



## The Association of European Vehicle Logistics

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### PRESS RELEASE

#### ECG CALLS FOR URGENT REVIEW OF RUSSIAN TRANSPORT RESTRICTIONS

##### Harsh limits hit carmakers, logistics providers and consumers, says Baldissara

ECG has called for an urgent review of restrictions on truck axle weights in Russia, which are severely restricting the car transport sector, wreaking financial havoc on manufacturers and transport companies, harming consumers and providing an active disincentive to investment in the Russian auto and logistics industries.

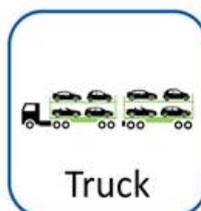
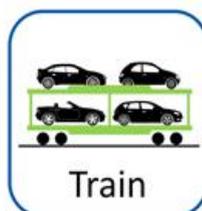
In a letter addressed to Russian Prime Minister Vladimir Putin and Deputy Prime Minister Igor Shuvalov, ECG President Costantino Baldissara noted that laws permitting Russia's regions to introduce limits on axle weights over a period of almost three months starting on April 1, "are severely hampering our members."

"The limits frequently mean that even an empty car transporter would exceed them, and they are therefore unable to move," Baldissara added. "The result, when there is no other way to move vehicles, means stockpiles building up in Russian ports and in the factory compounds."

"These factories, representing many hundreds of millions of dollars of investment in Russia by several manufacturers, will be brought to a halt in a matter of days if it is not possible to move the cars on to the compounds and dealerships."

Russia's Ministry of Transport has long restricted movements of heavy traffic in the spring, when melt water from the winter snows can destabilise the shoulders of roads often built with poor-quality materials. Still tighter restrictions imposed in 2011, reducing normal operating axle limits of ten tonnes to just three or four tonnes, were renewed this year.

The law allows individual regions to limit movements for discrete periods of up to 30 days between April 1 to June 25, but such periods may differ from one region to the next, often extending the disruption for transporters working long routes. Penalties for breaking the law are high.



Transport permits are available, but the system is more of a hindrance than a help. They are not only costly – running to 2,500 Rubles (€64.35) per 100 km – but cumbersome to obtain, with applications taking a minimum of 15 days to process. By contrast, the vehicle logistics industry does its planning and load-building for deliveries to dealers no more than three days in advance, while manufacturers have a maximum storage capacity at their plants of just 5-8 days. The permit process thus does nothing to prevent gridlock, plant shutdowns and soaring financial losses across an already hard-pressed industry.

As Baldissara pointed out in his letter, the regulations also do little to incentivise either inward investment in the Russian auto and logistics industry or higher-quality road-building across the regions. Strangely, they discriminate against domestic auto manufacturing and transport, since international movements are not restricted. ECG has noted a shift in deliveries, as a direct consequence, from Russian ports such as Ust-Luga to the likes of Kotka in Finland. The restrictions also do not apply to a broad range of other cargoes.

Baldissara called for an urgent review of these restrictions “before irreparable damage is done to industry.” Without change he foresaw “huge financial losses for transport companies operating in your country, potentially enormous losses for manufacturers if production is forced to a halt and, at best, greatly increased costs for those that find a way to continue operating. He added that it could also “call into question the viability of investing in your country if the infrastructure is unable to support industry.”

#### 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 Member States, Turkey and Russia. They own or operate more than 373 car-carrying ships, 13,000 purpose built railway wagons, 22 river barges and 17,600 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 €16.2 billion and their economic impact on companies associated with the sector is estimated at €34 billion. More than 64,700 people are employed directly by the vehicle logistics industry and an additional 160,000 are indirectly employed in this sector.

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