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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

### EPA officials met Commission and MEPs ahead of vote on emissions

(Source: EurActiv, 9<sup>th</sup> February 2016) A group of officials led by Christopher Gründler, Head of the office of transportation and air quality at the US Environmental Protection Agency (EPA), met on 4<sup>th</sup> February with members of cabinet of EU Energy Commissioner Maroš Šefčovič and Internal Market Commissioner Elżbieta Bieńkowska, along with one official from the Commission Secretariat General. The EPA officials also met with MEPs from five political groups. Most of the MEPs are members in the new inquiry committee that is investigating how EU institutions policed the Volkswagen emissions scandal that broke out last September. EU sources denied that the EPA officials were in Brussels to give advice to the Commission on how to step up its efforts to catch cheating car manufacturers. Two weeks ago, the Commission proposed a new regulation that would give the executive an arsenal of powers to test cars available on the market in Europe, fine manufacturers up to €30,000 per vehicle equipped with so-called defeat devices and sanction national regulators that are too soft on cheating companies. Commission officials described that move as a bid to make the EU executive more "like the EPA in the US". But campaigners have said the Commission's regulations of the car industry do not measure up to the EPA's. "With the US EPA exposing the VW cheating, there is a lot the European Commission can learn from the dialogue. The EPA-like powers to spot-check vehicles on the road and penalize non-compliant car makers, including fines and recalls, should be given to the Commission," said Julia Poliscanova, policy officer for clean vehicles and air quality at NGO Transport & Environment. EU sources said it was a coincidence that the Commission's meeting with EPA officials took place one day after a slim majority of MEPs voted not to veto the executive's controversial proposal on real driving emissions (RDE) tests for diesel vehicles. The EPA officials met with MEPs in the days before the vote. MEPs confirmed that they discussed with the EPA delegation what the Commission could learn from the US emissions testing. The EU executive has been careful about openly comparing itself to the EPA, which has more power to test vehicles and sanction misbehaving manufacturers. "We would like to be like the EPA, but we have to convince the Member States," one Commission official said. The maximum penalty of €30,000 per vehicle outfitted with emissions cheating software is also based on the EPA's fines per car. A spokesperson for the EU executive said the EPA and Commission would "stay in touch regularly to exchange information and best practices". The EPA uses five different test cycles to probe cars for defeat devices. There is currently only one EU-wide test cycle, although the RDE testing draft law will update the test. "If you test the right way and have the right laboratory equipment and the right people you do not need to go through 100 million lines of code to find defeat devices," said Christopher Gründler of the EPA, when asked what tips he would give to the Commission to beef up their oversight of the car industry. "You just need to have the right test procedures and the right resources," he added. "In the United States what we've learned is to have these five that cover this very broad range of operating conditions. A standard and rigorous set of test cycles are also meaningless unless you have the authority, the resources and the will to enforce." The European Commission wants to carry out tests of vehicles available for sale in Europe with the EU Joint Research Centre. EU Internal Market Commissioner Elżbieta Bieńkowska has said she does not think it is necessary to set up a new EU agency to test vehicles and oversee the car industry. On 18<sup>th</sup> February MEPs in the Environment Committee (ENVI) will debate the newly approved RDE testing measures. An official from the EU Joint Research Centre will also speak at the Committee meeting. Some details of the RDE tests still need to be ironed out. The Commission is expected to lay out new provisions on particulate matter emissions shortly.

## AUTOMOTIVE INDUSTRY

### Jaguar pledges over €46m to cut emissions

(Source: EurActiv, 5<sup>th</sup> February 2016) Jaguar Land Rover (JLR) will invest £36m over the next three years in renewable energy, energy efficiency and process improvements, according to the British carmaker's latest sustainability report, released on 2<sup>nd</sup> February. JLR said an increased investment in energy efficiency is needed to reduce manufacturing emissions, which have increased by 12% in absolute terms due to 'rapid business expansion'. "As we invest in new and existing manufacturing facilities around the world, we're drawing on our expertise in environmental innovation to reduce the energy and natural resources we use to build our vehicles," reads the report. On a like-for-like basis, JLR has seen a 30% reduction in operational CO<sub>2</sub> emissions per vehicle since 2007. The firm has a target for carbon-neutral manufacturing operations by 2020. In 2014, the company completed the installation of 21,000 photovoltaic panels at its new Engine Manufacturing Centre in Staffordshire, making it the largest rooftop solar panel array in the UK at the time. Another of JLR's goal outlined in the report was to close the loop on manufacturing operations and car parts. A range of circular economy initiatives have allowed JLR to create vehicles that are now 85% recyclable and 95% recoverable at the end of their life. The report details the British carmaker's "sector-leading" circular approach, including aluminium recycling projects, car take-back schemes and reduced waste to landfill in manufacturing operations. "We believe the circular economy is an important strategy – placing a value on waste materials so that they are reused in place of natural raw and non-renewable materials," the report states. "Jaguar Land Rover is a world leader in aluminium vehicle manufacture and we're constantly increasing the amount of recycled aluminium we use in our vehicles," it continued. Its REALCAR2 project investigated ways of making car bodies using up to 25% recycled aluminium scrap from post-consumer waste-streams. JLR also operates 250 'takeback' programmes at UK dealerships, where customers can take cars at the end of their life so that the materials and components that can be reused or recycled. On the manufacturing side, the report noted that JLR met its target of reducing waste to landfill per vehicle by 79% ahead of a zero waste to landfill target by 2020.

### 5,000 jobs vacant in UK automotive due to skills shortage

(Source: SMMT, 9<sup>th</sup> February 2016) Up to 5,000 job vacancies in the UK automotive industry could be vacant due to a skills shortage affecting the sector, according to a [new report](#) published by the Automotive Council. The report, which was developed by automotive industry consultants SMMT Industry Forum on behalf of the Automotive Industrial Partnership, surveys a range of British-based automotive firms, from vehicle manufacturers to component suppliers, to identify the areas of employment most difficult to recruit, and provide an important means for industry and government to tackle the skills issue. Around 19% of the unfilled vacancies cited in the report are identified as 'critical' and having a significant impact on company operations. Of the top 10 job types for which recruitment is most difficult, the majority are in engineering – with the top two in-demand roles being design and production engineers. The knock-on effect, according to the report, is that companies are hiring temporary contractors and increasingly recruiting from abroad. The renaissance of the UK automotive industry since the recession has brought significant success to the sector and helped to sustain just under 800,000 jobs across Britain. 2015 was the best year in a decade for car production with 1.59 million vehicles built, and volumes are forecast to reach an all-time record two million by 2020. The UK also achieved notable success in productivity levels, which have increased 40% since 2010 to make UK labour productivity the highest in Europe. But this success could be undermined by the lack of skilled engineers to fill new jobs, despite efforts made by companies to increase training and apprenticeships. Jo Lopes, Chair of the Automotive

## ECG Parking requirements table published

A comprehensive table has been published on the ECG website which summarises the parking requirements as specified by the majority of OEMs!

OEM PARKING REQUIREMENTS										
Manufacturer	Year	Gearbox	Handbrake	Door	Interior	Storage	Other	Notes	Year	Year
Audi	2014	R	H	L	Handbrake	Handbrake	Handbrake		2014	2014
Audi	2015	R	H	L	Handbrake	Handbrake	Handbrake		2015	2015
Audi	2016	R	H	L	Handbrake	Handbrake	Handbrake		2016	2016
BMW	2014	L	H	R	Handbrake	Handbrake	Handbrake		2014	2014
BMW	2015	L	H	R	Handbrake	Handbrake	Handbrake		2015	2015
BMW	2016	L	H	R	Handbrake	Handbrake	Handbrake		2016	2016
Mercedes	2014	L	H	R	Handbrake	Handbrake	Handbrake		2014	2014
Mercedes	2015	L	H	R	Handbrake	Handbrake	Handbrake		2015	2015
Mercedes	2016	L	H	R	Handbrake	Handbrake	Handbrake		2016	2016
VW	2014	L	H	R	Handbrake	Handbrake	Handbrake		2014	2014
VW	2015	L	H	R	Handbrake	Handbrake	Handbrake		2015	2015
VW	2016	L	H	R	Handbrake	Handbrake	Handbrake		2016	2016

The assembly of the parking requirements regarding the position of the gearbox, handbrake and the placement of the keys was initiated by the ECG Quality Working Group.

The table:

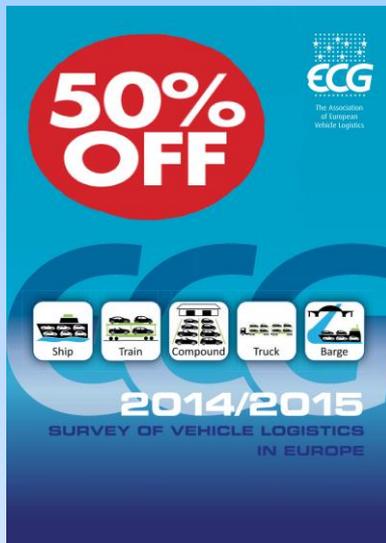
- is useful for FVL operators so that no outdated requirements are in place;
- points towards standardisation in the industry as far as the position of the gearbox and the handbrake is concerned;
- highlights a trend regarding the key placement but standardisation still has to take place on this field;
- is freely available on the [ECG website!](#)

If you spot any inaccuracies or have any additional information or comments, please contact ECG at [info@ecgassociation.eu](mailto:info@ecgassociation.eu)



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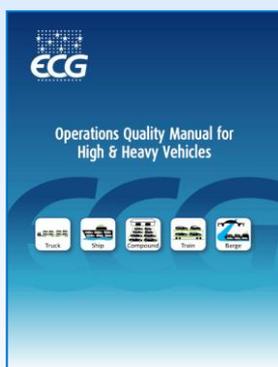
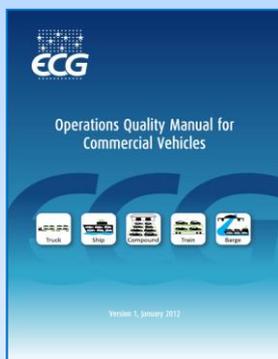
Industrial Partnership and Head of Technical Excellence, Jaguar Land Rover, said, "These are very significant findings which present a valuable basis for government and industry to jointly tackle this issue head-on and ensure that the growth potential of the industry in the coming years is fulfilled. The Automotive Industrial Partnership has already made some important steps since its inception – including the introduction of a range of training programmes – and it will have a crucial role to play in addressing the skills challenge." Skills Minister Nick Boles said, "Our automotive workforce is the most productive in Europe and this goes a long way to explaining why production hit record levels last year. But this report shows we cannot be complacent. The sector needs to maintain its high productivity and international competitiveness and address the required demand of skilled workforce, engineers and designers. That's why our apprenticeship reforms are putting employers in the driving seat, to deliver the high-tech, long-term skills our economy needs. The Automotive Industrial Partnership is a good example of government and industry working together, and I welcome this report." The Automotive Industrial Partnership was initiated in early 2015 by the Automotive Council to bring together major automotive businesses in order to help ensure future skills needs are met for UK vehicle manufacturers and supply chain companies. Since its inception, the Partnership has developed a 'jobs framework' – an industry standard hierarchy of roles – to make it easier for companies to structure positions and for employees to follow clear career development paths. It has also implemented a number of new training programmes, and is developing the Automotive Apprenticeship Matching Service to retain more high calibre apprentices in the industry.

## EUROPE

### BCA purchases vehicle preparation firm Ambrosetti

(Source: *Fleet News*, 8<sup>th</sup> February 2016) **BCA Automotive** has purchased vehicle preparation and refurbishment firm Ambrosetti. Ambrosetti operates vehicle defleet, refurbishment, logistics and storage facilities in Chipping Warden, Northamptonshire, Rochester and Sandwich, Kent, with a footprint of over 100 acres and handling around 100,000 vehicles annually. Ambrosetti offers reconditioning, conversion, PDI, servicing, storage and onward logistics movements for customers including vehicle manufacturers and importers, major fleets and dealer groups. Ambrosetti will be integrated into the BCA services division, BCA Automotive, led by Mike Pilkington. BCA Automotive includes single plate moves, multi-car moves, inspections and technical services. BCA Marketplace also acquired Stobart Automotive in August 2015, and the acquisition of Ambrosetti completes BCA's capability to provide services along the automotive value chain; from factory gates or port with technical and logistics for new vehicles to refurbishment and logistics for used vehicles and the core remarketing and auction operation. Avril Palmer-Baunack, Executive Chairman of BCA Marketplace said: "We are committed to broadening the delivery of service across the whole automotive supply chain to support our customers and the purchase of Ambrosetti now means BCA can offer a full logistics, defleet and refurbishment service together with new car preparation to our OEM, Fleet and Dealer customers. The Ambrosetti real estate portfolio complements the recent acquisition by BCA of 3 additional land assets as well as the additional acreage. This gives us the capacity and footprint to support the needs of all of our customers and our future customers in the automotive market and supply chain with an end to end service offering." She added: "BCA is evolving the automotive sector with joined-up and complementary services that bring real opportunities to our customers wherever they operate within the new or used vehicle marketplace. We will continue to invest and innovate to ensure BCA is best placed to deliver the full supply chain needs of our customers."

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



- Written by the Quality Working Group and the H&H Working Group composed of OEMs and LSPs.
- The manuals can be [downloaded here](#).

For comments or inquiries please contact: [info@ecgassociation.eu](mailto:info@ecgassociation.eu)

## Santander breaks all records in 2015

(Source: *Automotive Logistics News*, 8<sup>th</sup> February 2016) In 2015, the Spanish Port of Santander broke all throughput records for finished vehicles. By November, it had already handled almost 415,000 units, which was 23% more than the corresponding 11-month period in 2014 and 10% higher than the previous year as a whole. In 2014, Santander handled 374,646 vehicles, the most in its history. Given a need to boost capacity, in late January, the port authority awarded Copcisa a contract to build a new Ro-Ro ramp. This will be installed at a cost of €2m and will take four months to complete. However, its recently released strategic plan is even more ambitious, setting out short-, medium- and long-term objectives, along with a series of measures designed to boost, among other sectors, finished vehicles traffic. For the coming financial year, the plan concentrates on projects that will see improved access and storage capacity for traffic generated by Ro-Ro vessels, with the aim of increasing the number of units handled. Part of this will see the further development of additional vertical storage facilities. To reinforce its continuing importance in the finished vehicles market, on 30<sup>th</sup> January Santander also welcomed the 8,500-vehicle capacity **Höegh Trigger**, one of the world's largest car carriers. The event was witnessed by the president of Spain's Cantabria's region, Miguel Ángel Revilla. The vessel is deployed on the route linking Europe with South Africa and Australia and arrived at Santander's Raos Quay 8 inbound from Southampton in the UK, where it took on a consignment of 800 vehicles from various manufacturers.

## Mercedes forced to re-route cars from Port of Koper to Bremerhaven

(Source: *Automotive Logistics News*, 10<sup>th</sup> February 2016) Mercedes-Benz has been forced to reroute Asia-bound European exports from the Slovenian Port of Koper to Germany's Bremerhaven port because of widespread disruption on the Slovenian rail network, which is run by the state-owned company, Slovenske Železnice (SZ). The disruption includes closures to the one-track line between Divaca to Koper, which is used by Slovenian freight forwarder, Intereuropa, to move Mercedes-Benz volumes to the port. Backlogs and delays forced the carmaker to move 738 cars to Bremerhaven from its Kecskemét plant in Hungary. The problem comes just three months after Daimler started exporting Mercedes-Benz vehicles from the port with the operator, Luka Koper. A spokesperson for Luka Koper confirmed that upheaval to the rail infrastructure was behind the redirection of volumes. Daimler is expected to add further details this week. "The Slovenian railway system was facing some congestion in previous weeks due to unforeseen works on the tracks in Slovenia and Austria," he told *Automotive Logistics*. "That caused some delays. That's the main reason Daimler decided to reroute 738 vehicles to the north from their plant in Hungary." He added that this had not affected the existing contract between Luka Koper and Daimler. The carmaker announced in June last year that it was moving vehicles from the port, including those made at Kecskemét. Daimler is yet to comment on the situation. **BLG Logistics** confirmed that it handled the re-routed consignment of Mercedes-Benz vehicles on arrival at Bremerhaven, stating that it was "always prepared to support our customers in case innovative logistics routes are not working". Rail delays have been increasing in Slovenia. In January Slovenske Železnice, reported "many major delays" to freight trains using the network. "SZ-Tovorni promet and SZ-Infrastruktura are, together with other companies of the Slovenian railways group, doing their best to decrease the delays as much as possible and to normalise the running of the freight trains," the rail provider said in a statement. More specifically, there have been three 48-hour closures in the space of three weeks on the one-track line from Divaca to Koper. According to a letter sent to companies using the network, the director of SZ-Tovorni promet, Melita Rozman Dacar, said that there was also renewal of tracks at Koper's freight station and daily closures on the Pragersko-Hodoš line. Dacar said there was also backlogged cargo because of closures on both border crossings with Austria. Taken together with an increase in cargo flow at the end of last year there were



## 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 European Logistics Platform (ELP) organises the event '[Post COP21 – The impact on EU transport and logistics policy](#)' hosted by MEP Wim van de Camp on **22<sup>nd</sup> February**

ALDE, the Alliance of Liberals and Democrats for Europe in the European Parliament organises a [hearing on the impact of the refugee crisis on the EU transport sector](#) on **5<sup>th</sup> March**

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

The European Commission organises its Road Transport Conference 2016 on **19<sup>th</sup> April**

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

now, “major problems in providing a high quality of services”. “[W]e are doing our very best to provide you with quality services, which in the present situation is extremely difficult, as the infrastructure capacities are not sufficient for all backlogged and current transports,” read the letter from Dacar. “SZ-Infrastruktura is investing all their efforts in creating conditions for the smooth operation of all carriers.” Luka Koper is reported to have sent a letter of complaint to Slovenske Železnice, as well as to the government. Luka Koper reported record vehicle throughput last year with 600,000 finished vehicles moved through its Ro-Ro terminal.

## Haulage permit conflict will push up logistics costs

(Source: *Automotive Logistics News*, 9<sup>th</sup> February 2016) Following last week's dispute over haulage permits between Poland and Russia, transport companies and logistics providers have to search for alternative ways to deliver vehicles and automotive parts to Russia from Europe. However, those alternatives, which include short-sea options, are going to be costly for some logistics providers. “Instead of driving through Poland, we can use the Klaipeda ferry [in Lithuania], there is also a ferry from St. Petersburg, as well as through Finland,” said Alexandr Larionov, Head of Russian transport provider, LarTrans. “Of course, the transport cost will be higher but we have to estimate everything. After all, for example, if you take the overland route through Germany, the fee should also include the road tolls, permits and fuel. Therefore, the ferry costs may turn out to be not as high”. According to Eugene Moskvishv, Head of the Russian Association of International Automotive Carriers, there is no way to bypass Poland by land when delivering cars and components to Russia from Europe; the only option is by ferry. “We are thinking about how we can send cargo by sea,” said Moskvishv. He added that after the closure of traffic through Ukraine, almost all of the deliveries from Europe to Russia went via Poland and the volume of transit now considerably exceeds the volume of trade between the two countries. Factoring in a multimodal alternative that includes short-sea shipment by ferry can increase the cost considerably, according to the CEO of Russian Transport Lines, Konstantin Skovoroda. “Transporters will now have to make the part of the journey by ferry and this will increase the overall cost of the delivery from €600-€1,000 per single,” he estimated. According to Skovoroda the average cost of moving vehicles from central Russia, where most assembly lines are located, and back is estimated at anything between €2,000 and €4,000. Given the tough situation in the Russian market at the moment this would be too expensive for most market players. Vladimir Tian, Head of the Russian carrier Sovtransavto, agrees. At the same time, he said that the current situation may be of benefit for Belarusian carriers and logistics providers. “Baltic transport companies are likely to receive a limited number of permits, so the Belarusians will for some time monopolise the market and probably raise rates,” he explained. “The price increase will depend on how long Russia and Poland remain unable to find a compromise.” According to Russian analyst agency, Autostat, last year Russia reduced the annual import of cars by half to 350,000 units, so the permit impasse will have less of an impact on the import of finished vehicles than it would have had previously. However, the level of localisation at Russian assembly lines is still below 50%, so most of them are importing components from Europe. So far, foreign carmakers making vehicles in Russia have refrained to comment on the situation. The latest situation between Poland and Russia has similar consequences to the one between Turkey and Russia following the shooting down of the Russian Su-24M fighter jet over Syria by the Turkish air force in December last year. According to the Turkish Exporters' Association, the total value of exports of vehicles and automotive components to Russia amounted to \$800m in 2014, with components accounting for \$440m of that amount. That figure is expected to fall dramatically this year.

## ECG Office



**Mike Sturgeon**  
Executive Director  
T: +32 2 706 8282  
[mike.sturgeon@ecgassociation.eu](mailto:mike.sturgeon@ecgassociation.eu)



**Cliona Cunningham**  
External Relations  
Manager  
T: +32 2 706 8285  
[cliona.cunningham@ecgassociation.eu](mailto:cliona.cunningham@ecgassociation.eu)



**Oleh Shchuryk**  
Research & Projects  
Manager  
T: +32 2 706 8279  
[oleh.shchuryk@ecgassociation.eu](mailto:oleh.shchuryk@ecgassociation.eu)



**Szilvi Kiss**  
Research & Projects  
Manager  
T: +32 2 706 8284  
[szilvi.kiss@ecgassociation.eu](mailto:szilvi.kiss@ecgassociation.eu)



**Giulia Semeghini**  
Communications Officer  
T: +32 2 706 8280  
[info@ecgassociation.eu](mailto:info@ecgassociation.eu)



External:  
**Tom Antonissen**  
EU Affairs Adviser  
T: +32 2 706 8283  
[tom.antonissen@ecgassociation.eu](mailto:tom.antonissen@ecgassociation.eu)

## Greens accuse France of double standards on diesel emissions

(Source: *EurActiv*, 9<sup>th</sup> February 2016) French Green MEPs have called on Ségolène Royal to challenge the EU's new diesel emissions limits, but the Minister for ecology supported the lower standards when they were adopted in October. The debate that began last autumn between the European Commission, the Parliament and the Member States ended on 2<sup>nd</sup> February with the EU accepting lower emissions standards for diesel vehicles. MEPs refused to veto the decision made by Member States in October last year to raise emissions limits for certain pollutants. France immediately denounced the result in a [statement](#) issued by the Ministry of Ecology, despite the fact that this same Ministry had supported the proposal three months earlier. Under new rules adopted on 28<sup>th</sup> October after an agreement between the Commission and the EU Member States, carmakers will have to submit their vehicles to stricter emissions tests, carried out under real-world driving conditions, from September 2017. To soften the blow of the tougher new testing requirements, carmakers will be allowed to exceed the legal limit for NO<sub>x</sub> emissions by as much as 110%. Lawmakers justified this flexibility by arguing that it was impossible for vehicle manufacturers to improve the real emissions of their diesel fleets in such a short time-span. After the European Parliament's refusal to veto the agreement, several French Green MEPs demanded that their Minister for Ecology attack the new rules in the European courts. But France – along with the United Kingdom and Germany – had been an active supporter of the relaxed standards that appear in the October deal. "While France [...] was among the large majority of EU countries that voted for the agreement on pollutant emissions testing under real-world conditions, Minister Ségolène Royal immediately made a U-turn, implying the European Commission was to blame," said Dominique Riquet, a French Liberal MEP. "Ségolène Royal was perfectly aware of this decision, nothing was hidden," said Yannick Jadot, a French Green MEP. In a last ditch effort to block what they see as a gift to carmakers, the French Green delegation in the European Parliament has made an official request to Ségolène Royal to challenge the decision in the European courts. "This emissions objective is illegal under the provisions of the European directive," Green MEP Karima Delli said. "And if Ségolène Royal thought the decision was illegal back in October, that should still be the case," Jadot added. The affair has also raised a few eyebrows in Paris. "What I find slightly worrying is that the probable future minister of foreign affairs should show such disregard for European issues by blaming Brussels for her own decisions," a French diplomatic source told *EurActiv*.

## Fuel duty increase – economically irresponsible, says FTA

(Source: *Freight Transport Association*, 9<sup>th</sup> February 2016) It would be economically irresponsible, if the Chancellor were to increase fuel duty in the March Budget, says the Freight Transport Association (FTA) in response to a leading think tank report published yesterday. According to the Institute for Fiscal Studies (IFS) annual [Green Budget](#), George Osborne, may be forced to raise prices at the petrol pumps to meet his election pledge to eliminate the deficit of £3bn in the country's finances. FTA has said that such a move would hinder the still fragile recovery and further weaken confidence, adding that it is now time for further reductions in fuel duty to keep the economy growing. James Hookham, FTA's Deputy Chief Executive, said: "Regardless of the price of oil, for every penny fuel duty goes up it costs truck and van operators around a £100m in a full year. It won't make them drive any less – goods still need to move to where they are needed - and it won't help them invest in making their vehicles and drivers even more efficient. It will just cost them a lot of money." The freezing of fuel duty rates at 2011 levels has meant that FTA members reliant on commercial trucks and vans have been spared the economically stifling effects of a tax on a commodity they have no option but to buy. Instead, they have been left with cash in their trading accounts to spend on hiring more staff or purchasing other goods, all of which have served to drive the UK economy out of recession at one of the



fastest growth rates in the developed world. Mr. Hookham added: “All this additional spending has actually generated more income tax and VAT, so fuel duty freezes are never as costly as the headline figures suggest. The Treasury even published a paper in 2014 that proved this.” The FTA message to the Chancellor is that whilst most of his announcements on Budget day will be buried in the small print of countless Treasury documents, the impact of his decisions on fuel duty will be displayed in numbers several feet high at the front of every filling station in the country.

## Paris climate target ‘impossible’ without curbing shipping emissions

(Source: *Transport & Environment*, 9<sup>th</sup> February 2016) The 1.5-2°C warming limit agreed at the Paris climate summit will be impossible to meet unless Europe and the International Maritime Organisation (IMO) introduce measures to cut shipping emissions, NGOs Seas At Risk and Transport & Environment have warned. Shipping could be responsible for 17% of global CO<sub>2</sub> emissions in 2050 if left unregulated, according to a [study of the European Parliament](#), placing climate action firmly at the top of the EU Commissioners’ and IMO Secretary-General’s agendas when they met in Brussels on 9<sup>th</sup> February. Having escaped explicit mention in the Paris climate deal, emissions from shipping are the elephant in the room and will jeopardise the efforts of other sectors – making it all but impossible to keep global warming well below 2 degrees, the groups said. The IMO, the UN body tasked with tackling the climate impacts of shipping, has so far failed to grasp the nettle on shipping’s growing contribution to greenhouse gas (GHG) emissions. Sotiris Raptis, shipping officer at T&E, said: “We welcome the new IMO Secretary-General, who is coming to office at a key moment following the Paris agreement. We are sure Secretary-General Kitack Lim fully understands the need for the IMO to act now. The EU in parallel needs to include shipping in its 2030 reduction commitment now and in the EU ETS or in an EU climate fund from 2021.” John Maggs, senior policy advisor at Seas At Risk, said: “There is no reasonable excuse to continue exempting the sector from the global and EU climate policies. That shipping needs to make its fair share of cuts to keep global warming well below 2 degrees is not negotiable after Paris.” The European Parliament’s study took into account the IMO’s own research which found that shipping GHG emissions are up 70% since 1990 and are projected to grow by up to a further 250% by 2050. Shipping currently accounts for nearly 3% of global CO<sub>2</sub> emissions – higher than those of Canada, Brazil, Indonesia, Mexico, France or the United Kingdom.

## REST OF THE WORLD

### Fiat in talks with Iran Khodro; PSA reported to pay compensation

(Source: *Automotive Logistics News*, 10<sup>th</sup> February 2016) Following the news that PSA Peugeot Citroën and Renault are returning to make vehicles in Iran in two separate joint ventures with domestic producer, Iran Khodro, Fiat Chrysler Automobiles is also reported to be in talks to set up a production facility with the company. According to the *Mehr News Agency*, Ahmad Pourfallah, Chairman of the Iran-Italy Joint Chamber of Commerce, confirmed that talks are making progress though no deal has yet been signed. “On the basis of the conducted negotiations, it has been stipulated that Fiat’s new cars will be produced in Iran and deployed to the regional countries; accordingly, joint production rather than import has been put on the agenda,” Pourfallah told the news agency. Fiat would not confirm any details of the discussion and according to Pourfallah the amount Fiat will invest in the country is still under discussion. It will however, transfer knowledge and information to Iran Khodro while it in turn provides the workforce and energy for the plant. In other news, PSA is reported to be paying Iran Khodro €427m compensation for pulling out of the joint venture it previously had there when sanctions were imposed on the country. A report on Iran’s *ISNA* news agency, quoting Hashem Yekkeh Zare, the Head of Iran Khodro, added that PSA would waive €80m of outstanding debts, provide car parts worth €25m and a free production line for the Peugeot 207 model worth €11m. PSA said it had “absolutely no comment to make” on the figures mentioned in the ISNA report and would only say that the agreement signed with Iran Khodro was “balanced and good for both parties”. The new venture with Iran Khodro is expected to invest up to €400m over the next five years in manufacturing and R&D capacity for local production of the Peugeot 208, 2008 and 301 models, according to PSA. Last month Daimler signed a deal with Iran Khodro’s commercial vehicle division to set up a truck manufacturing facility in the country. The two companies have agreed on joint investment to manufacture Mercedes-Benz trucks and powertrain components and establish a joint sales company where Mercedes Benz trucks and their spare parts are sold. According to the agreement, Daimler will purchase a stake in Iranian Diesel Engine Manufacturing Company (IDEM). “Daimler commercial vehicles have always had an excellent reputation in Iran and right now there is a huge demand for commercial vehicles, especially trucks,” said Wolfgang Bernard, member of the board of management at Daimler. “Following the end of the sanctions, we are planning a quick resumption of our



business activities in the market there. The letter of intent with our local partner is an important pre-requisite to resume business quickly.”

### **Brazil wants to liberalise automotive trade with Argentina and Mexico**

(Source: *Automotive Logistics News*, 10<sup>th</sup> February 2016) The Brazilian government is looking at liberalising its trade in finished vehicles and automotive parts with Argentina and Mexico. The announcement, which was broken in a *Reuters* news report last week, marks a major shift away from Brazil’s protectionist trade policy and may be triggered by the fact that the car sector there has had three years of declining sales. The drops in 2015 were particularly dramatic. Light vehicles sales and production were down by 25.59% compared to 2014 (according to Fenabrave – the National Federation of Automotive Distributors), and heavy commercial vehicles sales fell by around 40%. Previously, Brazil has imposed heavy import taxes. Back in 2011 the government raised that to 30% on finished vehicle imports. The industrial production tax (IPI) was also raised for carmakers who did not meet localisation targets. The rises were driven in part by the appreciation of the Brazilian real at the time. Since then the real has depreciated, down 33% last year, according to analysts. The *Reuters* report quoted trade minister Armando Monteiro, who said that Brazil needed to move towards free trade, and that the country’s competitive automotive industry would benefit from the deals that would be achieved with a more liberal policy. Monteiro said the government’s priority was to rework a bilateral automotive deal with Argentina that expires in late June, and advance talks to expand overall trade with Mexico. Brazil saw a 116% jump in exports in January compared to the same month last year, according to the Ministry of Development, Industry and Foreign Trade (MDIC). However, that figure amounts to 29,000 vehicles. The government said that ‘surge’ was in part down to recent international automotive agreements it has signed, including with Argentina and Mexico, which saw respective increases of 164% and 101%. Exports to Colombia increased by 400%. According to figures from industry body Anfavea, vehicle production in Brazil grew slightly by 1.6% month-over-month to 145,000 cars and trucks in January 2016, while sales dropped sharply by almost 40%, to 155,000.

## **PRESS RELEASES**

### **Fast Response to a Need for Storage**

(Source: *Paragon Automotive*, 1<sup>st</sup> February 2016) Paragon was requested to set up a storage location in Chaul End, Luton, capable of holding up to 3,500 vehicles as a matter of urgency by one of our premium manufacturers.

The site was opened operationally on 27<sup>th</sup> January – less than four weeks from instruction.

Chaul End required major refurbishment to the poor tarmac surface. A total of 150 large holes were filled together with the installation of 500 metres of Palisade fencing.

Additional work required to get the site operational included Porta cabins, Security lights, Cameras, Generators, IT functionality, Security and line marking to make the site safe and capable of receiving vehicles in volume.

Paragon is responsible for managing the receipt, storage and dispatch of all vehicles across the site.

### **Höegh starts service to Colombia from Europe**

(Source: *Höegh Autoliners*, 5<sup>th</sup> February 2016) As of 1<sup>st</sup> February 2016, Höegh will commence monthly sailings to Cartagena, Colombia from Europe. Introducing Colombia to our service will strengthen our foothold in the region and increase connection in the Caribbean region.

Per Christian Mørk, Head of Region Europe says, “We see increased interest for the Latin American and Caribbean market amongst our customers and the added call to Cartagena is part of our growth ambitions in the region. Earlier this month we announced the extension to our Caribbean short sea network, with the acquisition of SC Lines’ Caribbean short sea service. Connecting the new networks, we can now offer extended connections from Cartagena to Port Everglade (FL, USA), Bahamas, Jamaica, Dominican Republic, Haiti, Mexico and Panama.”

The list of load and discharge ports can be consulted on the Höegh Autoliners [website](#).