AND SO TO EURO 6

2013 witnessed record truck registrations as operators sought to beat the 31 December deadline for Euro 5 or the RPC cut-off for Euro 6. Brian Tinham looks at what it means for 2014

Figures for commercial vehicle sales in the UK during 2013 surpassed all the pundits' predictions and even those of the vehicle manufacturers themselves. Indeed, although pre-crash 2008 was the year when records were notoriously set, even those were smashed, according to data for last year, now released by the SMMT (Society of Motor Manufacturers and Traders).

Why? Well, sadly, not due to outstanding economic growth, but actually a massive distortion of the market caused by an artificial deadline set for Euro 5 vehicle sales. While those built before 30 September were eligible for derogation into 2014, any built after 1 October had to be registered by 31 December 2013. From that date, only the more expensive Euro 6 trucks could be sold.

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As a result, 2013 saw the biggest ever 6x2 tractor market. Indeed, overall the UK recorded its greatest sales figures for commercial vehicles above 3.5 tonnes since 2005, the best for trucks over 6 tonnes since 2006 and the highest number of commercial vehicle registrations in the 7.5–18 tonne bracket since 1998.

It also witnessed the largest ever single month of sales for vehicles of more than 3.5 tonnes in December, with 11,350 registrations, compared with a total of around 4,000 in previous years. Indeed, 18 December set a new record for the number of registrations in a single day – at just over 1,000.

Out with a bang

As Ray Ashworth, managing director of market-leading DAF Trucks, puts it: "The 2013 truck market certainly ended with a bang, outstripping even the most optimistic forecasts, with a massive surge in

TWO-AXLE RIGIDS: 12.1–15 tonnes

	2013 Volume	2013 %	2012 Volume	2012 %	Change %
DAF	837	58.4	717	71.4	16.7
Iveco	265	18.5	81	8.1	227.2
Mercedes	200	13.9	121	12.1	65.3
MAN	58	4.0	59	5.9	-1.7
Renault Trucks	16	1.1	15	1.5	6.7
Others	58	4.0	11	1.1	0.0
TOTAL	**1,434**		**1,004**		**42.8**

year-end registrations.... Our dealer network sold 3,500 trucks in December, compared with less than 700 the year before. And 700 of those were sold and registered in the last week before Christmas, ready for bodying early in the New Year."

So, good news? Well, yes. Operators that could afford to pull forward investment saved themselves significant money compared to the price they would have to pay now for equivalent Euro 6 vehicles. And manufacturers able to flex production to meet unprecedented demand will no doubt have been happy with the unexpected takings.

That said, for OEMs the next few months look set to move rapidly from feast to famine, with purchasing unlikely to resemble anything like 'normal' until the autumn of 2014, in spite of UK recovery projections. Indeed, Iveco expects registrations above 3.5 tonnes to be down 15%. Van sales, however, should remain unaffected, because the Euro 6 distortion factor doesn't hit them until 2016.

"December 2013 shows what happens when legislation beyond our control is imposed on the industry," comments Claudio Zanframundo, managing director of Iveco UK. "It distorts the market... This has to be something for legislators to take note of. The effects of legislation and the demand it inevitably creates can lead to instability. That's bad for investment, bad for planning and the last thing you need in a recovering economy."

Ramming home the point, he explains that, while Iveco had forecast an increase in sales of 4% for middle-weight and 10% for heavy-duty trucks in 2013, the actual figures were 19.8% and 30.9% respectively. And uptake was anything but smooth. January to March saw a 16.7% dip in registrations, compared to the previous year's quarter, with April to June still down 3%. Then Q3 jumped 23%, and Q4 93% – with October up 32%, November 39% and December a staggering 217%.

"We expected an increase in orders during Q3 for derogation into 2014, but that didn't happen," recalls Zanframundo, conceding that operators don't like buying trucks, no matter what the saving, just to have them parked up. "Then in Q4, demand soared so much that many OEMs had to carry on making Euro 5 trucks much longer than they thought was going to be necessary."

Iveco's product director Martin Flach believes that rush wasn't just due to operators waking up to the reality of impending costly Euro 6. He believes some justified early purchases on savings against rental vehicles fulfilling the Christmas rush. Equally, he suggests that some selected Euro 6 trucks early to qualify for the RPC (reduced pollution certificate) of £500 before that incentive ended on 31 December.

Operators' outlook

So, where does this leave operators now? Well, while there are still some derogated Euro 5 vehicles around the OEM networks, word on the street is that discounts from dealers keen to shift stock will be dwindling. Expect price hikes as stocks of 'standard' derogated vehicles (7.5-tonne heavy vans, 18-tonne rigids and three-axle tractors, for example) dry up. Those might be worth resisting. Despite the significant differential demanded for the step up to Euro 6 vehicles, it makes sense to examine total cost of ownership – given that all OEMs are talking of net fuel savings – rather than bag an apparent bargain.

As for bespoke vehicles – for example, 16-tonne bodied 6x2s – there's little choice. You're going to have to spend Euro 6 pounds to get the vehicles you want. And come 29 October there is the potential for additional costs and longer lead times as Whole Vehicle Type Approval rules kick in for 'multi-stage' N2 and N3 bodied rigids (page 10).

What about used vehicles? Is a glut of previously enjoyed trucks during the early part of 2014 likely to depress residuals and lead to low prices for those wanting some still-healthy Euro 5s? Probably not. Many newly-purchased Euro 5 trucks will have been SORNed soon after registration, since they're currently surplus to requirements. Few operators are likely to be turfing out perfectly good vehicles to the auction sites earlier than originally intended.

THREE-AXLE TRACTORS

	2013 Volume	2013 %	2012 Volume	2012 %	Change %
Mercedes	3,726	19.9	2,668	18.8	39.7
Scania	3,584	19.1	2,552	18.0	40.4
Volvo	3,446	18.4	2,244	15.8	53.6
DAF	3,290	17.6	2,726	19.2	20.7
MAN	2,682	14.3	2,072	14.6	29.4
Renault Trucks	1,413	7.5	1,519	10.7	-7.0
Iveco	575	3.1	405	2.9	42.0
TOTAL	**18,716**		**14,186**		**31.9**