

The new (car) world order?

by Przemysław Myszka

The annual autumn gathering of the Association of European Vehicle Logistics (ECG) brought this time around 600 people to Amsterdam to assess the state of the industry. While the conference's official theme-banner flew 'Changing Technology in a Changing World. The Power of Efficiency Through Innovation in FVL,' other prominent topics were vying for the audience's attention, with China's growing dominance in car manufacturing taking centre stage.

ECG President Wolfgang Göbel traditionally orchestrated the opening with a few words about the present (market, investment, and regulatory) condition of the sector tasked with moving vehicles around the globe. The market has been flat for a long time, with no sign of either appreciable growth or a striking decrease. Europe-wide, only Poland and Spain are faring well (the latter because, among others, it's catching the electric vehicle transition wave only now). As such, logistics players are rather cautious regarding their investment in fleet renewal. On the other hand, interest in buying e-trucks for carrying vehicles remains noticeable. Here, ECG is investing in its Green Cost Calculator, a tool meant to empower potential e-lorry buyers with cost-investments-versus-emissions-savings data that clarifies when opting for an e-truck is truly a greener option than picking a diesel one. Other internal ECG work included setting up a new working group on high & heavy cargo, an area that will also encompass military logistics. Here Göbel shared that working with the armed forces proved to be a challenge with a completely different flavour. For instance, procurement doesn't work like in the commercial sphere, something the industry will have to wrap its head around if it wants to tap into military mobility (and the EU funds designated for it).

Policrisis

Speaking of which, the first keynote speech was delivered by Major General Ulf Häussler, Director of the Operations and Planning Division at NATO Headquarters. His address was all about deterrence – and the Alliance's budget for it. Russia recognised as the primary threat, with Eastern Sentry and Baltic Sentry missions already underway, NATO Members have pledged to up military spending to 5.0% of their GDPs, including even 1.5% on military-related activities (crucially important, logistics). Asked during the later press conference about the reason for putting the military on the agenda, Göbel answered that it was for raising awareness. Further probed about the industry's willingness to work with the army, he said that FVL is ready to be part of the future military deterrence solution (though maybe

not exactly by hosting anti-aircraft gear in their compounds or terminals).

Next was Colin Couchman, Executive Director, Global Light Vehicle Sales Forecast, S&P Global Mobility. In his market update, he shared the factors making the present economic foundation unstable: tariffs, the return of inflation, and higher interest rates. Couchman also pointed to increased regulatory pressure around decarbonisation in Europe (with other parts of the world seeing other paths to electrifying the vehicle market – or the absence thereof). He then focused on the dynamic expansion of Chinese OEMs, underscoring that the country's internal market, already the world's largest, is home to some 100 manufacturers and around 150 brands (with the likes of MG that might ring a bell in a European ear). These companies, accustomed to fierce domestic competition, are now entering other markets at the expense of car producers from Europe, Japan, and the US. Certain markets seem unreachable for the Chinese for different reasons, including cultural, like in Japan and South Korea, protectionist in India, or of scandalous nature when it was discovered that workers setting up a Chinese plant in Brazil lived in slave-like conditions. That said, Europe – which in the meantime shifted from being a net-exporter to a net-importer of cars – is witnessing the localisation of Chinese manufacturing on its soil, among others, by recycling inviable plants. OEMs from China have already dominated other markets, like Russia's (following its war of aggression against Ukraine and the cessation of imports & manufacturing of Western brands in the country).

Session 1 was concluded by Klaus Zellmer, CEO, Škoda Auto, who talked about the 'policrisis' driven by decarbonisation, drivetrain transformation, and digitalisation. Interestingly, he noted that while it's the EU having an upcoming ban on internal combustion engines (by 2035), it's China that's leading the battery-electric market. Europe's struggle to move forward is due to a number of factors: the charging point density is still small, with the electricity price remaining high; the earning margin for an e-car made-in-Europe vs ICE is close to zero; the Europeans are losing the Chinese market; and the regulatory burden

is similar to running with a rucksack full of stones on one's back. With the European market flat (and with an increasing share of OEMs from China), Zellmer sees potential in overseas expansion to India and Vietnam. This, however, requires a mental shift. To sell cars in India, Škoda's chief exec underlined, one needs to produce 'local for local.'

China speed

Chris Zuo, Executive Vice President, China Automotive Logistics Association, opening Session 2, couldn't pronounce the country's rise to (vehicle) power more. 'China speed' of growth in this field was illustrated with the number of owned cars on the domestic market – from 16 million in 2000 to 281m today. Furthermore, two out of every three e-cars sold worldwide stay in China. The country also managed to reconquer its domestic market. At the break of 2022 and 2023, over 50% of it belonged to Chinese brands (this is also because OEMs from China have started putting together increasingly luxurious cars). Apart from the mentioned plans to ramp up Chinese vehicle manufacturing outside the state, the country is also investing in logistics by ordering car carriers to meet the forecasted export demand. On the former topic, Zuo's presentation curiously still included Stellantis' plant in the Polish Tychy (known for producing Fiats, Jeeps, and Alfa Romeos), which after a year ceased putting together T03, a fairly small & pocket-friendly e-car of Leapmotor for the European market...

Christof Klitz, Special Advisor on Transport Policy, FIPRA (a Brussels-based "public affairs agency at the intersection of business, politics, and policy"), set Europe's situation against global trends. Geopolitical confrontations, compounded by the crisis of confidence in democracy, are writing globalisation off, with the EU slow to adapt to the new reality. Whereas the bloc is somewhat turning its attention from greening towards competitiveness and 'strategic autonomy,' Klitz stressed that just 11% of the recommendations put forward in the landmark Draghi report were implemented after one year since its publication. Klitz also cast doubt over the concept of becoming more competitive by putting in place protectionist



Photos: ECG



measures like more regulations against China's expansion. Whereas in the past it was the Westerners who were afraid of the Chinese stealing their intellectual property, now it's the latter guarding their IP. And if the future is to be electric, at least concerning the automotive sector, then who already has the upper hand in tech & expertise (not only access to rare-earth elements needed for battery production but also the idea of the software-defined vehicle)?

The subsequent panel – where Göbel, Couchman, and Klitz were joined by Andreas Klugescheid, Chief Strategic Foresight and Engagement Officer, European Automobile Manufacturers Association – continued the “Chinese” theme. Andreas also mentioned the Draghi report, its update stating that after one year, the conditions for strengthening the EU's competitiveness actually worsened. He, too, noted the bloc's floppiness in keeping pace with a world that seems to pivot every few weeks. Couchman added that it's the Chinese who are dealing the cards now in car manufacturing – and we don't even know what their 'planning department' has fully in store. Göbel reiterated that the European market is stable; it is its composition that is changing. Europe's problem lies, he continued, in failing to translate analysis into action. On that note,

Klitz said that maybe external pressure is exactly what the EU needs to speed things up.

If it works – scale; if it doesn't – scrap

Session 3 put politics aside, focusing on all-things-tech. First was Peter Hörndlein, Managing Director, Vehicle Logistics, Volkswagen Konzernlogistik, who explained the difference between autonomous and automated driving, the latter being a bridging step towards the former. He then detailed the Auto Log project, in which vehicles are driven by external sensors for yard management (receiving & parking vehicles from different modes of transport). If successful, the concept will be rolled out to ship loading.

François Prince, General Manager Vehicles Logistics Engineering, Renault, shared the lessons learned from having to deal with multiple crises, including the coronavirus pandemic, global supply chain headaches, and others (and new ones yet to come). He said that the automotive sector, OEMs included, nowadays needs to deliver more than previously, while concurrently having to deal with less predictability. Renault's answer to this is total visibility through digitalisation. Prince's team has developed so-called control towers that gather data to map the supply

chain across all tiers to react accordingly if something happens.

Having mentioned data, it was the main 'hero' of the closing debate, Hörndlein and Prince sharing the stage with Karol Niznik, SVP Production, Logistics & Procurement, AUTO1. Niznik's perspective was unique not only because his company deals with the used car market (“no tariffs!” he highlighted smilingly), but also as it's a digital enterprise, with visibility, tracking, and notifications – part and parcel for the modern way of delivering those 'second-hands' from one corner of Europe to another. What is more, Niznik's company also developed a technology to evaluate a car's condition – within just five seconds of scanning the vehicle. The panellists also pointed to a profound change in tech development. Pilot-to-scale-up projects took the place of big sweeping business model changes. If a solution works in one place, there are chances it'll do fine in others. If it doesn't work, it can be scrapped quickly without generating exorbitant costs.

Before the 2026 edition of ECG Conference, 15-16 October in Copenhagen, the Association's General Assembly & Spring Congress will welcome its members, partners, and friends to Istanbul on 4-5 June 2026. *Boğaz kıyısında görüşmek üzere!*