



## The Association of European Vehicle Logistics

Brussels, 30<sup>th</sup> November 2012

### PRESS RELEASE

#### EUROPE'S CAR TRANSPORTERS STUCK IN A RUT

##### **Falling volumes and rising costs hit confidence and investment**

TRAPPED between weakening demand for new cars and soaring costs, Europe's outbound vehicle logistics providers are increasingly unable to invest in the new capacity that will be vital once the automotive market finally rallies.

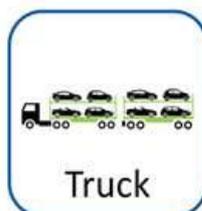
According to ECG's latest Confidence and Cost Trend Quarterly Survey for the third quarter of this year, just 13.5% of respondents said they expected their fleet size to increase in the next six months.

This is the lowest number on record, and compares with 40% who anticipated growth in third-quarter 2011. Fully 32.4% expect their fleet to shrink, down slightly on the 38% recorded in the second quarter of this year but otherwise, again, the worst number on record.

This follows a year in which fleet growth among ECG's members has slowed perceptibly, according to the survey, with those reporting an increase over the last year sliding to 34.3% from 43% in third quarter 2011. Some 23% of respondents said their fleets had shrunk over the last year, compared with just 2% a year ago.

According to ECG president Costantino Baldissara, "this perfect storm of falling auto demand, shrinking margins and soaring costs has grave implications for our sector and for the automotive industry as a whole.

"Starved of business, the manufacturers of car transporters already have their backs to the wall. Starved of investment, an increasingly aged fleet will be incapable of meeting the needs of a rising market once demand returns. The auto industry, and the European economy, risks missing a golden opportunity."



In response, Baldissara called on Europe's governments to reinstate the scrappage schemes that did so much to cushion the blow of the first stage of the economic crisis. "By incentivising European consumers to buy new cars, we can give a vital boost to a critical European industry and remove millions of older, dirtier cars from our roads."

The sector's will to invest is there. A healthy 51.7% said they intended to invest in trucks over the next six months, 41.4% in drivers – 47.2% reported experiencing driver shortages – and 20.7% in storage compounds. The restraints are formidable, however.

Market issues, rather than the availability of financing, are at the root of the problem. Some 83.3% said financing was available, even if most had difficulty securing it. At the same time, 69.4% said lack of confidence in future volumes was likely to restrict future investment, while 36.1% cited lack of confidence in securing long-term contracts and 69.4% concern over their ability to secure viable rates.

Falling demand for new cars, a product of a deeply troubled European economy, is having a devastating effect on the economics of vehicle logistics, and on the confidence of logistics services providers.

Just 14.3% of respondents expect volumes to increase in the next months, while 51.5% expect volumes to fall. Small wonder that only 5.6% feel optimistic about the next six months: a hefty 55.6% were pessimistic.

Costs are also remorselessly on the rise. Rising fuel costs hit 91.5% of respondents over the last six months, in most cases rising more than 10%. But other costs are also surging, from fleet maintenance and repair (with 86.1% of respondents noting an increase) to employing drivers (67.6%), major asset replacement (72.2%) to overheads (75.1%), insurance (58.4%) to finance (40%), tyres (68.6%) to tolls (68,5%).

#### Background for the Editors

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 100 member companies, from family owned SMEs to multi-nationals, and is the major champion of the European vehicle logistics sector. We represent all transport modes at EU level.

ECG Members provide transport, distribution, storage, preparation and post-production services to manufacturers, importers, car rental companies and vehicle leasing operators in 25 EU Member States, Turkey, Western Balkans and Russia. They own or operate more than 400 car-carrying ships, 18,100 purpose-built railway wagons, 85 river barges and 18,500 road transporters. As a major employer, the industry plays an important role in contributing to the economic success of the European Union. Today, ECG members have an aggregate turnover of €22 billion and their economic impact on companies associated with the sector is estimated at over €34 billion. More than 70,000 people are employed directly by the vehicle logistics industry and an additional 160,000 are indirectly employed in this sector.

For further information please contact:  
Mr Mike Sturgeon, Executive Director of ECG  
Tel: + 32 2 706 8280  
Email: [info@ecgassociation.eu](mailto:info@ecgassociation.eu)  
Website: [www.ecgassociation.eu](http://www.ecgassociation.eu)