



A C E A

Freight Transport Logistics in Europe - key to sustainable mobility-

Commission's Communication of 28 June 2006¹

ACEA's Comments

December 2006

1. Introduction

ACEA (European Automobile Manufacturers Association) represents the interests and views of the thirteen major European car, truck and bus manufacturers. All ACEA member companies are key global players and have integrated operations in the European Union. They produce nearly twenty one million units with a turnover of over €450 billion. They employ over two million people directly and around twelve million people rely for their livelihood on the automotive sector in Europe.

European vehicle manufacturers have long supported the development of sophisticated logistics chains. Efficient logistics is important to the European automobile industry both as a supplier of vehicles and as logistics services' client, as the industry needs to get components to plants on a just-in-time basis and needs to get finished vehicles out of the plants and respect the increasingly strict order times the customers are demanding from manufacturers.

Many vehicles and component parts, for example cars, trucks, engines and body parts, are transported to and from factories by train or ship. Vehicles tend to go to distribution centres and are then transported by road in smaller batches to their new owners. But there are still a number of obstacles that should be overcome. The European vehicle manufacturers will carefully consider the Commission's proposals that may provide a solution to the existing difficulties. These solutions, however, should aim at reducing bureaucracy and lowering costs for transport operators.

¹ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions. Freight Logistics in Europe – key to sustainable mobility, COM(2006)336final. Brussels, 28.6.2006

In line with its support for intermodal transport, ACEA published a report, “Landscapes and Perspectives for Intermodal Transport”², which was prepared for ACEA’s Scientific Advisory Group (SAG) with Professor Christian Reynaud as Rapporteur. That report concluded that intermodal transport had not met its expectations. This failure, the report concluded, was due to a number of factors: the difficulties of integration of the intermodal transport chains, which are commercial, technical, operational and institutional. The report concluded that the future of intermodal transport depended on a fast growing market with high value goods being transported long distances. Sadly this has not happened. If intermodal transport is to grow from its small market share, then the high costs, inadequate service, commercial, technical, operational and institutional difficulties detailed in the SAG report must be overcome.

2. Identification of obstacles and their solutions

ACEA welcomes the Commission’s suggestion of setting up a group of contact points with the Member States and industry to identify and deal permanently with the obstacles preventing faster development of freight transport logistics.

European Vehicle Manufacturers are supportive of a joint effort to identify and overcome the obstacles to the development of freight transport logistics. A set of Freight Logistics Focal Points composed of industry, Member States and other interested parties could help carry out this work. ACEA believes that works should be organised by sector and/or by geographical area rather than by transport mode.

3. Information and communications technology (ICT)

Vehicle Manufacturers in Europe agree on the importance of information and communication technologies in the area of logistics. However, ACEA considers that standardisation should primarily focus on communications between private actors and administrations as well as between administrations themselves. The Commission should not initiate more general standardisation efforts (e.g. between logistics services’ clients and logistics operators).

4. Logistics training

ACEA agrees with the Commission that training for logisticians and other personnel working with logistics flows should be a clear priority. Creating mutually recognised certification for training would create added value for individuals, companies and society. It may be worth considering supporting specific training initiatives by sector. This approach would allow taking the specific needs of each sector into consideration.

² see:

[http://www.acea.be/ASB20/axidownloads20s.nsf/Category0ACEA/4E7D0E6676C5CDC1C125702F003ACFD4/\\$File/20030506IntermodalTransportLandscapesAndPerspectives.pdf](http://www.acea.be/ASB20/axidownloads20s.nsf/Category0ACEA/4E7D0E6676C5CDC1C125702F003ACFD4/$File/20030506IntermodalTransportLandscapesAndPerspectives.pdf)

5. Statistical data

ACEA recognises the need for reliable freight logistics statistics. However, it is very important first to agree on a clear definition of logistics in order to delineate the scope of data coverage. And it is even more important to first have reliable freight transport statistics. Many important, reliable and consistent data on transport are available in a number of publications. However, a number of gaps exist which are vital to the development of future transport and logistics policies.

At present the most reliable statistics on freight movement in the EU are measurements of tonne/kms. While these provide some basic information they only show part of the picture while they hide a number of issues and in some cases are misleading.

Aggregated weight based statistics can be misleading because:

- over time economies change, production of bulk raw materials declines and high value consumer goods increases, which is not reflected in the figures;
- aggregated weight based statistics do not take account of different service quality requirements with high value consumer oriented goods requiring more controlled, reliable and punctual delivery;
- weight-based statistics do not take account of volume. Some high value but low weight goods are quite bulky. This has resulted in trucks being full by volume but not up to their maximum weight (leading to a mistaken assumption that they are running part empty).

While it is true that no general source of value or volume figures for freight in Europe currently exist, work should start immediately to develop the necessary methodology and willingness to collect these essential figures as soon as possible.

6. Utilisation of infrastructure

Europe's transport infrastructure, especially its road network, is falling behind what is required for a modern economy. This is mainly due to lack of investment. It is clear that the trends and forecasts show the need for increased investment in infrastructure. In road transport, investment in infrastructure has declined. This has contributed to bottlenecks and increased congestion. Spending on road infrastructure has fallen to dangerously low levels and this is one trend that must be reversed, especially against the background of a further ageing road infrastructure and the need for increased maintenance.

The Trans-European Networks have been seen as an important element of European transport policy but project implementation has been disappointing. The reasons for this are known. They include: insufficient definition, limited debt raising capacity, deficient economic and financial viability and limited third party finance. If sound economic disciplines were utilised in selecting projects then the outcome might have been very different. In view of the expected growth in road transport, a much greater emphasis on road projects is needed. Europe will not gain from continuing to support too many poor rail investment projects.

7. Service performance – recognition of quality

Quality in logistics services and companies is essential. Existing quality standards do match perfectly the needs and ACEA does not see a need for implementing an additional certification or benchmark system for assessing logistics performance. Certification tools are important to assess quality as long as the related administrative burden is maintained on a minimum level. Any new, additional system would mean added costs, which would in turn undermine competitiveness.

8. Promotion and simplification of multimodal chains

ACEA strongly disagrees with the Commission's statement, "*the use of different modes in a single transport chain is a contemporary concept. It requires a change, first and foremost, of mentality*". The Commission should not ignore the fact that industry's logistics choices are driven by two very simple principles, namely cost and efficiency. Mentalities should not change, but non-efficient modes of transport should. European vehicle manufacturers are logistics consumers. The sector is familiar with the difficulties of combining different modes of transport. In most cases the only possible transport solution is the use of one single mode, mainly road.

9. Loading Standards

Vehicle manufacturers did not support the proposal for a European intermodal loading unit when it was first proposed in 2003 and it is not supported now. Indeed earlier this year ACEA wrote to the Commissioner for Industry following his announcement of the withdrawal of 68 legislative proposals, that the ILU idea should be withdrawn also. There seems to be little or no support for this idea from stakeholders. Freight operators are, if anything, moving to bigger containers not towards the ILU type of specification. Given the millions of containers with several different specifications in use globally, there seems no point in developing a new loading unit which goes against the direction in which the global market is moving.

Stackable swap bodies also seem to have little purpose. Swap bodies are designed to be on the move transporting goods. They are not designed to be parked in storage facilities. There is no need to endure the additional cost of making swap bodies stackable. Indeed such action would, if anything, encourage less efficient logistics when Europe's competitiveness demands more efficiency.

In road transport, the "modular concept" that was introduced in 1996 would enable up to 50% more freight to be carried in one vehicle. The use of this concept would allow, in certain national transport operations, vehicles and loads that are longer than generally. It is now opportune to explore seriously this modular concept for Europe.

10. Conclusion

ACEA believes that the development of transport logistics is basically a matter for industry. Action should be taken to overcome the problems identified in the ACEA SAG report that have not been solved so far. These include commercial, technical, operational and institutional problems, which need to be solved within the context of different markets with different requirements.

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