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

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

AUTOMOTIVE INDUSTRY

Daimler launches self-driving truck

(Source: *World Cargo News*, 29th July 2015) Daimler AG, the world's largest truck manufacturer, has tested a prototype self-driving truck on the rescue lane of the A14 autobahn near Magdeburg. Dr Wolfgang Bernhard, Member of the Board in charge of Daimler Trucks and Buses, said the company is confident that official test permits will be granted soon throughout the German states, commencing in Daimler's "home" state of Baden-Württemberg. Daimler's Future Truck 2025 is claimed to be the first autonomous truck worldwide. The driver becomes a passenger for the motorway/truck road haul and can relax or take care of paperwork or communicate with customers or his operation centre. In this way legal pauses occur during the truck journey. The prototype Future Truck 2025 is an Actros truck with sensors that activate the "Highway Pilot" when reaching a speed of 80 km/h. It then takes over control of all systems similar to an autopilot in aircraft. A number of sensors, cameras and IT units keep track of the speed and avoid collisions with slower vehicles etc. The driver is needed for avoiding obstacles, but in the prototype test this was performed autonomously. "We will bring the equipment up to a serial standard within the next two or three years," said Dr Bernhard. "The driver will still be needed as he will ensure that all systems work safely." Trucks without any drivers are still a long way off. In the US Daimler has already received a licence for road traffic. Following successful demonstrations, two vehicles of Daimler Trucks North America's brand Freightliner have a permit for test drives on Nevada's Highway 15.

ECG Note: This year's [ECG Conference](#) (Back to the future, Are you ready for the journey ahead?) will have a look at how the changes in data information sharing will shape the future of the automotive industry. The four panels planned for the event will cover the future mobility trends, intelligent transport systems and the implications of all this for the finished vehicle logistics industry. The ECG Conference will be held on 15-16th October in the beautiful city of Vienna.

Inbound problems force shutdown at AvtoVaz

(Source: *Automotive Logistics News*, 4th August 2015) Russian vehicle maker AvtoVaz has been forced to stop production at its plant in Togliatti because of inbound supply problems that will halt assembly for three weeks. The company is now planning to get rid of the problematic suppliers within the month, according to the company's President Bo Andersson. The changes to its inbound supply will also cut logistics costs, added Andersson. The carmaker was forced to halt production at the plant on 28th July because of a parts shortage. Production on the 1.5km of assembly line at the plant is expected to be affected beyond next week and will not be up and running again properly until 18th August. Officially, the company's management didn't disclose the reasons for shutting down production, but employees at the plant confirmed that it was because of a lack of sufficient parts. AvtoVaz's huge Togliatti plant produces a range of vehicles including those from Lada, the Nissan Almera, three Renault models (Logan, Sandero and Sandero Stepway) and the Datsun models – on-DO sedan and mi-DO hatchback. Andersson said that last year the carmaker had suffered parts supply problems from seven of its suppliers but had since reduced that number down to three. "We expect that within a month we will stop working with them," he said. "Under our new programme we will choose only the right suppliers from now on." Andersson said he was going to personally visit the OEM's component suppliers and outline five main demands: timely delivery, quality, service, price and appropriate payment terms. Similar supply problems hit AvtoVAZ at the end of 2014 and the beginning of 2015, when three of its partners demanded changes to the terms of their contract and threatened to stop deliveries. Andersson explained that he was at the Togliatti plant over last Christmas and New Year, and during that period there were 9,000 uncompleted

ECG Academy

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- 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.

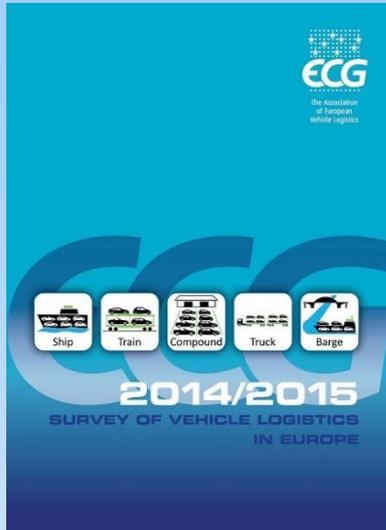
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cars on the conveyors. "All of this took place because three suppliers [were able to] 'hold a pistol to our heads'," said an exasperated Andersson. "This is something I will never tolerate," he vowed. The company's investigation into the delivery problems showed that a number of suppliers had been selling AvtoVaz components purchased from abroad, namely in China. "On the 'B0' line, where we make Nissan, Renault and Largus [the Lada compact multi-purpose vehicle], we localised 3,000 units of components," Andersson explained. "But there are still 2,000 components where it is more profitable to buy in Europe. [However], we were surprised to find out that individual suppliers were buying components in China and discovered nearly 10 such cases." According to Andersson, AvtoVaz will now turn to direct supplies of components from China, abandoning its intermediate partners. Such an approach will save up to 25% of the logistics costs, he said.

Spain fines carmakers for anti-competitive practices

(Source: *Automotive News Europe*, 31st July 2015) Spain's CNMC competition authority fined 21 automakers and two consultancy firms €171m for anti-competitive practices. The biggest individual fines were €22.8m for General Motors and €20.2m for Ford. French carmakers received the next highest penalties with Renault fined €18.2m, Peugeot €15.7m and Citroën 14.8m. CNMC said that the automakers acted like a cartel by exchanging sensitive details relating to car sales, repairs, maintenance activities and car parts. Information exchanged included details of price incentives to avoid a discounting war for new-car sales, according to Spanish media reports. This is the biggest fine imposed by the CNMC, which began a series of investigations into Spain's motor trade in 2013. To date these have involved 124 companies. Last March CNMC fined 45 Toyota, Hyundai and Opel dealers for setting up a price cartel in Madrid and Galicia. It has recently launched an investigation into Volvo dealers. The carmakers have two months to lodge an appeal against the finding and the fines. CNMC imposed the fines based on the annual revenue of the companies and the seriousness of their anti-competitive practices. Volkswagen and its subsidiaries, including its Spanish brand, SEAT, will not be fined because of the help they gave to the investigation. The investigation began following a joint complaint by SEAT and Volkswagen. Although a participant in the activities now deemed anti-competitive, SEAT identified the issue in the first place and helped the competition authority to find proof of collusion. Had it been fined, SEAT would have faced a penalty of €39.44m. Industry association ANFAC said there is strong competition in Spain among automakers. "There should be no doubt about the fair competition in this industry," it said in a press release. It argued that, unlike the telecommunication sector, which is controlled by just three companies, the ten biggest brands control less than 70% of the Spanish car market. It also claimed that a 15% fall in car prices over the past six years proved that any agreements entered into by the companies had not harmed the interests of consumers. ANFAC also referenced the conclusion reached of a study by the Spanish consumer organization OC. This found that car prices in Spain "are definitely liberal," with price variations of up to 30% available, depending on brand and dealer.

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EUROPE

German car industry criticized by environment agency over emissions

(Source: *Automotive News Europe*, 4th August 2015) The German transport sector needs to step up efforts to combat climate change, the Umwelbundesamt (UBA), the country's environment agency said, blaming a trend towards more powerful, heavier cars and an increase in freight transport for a rise in emissions. Transport, which accounts for almost a fifth of Germany's overall greenhouse emissions, is the only sector that has not managed to reduce its emissions compared to 1990, UBA said. "Because more and more freight is being transported by road and the trend is going towards heavier cars with more horsepower, more economical engines have served little purpose for climate protection," said UBA president Maria Krautzberger. Germany's automakers - BMW, Mercedes-Benz, Audi and Volkswagen - produce many powerful vehicles. The agency called for more freight transport to be transferred to rail and ships after the number of goods transported by road rose by almost a third between 2000 and 2013. It also suggested extending a road toll on lorries to vehicles that are heavier than 3.5 tonnes and called for tough CO₂ limits for lorries. Under a climate action program agreed last December, the transport sector is obliged to cut CO₂ emissions by 10 million tonnes by 2020 to ensure Europe's biggest economy meets ambitious targets to fight climate change.

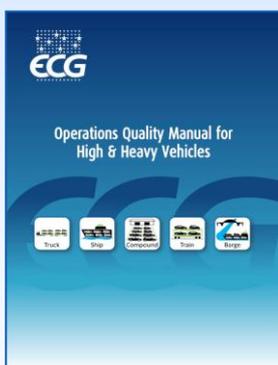
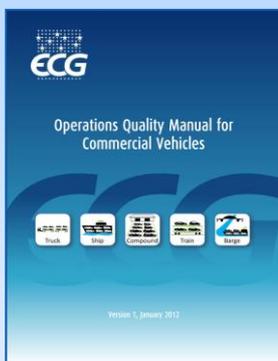
Channel Tunnel disruption could hit rail freight confidence

(Source: *FTA*, 4th August 2015) Disruption caused by continuing unrest in Calais could seriously dent confidence in rail freight services through the Channel Tunnel, according to the Freight Transport Association (FTA). Incursions by migrants and track blockades by striking staff have repeatedly interrupted freight train services over the past few weeks. The impact on road freight and holiday traffic has been well documented, but FTA's Chris MacRae says it has serious implications for international rail freight too. Mr MacRae, FTA's Manager of Rail Freight Policy, said: "What is likely to happen as a consequence is that confidence in rail freight as a viable alternative to road will be undermined. We saw this happen a decade ago when migrants were trying to board freight trains to reach the UK – it was a serious set-back for Channel Tunnel rail freight. The impact on road freight due to Operation Stack and port delays in Calais has been widely reported, but the long-term effect on international rail freight traffic could be devastating. FTA is keen to encourage multimodal transport and increased use of the rail freight network, which has great capacity for expansion. This situation isn't going to help." Mr MacRae said he had spoken to one business in Scotland that regularly used the tunnel and had managed only five out of 25 planned train services in the past five weeks at a loss of around £150,000. And another rail freight operator said the situation was "the worst since 2001/2". Mr MacRae went on saying that "this can't be allowed to continue – businesses are losing money day after day because of delays and cancellations to services caused by the migrants and strikers." FTA has written to the Prime Minister urging him to work with the French Government to find a solution to the problems in Calais, which have cost millions to Britain's economy.

RHA critical of piecemeal approach to Calais

(Source: *Automotive Purchasing*, 3rd August 2015) The UK's Road Haulage Association (RHA) believes that the government's plan to limit measures to strengthen the security at the Eurotunnel will fall far short of what is needed to address the problems facing the haulage industry and the broader UK economy. The association is now demanding clear commitment to take whatever measures are necessary to ensure the free movement of lorries through the Calais area. RHA CEO Richard Burnett said: "I fear that the current situation in Calais and the surrounding area is about to become a disaster. This problem requires a strategic

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

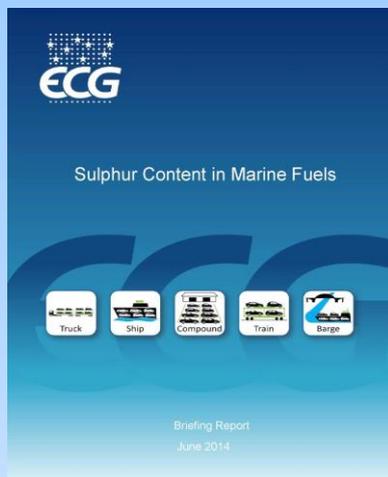
security solution. But what we've had is a series of small steps. Each welcome as far as they go, but they simply don't add up to what is required. It feels like the government is scrambling to catch up with this issue. Boosting security at Eurotunnel in isolation will only divert migrant attention onto trucks on the approach roads waiting to board. Only the deployment of large numbers of security-trained personnel to segregate freight drivers from the migrants will allow for the free passage of goods and ensure the safety of our drivers. We've said all along that this can only be achieved through the deployment of the French military in sufficient numbers to protect the trucks and escort them into the port and/or Eurotunnel." The Road Haulage Association is also writing to the Prime Minister, requesting an urgent meeting with him and his team of ministers working on this crisis. Burnett added: "Until the Prime Minister or one of his senior Cabinet Ministers has actually experienced the live situation in Calais as I did a few weeks ago they will not appreciate the scale of problem. "For every 10,000 lorries stranded for a day on either side of the channel, the direct cost to the haulage industry is £5m as well as a multitude of other associated costs to our industry and the wider economy. But let's not forget the human cost in stress, delay and frustration to our hard working drivers and to the hundreds of thousands of holiday makers who are having their much deserved break ruined."

ECG Note: The [European Commission](#) has also lent its financial support to both France and the UK under the Asylum, Migration and Integration Fund, in order to address the current situation in Calais.

Belgian Eurovignette toll system for freight trucks to change next year

(Source: *Handy Shipping Guide*, 5th August 2015) A new satellite based system of charging freight trucks over 3.5 tonnes for road use in Belgium is to be introduced on 1st April 2016. The Viapass toll system will apply to the existing Eurovignette route network within the regions of Flanders, Wallonia and Brussels from that date. The registration phase for the new toll in Belgium starts on 1st October 2015. Pre-registration applications can be made via the [DKV website](#) for those who wish to use that company to invoice for the new Belgian service. By completing the pre-registration details DKV says it will keep clients advised of the final registration process. The new distance-based toll will be calculated using a satellite-based On Board Unit and those who have not registered will be able to do so at local service stations which will also issue the On Board Units and accounts can be settled by pre-payment or post-payment. Tariffs and maps can be [downloaded from here](#). The level of the toll, which will apply to Belgian and foreign trucks of over 3.5 tonnes, will depend on the permissible total weight, the EURO class of the truck and the road category. In Germany 1st October 2015 sees the toll limit on trucks reduced from the current 12 tonnes to just 7.5 total permissible weight. The toll fees are based on emission class, number of axles and the length of chargeable route travelled and can be paid by a Toll Collect on Board Unit, at the toll terminal or on the internet.

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/publication/reports/ecgpositionandbriefingpapers.aspx>

REST OF THE WORLD

Automotive supply chain dispute a factor in failure of TPP talks

(Source: *Automotive Logistics News*, 5th August 2015) Last week's Trans Pacific Partnership (TPP) negotiations being held in Hawaii failed to find resolution, partially due to a dispute over vehicle trade between North America and Japan related to NAFTA rules of origin. The TPP negotiations are an effort by 12 nations trading on the Pacific Rim to find an agreement across a range of sectors, including automotive, agriculture and pharmaceuticals, and set standards for more open commerce in an area covering 40% of the world's economy. This includes lowering trade barriers, including tariffs, and providing better market access for exports, including automotive parts and finished vehicles. If ratified, the TPP would be the largest trade agreement to date. For the automotive sector specifically, it proposes to eliminate the existing 2.5% tariff on light vehicles and the 25% tariff on light trucks, while also simplifying import and export processes. The 12 nations involved in the negotiations are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam. Seven of them currently make light vehicles for local and export markets (Brunei, Chile, New Zealand, Peru and Singapore do not). The total light vehicle assembly volumes of the seven countries amount to almost 27 million, with the US and Japan very much the front runners. According to analyst firm PwC, Japan has the highest level of exported volumes to the other TPP markets: 2.1 million in 2014, accounting for more than half of the total light vehicle exports from the country. The US takes 1.5 million of these, according to data from the Japanese Automotive Manufacturers Association (JAMA). As pointed out in PwC's latest analyst note on the TPP, given the rate of imports from Japan to the US, it may seem within the interests of the US to look for the removal of the existing tariff. However, the top three Japanese carmakers are well established in the US in terms of assembly and produce more than 70% of the vehicles sold there within the country – equal to 5.9 million in 2015 according to PwC. That strategy is not likely to change in the long term according to the analyst, despite a recent trend to move some production back to Japan because of the weakened yen. This leads PwC to conclude that "with the existing and growing production of Japanese vehicles already domestic, the net effect on finished vehicle exports and imports between the US and Japan is not critical." The real sticking point with the TPP from an automotive perspective lies with rules of origins for parts and content. Those rules are used to determine whether an imported part qualifies for the waiver of the 2.5% tariff. If the TPP goes into effect, primary procurement of parts imported to the US must be from one of the 12 member states to avoid that tariff. According to PwC, the current NAFTA agreement calls for a 62.5% minimum procurement rate, but current TPP proposals include a gradual increase to reach a 75% minimum procurement rate. This poses a problem for suppliers with a high level of content. Mexico is looking for a local content threshold of 65% for countries involved in the TPP for instance, whereas Japan is aiming lower at around 50%. Talks to resolve these issues are now expected to recommence in November.

GM invests in Flint plant upgrade with benefits for inbound

(Source: *Automotive Logistics News*, 5th August 2015) GM has announced plans to invest \$877m at Flint, the OEM's oldest assembly plant in North America in a major overhaul that promises to reduce handling and the time it takes to ship parts inbound. As part of the plans GM is building a new body shop for the assembly plant, closer to the Flint Metal Centre, which supplies sheet metal and other parts for the Chevrolet and GMC full-size pickups. Cathy Clegg, GM North America manufacturing and labour relations Vice President said: "This investment will allow us to use a more innovative approach to deliver material between two critical facilities, reducing handling and the time it takes to ship parts. "While the plant has received numerous awards for initial quality and long-term durability and



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/>

reliability, our latest investments in the plant will raise the bar in vehicle quality and customer satisfaction." Along with the new body shop, the investment will also cover retooling, installation of new equipment at the plant, and improvements to the general assembly area inside Flint Assembly. Work on the new 82,000m² body shop is expected to begin in the first half of next year, and is due for completion in 2018. Over the past four years, GM has announced investments of \$1.8bn for the Flint Assembly plant, including \$600m for plant upgrades and a new standalone paint shop that is due to open next year. The Flint plant has been open since 1947, and was constructed as part of a post-World War II building boom. Since opening, the plant has produced more than 13 million vehicles. Customers can see their Silverado or Sierra trucks being assembled and rolling off the line through the plant's 'View Builds'. GM has made a series of large investments recently. In the US, the Flint announcement marks the end of the \$5.4 billion investment that GM and United Auto Workers (UAW) announced at the end of April. Around \$784m of the investments will be spent on plants in Michigan. The OEM will spend \$520m on tooling and equipment at the Lansing Delta Township assembly plant, \$139.5m for a new body shop and stamping facility at pre-production operations in Warren, and \$124m at the Pontiac Michigan stamping plant. In May this year, GM announced that it will invest \$1.2bn in pickup truck assembly at its Fort Wayne plant. The OEM plans to improve material sequencing and conveyance systems to make the plant more efficient and competitive. GM is also investing \$1.3bn in its large SUV plant in Arlington, Texas. Since June 2009, the OEM has announced around \$17.8 billion in US facility investments, including \$12.4bn since the end of 2011. And in recent months, GM has announced a \$5bn plan to create a series of new Chevrolets for emerging markets, \$5 billion to double capacity at four plants in Mexico, \$12bn to remake Cadillac, and \$14bn to remain a key player in China.

PRESS RELEASES

New PCTC gateway inaugurated in Port Freeport

(Source: Höegh Autoliners, 30th July 2015) On 29th July 2015, Höegh Asia made the maiden call at the Horizon Terminal, the newly built Vehicle Facility at the Port of Freeport, Texas, USA.

The terminal is operated by Horizon Terminal Services LLC, a wholly owned subsidiary of Höegh Autoliners Logistics AS and has been developed between Horizon Terminals and Port Freeport.

Per Folkesson, President of Höegh Autoliners Inc and Director of Horizon Terminals says: "We have been calling in the US Gulf now for a number of years, mainly carrying project and heavy cargoes into the area. Given the supply chain challenges facing the North American market we saw an opportunity to build a first-of-a-kind multi-user vehicle facility which will greatly increase efficiency to the Automotive Industry for exports and particularly for inbound flows."

"Being able to now handle imports through a state-of-the-art facility to a fast growing state like Texas and other neighbouring states will reduce lead time, cost, alleviate pressure on inland transportation and, not least, have a positive impact on the environmental footprint as opposed to hauling vehicles from the west or east coasts of the US to the mid-Gulf region. We are of the belief that this facility can equally become a relevant entry point also for Mexican production as some of the vessel capacity calling Freeport will be proceeding from Mexican ports."

The terminal will have two processing centres, a VPC (vehicle processing centre) handling the Automotive market offering a wide range of technical services for

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both outbound and inbound vehicle flows and an EPC handling the Heavy Equipment market, equally offering a wide range of technical, staging and distribution services through a purpose built facility having heavy lift capability and further under cover storage areas.



Per further elaborates, "Port Freeport shared the same vision as us seeing the potential a vehicle terminal could have in the region. Key is of course the infrastructure, which is very good in Freeport, and capacity. The current development of phase 1 and 2 has an annual throughput capacity of about 135,000 vehicles while the expansion

depending on future demand can be built out for another 500,000 vehicles annually. Thus the capacity potential is significant. Beyond these two factors, we operate 24/7, we have put in place a sheltered delivery infrastructure which gives the market a kind of VIP treatment delivering products to the terminal and we are currently working with the port planning a new and improved rail infrastructure on the terminal."

Horizon Terminals have entered in to agreements with Amports of Jacksonville for management of the VPC and Red Hook Terminals of New York for management of the EPC and Terminal Operations, two companies, driven by quality and reputable within their respective fields.