

SETRAM: Expertos en Logística Automoción Vehículo Terminado

The Association of European Vehicle Logistics (ECG):
“War against Ukraine dramatically increases risk to vehicle logistics”

Institutional statement of the Association of European Vehicle Logistics (ECG). March 14, 2022

Crisis after crisis

Our industry stands shoulder to shoulder with Ukraine and probably employs more Ukrainian citizens than most in Europe. ECG is raising funds to support those of our members who are very actively engaged in the growing humanitarian crisis. At the same time the sector is experiencing extremely serious impacts on several fronts which need to be mitigated. The result is a third successive year of crisis following Covid and the microchip shortages.

Supply chains in tatters

Yet again global supply chains are being severely tested and are found wanting once more – the automotive industry is now seen to be heavily dependent on Ukraine for the sourcing of various parts and raw materials. The most immediate and serious issue appears to be wiring harnesses, which were manufactured in huge numbers in Ukraine by a large workforce that will not be easily or quickly replicated elsewhere. Whole factories are already being shuttered as a consequence, and with no reopening date in sight. Manufacturers are talking in terms of months rather than weeks.

Commercial agreements not designed for times like this

Inflation, rocketing before the conflict began, is now being driven ever higher by energy and raw material costs. It is energy prices in particular, fluctuating wildly and close to record high levels, causing the industry

problems. Widely-used fuel and bunker clauses cannot cope with these changes and compensate operators, as they are designed to do. Bunker prices have doubled in 6 months, increasing costs for some vessels by more than \$25,000/day! In Italy where the market is characterised by many owner/drivers – so called *padroncini* – it is reported that many have simply stopped working rather than accept rates which would lose them money. Many companies, that are unable to act in this way, are rumoured to be citing war as a reason to trigger ‘force majeure’ clauses in order to negotiate reasonable solutions. And fuel is just the most significant issue, huge increases in raw material costs are already feeding through to drive up the prices of assets whether it be ships, rail wagons or car transporters. Inflation generally is driving up wages. Every cost an operator faces is rising fast.

ECG’s Executive Director, Mike Sturgeon, said “Extraordinary times call for extraordinary measures and, unless contracts are revised quickly, what is left of the industry will grind to a halt as cashflow issues strangle operations. The OEMs and other clients need to immediately amend contracts to allow a much faster adaptation to changes like fuel prices, and they need to be fully transparent with their suppliers about future volumes so capacity can be planned.”

16 MARCH, 2022 **14 MARCH, 2022** **SETRAM LOGÍSTICA AUTOMOCIÓN DESDE 1982 - INNOVAMOS MEGATRUCK PARA 11 VEHÍCULOS - EN 2022 CUMPLIMOS 40 AÑOS**

This site uses Akismet to reduce spam. [Learn how your comment data is processed.](#)

