ECG News

Truck Ship Compound Train Barge

ECG – The Association of European Vehicle Logistics

Issue 15.30, 27th –31st July 2015

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## ECG & other industry events

►**ECG Board Meeting**, **on 8th September**, in Munich, Germany

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

► **Shortsea Europe Conference**, **23-24th September**, in Bremen, Germany
ECG members will receive a preferential rate when registering at the event (€545 as opposed to €695).
Interested members shall contact Wiliam Bixby and quote the ECG/INV reference code.
More information here.

► **ECG Maritime & Ports Working Group Meeting**, **29-30th September**, in the Port of Bristol, UK

►**ECG Annual Conference**, **on 15-16th October**, Vienna, Austria

►**ECG Academy Alumni Meeting**, **on 6th November**, in Berlin, Germany

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

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

# NEWS FROM BRUSSELS

## Commission approval for road freight and rail cargo link between Denmark and Germany

*(Source: Handy Shipping Guide, 24th July 2015)* The European Commission has approved the public financing model of the Fehmarn Belt fixed rail-road link between Denmark and Germany, considering it in line with EU state aid rules. The direct road and rail link is expected to create new opportunities for international freight transport and save rail cargo carriers approximately 2.5 hours when travelling between Copenhagen and Hamburg. EU Commissioner in charge of competition policy Margrethe Vestager said: “The Fehmarn Belt fix link will considerably shorten travel times between Germany and the Eastern part of Denmark and the Nordic countries to the benefit of both people and the economy. Therefore, I am very pleased that we have approved the public financing of the project of under EU state aid rules.” The financing model put forth by Denmark involves public support for the planning, construction and operation of the rail-road fixed link and the Danish rail and road connections. The costs of the entire project are estimated to be DKK 64.4bn (€8.7bn), part of which is funded by the European Union through the Connecting Europe Facility. The link is a key element to complete the main North-South route connecting central Europe and the Nordic countries and comprises an immersed undersea tunnel between Rødby on the island of Lolland in Denmark and Puttgarden in Germany and the corresponding rail and road connections on land. The tunnel will be approximately 19km long and will consist of an electrified, double-track railway and a four-lane motorway with emergency lanes. The Commission considered that it was not necessary to conclude whether the public financing measures granted to Danish state-owned company Femern A/S for the sole purpose of planning, constructing and operating of the Fehmarn Belt fixed rail-road link, constitute state aid within the meaning of the EU rules, as they would in any case be in line with EU state aid rules since they promote the execution of an important project of common European interest. As regards the financing of the on-land road and rail connections in Denmark, i.e. the road and rail connections leading to the Fehmarn Belt fixed rail-road link on the Danish side, the Commission found that it involved no state aid within the meaning of the EU rules. The connections form an integral part of the public transport network in Denmark. The public financing of such general infrastructure is neither liable to distort competition nor to affect trade between Member States. The Fehmarn Belt fixed rail-road link, in combination with the Øresund fixed link between Denmark and Sweden, which has been in operation since July 2000, is a key element for the completion of the main North-South route connecting central Europe and the Nordic countries. It was recognised by the Commission as a priority project within the trans-European transport network (TEN-T) framework. The fixed link is due to be open for traffic in 2024.

# AUTOMOTIVE INDUSTRY

## European automakers set to win lion’s share of TTIP gains

*(Source: EurActiv, 30th July 2015)* Mutual recognition of auto regulations across the Atlantic could bring over €18bn per year for the European Union and the United States economies, with the EU set to reap up to 90% of the total gains, according a study by the Petersen Institute of International Economics, a US-based think tank. Greater regulatory harmonisation under the Transatlantic Trade and Investment Partnership (TTIP) is expected to raise EU-US auto trade by at least 20%. The study was presented on 15th July at the Brussels office of the European Automobile Manufacturers Association (ACEA), and was endorsed by the American Automotive Policy Council (AAPC), the US carmakers lobby group.

## ECG Academy

## Course 10 will start in October!


This practice oriented course takes place over five modules, 24 days of intensive training. The modules are held at different locations in Europe (Vienna, Bremen, Barcelona, Edlbach and Lago Maggiore) to give the participants practical insights. It is targeted at both experienced practitioners and new entrants to the supply chain management.

**Benefits:**

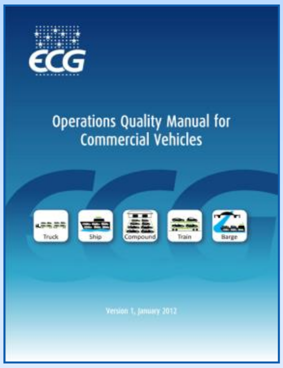
- Acquiring a vast wealth of knowledge in an accelerated timeframe, but in as much depth as it is required
- Unique networking opportunities. Each course brings together around 20 individuals representing companies from across Europe
- The course culminates in the award of a Certificate in Automobile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

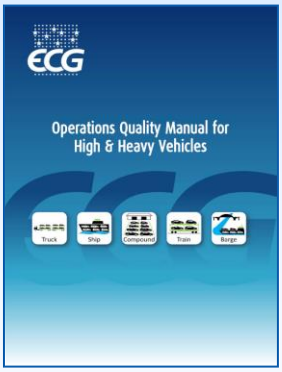
**For more information please have a look at the ECG website and contact info@ecgassociation.eu**

"The bigger share goes to the EU," admitted Caroline Freund, the study's co-author, when asked by *EurActiv* how the gains would be distributed between Europe and the US. She estimates the EU's share at "about three quarters" of the total gains, saying trade alone would represent an increase in national welfare of about $9 to $10bn per year. The rest would come mainly from efficiency gains in the global supply chain. Both EU and US automakers associations backed the study's findings, saying all sides stood to benefit from deeper regulatory integration. This was not a foregone conclusion, however. For decades, US legislators - backed by a conservative American car sector -, supported regulatory barriers as a way of protecting their home market, deliberately keeping out of the United Nations' 1958 Agreement, which emerged as the de facto global industry standard with regards to safety and the environment. This meant carmakers wanting to sell in the US had to design separate models of the same car to fit the US safety and environment specifications. For some European manufacturers like Peugeot or Renault, the extra cost of entering the US market was simply not worth it, because the volumes were too small. "There is demand probably out there but it's not huge and it's not worth the producer creating a second model for the US market," said Freund, a former chief economist at the World Bank who is now a senior fellow at the Petersen Institute. And for those which still produced for the US market, the inefficiencies were high. "That's a problem because you cannot redeploy inventory from one market to the other and benefit from the returns to scale expected from having to produce only one model," Freund explained. But the times have changed. With auto supply chains now largely globalised and most growth coming from China, US carmakers can no longer afford to live on a different planet. "Now, everybody is saying 'this is crazy, this is a globalised industry'," said Freund. "As demand for vehicles shifts away from the US market, there is less of an incentive to produce models specifically designed to meet US safety regulations and approval systems," the study reads. Greater regulatory harmonisation, the cornerstone of TTIP, has obvious benefits. As manufacturers scale up production, this should in theory result in greater choice for US consumers and cheaper prices for all, allowing carmakers like Renault to enter the US market at no extra cost, the study said. But full transatlantic harmonisation is not on the cards yet as the US regulatory system is deeply rooted in the American car culture. Currently, automakers selling in the US only need to certify that their vehicles conform to existing rules. They are responsible for testing their own vehicles and can be liable for hefty penalties if they fail to comply with standards formulated by the National Highway and Traffic Safety Administration (NHTSA). By contrast, under the 1958 Agreement, the EU operates under a type-approval system, where car companies submit samples of their new models to government testing facilities, which formally approve them. Common sense would dictate the US simply join the 1958 Agreement, which has been adopted by car industry powerhouses like Japan and Korea, among others. China is the only other major producing country apart from the US which has not signed up. But the costs of doing this are likely to be too high, according to the Petersen Institute. "Logistically, it would likely be infeasible to switch from a self-certification to a type-approval system, as the United States would need to establish a new government entity to handle auto safety regulations, rewrite laws to regulate changes in liability for faulty vehicles and parts, and build new infrastructure for safety testing." Instead, the Petersen study makes the case for "mutual recognition" of EU and US standards as the most cost-effective way of creating an integrated transatlantic market. This means the US self-certification system would remain in place but that both sides would accept each other's rules as valid in their own markets. The big reward for automakers is that the transatlantic area would end up effectively setting the standards for the rest of the world, including China, the largest emerging market. "If the US and the EU have more coherence, then you really have the main producers together, with the exception of China," Freund said. Marc Blunt, the President of AAPC, the US automakers association, also think mutual recognition is the way to go. "We believe we have an opportunity to set a global paradigm with this mutual recognition that the Chinese and others would be tempted to evaluate and perhaps follow," he said. The mutual recognition approach is not without potential shortcomings. In a recent opinion paper, CEN and CENELEC, the two main standardisation bodies of the European Union, warned about the potential risks of mutual recognition, saying it "would advantage US companies importing to Europe without creating any reciprocal benefit for European companies". Cécile Toubeau, from the green campaign group Transport and Environment (T&E), said that vehicles imported into Europe had to observe strict regulations in areas like pedestrian safety. She referred for instance to bull bars, which are commonplace on large US trucks but banned in the EU. So although mutual recognition might be tempting for policymakers, "It's not a simple as that," Toubeau told *EurActiv*. Anticipating the critics, the Petersen Institute analysed differences in safety rules between the EU and US markets. Its main conclusion, based on a comparison of road fatalities, was that "auto safety in EU countries is not statistically different from US states." More importantly, existing safety regulations will not be compromised, insisted Erik Jonnaert, the Secretary General of ACEA. "Full mutual recognition is not what we want," Jonnaert said when asked by *EurActiv* about potential discrepancies in safety requirements between the US and the EU. "We are very selective in what we are asking for," he said, underlining that safety outcomes on both sides would have to be guaranteed. Attempts at harmonising existing rules already failed years ago under the Transatlantic Business Dialogue, Joannaert recalled, "so why would we start all over again? So we are only going to look at harmonisation for the future," he said. Under plans agreed by ACEA and its American counterpart, mutual recognition for existing models would only apply to details like the positioning of front lamps or side rear-view mirrors. "Does it make such a big difference whether your rear-view mirror is placed slightly left or right? These are the low-hanging fruits that we want to address," he said, stressing that existing safety regulations would stay in place. Freund said full mutual recognition would apply only to new types of cars, such as electric vehicles. Still, she said, producers would gain because they would be producing one vehicle instead of two. "It's just that, in the US, you have to take responsibility for potential safety problems," she said. So is it all win-win, then? "Both sectors stand to gain greatly from both tariff elimination and a reduction of non-tariff barriers," said Fredrik Erixon, a Swedish economist and director of the European Centre for International Political Economy (ECIPE). "And it is a bit difficult to make a separation between the auto industries on both sides as this sector is largely made up by the same companies. Those that are big in Europe are also big in the US," he told *EurActiv*. Erixon does believe, however, that US carmakers have more to gain than European ones. "Generally, the US auto sector will probably benefit more from TTIP than the European auto sector, primarily because tariffs in the sector are substantially higher in the EU than in the US," he said. The Petersen Institute, for its part, bases its projections on a separate study by consultants Ecorys. It foresees an export increase of 10.7% per year in the EU and 9.1% in the US, under "an ambitious scenario, where all automotive regulations are eliminated." This means a total income gain for the two partners together of $17.7bn, of which nearly 90% would accrue to the EU, according to André Sapir, a senior fellow at the Bruegel think tank and professor at Université libre de Bruxelles (ULB). "Presumably the reason why this number is lower than the 90% figure estimated earlier by Ecorys is linked to their estimate that the US would gain proportionally more in terms of exports than according to Ecorys," Sapir told *EurActiv* in e-mailed comments. The university professor said he was "not surprised" that the EU would make bigger income gains from regulatory harmonisation as the automobile sector is bigger in Europe than in the US. "The real contribution of the Peterson study is on the trade effect, not the income effect," he said.

*Please find the ACEA press release on the Petersen Institute study in ECG News 15.29.*

**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

## Russia may extend transport subsidies for car movements to include ocean trade

*(Source: Automotive Logistics News, 28th July 2015)* Russia is looking at extending the subsidies it provides for the movement of finished vehicle volumes within the country to the ocean transport sector, in addition to rail, as carmakers continue to struggle with the downturn in the domestic market. Following an agreement established in 2010, the government subsidizes vehicle shipping services run by state-owned Russian Railways between Vladivostok in the Far East of the country and western regions, including Moscow. According to the Minister for Trade and Industry, Denis Manturov, the government is now looking at subsidies for transport by sea of vehicles from the Far East to the European part of Russia. “Such an approach will allow carmakers to choose the most cost-effective way to move supplies of cars and increase the competition between logistics providers, which in turn may lead to the changing of the tariffs,” confirmed Alexandr Morozov, the Head of the transport department at the Ministry of Industry and Trade. A spokesperson for Russian carmaker Sollers, which is due to receive the largest part of the proposed subsidies, said the plan to expand the modes that can be subsidised to include ocean from the Far East is linked to the fact that the cost of sea freight from Vladivostok to St Petersburg was on average 25-30% lower than the cost of rail transport last year. Sollers set up a plant in Vladivostok that began production at the end of December 2009. In addition, according to the General Director of the analytical agency *Infranews*, Alexey Bezborodov, there are no Russian shipping companies moving vehicles by sea in the country today. “The main players in this market are the Japanese and Norwegian companies,” said Bezborodov. “However, it is more difficult and longer compared with the railroad transport, up to 1.5 months versus 1.5 weeks for the supply from Vladivostok to Moscow, for example. In addition, rail transportation is more convenient for distribution because of supplies of cars in the cities along the railroad.” According to Denis Manturov, Russia is not going to increase the size of the federal subsidies on car transport, which for 2015 total 3.2bn roubles ($56m). However the government could demand that regional budgets allocate subsidies, including for the movement of vehicle volumes on the internal market. The acting governor of the Leningrad Oblast, Alexander Drozdenko, confirmed that the authorities plan to allocate subsidies covering transport costs for vehicles produced locally for distribution to other regions. “This is an absolutely normal activity for the authorities to support the industry, which is one of the drivers of the country’s economy,” said Drozdenko. “For every one rouble invested in the production of a car, it gives at least 3-4 roubles to the whole economy.” The main beneficiary of this support in Leningrad Oblast is Ford. At the same time, according to Drozdenko, the full extent of the subsidies has not been fixed as negotiations on this issue with carmakers continue.

## Brazil and Argentina extend automotive agreement

*(Source: Automotive Logistics News, 29th July 2015)* Brazil and Argentina have recently extended their existing automotive trade agreement, known as the Common Automotive Policy, for a further 12 months from the beginning of July this year. All provisions in the existing 40th Additional Protocol remain in place. It was signed by the general secretary of the Latin American Integration Association (ALADI), in Montevideo, Uruguay. Although there have been no changes to existing detailed trade rules, which govern the marketing of automotive products between Brazil and Argentina, both countries will look at deepening trade co-operation. The system currently in place stipulates that for every $100 worth of tax exempt parts and vehicles that Argentina exports to Brazil, it can import $150 in Brazilian produced automotive parts and vehicles. The decision to maintain the current set-up was agreed by both countries. However, over the next 12 months, broader-based negotiations will continue between both parties. Argentina and Brazil view the further agreement as being key to deepening productive integration between them and also to the preservation of the bilateral trade flow. The two countries signed a one-year deal

in June last year. Previously Brazil had a 1.95:1 ratio, which Argentina found unfavourable. Argentina proposed a 1.3:1 ratio, to which Brazil would not agree.

# EUROPE

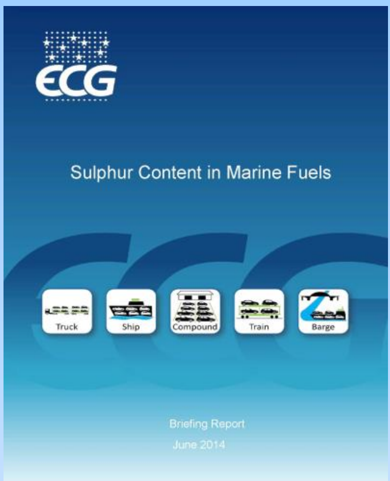
## Ro-Ro lines ditch Derince as port adds insult to financial injury

*(Source: Automotive Logistics News, 29th July 2015)* Following the sudden 450% increase in handling fees for finished vehicles at the newly privatised Turkish Port of Derince, a significant volume of that business has now been shifted to the adjacent Autoport facility in Yeniköy, which has reopened for business after an 18-month suspension of services. Shipping lines have also been motivated to move after a recent attempt by Derince's owner, Safi Derince International Port Management, to force them to sign a backdated waiver on any claims to vehicle damage sustained at the port during loading and unloading. Safi has offered to reduce SUV handling fees from $50 a unit to $22, the same rate for passenger vehicles, but will not apply the reduction to those operators unwilling to sign the waiver, which is backdated to the beginning of March this year, when it took over the running of the port from the Turkish government. "Their bargaining tool is to say 'if you don't do this we won't reduce your rate," said one automotive expert close to the situation. "So this has just caused more bad feeling, and more anti-Derince sentiment." As reported in May this year, bad feeling was already engendered when non-negotiable tariffs were suddenly imposed despite an existing pledge by the Turkish government that operating costs would not be increased for three years following the privatisation of Derince. According to estimates by the Association of European Vehicle Logistics (**ECG**), originally this was equivalent to an extra $10m per year for the four main short-sea shipping operators calling at the port, which include **Grimaldi Lines**, **UECC**, **Neptune Lines** and **EML**. The ultimatum regarding damage claims has stoked that bad feeling. "Basically, the upshot of it is that everyone is moving out as fast as they can," said Mike Sturgeon, Executive Director of the ECG. This was backed up by Bjorn Svenningsen, Head of sales and marketing for UECC. "We have shifted almost all our business out of Derince to other ports in Turkey," he told *Automotive Logistics*. "The majority have been shifted to Autoport and some to Borusan in the Gemlik area. Our strategy is to eliminate Derince from our trading network as soon as possible." It is also the case for Grimaldi, according to Costantino Baldissara, Commercial, Logistics and Operations Director, who confirmed the shipping line was looking for alternative solutions so it could definitely close operations at Derince. "The 450% cost increase is impossible to absorb, regardless of who is paying for it," he said. Other operators are waiting for final agreements with their carmaker customers, who dictate the networks and ports used. Those OEMs are likely to be looking for alternatives as eagerly as their logistics providers, however, as the annual increase in handling fees for the four operators using Derince is something that will translate into higher service charges. "The OEMs will end up paying the bills because it is their product," said Sturgeon. "They choose the network, route and ports, and clearly the additional cost is not going to be swallowed by the shipping lines." This is certainly true for those OEMs that manufacture in Turkey, who have had their own meetings with Safi Derince to discuss the sudden increase in charges but who have had little success in negotiating any reductions. "I can only assume they are deliberately driving automotive out of the port," said Sturgeon. "It is hard to come to any other conclusion, despite the fact that they say they are not." Safi Derince has not responded to enquiries into its plans for the port.

## Rhenus UK secures five-year contract renewal with Daimler

*(Source: Automotive Logistics News, 29th July 2015)* Daimler has awarded freight forwarding specialist Rhenus Logistics UK a five-year contract renewal to continue logistics services between the UK and Germany. Rhenus UK, which has

## 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.

**Download your copy from the ECG website!**

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

## Events in Brussels

Rail Forum Europe organizes the event ‘On track to COP21: The role of rail in sustainable mobility’ on **14th September** http://www.rail-forum.eu/category/events

The European Transport Forum will be held on **29th September** and will focus on ITS and data information exchange while respecting data privacy http://www.europeantransportforum.eu/

worked with Daimler since 2010, is providing transport and logistics services at 67 collection points across the UK and Ireland for the delivery of automotive parts to 40 production destinations in Germany. “Securing the contract is a real testament to the service we have delivered over the past five years,” said David Williams, Managing Director of Rhenus UK, adding that its partnership approach meant that it created a short supply chain and used a secure network of facilities and trusted personnel to deliver results. Rhenus UK manages the logistics service for Daimler from its centrally located Automotive Competence Centre (ACC) in Cannock, UK, which was set up in 2010 to provide logistics services for vehicle manufacturers, including Daimler, as well as tier one and tier two component suppliers. Head of the ACC, Darren Cater added: “We use three facilities in Bradford, Basildon and Dublin to service the North, South and Ireland. All goods are then trunked to Cannock and transported via a complete round-trip service using our dedicated fleet of 20 truck trailers to Germany. Plus, all packaging is then redelivered to suppliers for re-use, saving both time and money.” Rhenus UK operates multiple daily departures for Daimler from the ACC in Cannock using a network of suppliers. Parent group **Rhenus Logistics** has worked with Daimler for 30 years.

# REST OF THE WORLD

### Daimler and Renault-Nissan Alliance start manufacturing joint venture in Mexico

*(Source: Automotive Purchasing, 28th July 2015)* Five years after a strategic co-operation was established, Daimler and the Renault-Nissan Alliance have significantly expanded their collaboration with the start of a manufacturing joint venture in Aguascalientes in central Mexico. The new business entity COMPAS (Co-operation Manufacturing Plant Aguascalientes) is 50:50 owned by Daimler and Nissan. The partners will invest a total of $1bn in COMPAS which will oversee the construction and operation of a manufacturing plant for the production of next-generation premium compact vehicles for the brands Mercedes-Benz and Infiniti. The state-of-the-art plant will be located near the Nissan Aguascalientes A2 plant. It will have an initial annual production capacity of more than 230,000 vehicles and will create about 3,600 direct jobs by 2020. Depending on the market development and customer demand, there will be the potential to add additional capacity. Production of Infiniti vehicles will begin in 2017 and the first Mercedes-Benz vehicles will roll off the line in 2018. COMPAS is led by an international management team from Daimler and Nissan: Ryoji Kurosawa is Chief Executive Officer (CEO); Uwe Jarosch is Chief Financial Officer (CFO) and Glaucio Leite is Chief Quality Officer (CQO). The decision-making process of COMPAS is supported by a Board of Directors made up of three executives from each company. The board members from Daimler are: Michael Göbel, Head of Production Compact Cars, Mercedes-Benz Cars; Axel Harries, Head of Quality Management, Mercedes-Benz Cars; and Christian Schulz, Head of Controlling, Mercedes-Benz Cars Operations. The Nissan executives are: Armando Avila, Manufacturing VP, Nissan Mexico; Carlos Servin, Finance VP, Nissan North America; and Takehiro Terai, Total Customer Satisfaction VP, Nissan North America. “COMPAS is an outstanding example of the global reach of the Renault-Nissan Alliance and Daimler co-operation. Together we are combining the manufacturing expertise of Nissan and Daimler in one production plant in Mexico for the production of next-generation premium compact cars,” said COMPAS CEO Kurosawa. “Aguascalientes was selected as the location for this new plant thanks to the state’s well-established supplier base and Nissan’s track record in highly efficient manufacturing in Mexico for more than three decades,” he added. “With COMPAS, Mercedes-Benz Cars will for the first time have a production location for compact cars in the NAFTA region and will thus be able to serve its customers close to the market in a flexible and efficient manner,” said COMPAS CFO Jarosch. “By incorporating the best from

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both companies in terms of manufacturing and quality processes, we will produce top-quality products, maximise resources, and optimize costs at the same time. We are also making sure that both brands' quality requirements and identities are safeguarded," added COMPAS CQO Leite. As announced in June 2014, Daimler and Infiniti will also co-operate in the development of the next-generation premium compact vehicles for the brands Mercedes-Benz and Infiniti. The two partners will closely collaborate at every stage of the product creation process. Brand identity will be safeguarded as the Mercedes-Benz and Infiniti vehicles will clearly differ from each other in terms of product design, driving characteristics, and specifications. Daimler and Nissan will also produce the next-generation premium compact cars at other production locations around the world, including Europe and China.

## PSA plans to export Iran-made cars after nuclear deal

*(Source: Automotive News Europe, 24th July 2015)* PSA Peugeot-Citroën aims to export cars it produces in Iran with local partner Iran Khodro, as the French company looks to rebuild its business in the country following the diplomatic agreement ending sanctions over Iran's nuclear program. "We plan to establish local production in order to export cars from our joint venture factory," PSA head of Middle East and Africa Jean-Christophe Quemard told *Automotive News Europe*. PSA stopped supplying complete knockdown (CKD) versions of its aging Peugeot 206 and 405 models to Iran Khodro in 2012 under pressure from then shareholder General Motors, which has since sold its 7% stake in PSA. European and US carmakers had to stop doing business in Iran during that time because economic sanctions against the country were extended to the automobile sector. Now PSA wants to invest in a local factory to produce current-generation models that it will sell inside and outside Iran. A PSA spokesman declined to reveal the names of the other countries. Currently, Iran Khodro supplies Peugeot vehicles to Azerbaijan, Iraq, Armenia, Uzbekistan, Turkmenistan, Syria and Afghanistan, according to a report by Iranian news network *Press TV*. That report said PSA and Iran Khodro would establish a 50-50 joint factory that would export 30% of its output. The PSA spokesman said that discussions are in progress with multiple potential Iranian partners, including Saipa, which used to produce Citroën models, but talks are most advanced with Iran Khodro. Industry watchers say it will likely be several months before the sanctions are lifted completely. The European Union, for example, has agreed to end sanctions but has not yet said when the change will take place. PSA will also likely only begin to use Iran as an export hub once it has begun to produce volumes to meet strong demand in Iran. "As a first step, they will probably go back to the structure they had before, i.e. importing CKD kits and assembling them locally," Sascha Gommel, an analyst for Commerzbank, told *Automotive News Europe*. "Exports would probably be only a second step." About 350,000 Peugeot-badged vehicles were registered in Iran last year, according to the French carmaker. The PSA spokesman said Iran Khodro began sourcing parts through intermediaries when the French automaker stopped supplying it CKD kits in 2012. This helped maintain the French brand's near-30% share of the Iranian market. The PSA spokesman said that the automaker doesn't profit from the sale of those models and does not include them in its global unit sales total. Iran has agreed to curb its nuclear program in return for the lifting of international sanctions that have crippled its economy. Quemard told *Reuters* this week that the deal struck between Iran and Western powers "should clear the way for significant progress in our discussions." PSA was the leading foreign player in Iran until sanctions were imposed in 2011. The company will face tougher competition in a market where Chinese rivals have since gained a stronger foothold. Media reports say PSA's French rival, Renault, also aims to revive production of its no-frills Logan sedan, known locally as the Tondar. A Renault spokesman, however, would not disclose the company's plans for the Iranian market when contacted by *ANE*. Financial analysts Evercore ISI estimates that the sanctions against Iran cost PSA €120m in annual earnings and Renault

€56m. The market is “important and potentially lucrative” to both automakers, Evercore ISI automotive analyst Arndt Ellinghorst said in note to investors.

### Japanese vehicle shipping trio in Chinese antitrust probe

*(Source: World Maritime News, 27th July 2015)* Japan’s three shipping companies specializing in vehicle transportation are being scrutinized by China’s National Development and Reform Commission due to alleged monopolistic practices. The companies under the spotlight of the investigation are Mitsui OSK Lines (MOL), Kawasaki Kisen Kaisha (K Line) and Nippon Yusen KK (NYK), among several other companies, as they hold a major stake in the Chinese market, *Bloomberg* reports citing people familiar with the matter. The Commission has asked the Japanese companies to investigate the allegations internally and report back the findings to China. The investigation comes after three corporations agreed to plead guilty and to pay criminal fines totalling more than $136m in the United States. These companies include NYK, which has agreed to pay a criminal fine of $59.4m and K-Line which agreed to pay a fine of $67.7m having pleaded guilty of violating US antitrust laws. MOL reached a deal with US Federal Maritime Commission, agreeing to pay $1.3m to resolve anti-trust law breach allegations brought by the Federal Maritime Commission against MOL and its corporate affiliate Nissan Motor Car Carrier. Both K Line and NYK saw some of their executives being fined and jailed by US courts for price fixing. China’s move follows a similar investigation by Japan’s Fair Trade Commission and the European Union in 2012, when promises of several providers of maritime-transport services for cars and construction and agricultural rolling machinery were raided including those of Eukor Car Carriers, MOL, NYK and Wilh. Wilhelmsen ASA.

### Pakistan joins the United Nations TIR Convention

*(Source: IRU, 24th July 2015)* The International Road Transport Union (IRU) welcomes Pakistan’s ratification of the United Nations TIR Convention. It will support the establishment of international economic co-operation corridors and effectively strengthen trade links with key regional trading partners and with the rest of the world. The United Nations Secretary General officially confirmed that the TIR Convention will enter into force for Pakistan in 6 months’ time, on 21st January 2016. Once TIR is operational, Pakistan will be better plugged in to the global economy and well placed to promote regional development and integration, especially along the regional trade corridors. The TIR Transit System is the only global intermodal trade facilitation tool. It will underpin the growth of Pakistan’s rapidly developing deep water ports and national road network. IRU Secretary General, Umberto de Pretto, said, “This is great news. We very much welcome Pakistan’s decision to ratify the TIR Convention. With 200 million people and annual growth of 4% Pakistan has the potential to become one of the world’s leading economies in the 21st century. TIR is the ideal tool to support this development through stronger regional and global trade harmonisation and transport facilitation. It will usher in a new era of growth and prosperity that will bring significant economic benefits to Pakistan, the wider region and its international trading partners.” After the Prime Minister’s earlier official decision to join the TIR Convention a few weeks ago, Minister of Commerce, Engineer Khuram Dastgir Khan, said “This is a great step for trade facilitation to the neighbouring countries on the western borders and beyond. The trucks carrying goods would not pass through the checking process, but under the TIR Convention would be able to travel with minimum interference.” The IRU with the UNECE and the IRU Member association in Pakistan PNC-ICC are working closely with the government of Pakistan to enable Pakistan to become TIR operational in the nearest future.

## PRESS RELEASES

### Le Havre professionals are preparing a sole and collaborative guide

*(Source: **HAROPA**, 28th July 2015)* A very exceptional collective initiative in a port terminal, thus an outstanding one, has just been launched in Le Havre: all stakeholders of the “Ro-Ro trade” will soon have a single and same guide of good practice for car-handling. Arisen from the joint commitment of the stevedores, shipowners and manufacturers, the project clearly shows the ambitions of the Le Havre terminal in terms of quality and security.

Within the scope of the monitoring committee for the RoRo Max project, the professionals of the Le Havre port community being the stakeholders of the Ro-Ro trade will publish a joint “quality guide”, by the end of the year 2015, concerning cargo-handling operations at the Ro-Ro terminal. “All steps which are carried out daily on the hundred hectares of the Ro-Ro terminal will be carefully studied” explained Franck Parette, Manager of the handling company MANUCAR (SHGT group). “Whether it involves car driving, report of possible damage, loading/unloading operations on board the vessels or specific rules for High & Heavy vehicles, the guide will compile all good practices common to all the stakeholders of the Ro-Ro sector,” said Loïc Minvielle, Vice-Chairman of **Wallenius Wilhelmsen** shipping line, Head of Benelux & France.

According to Johann Fortier, the General Secretary of the Havre Dockers' Union: "This guide for the use of the Havre terminal stakeholders is in line with our vocational certifications turned towards quality, safety and security: it will strengthen the training of all those who, at a time or another, act in the logistics chain of the Ro-Ro trade. Stevedores, shipowners and manufacturers, we are actually all convinced that training and information are synonymous with efficiency and productivity." And still, the security of goods and people's safety remain fundamental for the smooth running of the Ro-Ro terminal of the Port of Le Havre".

"The Le Havre Ro-Ro terminal is now a benchmark in the major European tenders", Hervé Cornède, HAROPA Commercial & Marketing Director, noted. "We have widely-recognized infrastructure and know-how, which explain our 20% rise at this terminal over the first six months of the year. But we have to continuously improve our know-how and practices together, and even more for this demanding Ro-Ro trade as regards quality and security."

The common document steered by HAROPA - Port of Le Havre and intended for terminal stakeholders, is worked out in partnership with the handling companies MANUCAR/SHGT, Roussel, SMR; the shipowners **UECC**, Wallenius Wilhelmsen, ERL, **EML** and the Le Havre Dockers' Union.

The guide is made with the assistance of **ECG**, the Association of European vehicle logistics, which represents 80% of the European automotive logisticians: "ECG welcomes this initiative by HAROPA in conjunction with several other members of the Association," Mike Sturgeon, ECG Executive Director, said. "Quality manuals such as this help to contribute towards standardisation, increased efficiency and quality in the finished vehicle logistics sector, all of which are part of the mission of ECG."

## Höegh Seoul makes first call in Mumbai and Höegh Autoliners will start a new service

*(Source: **Höegh Autoliners**, 6th July 2015)* The Indira Gandhi Container Terminal (ICT) in Mumbai officially opened up for Ro-Ro operations on 18th July. On 20th July, Höegh Seoul had the honour of making the inaugural port call.


Höegh Autoliners has worked for nearly two years to receive an approval to use the ICT for Ro-Ro operations.

"The terminal offers state of the art facilities, matching other international Ro-Ro terminals and we can expect minimum berthing delays and faster turnaround times than otherwise offered in India," Karolath Gopinath, Head of Area, Indian Sub-Continent said.

In late November last year, Höegh Delhi made a first trial shipment at the terminal and now the Mumbai Port Trust (MbPT) has allowed ICT to start the Ro-Ro operations for one year, with an option for extension. The Chairman of MbPT, Shri.Ravi Parmar, graced the occasion together with Senior Officials from MbPT and representatives from the shipping community.

In another statement Höegh Autoliners announced that as of August it will offer direct sailings from Port Hueneme, California to major destinations in Japan, South Korea and China. In addition, transshipment options will be available for discharge ports in South East Asia, Africa, Middle East and Europe.

The first vessel to load outbound cargo in Port Hueneme is Höegh Sydney scheduled to call on 20th August.

## Port delays cost freight industry £750,000 a day

*(Source: FTA, 24th July 2015)* Port delays on both sides of the Channel are costing the UK logistics industry £750,000 a day according to figures just released by the Freight Transport Association (FTA).

Problems in France with migrants, striking ferry workers and protesting farmers mean drivers are spending hours stuck in queues in Operation Stack on the M20 in Kent and on routes around the Pas de Calais region.

FTA Deputy Chief Executive James Hookham: “Given the value of goods lost and the subsequent cost to business, these figures show that Operation Stack is not just an issue for Kent and the south east of England but a serious national strategic problem. This is the country’s GDP and export standing still in these horrendous queues caused by the situation in Calais.”

“It is simply not acceptable that industrial action in France can cause such chaos which is impacting on the British economy. Calais has to be made a strike free-zone so that cross-Channel traffic can start moving again and Operation Stack can be lifted as soon as possible.”

On 23rd July farmers protesting at the price of milk and meat set fire to tyres and closed main routes between Calais and the south of France. Overnight freight services through the Channel Tunnel were suspended after 100 migrants were stopped as they tried to get to Britain and the body of a teenager was found on top of a Eurotunnel train.

Freight businesses near junctions 8 and 9 of the M20 have been crippled by repeated closures of the motorway over the past few weeks as their lorries are repeatedly gridlocked. Some have told FTA the effect could be catastrophic if problems continue.