Key innovations and strategies highlighted at ECG Spring Congress 2024

Transforming vehicle logistics

by Ewa Kochańska

The annual spring gathering of the Association of European Vehicle Logistics (ECG), held this time around on 23-24 May in the Italian Baveno, included almost 300 of its members and partners who engaged in discussions about current challenges, most recent developments, and future direction(s) of the vehicle logistics industry in Europe. Some of the topics included CO_2 emission reporting, technological advancements, operational efficiency, demand issues with battery electric vehicles (BEVs), and Chinese aspirations for vehicle market domination (and EU's countermeasures).

The first day of the event featured the General Assembly, where members took care of reports on ECG's activities and later attended a gala dinner along with the graduation ceremony for the 17th course of the acclaimed ECG Academy. The first day also saw ECG Board elections, where Wolfgang Göbel, Chief Sales Officer at Mosolf, was entrusted with a new two-year mandate as president while Mark Hindley from BCA UK was chosen as the Association's new VP. Also, two new board members were chosen, Jørgen Lindgaard from UECC and Johannes Alexander Hödlmayr from Hödlmayr International.

The second day was dedicated to the Spring Congress, with reports and conversations about a variety of key topics concerning the vehicle sector. The presentations addressed the ongoing digital transformation in the industry's logistics, with a focus on the standardisation of digital messages, VIN labels, and the digital vehicle handover processes. Sustainability was also a key theme, with discussions on emissions guidelines, e-vehicle state-of-charge requirements, and reporting protocols for fire incidents involving BEVs. Other topics included dealing with supply chain constraints, compliance with new environmental regulations (such as the CO_2 road tax in Germany), and protectionist policies, especially concerning EU-China relations.

A keynote address from Antonio Errigo, Deputy General Director, ALIS – Italian Logistics Association of Sustainable Intermodality, described 'significant growth' for 2023 in the Italian automotive market, noting, however, a weakening demand for BEVs. Errigo further underscored a critical need for European integration in the vehicle logistics sector and for the continental legislatures to focus on overcoming 'bottlenecks' and achieving 'shared decarbonisation objectives.'

Justin Cox, Director of Global Production at LMC Automotive, focused on the current state of the overall European automotive market, highlighting the impact of inflation, China's significant influence on global vehicle sales, slowing trade in BEVs in Europe and elsewhere, and the importance of adapting to these market changes. "The rich tend to buy into BEVs, but it's far more difficult to make others do the same," said Cox, pointing out that the phase-out of some national incentive programmes, e.g., in Germany, has stalled BEV growth. In the first quarter of 2024, sales of e-vehicles were down to 11% from 13% in 2023 in Europe.

Concerning the decarbonisation of global freight and logistics, Andy Golding from Smart Freight Centre outlined some strategic directions and initiatives in this area. Golding mainly highlighted the necessity for collaboration to reduce greenhouse gas emissions in the global logistics ecosystem and engagement through initiatives such as policy advocacy, data digitalisation, supply chain assessment, and fleet electrification guidance.

The issue of supply chain emissions was, too, illustrated by Jean-Christophe Deville, Vice President of Supply Chain at Toyota Motor Europe, who spoke about his company's ambitions and strategies to ensure 'on-time, in-time, every-time' delivery across all supply chain activities with minimal CO_2 footprint. Pointing out that Toyota sold 1.17 million vehicles in Europe last year, of which three-quarters were electrified, Deville highlighted his company's strategic planning, network digitalisation, emphasis on efficiency, and continuous adoption of new technologies to get those sales to customers as smoothly likewise environmentally friendly as possible. Toyota lowers its CO_2 emissions by optimising the company's network, which means fewer kilometres travelled, and improving loading efficiency by aiming for 'operational excellence.' Additionally, their 'Green Future' initiatives set targets, strategies, and reporting mechanisms for CO_2 reduction and collaboration with logistics partners to report and reduce











emissions from outsourced transport. Similar to other speakers, Deville also emphasised the need for collaboration and support from logistics partners to achieve ambitious supply chain emission reduction goals.

Namrita Chow, a transportation business analyst, updated the audience about regulations in Europe concerning China, particularly in the BEV market. While countries impose tariffs and subsidies to protect local industries when trade imbalances occur, Europe's protectionist policies buy time without resolving the problem. The stifling new policies also push China to respond in kind, creating a de facto tit-for-tat trade war. As such, the EU's new regulations require BEVs imported from China to be registered, with tariffs possibly being imposed retroactively. In return, China puts out its own 10% import tariff on EU-made cars (considering also aviation and agricultural exports from the EU). Chow predicts that as the ongoing tensions and 'adjustments' in international trade policies continue, the future of the vehicle market in Europe is trending towards joint ventures, contract manufacturing, and acquisitions involving Chinese and international companies.

Lastly, Ben Waller, the Associate Director of ICDP, discussed the current state and implications of the agency model in vehicle logistics and supply chains. Original equipment manufacturers (OEMs) are increasingly adopting the agency model, where dealers act as agents selling vehicles directly on behalf of OEMs. This shift aims to support omnichannel journeys, reduce distribution costs, and get closer to customers. However, the implementation of this model has faced delays, with Ford notably cancelling its rollout altogether. In Europe, aligning supply chains with the new OEM network strategies is crucial, Waller underscored, as the agency model involves OEM ownership of stock. This shift, along with the return of vehicle supply and higher stocking costs, necessitates rethinking finished vehicle logistics strategies to centralise inventory. OEMs must clarify roles with logistics service providers regarding car storage to maintain operational flow and manage inventory effectively. Waller emphasised that strategic planning and adaptation will be essential as OEMs transition to and refine the agency model in vehicle logistics and sales.

The event concluded with a social and networking dinner, which provided opportunities for attendees to mingle, explore the local area, and engage in less formal discussions. **The next gathering of the ECG will take place in Hamburg on 24-25 October 2024**.