to enhance working and social conditions for drivers and a possible update of safety requirements. As an introduction the Commission explained current EU legislation on social conditions in road haulage. In the first panel, experts discussed the enforcement of these regulations and their impact on the European road haulage market. In the second panel, representatives of employees, employers and market users (logistics) discussed their needs and expectations regarding future EU actions.

The experts outlined actions necessary to:

- maintain the competitiveness of the European road transport;

- improve the efficiency of the enforcement of existing regulations;
- suppress the phenomenon of "letter-box companies" created only to avoid social regulations; prevent market protectionism and unfair competition; and
- harmonise the rules governing the imposition of the national social regulations.

The hearing provided input to the discussion on whether new EU regulations on social conditions in the road haulage sector are necessary or if better enforcement of the existing regulations would be sufficient. During the discussion, Members focused on the following issues:

- the need to improve the enforcement of the current regulations. Most of the speakers were concerned about inadequate implementation of EU legislation and insufficient enforcement by Member States;
- the expectations and needs of the employers and employees regarding new EU legislation. The major question was whether new regulations were needed or if better enforcement of the current ones would be sufficient;
- the extent of harmonisation of social conditions of truck drivers at EU level. A number of Members were concerned about excessive co-ordination, which could lead to requirements that were inappropriate for some Member States.
- the German minimum wage and its impact on the free movement of services in Europe, particularly given the way it was applied to non-German companies;
- the definition of social dumping. Members discussed whether this means wages below the minimum wage in other countries or below the costs in the country where the haulage company is registered and hires drivers; and
- there was general agreement that the "letter box companies" created only to avoid the social regulations are a serious problem for the market. However, many Members considered that combatting such irregularities should not be used as a justification for protectionism.

AUTOMOTIVE INDUSTRY

Norway reaffirms electric car subsidies after boom

(Source: Automotive News Europe, 12th May 2015) Norway's government reaffirmed some of the world's most generous subsidies for electric vehicles and said it will review high taxes on cars. The country's high EV subsidies mean that one in five cars sold in the Nordic nation so far in 2015 is battery-powered. The success of electric cars in the nation of 5 million people has led to a projected tax shortfall of 2bn crowns ($267.79m) for 2015 because of exemptions from value-added tax and other benefits. On 12th May, Norway's right-wing government said it would review car taxes and work out new rules for 2016 but stressed that policies would "stimulate a newer, safer and more environmentally friendly car fleet." Last month, electric car sales in Norway reached a cumulative total of 50,000, or 2% of all cars on the road. The total meant that sales reached a threshold set for a review, leading to fears among electric car owners of radical cuts. The government said many tax breaks for electric cars would be maintained until 2017, as planned, and then gradually phased out. It also extended some tax breaks, now applied only to private buyers, to leased electric vehicles. The government will also give local authorities more say over policies such as allowing electric cars to drive in bus lanes, or to be exempt from parking charges and road tolls. And it might offer more benefits for owners of hybrid cars, which run on gasoline and electricity. "We are very positive that this electric vehicle success will continue," Petter Haugneland of the Norwegian Electric Vehicle Association told *Reuters*. Frederic Hauge, Head of the Norwegian environmental group Bellona, who drives a Tesla Model S, said: "There are still reasons to say

'look to Norway' when it comes to electric vehicles." Still, he criticised the government for indicating that it might favour cheaper, small electric cars over Teslas, which start at about $70,000. He said small cars were often bought in Norway merely as second cars. The EV subsidies led to the Model S becoming Norway's top-selling car for a short time, prompting calls to end subsidies for wealthy buyers. Norway accounted for a third of all European battery-powered car sales last year, official data show, and 19% of all cars sold so far in Norway in 2015 were electric, against 13% in 2014. The country generates nearly 100% of its electricity from hydropower so the shift to battery powered cars results in a net reduction in greenhouse gas emissions - part of the country's plans to reduce emissions by at least 40% by 2030 compared to the 1990 level.

EUROPE

Höegh Autoliners' New Horizon vessel nominated for Nor-Shipping awards

(Source: Automotive World, 11th May 2015) The New Horizon class PCTC (Pure Car Truck Carrier) design developed in co-operation by **Höegh Autoliners** and Deltamarin, has been shortlisted as one of the nominees for the Nor-Shipping Energy Efficiency Award. The New Horizon design is the world's largest PCTC by capacity, with a deck area of 71,400 m². The ship can carry 8,500 car equivalent units and has the flexibility to carry also high and heavy project cargo. With focus on energy efficiency throughout the design process, the New Horizon will emit only half of the CO_2 per transported unit, compared to a conventional car carrier. In June this year, the first vessel, in a series of six, on the New Horizon class will be delivered to Höegh Autoliners, from Xiamen Shipbuilding yard in China. The remaining five are scheduled for delivery later this year and next year. The awards will be announced at the Nor-Shipping opening conference of the exhibition in June.

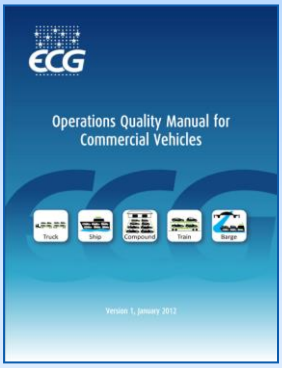
Le Havre-led HAROPA alliance seeks EU subsidies to fund multimodal development

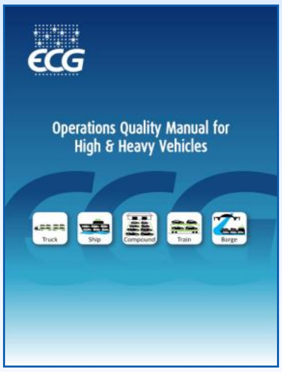
(Source: Multimodal, 11th May 2015) Le Havre and its two partner ports in the **HAROPA** alliance, Paris and Rouen, have tendered for EU subsidies totalling more €40m to be spent on multimodal development. Funding is been sought within the scope of the Connecting Europe Facility (CEF), a multi-billion initiative to finance projects which are designed to fill the missing links in Europe's energy, transport and digital networks. Transport is a major component of the CEF with around €26.2bn being allocated to the sector (TEN-T) over the period of 2014-2020 with a view to improving trans-border connections, removing traffic bottlenecks, completing networks and promoting modal integration and interoperability. HAROPA's Deputy Executive Director, Antoine Berbain, said the submission to the European Commission for subsidies reflected "a desire on our part to integrate all transport modes in the economic and environmental development of the Seine artery."

VTG extends agreement with BLG AutoRail for car movements

(Source: Automotive Logistics News, 12th May 2015) VTG Rail Logistics has signed an extension to its agreement with BLG AutoRail that will build on vehicle transport services the two have been running between the Czech Republic and Belgium since December last year. VTG is moving three trains a week each carrying 228 Hyundai vehicles on 19 BLG bi-level car transporter wagons between the carmaker's plant in Nosovice and the P&O car terminal at the Belgian port of Zeebrugge. "The logistics service provided by VTG Rail Logistics has impressed us due to its great flexibility, adherence to schedules and rapid

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 turnaround times, resulting in a marked increase in efficiency," explained Gerald Binz, Managing Partner of BLG AutoRail. VTG stated that peaks in transport demand that were previously covered by truck transport can now be moved to rail because of the faster turnaround times on the service. The service can provide an additional train per week subject to peaks in demand according to the rail provider. Currently the two companies are working on further transport developments, including a 'triangular' solution to collect backhaul between Belgium and the Czech Republic. No further details are available at this time as the project is still under discussion. VTG Rail Logistics is a subsidiary of VTG AG, one of Europe's main railcar hire and logistics companies, with a fleet of 80,000 railcars. BLG AutoRail is the specialist vehicle transport branch of Germany's **BLG Logistics**, which covers rail and truck movements, as well as providing car terminal services and technical support.

FTA urges Cameron to give logistics the attention it deserves

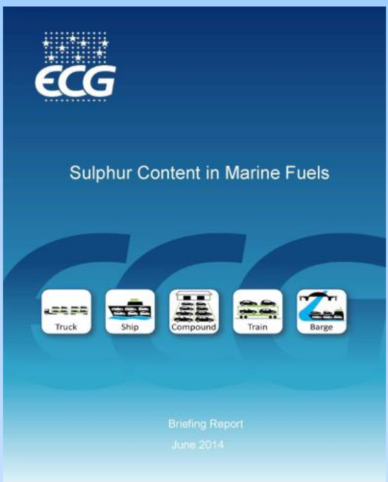
(Source: FTA, 8th May 2015) The UK's Freight Transport Association is urging David Cameron and his new government to recognise the importance of logistics, which is crucial to keeping the people of Britain supplied with the essential goods they need, adding that to overlook its needs would be failing the industry and the economy. FTA has said that the new Government will have a "real challenge" ahead in ensuring the economy can continue to recover, stating that logistics has a key role to play in this. Karen Dee, FTA's Director of Policy said: "Mr Cameron's new Government needs to ensure that logistics is given the attention it deserves. Its policies must ensure the industry can be as efficient and effective as possible in support of businesses and consumers in the UK. FTA is the leading trade association representing the operators and customers of all modes of freight transport – road, rail, water and air. Our objective is to ensure that the UK has a safe, efficient and sustainable supply chain, and we sincerely hope that the new government will support us in these goals." In its Logistics Manifesto 2015, FTA said that the freight industry requires better support from government, and set out key issues which need addressing – including a cut in fuel duty; addressing skills shortages and recruiting professional drivers; and ensuring UK's infrastructure networks (including airport capacity) are capable of meeting freight needs.

REST OF THE WORLD

Volvo picks South Carolina for US plant

(Source: Automotive News Europe, 11th May 2015) Volvo Car Corp. has chosen a site in South Carolina for a $500m investment in its first US plant, targeting a bigger share of the increasingly competitive North American premium market. Work will begin this year on the factory in Berkeley County, with production due to start in 2018 and quickly reach 100,000 vehicles a year, Volvo said in a statement. The investment is part of a drive by China's Geely, which bought Volvo from Ford in 2010, to rebuild a brand that ran into trouble in the financial crisis. "This is a clear sign of commitment to the revival of our US business," Volvo CEO Hakan Samuelsson said. The move also coincides with toughening competition in the North American luxury car market. Rivals have been ramping up capacity, with many choosing Mexico for its lower wages, non-unionized workforce and access to the US and other export markets under a raft of free-trade deals. In total, North American production capacity is set to rise more than 10% over five years to 19.6 million light vehicles in 2020, according to WardsAuto forecasts - with most of the gain coming from new plant investments. Germany's Audi, BMW and Mercedes-Benz are among luxury carmakers that have recently announced new production capacity in the region. All three are adding plants in Mexico. Under Geely's ownership, Volvo has stepped up model investments and added a pair of Chinese factories to its two older European plants in Belgium and

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 European Commission's DG MOVE holds the High-Level Conference 2015 on 'A Social Agenda for Transport' on **4th June**
http://ec.europa.eu/transport/media/events/2015-06-04-social-agenda-for-transport_en.htm

Rail Forum Europe organizes a dinner event related to trade and international rail markets, on **14th July**
http://www.rail-forum.eu/wp-content/uploads/2015/05/1505051_RFE_Press_Release.pdf

Sweden. In the US, where Volvo's sales fell 8% to 56,000 vehicles last year, the production investment is key to a medium-term pledge to return to 100,000 annual deliveries. Volvo also faces tougher competition in the US from the resurgent Lincoln and Cadillac brands, as parents Ford and General Motors, respectively, invest a combined $14.5bn to revamp their line-ups. Samuelsson acknowledged the tougher US market conditions, while maintaining that they would not thwart Volvo's plans. "We have a premium brand that is very different," he said. Mexico was also on Volvo's initial "long list" but the choice for the new factory eventually whittled down to South Carolina and Georgia, he said. Transport links including harbour access were among the decisive considerations that ultimately weighed in South Carolina's favour, according to the carmaker. "Logistics was one of the most important factors" for a plant that will import large numbers of parts and export some vehicles, Samuelsson said, adding union representation was "not a relevant factor." According to an environmental permit application filed for the Berkeley County site, the new factory will initially create 2,000 jobs. Volvo declined to comment on longer-term production goals but said it ultimately planned to employ as many as 4,000 workers - suggesting the initial 100,000 vehicle output could approximately double if sales ambitions are realised.

Panama Canal to introduce revised toll structure next year

(Source: Automotive Logistics News, 13th May 2015) The Panama Canal Authority (PCA) has been given the go ahead by the government to modify the toll structure charged to vessels using the canal. From April 2016, a more bespoke system will apply charges according to the level of utilisation and cargo type along the majority of its segments. The PCA said the new charges would better facilitate service and reliability to the global shipping and maritime community while ensuring the competitiveness of the waterway. The diverse freight moved through the canal will now be priced according to different units of measurement. The current static structure is based on the standard unit of measurement, the Panama Canal ton, and the gross tonnage of the vessel. From next year the charging structure will be based on the utilisation of the vessel combined with its deadweight and the weight of the cargo it is carrying. For vehicle carriers the use of weight and utilisation levels replaces the car equivalent unit (CEU) measurement that was applied variably according to the different operators. "To incorporate a little more variability in the toll structure and flexibility for the customers we decided to keep the Panama Canal toll structure but we are adding utilisation levels," explained Félix Ayarza, the PCA's senior specialist in international commerce, Vehicle Carrier Segment, Executive Vice Presidency for Planning and Business Development. "Those utilisation levels are being based on weight because everyone has a different CEU measurement and we couldn't get an agreement on what the CEU was for each ship." Ayarza said the new pricing structure would provide more flexibility for vehicle carriers that were increasingly diversifying their cargo. "Most of the ships are PCTC (pure car/truck carrier) now but the companies are diversifying so they can carry different types of cargo, such as high and heavy equipment," said Ayarza. "This type of flexibility is what we are trying to incorporate in the toll structure." Ayarza said the PCA will charge an empty ship rate to vessels that are up to 10% of utilisation based on weight of the cargo. From there the structure will apply competitive pricing for the deep-sea trade. Another feature of the new toll structure is that it will not differentiate between ships using the existing locks or the new ones being built as part of the canal's expansion to accommodate bigger vessels.

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PRESS RELEASES

Kick-off of three Shift^{2}Rail lighthouse projects: Roll^{2}Rail,IT^{2}Rail and In^{2}Rail

(Source: UNIFE, 7th May 2015) A combined kick-off meeting of three new EU rail research and development projects (Roll^{2}Rail, IT^{2}Rail and In^{2}Rail) took place on 7th May in Brussels. These three projects have been selected by the European Commission following the first “Mobility for Growth” call of the Horizon 2020 Programme. These projects endeavour to launch key research activities that will feed into the Innovation Programmes of the Shift2Rail Joint Undertaking. Roll^{2}Rail and IT$_2$Rail will be co-ordinated by UNIFE, the European Rail Industry Association, while Network Rail, the UK Infrastructure Manager, will co-ordinate In^{2}Rail.

The kick-off meeting brought together 200 participants from the rail industry sector (representing railway undertakings, infrastructure managers, industry, SMEs, research institutions and academia from Western, Central, and Eastern EU Member states) involved in the projects and high level representatives from the European Commission (Keir Fitch – Head of Unit, Research & Innovative Transport Systems, DG Move), the European Railway Agency (Josef Doppelbauer – Executive Director) and the Shift^{2}Rail Joint Undertaking (Christos Economou – Interim Executive Director). Following this collective launch ceremony, each of these three projects held their individual kick-off meetings in the afternoon.

The regulation establishing the Shift^{2}Rail Joint Undertaking was adopted by the Council of the EU in June 2014 with full support of the European Parliament, following five years of investigation and work of key European Rail sector players under the coordination of UNIFE and in cooperation with the European Commission. Such a Joint Undertaking for rail research is of paramount importance since the European leadership of the global rail market can only be maintained if a critical mass of committed EU industry joins forces to develop innovative, high-capacity, and high-quality products with a long-term vision. The award and official start of these lighthouse projects is the first of many stepping stones along the way to achieving the ambitious EU transport and competitiveness goals of the initiative.

Roll^{2}Rail aims to develop key technologies and to remove identified blocking points for innovation in the field of railway vehicles as part of a longer term strategy to revolutionise the rolling stock of the future. At the end of the project all the results will be further developed, leading to demonstration in real vehicles or relevant environments feeding into Innovation Programme 1.

IT$_2$Rail aims to create a seamless travel experience through a complete multimodal travel offering, connecting the first and last mile to long distance journeys combining air, rail, coach and other services whilst offering a seamless access to all travel services, enhancing the travel experience through the integration of a wealth of travel services supported by innovative digital technologies. IT^{2}RAIL will feed into the proposed work of Innovation Programme 4.

In^{2}Rail aims to set the foundation for a resilient, consistent, cost-efficient, high capacity, and digitalised European rail network. A holistic approach covering Smart Infrastructures, Intelligent Mobility Management (I2M) and Rail Power Supply and Energy Management will be applied. In^{2}Rail will feed into Innovation Programmes 2 and 3.

New vans sold in Europe are increasingly more fuel-efficient

(Source: EEA, 13th May 2015) The average van sold in the European Union in 2014 was around 2.4% more fuel-efficient than those sold in 2013, according to preliminary data from the European Environment Agency (EEA). Fuel efficiency has continued to improve and new vans now emit almost 6g of CO_2/km below the 2017 target.

Around 1.4 million new vans were registered in the European Union in 2014, with average emissions of 169.2g CO_2/km, 4g CO_2/km less than those sold in 2013. This is significantly below the 2017 target of 175g CO_2/km, which was already reached in 2013, four years ahead of schedule.

The data is published by the EEA, which started monitoring the emissions of light commercial vehicles in 2012. Final data will be published in the autumn after van manufacturers verify this preliminary data.

Key findings:

- The EU market for vans grew by 18% in 2014. Registrations increased in all EU Member States compared to 2013, except for Malta and the Netherlands. More than 60% of the vehicles were registered in three countries: France (24%), United Kingdom (21%) and Germany (15%).
- Diesel vehicles make up the vast majority of van sales (97%). Alternative fuel vehicles using, for example, liquid petroleum gas (LPG) or natural gas (NG), represent less than 2% of the fleet, with electric vehicle sales comprising less than 0.5%.
- The average emission levels vary across Europe. Slightly more efficient models were bought in the pre-2004 EU Member States compared to the EU Member States that joined after 2004.
- Emissions levels were lowest among new vans sold in Portugal, Malta and Bulgaria. At the other end of the scale, emissions were approximately 30% higher for the average vans sold in Slovakia, the Czech Republic and Germany.

The increasing fuel efficiency of vans observed in 2014 is similar to that recently reported by the EEA for new passenger cars sold, which improved by 2.6% between 2013 and 2014.