



ECG forced to focus on survival in industry conference

Microchip crisis – impact on vehicle logistics worsens

Brussels, Thursday 7th October 2021

The Finished Vehicle Logistics (FVL) industry is staring into the abyss as volumes continue to decline, demand fluctuates and forecasts are almost non-existent. As the current microchip crisis continues to threaten the very existence of the logistics industry that moves new cars, ECG makes strategies for survival top of the agenda for their annual conference in addition to the planned focus on sustainability.

Material shortages, most notably of chips (semi-conductors), continue to seriously impact the automotive industry as widely reported. The devastating impact on the vehicle logistics sector which supports it is largely unrecognized outside the industry.

ECG will hold their annual conference in Brussels on 14/15th October, an event that will bring more than 300 senior professionals together for the first time in 2 years. While planned discussions on decarbonisation of the supply chain will continue the focus has

switched to the survival of the industry. The automotive industry must take all possible steps to support their logistics suppliers. The industry traditionally works with contracts where no volumes are guaranteed and the associated risks are borne entirely by the carriers, however, it is impossible to deliver contracted services which are based on volumes that no longer exist. Cost bases are rising and service levels become impossible to achieve in this environment, a challenge made more difficult by the fact that almost every vehicle is sold which creates more peaks in demand.

Wolfgang Göbel, President of ECG, said “I have never seen such a rapid deterioration of confidence in this industry. Even Lehman Brothers and the ensuing financial crisis did not have anything like the commercial impact on the sector that the current supply issues are causing. Companies have become loss-making almost overnight, cashflow is becoming critical for many and, as a minimum, we need to see the customers paying their invoices promptly.”

ECG members report stocks of vehicles in compounds and terminals across Europe at record lows. One consequence is that some operators are already closing operations one or two days a week to match demand, a solution that could ideally be extended across the sector in a uniform way. In some cases entire operations are being taken offline. Similarly, the shipping lines are extending rotations and lead times as capacity is taken out but this also should be co-ordinated with all manufacturers.

All of this is happening at a time when costs are going up fast and the investments necessary in supporting a changing industry are also increasing and yet, ironically, the shortages are simultaneously helping to deliver record profit margins for the manufacturers.

Göbel further suggested that “The future will be seriously impacted. People losing drivers or divesting assets today will not easily replace them. You only have to look at the container market and the massive spike in rates caused by a shortage in capacity to imagine what will happen when volumes do return. Underlying demand is clearly very strong and the industry needs help to survive in order to be ready to meet the upturn. This will only happen if the OEMs work with their suppliers now to minimize the impact and ensure they live to see the recovery.”

On 14/15th October the annual [ECG Conference](#) will convene at the Tangla Hotel in Brussels.

Note to editors:

ECG is the established platform for the outbound automotive logistics sector bringing together logistics service providers, manufacturer logistics managers and suppliers to the sector. ECG aims to facilitate non-commercial collaboration between member companies and assist them in sharing best practices in many operational areas, especially the harmonisation of operational standards.

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About ECG

ECG, the Association of European Vehicle Logistics, has been the voice of the Finished Vehicle Logistics industry in Europe since 1997. ECG represents the interests of almost 140 member companies and partners, from family owned SMEs to multi-nationals, and is the major champion of the European vehicle logistics sector. ECG represents all transport modes at EU level – road, rail, maritime and fluvial. ECG Members provide transport, distribution, storage, preparation and post-production services to manufacturers, importers, car rental companies and vehicle leasing operators across the EU as well as in Norway, Switzerland, the United Kingdom, Turkey, Russia, Ukraine and beyond. They own or operate more than 380 car-carrying ships, 14,900 purpose-built railway wagons, 28 river barges and more than 27,800 road transporters.

As a major employer, the finished vehicle logistics sector plays an important role in contributing to the economic success of the European Union. ECG members have an aggregate turnover of around €24.5bn and their economic impact on companies associated with the sector is estimated at €64bn. [More than 112,000 Europeans are employed directly by the vehicle logistics industry and an additional 230,000 are indirectly employed in this sector.](#)

