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## ECG & other industry events

- ▶ **ECG Land Transport Working Group, 18<sup>th</sup> February 2016**, Frankfurt, Germany
- ▶ **ECG Quality Working Group, 23<sup>rd</sup> February**, Brussels, Belgium
- ▶ **ECG UK & Ireland Meeting, 25<sup>th</sup> February**, Birmingham, UK
- ▶ **Automotive Logistics Conference, 15-17<sup>th</sup> March**, Bonn, Germany
- ▶ **ECG Eastern Regional Meeting, 14<sup>st</sup> April**, Gdansk, Poland
- ▶ **ECG Dinner Debate, 19<sup>th</sup> April**, Brussels, Belgium
- ▶ **CSR Europe's Sustainable Supply Chain Logistics Forum, 20<sup>th</sup> April**, Brussels, Belgium
- ▶ **ECG Spring Congress & General Assembly, 26-27<sup>th</sup> May**, Lago Maggiore, Italy
- ▶ **ECG UK & Ireland Meeting, 15<sup>th</sup> June**, Liverpool, UK
- ▶ **Automotive Supply Chain Congress, 15-16<sup>th</sup> June**, Liverpool, UK
- ▶ **ECG Conference, 20-21<sup>st</sup> October**, Hamburg, Germany
- ▶ **ECG UK & Ireland Meeting, 9<sup>th</sup> November**, London, UK

## NEWS FROM BRUSSELS

### Ports: transport MEPs favour clear public funding rules, but not free market access

(Source: European Parliament, 25<sup>th</sup> January 2016) Draft rules on Port Services were approved by the European Parliament's Transport Committee on 25<sup>th</sup> January. The Committee rejected a proposed "one size fits all" EU-wide free market access rule for suppliers of port services such as towage, mooring and pilotage. Ports themselves must be able to decide how their port services are organised, so as to ensure security and safety, say MEPs. Whereas the European Commission's proposal would have made free market access the key EU-wide principle for the supply of port services the Committee insists that "a single system would not be appropriate, as the EU port system includes many different models for the organisation of port services." It therefore amended the proposal so that "existing port management models established at national level in the Member States can be maintained." The draft rules aim to boost the efficiency of seaports in the trans-European transport network, used by the bulk of EU maritime traffic, so as to make EU industry more competitive, attract investment and foster job creation in EU coastal regions. "We have been able to dismiss the forced free market access to port services. Especially for safety and security concerns, ports must be able to decide on the organisation of port services," said the German Socialist Rapporteur Knut Fleckenstein, who is steering the proposal through Parliament. "For the first time in the course of the long discussions on the port package we have the ports, the terminal operators and the unions on board." "The provisions on financial transparency lay the groundwork for the European Commission's Competition Directorate-General to deliver more clarity on rules for public investment in ports, for which the sector has long been calling. We are looking forward to the timely presentation of the draft on Block Exemptions, which will include a framework for ports," he added. If ports receive public funds, this must be shown transparently in the accounts, MEPs say. Separate accounts should be kept for publicly-funded activity or investment and other activities. To prevent price abuse in the absence of fair market mechanisms, arrangements should be made to ensure that fees are "not disproportionate" to the economic value of the services provided and are set in a transparent and non-discriminatory way, says the Committee. Port infrastructure charges should be set, transparently and autonomously, "in accordance with the port's own commercial and investment strategy", say MEPs. Each EU Member State should designate one or more independent bodies to handle complaints. MEPs backed proposed common rules for Member States and port managers which wish to limit the number of service providers, to set minimum requirements for them or to provide services themselves, as an "internal operator", instead. Where minimum requirements for port services providers are put in place, they should be limited to a clearly-defined set of conditions concerning professional qualifications, but should also take account of equipment needed to provide the port service, and meet maritime safety and environmental needs as well as national social standards, MEPs add. They clarified the list of "justified cases" for the limitation of service providers, adding "scarcity of waterside space", port traffic characteristics or the need to provide "safe, secure or environmentally sustainable port operations." These draft rules would not affect the application of EU Member States' social and labour rules, say MEPs, who nonetheless stress that staff must be granted working conditions on the basis of binding national, regional or local social standards. Training of new recruits and lifelong training of staff are essential to ensure port workers' health and safety and to protect the quality of services, MEPs underlined.

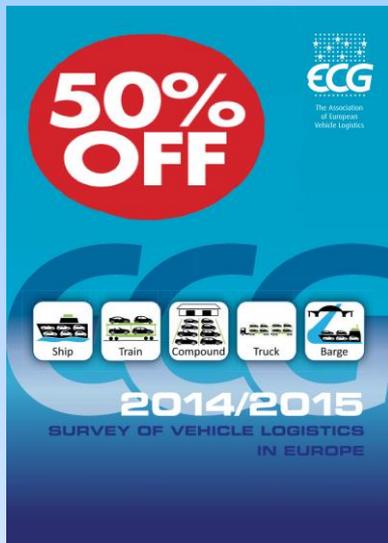
The [European Transport Workers' Federation](#), the [European Sea Poets Organisation](#) and the [European Community Shipowners' Association](#) have reacted to the vote in the TRAN Committee.





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post verification testing (through its Joint Research Centre) and, if needed, initiate recalls. By allowing the Commission to impose financial penalties, the proposal will deter manufacturers and technical services from allowing non-compliant vehicles onto the market. The Commission will also chair an Enforcement Forum which will develop common compliance verification strategies with Member States and organise joint audits of technical services and peer reviews of type-approval authorities.

The Commission's proposal maintains the current ban on defeat devices, which national authorities have a standing obligation to police and enforce, but goes a step further. Under the draft Regulation, the manufacturer will have to provide access to the car's software protocols. This measure complements the Real Driving Emissions package, which will make it very difficult to circumvent emission requirements and includes an obligation for manufacturers to disclose their emissions reduction strategy, as is the case in the US. The draft Regulation will now be sent to the European Parliament and Council for adoption. Once adopted, it will be directly applicable. It will repeal and replace Directive 2007/46/EC (the 'Framework Directive').

The new proposals can be consulted on the [Commission's website](#).

### Lessons learned from the accident of MSC Flaminia: new guidelines for ships in need of assistance

(Source: European Commission, 27<sup>th</sup> January 2016) The European Commission presented the new EU operational guidelines for ships in need of assistance. The guidelines have been developed by an expert group composed of Member States' competent authorities, with the input and support of industry stakeholders, following an initiative of the Commission in the aftermath of the MSC Flaminia accident. Commissioner Bulc congratulated the stakeholders for taking part in this joint positive effort, in the interest of maritime safety and environmental protection: "It is a good example of proactive implementation of EU legislation, building on best practices and sharing experience, which is fully in line with President Juncker's strategic approach to Better Regulation." The EU operational guidelines were drafted to ensure better co-ordination and exchange of information amongst competent authorities and industry stakeholders involved in the response to an incident concerning a ship in need of assistance, such as the MSC Flaminia in July 2012. While the German-flagged container vessel was in international waters in the Atlantic Ocean, there was an explosion and a fire on board. The MSC Flaminia was severely damaged. Given the volatile situation, the process of deciding where to accommodate the vessel resulted in the ship being finally accommodated in a place of refuge in Germany in September 2012.

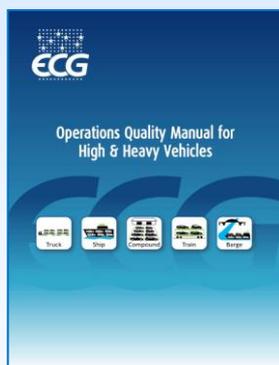
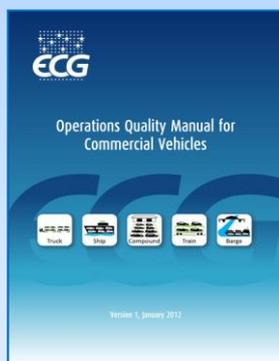
More can be found on the [Commission's website](#).

## AUTOMOTIVE INDUSTRY

### Commission unsure if it can force VW to provide compensation

(Source: EurActiv, 25<sup>th</sup> January 2016) After the European Commission called for VW to be "fair" in compensating victims of the dieselgate scandal, questions have been raised over its actual capacity to force the German carmaker to do so. On 21<sup>st</sup> January, Elzbieta Bieńkowska, the EU's Internal Market Commissioner, came out in favour of VW compensating European drivers in a similar way to what the German car giant is offering to US consumers. "I would like to ask you to reconsider your stance regarding compensation and reflect on the ways to offer compensation also to the European consumers," Bieńkowska, Poland's representative in the Juncker Commission, said. In the United States, where the Dieselgate scandal first broke, VW has offered anyone affected a voucher worth

## Version 6 of the ECG Operations Quality Manual for PCs and LCVs is available online!



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\$1,000 (around €900). It can be redeemed at all VW dealers and is good for three years of breakdown and recovery services. In Europe, where around 2.4 million cars are affected in Germany alone, according to the most recent information no compensation is going to be paid. It is a move that Minister for Consumer Protection Heiko Maas (SPD) has called for. Instead, VW has only offered to fix the cars that were fitted with the so-called defeat devices and to provide rental cars as an alternative form of transportation. Whether the European Commission will be able to compel VW to pay out is unclear. A Commission spokesperson referred to existing EU law on consumer protection, in which compensation may be provided if replacement or repair of the product has not been carried out properly or in a timely fashion. The legislation also makes mention of compensation in the event of misleading advertising. "We are not yet in a position to ascertain if these provisions can be applied to this particular case, because all the facts are not on the table yet," said the spokesperson. Ismail Ertug German Socialist MEP expressed his expectation that "the Commission can be tougher in the internal market that the US authorities". During a visit to Brussels, Daimler CEO Dieter Zetsche said that the scandal had led to consumers mistrusting the entire car industry. During a press conference, he called for the EU to come up with new tests, although a compromise proposal currently with the Parliament is considered to be insufficient.

### Commission fines car parts producers in cartel settlement

(Source: European Commission, 27<sup>th</sup> January 2016) The European Commission has imposed fines of € 137,789,000 on Melco (Mitsubishi Electric) and Hitachi for participating in a cartel for alternators and starters with another firm, Denso, in breach of EU antitrust rules. Denso was not fined as it revealed the existence of the cartel to the Commission. All companies acknowledged their involvement and agreed to settle the case. For more than five years, the three Japanese car parts manufacturers co-ordinated prices and allocated customers or projects with regards to alternators and starters, two important components of car engines. Although contacts associated with forming and running the cartel took place outside the European Economic Area (EEA), the cartel affected European customers as alternators and starters were also sold directly to car manufacturers in the EEA. Commissioner Margrethe Vestager in charge of competition policy said: "Breaking cartels remains a top priority for the Commission, in particular when they affect important consumer goods, such as cars. Today's decision sanctions three car part producers whose collusion affected component costs for a number of car manufacturers selling cars in Europe, and ultimately European consumers buying them. If European consumers are affected by a cartel, the Commission will investigate it even if the cartel meetings took place outside Europe." The Commission's investigation revealed that between September 2004 and February 2010 the companies met at each other's offices and in restaurants and were in contact over the phone on a regular basis, in order to limit competition between them. In particular the three companies:

- Co-ordinated their responses to certain calls for tenders issued by car manufacturers, in particular with respect to determining the price at which they would tender and who should win the specific business;
- shared out certain vehicle manufacturers and projects between themselves in terms of which of the three would supply alternators and starters;
- exchanged commercially sensitive information such as price elements and market strategies.

More information on the background of the case and the fines for the companies can be found in the [Commission's press release](#).



## Events in Brussels

ACEA holds the event entitled '[Reducing CO<sub>2</sub> from Road Transport Together](#)' on **16<sup>th</sup> February**

CER and UNIFE hold together the [European Railway Awards](#) on **16<sup>th</sup> February**

The ERFA [Annual Event](#) on Rail Freight Rights will be held on **15<sup>th</sup> March**

*ECG always attends these events whenever possible. If a member is interested in any of them, please contact ECG.*

## EUROPE

### Pasajes handles finished vehicles for southern French market

(Source: *Automotive Logistics News*, 26<sup>th</sup> January 2016) The northern Spanish Port of Pasaia (Pasajes) has begun handling imported Honda vehicles from the UK. The first consignment of almost 100 units arrived on board the Norwegian-registered Autostar on 13<sup>th</sup> January, operated by **UECC**. The vehicles were shipped from the Port of Southampton. However, they were not bound for Spanish distributors, but rather for the market in neighbouring France. Forecasts suggest that around 2,000 Honda units will be channelled through Pasajes during 2016 *en route* for France though a spokesperson for Honda said that volumes would be dependent on dealer orders. The carmaker is shipping Civic and CR-V vehicles through the port for dealers in southern France. The contract is significant in that it is the first time that UECC has conveyed Honda cars on this route and also because Pasajes has not acted as a trans-shipment hub of this type before, serving the southern French market. UECC operates its own terminal at Pasajes and its primary growth is at ports located on the north Spanish coast, which along with Pasajes include Vigo and Santander. In 2015, Pasajes handled 225,000 finished vehicles, which was an increase of more than 10% on 2014.

### Car shipments start at the UK Port of Ramsgate

(Source: *Automotive Logistics News*, 27<sup>th</sup> January 2016) Last week saw the first delivery of finished vehicles to the Port of Ramsgate in the UK, marking the start of a new port operation, which is being handled by transport and logistics provider **GEFCO**. Around 1,000 Peugeot-Citroën vehicles were delivered aboard the **UECC**-operated car carrier Autopremier from Zeebrugge in Belgium, including passenger and light commercial vehicles. The port is owned by Thanet District Council, which has granted a licence to GEFCO to import and store cars there prior to onward distribution around the UK. "It's fantastic to see another business operating out of the Port of Ramsgate," said the council's cabinet member for regeneration and enterprise services, Hunter Stummer-Schmertzing. "This new operation uses the port's existing infrastructure and a portion of the freight and car lanes, all of which are ready to accommodate this new business, without compromising additional new ferry opportunities. This is a great message that the Port of Ramsgate is open and ready to do business and that the industry is recognising the potential opportunities that our facilities have to offer." Previously freight services at the port were handled by TransEuropa Ferries, which offered sailings to Ostend in Belgium, but those stopped in April 2013 when the company went bankrupt. The Port of Ramsgate has three Ro-Ro berths and can accommodate vessels of up to 175 metres in length, with a 6.5 metres draft.

### Best year in a decade for British car manufacturing as exports reach record high

(Source: *SMMT*, 21<sup>st</sup> January 2016) British manufacturers made more cars in 2015 than any year since 2005 when 1,595,697 vehicles were produced, according to figures released by the Society of Motor Manufacturers and Traders (SMMT). Production increased 3.9% on 2014, with output at 1,587,677 overtaking pre-recession levels for the first time. A record number of cars – representing 77.3% of total production – was for export, with 1,227,881 units leaving the UK, up 2.7% on 2014 levels. Challenges were experienced in some global markets such as China, where demand fell by 37.5%, and Russia, where export volumes declined 69.4%. However, the economic recovery in Europe, the UK's biggest trading partner, boosted demand for UK-built cars considerably by 11.3% in 2015. The region now accounts for 57.5% of all UK car exports. Appetite for British-built cars grew significantly in other key and emerging regions, demonstrating the strength and diversity of UK manufacturing and product. In the US, demand rose by more than a quarter (26.5%), making it the UK's biggest trading destination outside the EU, ahead of China. Meanwhile, notable growth was also seen in



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Australia, South Korea, Turkey and Japan with volumes up 53.7%, 55.2%, 41.1% and 35.4% respectively. British consumer and business demand for British-made cars also contributed to last year's success, with the home car market rising 8.1% on the previous year. One in seven new cars registered in the UK in 2015 was made in Britain. Mike Hawes, SMMT Chief Executive, said, "Despite export challenges in some key markets such as Russia and China, foreign demand for British-built cars has been strong, reaching record export levels in the past year. Achieving these hard fought for results is down to vital investment in the sector, world class engineering and a committed and skilled UK workforce – one of the most productive in the world. "Continued growth in an intensely competitive global marketplace is far from guaranteed, however, and depends heavily on global economic conditions and political stability. Europe is our biggest trading partner and the UK's membership of the European Union is vital for the automotive sector in order to secure future growth and jobs." Chancellor of the Exchequer George Osborne said, "Backing Britain's car industry has been a priority for this government and today we see the industry going from strength to strength. "I am hugely encouraged that manufacturing is at a 10-year high and exports are at a record level. All this means jobs and the security of a pay packet for workers and their families. The performance of UK automotive is very different compared with UK manufacturing as a whole, according to Office for National Statistics figures, which show the average manufacturing output to have slowed in recent months. Eight brand new car models were produced in UK plants in 2015, and with £2.5bn of fresh investment committed to the sector in 2015, more are set to follow in the coming months.

### FTA encouraging freight operators to join scheme and take protection against migrants boarding trucks

(Source: FTA, 25<sup>th</sup> January 2016) The UK's Freight Transport Association is encouraging all freight operators to join the Civil Penalty Accreditation Scheme to help protect themselves and their drivers against fines should illegal migrants be found on board their trucks. Introduced by Border Force in 2015, the Scheme reduces haulage companies' risk of receiving fines by making sure they have effective systems in place to reduce the possibility of clandestines hiding in their vehicles. Chris Yarsley, FTA EU Affairs Manager said: "FTA is urging its members to sign-up to the Civil Penalty Accreditation Scheme. This is the best way of protecting themselves - and their drivers - from financial penalties if migrants should be found on-board their vehicles. With the continued scenes of migrants targeting UK bound trucks in Calais we are encouraging all freight and logistics companies operating vehicles through the port to take every security measure available to them." As of 25<sup>th</sup> January, new branding has been made available for operators taking part in the Scheme who are now eligible to use an Accreditation Mark on their vehicles, on internal documents and on documents to clients to highlight their membership. The Accreditation Scheme is voluntary to freight operators, and it is expected that those taking part will take reasonable measures to make sure that the system works through training and monitoring their drivers. Mr Yarsley continued: "FTA is engaged with the European Commission as it seeks to develop guidance for drivers across the EU, and this Border Force led Scheme is a good template that we will be promoting to the freight and logistics industry." Border Force publishes a full list of accredited hauliers of the Civil Penalty Accreditation Scheme [on its website](#).



## REST OF THE WORLD

### PSA will invest \$435m to upgrade plant in Iran

(Source: *Automotive News Europe*, 28<sup>th</sup> January 2016) PSA Peugeot Citroën and its long-time Iranian partner will invest €400m in the next five years upgrading their auto plant near Tehran in what the French automaker says is the first industrial accord signed by a Western company since economic sanctions on Iran were lifted this month. The venture with Iran Khodro will produce 100,000 vehicles a year starting in late 2017, with output eventually doubling. The revamped factory, which opened about 50 years ago, will make Peugeot's 208 hatchback, 301 sedan and 2008 crossover. "This strategic agreement turns the page on the period of international sanctions and enables PSA and Iran Khodro to start a new chapter in their 30-year history of co-operation," PSA CEO Carlos Tavares said at a Paris press conference. The accord was announced during a visit by Iranian President Hassan Rouhani to Paris, where he's also expected to sign contracts to buy airplanes and upgrade his country's airports. PSA withdrew from Iran in 2012 as a result of sanctions over Iran's nuclear program, though Khodro continued to produce cars under the French partner's name, mostly older models such as the Peugeot 206 and Peugeot 405. Khodro, which was founded in 1962, built about 350,000 Peugeot-branded cars in 2014, accounting for about a third of Iran's automobile market. The Iranian market reached 1.6 million cars in 2011, and then fell below 1 million vehicles as sanctions cut into consumer spending and a lack of important components crippled local producers. Demand could recover to 1.6 million cars in two years and reach 2 million annually by 2022, according to PSA. Tavares said there are at least 3 million Peugeots on Iran's roads, and the company's first task is to provide their owners with the latest spare parts. Tavares said last year that resentment in Iran from the carmaker's departure was hampering an agreement on its return. PSA executives said they had been negotiating their return to Iran for the past 18 months under the expectation that Iran's negotiations to end sanctions in exchange for limits on its nuclear activities would succeed. The International Atomic Energy Agency determined in mid-January that Iran had curbed its ability to develop a nuclear weapon. French competitor Renault plans a "much more massive" presence in Iran when it returns to the country, CEO Carlos Ghosn said in an interview a week ago. Dropping out of the market in response to the sanctions cost the carmaker €514m in 2013.

### Ford will stop all operations in Japan and Indonesia by end of year

(Source: *Automotive Logistics News*, 25<sup>th</sup> January 2016) Ford has confirmed that it is ceasing all operations in Japan and Indonesia, including sales and imports of Ford and Lincoln vehicles to the countries, in the face of weak market share. According to a statement on 25<sup>th</sup> January from Ford Asia Pacific's Vice-President of communications, Karen Hampton, "there is no path to sustained profitability, nor will there be an acceptable return over time from our investments in Japan or Indonesia." The statement went on to say that all operations will cease in those markets before the end of 2016 and Ford would concentrate its resources elsewhere. It means the closure of 52 dealerships in Japan and the withdrawal from 44 franchised dealerships in Indonesia. "This decision has just been made and has been communicated to our employees and dealers," said the statement. "As we work through the closures, our priorities are to ensure we treat our employees and our dealer partners with respect and support them in this transition." The company added that it was working with customers on its commitment to "facilitate on-going servicing, spare parts and warranty support" for vehicles. Last year the carmaker sold around 5,000 vehicles in Japan and 6,000 in Indonesia but it does not produce vehicles in either country, though it does have shares in Mazda, which it is reported to be maintaining according to *Reuters* news source. While sales in those markets are small however, Ford is giving up a potentially big emerging market in Indonesia. In addition, the Trans Pacific Partnership (TPP) trade agreement, of which Japan is already a member and Indonesia has plans to join, would remove certain barriers. Though it seems this is not persuasive enough a development for the carmaker to remain in the country. Regarding market dynamics Ford was keen to stress that Japan was "the most closed, developed auto economy in the world" and that imported brands accounted for less than 6% of the country's annual new car market. "The overall industry in Japan is projected to decline in coming years, leaving even less opportunity for success," a spokesperson for the company told *Automotive Logistics*. "In addition, in its current form, the Trans Pacific Partnership will not materially improve our ability to compete effectively in the market." For Indonesia, Ford said that without local manufacturing and vehicles in key segments no OEM could compete in the market. "We have taken significant steps to restructure our business in recent years, but our share of the total new car industry is only 0.6% and projections show no reasonable path to sustained profitability," said the spokesperson. The decision by Ford follows a similar one made by GM in Indonesia last year when it announced the closure of its Bekasi plant in June citing high material costs and limitations on its ability to fully utilise the local supplier base. However, GM continues to import vehicles to the country.



## PRESS RELEASES

### Explaining vehicle emissions – why do laboratory and road measurements differ?

(Source: European Environment Agency, 27<sup>th</sup> January 2016) The road transport sector is a major contributor to Europe's emissions of greenhouse gases and air pollution. For certain pollutants, vehicles can have substantially higher emissions on the road than during official emissions tested in laboratories. A report released on 27<sup>th</sup> January by the European Environment Agency (EEA) provides a non-technical guide that describes the reasons for these often significant discrepancies.

Despite improvements in vehicle efficiencies over past decades, EEA reports show that the road transport sector is responsible for almost one fifth of Europe's greenhouse gas emissions. It also contributes to high concentrations of air pollutants above EU standards in many of Europe's cities.

'Measuring exhaust emissions from vehicles is a complex issue, and it's a topic that has been extensively discussed in the media over the past months,' said EEA Executive Director Hans Bruyninckx. 'This report explains in simple terms how vehicle emissions occur and how they are tested, and the reasons for the gap between tested and real-world driving emissions.'

The new report, '[Explaining road transport emissions: a non-technical guide](#)', gives a simplified explanation of the often complex information available on road transport emissions as well as the technologies to reduce them.

Standardised measurements are made in laboratories to check that vehicles meet the official requirements for exhaust emissions. However, the official procedures currently used in Europe are not representative of real driving conditions. For certain pollutants, there is a significant difference between official emission measurements and vehicle performance on the road. Nitrogen oxides (NO<sub>x</sub>), a major air pollutant which harms health and the environment, can be more than seven times higher under real world driving conditions for new vehicles than in official tests. New vehicles similarly can emit up to 40% more carbon dioxide (CO<sub>2</sub>) than official measurements would indicate.

The report outlines three main reasons for these discrepancies:

1. An outdated test procedure used in Europe that does not reflect real-world driving conditions;
2. Permitted 'flexibilities' in the current testing procedures that allow manufacturers to optimise certain testing conditions, and thereby achieve lower fuel consumption and CO<sub>2</sub> emission values;
3. Several in-use factors which are driver dependent (e.g. driving style) or independent (e.g. environmental conditions)

The existing emissions test procedure permits a number of flexibilities which can be used to minimise measured emissions.

Flexibilities exploited by manufacturers during the NEDC test cycle can be broadly grouped into two categories: those relevant to the initial coast-down test and those relevant to the type approval test itself.

In the future two important initiatives are planned in the European Union to help ensure an improved consistency between the official vehicle emissions and real-world driving performance. This includes updating the outdated official test procedure to one that is more representative of real-world emissions, as well as the introduction of a procedure for measuring the real driving NO<sub>x</sub> emissions of vehicles on the road.