



Growing pains

The return of stronger European growth means that capacity is once again tight and carriers are on the lookout for drivers, writes ECG president **Costantino Baldissara** (pictured with vice-president Wolfgang Göbel, far left)

“**F**or many of us, the financial crisis, almost a decade ago already, is becoming a distant memory. Unfortunately, so too are the market peaks that preceded it in most European countries, as many remain significantly down. However, in the vehicle logistics sector we are at least starting to see and feel the effects of robust growth across the region.

I write this just back from meeting members of our association at ECG’s annual General Assembly, where the mood was buoyant. At last the tide has turned and the reports are no longer of under-utilised fleets (with the exception of Russia, of course). Instead, capacity is tight. Month-end and quarter-end peaks are constrained because the resources in trucks and labour are simply not there to deliver the vehicles. Logistics providers are investing again, but capacity is lagging as many sales markets in Europe surge ahead of even the most optimistic forecasts. Furthermore, some markets are seeing a swing towards fleet sales, which absorb both more transporter capacity as well as space in storage compounds.

Germany, in particular, is showing steady growth and, consequently, suffering more than most from the capacity shortage. The situation, however, has been compounded by problems of the country’s own making. The hastily introduced German minimum wage laws (MiLog) have caused some of the operators who were previously running transporters registered outside Germany, to switch to carrying out cabotage operations – delivering in other countries – to use their fleets elsewhere. Growth has made this possible and the German market is paying the price. (See p7 for more.)

While ECG supports the principle of the minimum wage – Germany is the 22nd of 28 EU member states to introduce one – we decry a methodology that has impacted international movements in road transport. As such, we support the infringement procedures initiated by the European Commission and hope for a rapid clarification of the situation. Whatever the outcome, ECG, like the rest of the road haulage sector, wants the result to restore certainty and stability to the market so we can plan effectively for the future.

In the UK, meanwhile, finished vehicle stocks are soaring as carmakers pump volume into the market on the back of rising consumer confidence and a strong pound versus the euro. The country’s vehicle-handling ports are full, with ro-ro ships diverted to alternative ports, and trucking capacity is

being used to move stock on unplanned shuttle operations, diverting them away from more important movements (such as delivery to dealers). This situation is getting worse rather than better, with no sign of anything changing any time soon.

In search of driver solutions

On top of everything else, the driver shortage problem is, as expected, back with us. This issue eased following the crisis because of lower demand, but in recent months it has escalated once again to the point where it is becoming critical. It may seem crazy at a time when truck capacity is short, but many of our members are reporting that they have trucks stood idle occasionally for lack of drivers.

We know this is not just a problem in our sector, and road hauliers across Europe are suffering, but the vehicle logistics industry is competing for drivers with sectors that do not require their drivers to ‘roam’ – sleeping in the cab away from home, often in parking areas with no facilities and just metres away from busy motorways. Even tougher is finding people who want to load cars onto the top deck of a car transporter in all weather conditions, day and night, in an environment where accidents are sadly all too frequent. It is hard to make such work sound attractive, especially when it must be done without ever causing the slightest scratch or dent to the product at the risk of losing their job.

There is no magic fix for this problem. Expectations for living and work standards continue to increase, but the requirements necessary to run an efficient road transport network in Europe are also unlikely to change. We are going to need to find creative solutions to this problem.

Perhaps some of those solutions will be found among our young and future managers. The ECG Academy’s tenth course starts in October, tied in with the annual ECG Conference. If you wish to secure a place on this course, get your registration in as soon as possible (details are on our website).

We’ll also be discussing capacity and driver issues at our conference, in cooperation with *Finished Vehicle Logistics*, which will be held in Vienna, Austria. A welcome dinner on the evening of October 15th will be followed by a full day of conference and other social events.

The summer holiday season is now upon us and I hope you and your families find the time to relax for a while, as the third quarter looks to be busier still. ◊ ”