European auto logistics seeking visibility in fluctuating market for new vehicles

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EU tariffs on China could alter vehicle trade flows but there are other fluctuating factors influencing Europe's auto logistics.

A major talking point in Europe's automobile manufacturing industry and its supply chain is the European Union's (EU) recent decision to impose hefty tariffs on China-made electric vehicles (EV) entering the trading bloc and its impact on already weakening market demand for new vehicles.

From next month, they are set to rise from 10% to up to 45% for the next five years. It follows an EU probe which concluded that China was providing subsidies to the nation's automakers resulting in unfair competition.

For consumers, it could mean higher EV prices, undermining the EU goal of being carbon neutral by 2050.

The hike in import duties were calculated based on estimates of how much Chinese state aid each manufacturer has received. The European Commission (EC, the EU's executive) set individual duties on three major Chinese EV brands – SAIC, BYD and Geely.

First batch of leapmotor electric vehicles shipped from China to Europe

EU Split on Tariffs

EU member states were split over the tariffs. Germany, whose automobile manufacturing industry relies heavily on exports to China, condemned them as protectionist. Volkswagen said tariffs were “the wrong approach”.

China has consistently denied the existence of subsidies to its automakers and described the EC’s findings as “artificially constructed and exaggerated” and threatened retaliatory measures against the EU’s dairy, brandy and pork processing industries.

Despite the vote in favor of the tariffs, EU-China negotiations are set to continue, and the coming weeks are likely to reveal whether a trade war can be avoided.

Chinese automakers’ answer to EU tariffs could be to produce in Europe. BYD is building a plant in Hungary while its Chinese rivals are expanding through joint ventures with European counterparts.

Without the uncertainty that EU tariffs on Chinese EV could have on demand and volumes, European auto logistics players have already had plenty on their plate in 2024.

Earlier in the year, there were reports of ‘traffic jams’ at Europe’s vehicle-handling ports as stocks of vehicles built up. Ironically enough,

this was largely due to Chinese EVs clogging up the automotive supply chain.

Ro/Ro Squeeze

Ro/ro vessels were waiting outside ports sometimes for up to seven days before unloading vehicles while 'onshore' storage capacity in port zones and at inland compounds was severely squeezed, driving up logistics costs.

However, Frank Schnelle, Executive Director designate of the Brussels-based Association of European Vehicle Logistics, told *AJOT* that the overall (congestion) situation at the ports had "fundamentally improved" compared to the beginning of the year.

"A reaction to the weak demand has been the reduction in production by some OEMs, which has resulted in a slight decrease in inventory levels. Additionally, the bottlenecks in transportation capacity have also eased. Imports from Chinese OEMs to Europe remain stable. However, making a statement about how this will evolve in the future is challenging, as it largely depends on how the overall market in Europe develops."

At Antwerp-Zeebrugge, Europe's biggest port for new vehicles, activity at the terminals is less hectic than earlier in the year as the automotive market "experiences some challenges," according to a spokesperson at the Belgian port.

New vehicle traffic (imports and exports) at Antwerp-Zeebrugge certainly reflects a fluctuating market with little visibility. The port handled approximately 1.6 million units in the first six months of the year compared to 1.7 million units in the same period in 2023 and 2 million units in pre-pandemic H1 2019.

The registration of cars globally in Europe in August dropped 18.3% compared to the same month last year, according to data from the

Latin America Trade

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European Automobile Manufacturers' Association (ACEA). There were negative results across the region's four major markets: double-digit losses were witnessed in Germany (-27.8%), France (-24.3%), and Italy (-13.4%), with the Spanish market declining by 6.5%.

Registrations of battery-electric vehicles (BEV) dropped by 43.9% to 92,627 units, with their total market share slipping to 14.4% from 21% a year before.

“This (decline) was probably triggered by the cancellation of the EV subsidy in Germany. insufficient charging infrastructure for EVs, lack of subsidies and high prices, slowing down sales in the segment,” the port spokesperson underlined.

Road to Rail Logistics

Automotive market fluctuations aside, transport sustainability and environmental protection initiatives also figure prominently on the European auto logistics sector's agenda - prime examples being modal shift from road to rail and the adoption of ‘green' fuels for ro/ro vessels and car-carrying trucks.

Freight trains would appear to be well-suited to the shipment of automobiles, considering their high-volume capability and economic viability over long distances while emitting a good deal less CO2 than trucks.

However, road remains by far the most dominant transport mode in this key industrial vertical.

Zeebrugge handled 578,793 cars by rail last year compared to close two to 2.1 million units by road.

Two driving forces appear to explain why OEMs are looking to give a more prominent place to rail in their transport and logistics provision.

The first is making their supply chains more resilient by reducing dependence on road haulage where tensions exist, notably a shortage of truck drivers.

The second is decarbonization; the easiest and most efficient way to decarbonize transport is a higher utilization of rail. However, the downside is that currently, there are also capacity limitations on rail networks.

Ceva Logistics is one major, automotive 3PL convinced that rail's share of new vehicles transport is poised for significant growth.

Earlier this year, it began operations at a new, finished vehicle logistics (FVL) hub at the Port of Dunkirk. The hub is equipped with a rail spur and connects to maritime import and export trade flows to and from the northern French port.

"By using the rail spur, we are able to offer our customers long-distance rail transport at the Port of Dunkirk, for example, for the transport of finished vehicles to and from Eastern European countries," a Ceva spokesperson explained.

The rail spur runs to the edge of the port's quays and is located in proximity to the FVL hub.

By March 2025, the 'combi' terminal could be handling up to 95,000 vehicles annually.

Ceva, which last year transported a total of 5.5 million vehicles, describes itself as "Europe's leading multimodal operator of finished vehicles" and operates a fleet of 3,000 trucks and 3,000 car-carrier wagons.

The deployment of four, new 7,000-car capacity, LNG dual-fuel hybrid ships this year, by its parent company, ocean shipping giant, CMA CGM, has enhanced Ceva's multi-modal capacity capabilities.

As for the outlook for automotive logistics providers, ECG's Schnelle noted that vehicle manufacturing is undergoing a significant transformation, with new technologies, changing consumer habits, and the major challenge of decarbonization.

"The various crises in recent years, occurring at very short intervals, seem to have put an end to the familiar economic cycles. At the same time, we are witnessing a weakening market, as evidenced by profit warnings from OEMs. The challenge for our members is to develop resilience to address these market fluctuations while maintaining a long-term focus on the necessary investment decisions for decarbonization."

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