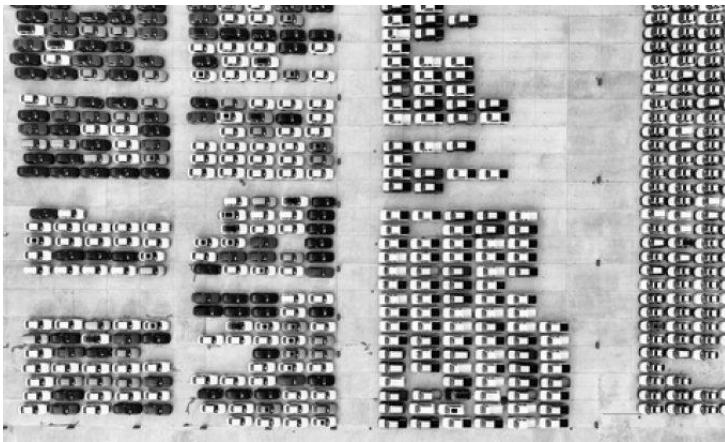


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News / Auto logistics providers brace for dip in volumes due to production downturn



By Stuart Todd 31/10/2024

Automotive logistics providers are bracing themselves for a dip in volumes, as the downturn in vehicle manufacturing gathers momentum.

Volkswagen, for example, is looking to significantly reduce its output, with labour unions fearing an unprecedented closure of plants in Germany and downsizing elsewhere, resulting in the laying-off tens of thousands of staff to slash costs.

Like its rivals, VW is suffering overcapacity in a sharply declining market, and is also having to contend with falling market share in China which for decades has been a veritable 'cash cow' for Europe's market leader.

It announced a net profit down by more than 60% in the third quarter, compared with a year earlier, as a backdrop to a near-recession in Germany.

Another major player, France-based Stellantis, produces Peugeot, Citroën, Fiat and Chrysler models, abruptly revised downwards its financial forecasts for 2024 at the end of last month.

The European Union's decision to impose hefty tariffs on China-made electric vehicles (EVs) entering the trading bloc, and its impact on already weakening market demand for new vehicles, is also a cause for concern.

As of yesterday, 30 October, tariffs rose from 10% to up to 45% for the next five years, following an EU probe which concluded that China was

providing subsidies to its automakers, resulting in unfair competition.

The Brussels-based Association of European Vehicle Logistics (ECG), represents more than 200 companies and partners that own or operate more than 470 car-carrying ships, 14,000 railway wagons, 23 river barges and more than 26,000 road transporters. It recently published its *Confidence & Cost Trends Survey*, which found that half its members were uncertain about future volumes, which was weighing on their investment decisions.

ECG executive director Frank Schnelle told *The Loadstar* the decline in volumes was already noticeable and would likely intensify, especially following recent profit warnings from manufacturers.

"Typically, capacity needs to adjust over time, and replacement investments are deferred. The extent to which this crisis will pose a lasting threat to [auto logistics] companies largely depends on how long it persists, at what level and how it aligns with the usual market cycles."

He added: "However, there are indications that this crisis may unfold differently from previous market fluctuations, due to its close connection with the transformation of the automotive industry. What concerns me most is that, during crises, the long-term perspective often diminishes, even though we need to set the course now for an emissions-free future. This requires investments, commitment, and cooperation from all market participants – our members and their clients."

It has certainly been an eventful 2024 for European finished-vehicle logistics players. Earlier in the year, "traffic jams" were reported at Europe's vehicle-handling ports, including the biggest, Antwerp-Zeebrugge, as stocks built up, largely due, ironically, to high volumes of Chinese EVs.

Ro-ro ships were delayed from entering ports, sometimes for up to seven days, before unloading vehicles, while parking capacity in port zones and at inland compounds was extremely tight, driving up storage costs.

However, Mr Schnelle revealed that overall, the congestion situation at the ports had "fundamentally improved".

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