



## **Covid, material shortages, war in Ukraine: confidence down and soaring costs for operators in vehicle logistics**

ECG longstanding survey confirms that Finished Vehicle Logistics (FVL) operators are facing crisis after crisis and short term uncertainty

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The vehicle logistics sector is going through the third successive year of crisis with the war in Ukraine following both Covid and then semi-conductor shortages. The latest results of the longstanding ECG *Cost & Confidence* quarterly survey confirm that logistics operators are suffering one crisis after the other and lack confidence in what the future holds for the rest of 2022.

The number of truck operators planning to invest in trucks and drivers in the next 6 months has fallen to around 30%. The reduced volumes, and thus lack of work, in the last two years have led drivers to leave the industry in droves. In 2022 this has been compounded by many hundreds of Ukrainian drivers returning to their homeland to defend it. This means that most companies, even if they ordered new trucks today, would have to wait around a year for delivery and then would not have anyone to drive them! Shipping operators are facing similar issues with lead times for vessels now up to 5 years as shipyards across the world are besieged! ECG's President, Wolfgang Göbel, renews his warning "Operators cannot move vehicles without assets. The car industry is facing an extremely high risk of losing its suppliers".

A downwards trend in planned investments also applies to compound operatives, technical workshops and other relevant staff for vehicle logistics. The main driving factor is a lack of confidence in future volumes. Renewed Covid lockdowns in China are expected to cause further unpredictably in car production in the next months.

Uncertainty due to the war in Ukraine, rocketing material costs and rising inflation rates are driving up operating costs at an unprecedented rate. In particular, dramatic increases in fuel costs created a major burden on companies' liquidity in the short term.

Eurostat indicates inflation up to 7.5% at the end of March 2022 and many forecasts are predicting this to hit double figures during the year.<sup>1</sup> All costs in FVL are up: employing drivers and other staff, as well as costs of replacing and maintaining key assets such as ships, railway wagons, road transporters and barges increased at a rate never seen before.

In the past two years and now in the current war-torn climate, operators' sentiment about the sector fluctuates between peaks of pessimism and neutrality. Instability reigns! Currently, less than 20% of respondents feel optimistic about business prospects. This breaks the remarkably steady optimistic trend witnessed in the past decade. ECG's Executive Director, Mike Sturgeon, said "Optimism is certainly not encouraged by contracts that are not fit for purpose in such rapidly changing environments." This further reinforces the need to have more predictability through a [contractual commitment to minimum volumes](#) as well as adjustment for all significant variables, not just fuel, by manufacturers.

In 2010, in the aftermath of the financial crisis, ECG started a quarterly survey among its members to gain insightful data on confidence and cost trends in the industry. ECG represents around 85% of the FVL industry in Europe. Every quarter ECG publishes an analysis of the latest results for its members. Some of the key results can be found [here](#).

#### **Note to editors:**

ECG is the established European 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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<sup>1</sup> <https://ec.europa.eu/eurostat/documents/2995521/14497739/2-21042022-AP-EN.pdf/24299719-6c7c-606b-cd57-c1d69218e20c>

## 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 more than 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.](#)

