



The Association of European Vehicle Logistics

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PRESS RELEASE

CO-OPERATION VITAL TO PROSPECTS OF VEHICLE LOGISTICS SECTOR

ECG President Baldissara calls for government action to spur car production, sales

CO-OPERATION, between vehicle logistics providers and their car company clients, between government and the private sector, will be critical if Europe's automotive industry is to reduce a downward spiral in car sales, production and employment and assist in Europe's economic recovery.

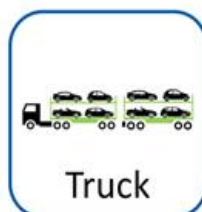
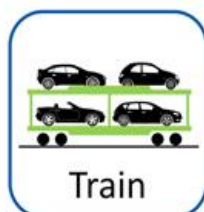
Speaking at the ECG annual conference in Prague, association president Costantino Baldissara said it was vital to the industry's prospects that Europe's car companies provide their logistics providers with real long-term commitments of future employment.

"Our sector is not investing," he said. "The main problem is confidence: confidence in the future and in a sound business environment."

Noting that purchases of car transporters had fallen from pre-crisis levels of 2,300 a year to a mere 600 units a year today, he said that with the fleet ageing and the major truck-builders under severe financial pressure, there might not be the modern car-transporting capacity to meet demand when an upturn finally comes.

"Logistics cannot be seen simply as a cost to be cut," Baldissara said. "It has to be seen as a marketing advantage. The only possibility we have to minimise the damage we are suffering as consumer spending, and car sales fall is through fair and equitable co-operation between carmakers and logistics operators."

Thankfully, co-operation between LSPs and OEMs is improving. As ECG Vice-president Wolfgang Goebel noted in a joint presentation to the conference alongside carmaker representatives, recently instituted joint ECG/ACEA meetings aimed at improving logistics efficiency were already generating benefits.



Co-operation between public and private sectors was also critical to the drive for stability in a highly volatile time, Baldissara said. He urged governments to incentivise car production and sales in Europe in order to foster employment and economic growth, advocating the reintroduction of the scrappage schemes that had done so much to spur car sales as the crisis took hold.

“In one country after another, scrappage schemes worked,” he said. Noting that such schemes resulted in the sale of an additional 500,000 cars in Italy in 2009, while sales in Germany jumped as a result by 18% to 1.2m in the first four months of that year alone, he argued that “we in Europe must act swiftly and decisively.

“If Italy, for instance, reintroduced its scrappage incentives of €1,500 per car, it would cost the country €18bn to replace the 12m old cars now on the road, but it would also generate €38bn in VAT income alone, as well as countless additional jobs, €49,000 per car in social and environmental benefits, and significant reductions in unemployment benefit.

Baldissara also urged Europe’s governments to forge a new industrial policy designed to bring auto manufacturing jobs back to the Old Continent. He cited the example of President Barack Obama’s rescue plan for the US auto industry, which had not only saved several major manufacturers from bankruptcy but made them more competitive. US car plants are now close to saturation.

Meanwhile Europe’s automotive plants remain under-utilised, despite the qualities – from favourable currency rates to a dedication to quality to a highly skilled workforce – that make production in Europe desirable.

In response, Baldissara said, “this is the perfect time for the European authorities to introduce fiscal and financial incentives to encourage global automotive alliances to shift part of their worldwide production to Europe. I am thinking here of export incentives or tax breaks for auto production.

“Only by improving European production, can we gain the confidence to start a new and virtuous economic cycle. This could be the long-awaited positive shock that we are looking for.”

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.

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