

Significant changes required for the survival of the Finished Vehicle Logistics sector



****ECG's President calls for dialogue and strategic partnerships***

At the ECG, the Association of European Vehicle Logistics' first physical General Assembly & Spring Congress after 3 years where participants and the ECG Board had the chance to meet and discuss the multiple crises that threaten the survival of the sector.

Within these three years the Finished Vehicle Logistics (FVL) industry is now facing the third ongoing crisis. COVID, microchip and materials shortages and the war in Ukraine have all caused supply chain disruptions, cost increases and unpredictable volatility in production.

Wolfgang Göbel, ECG's president, expressed the industry's fears of a non-viable future and called for strategic partnerships with the car manufacturers. Göbel said *"Adaption of our terms and agreements from the first decades of this century to meet the challenges, and totally different environment, of the '20s – we need more robust contracts that are fit-for-purpose."*

OEMs need to stand shoulder to shoulder with the FVL industry and work together on temporary solutions that will help to mitigate the impact of these consecutive and ongoing crises.

Göbel, during the Spring Congress, highlighted ECG's strategic objectives for 2022, emphasising the importance of dialogue in facing the enormous challenges that the industry unexpectedly finds itself dealing with. Most urgent is the need for volume guarantees and/or minimum volume clauses that protect the suppliers. Other clauses are also urgently needed in contracts to protect carriers from the ravages of extreme inflation and other

rapidly changing factors. Most of these can already be found in contracts OEMs hold with their inbound logistics suppliers, so the need is clearly understood by the manufacturers.

Strategic projects also demand a collaborative approach and two current topics are standardisation of emissions reporting, which is key for the industry to meet sustainability objectives, and enabling the so-called 'Digital Vehicle Handover' processes. These will allow operators and car makers do quality and damage checks more efficiently and save costs through digital tools. These two objectives demand partnership and constructive dialogue.

Without a joint approach the industry will not survive to invest in a decarbonised future and meet the challenges of the European Commission's 'Fit for 55' strategy. It must not only be able to support the recovery of the automotive sector but also be able to invest in the new systems, assets and infrastructure that the automotive industry of the future will need. Consequently, ECG's President is calling on the OEMs to come to the table and to resolve the issues together. A cross-industry forum for this exists and ECG is therefore hosting a hybrid (online & in Brussels) Industry Meeting on 28 June ahead of the association's 25th Anniversary event.
