Transport trends and challenges in the road sector

UNECE Working Party on Transport Trends and Economics
Geneva, 7 September 2010

Jens Hügel
Head – Sustainable Development

International Road Transport Union
This is the IRU
Evolution of IRU Membership

Created
1948

National Associations
from 8 founding countries

Belgium
Denmark
France
Netherlands
Norway
Sweden
UK
Switzerland

2010
180 Members
74 Countries
Impact of the Economic Crisis on Road Transport in 2009

- International road freight transport output (t/km) was down by 25 to 35%;

- Revenue development in international transport decreased by 25 to 35%;

- Driver employment has decreased by more than 10%.
A large number of companies faced financial difficulties!

Number of bankruptcies in the road transport sector increased by at least 20% in 2009!
Transport output (national +10%, int. unchanged)

Costs (0% to +10%)

Freight Rates

Revenue Development

Employment (driver unchanged, office staff -10%)
Insolvencies

Fragile growth with a lot of uncertainties.

Return to normal growth rates in 2011
Vehicle production in the European Union

Vehicle sales decreased by more than 40%!

<table>
<thead>
<tr>
<th>Category</th>
<th>Index 2005 - 1st Quarter</th>
<th>Value 2005 - 1st Quarter</th>
<th>Index 2010 - 1st Quarter</th>
<th>Value 2010 - 1st Quarter</th>
<th>Index 2011 - 2nd Quarter</th>
<th>Value 2011 - 2nd Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Freight Transport (Million tonnes)</td>
<td>100.0</td>
<td>3960.2</td>
<td>102.5</td>
<td>4059.2</td>
<td>103.6</td>
<td>4104.6</td>
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<tr>
<td>GDP ($ Billion)</td>
<td>100.0</td>
<td>2932</td>
<td>103.6</td>
<td>3036.1</td>
<td>104.6</td>
<td>3067.9</td>
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<tr>
<td>Truck Registration (Nb Registration)</td>
<td>100.0</td>
<td>94633</td>
<td>62.2</td>
<td>58859</td>
<td>62.89</td>
<td>59517</td>
</tr>
</tbody>
</table>
Long Term perspective
Key driver – world population

World population prospects 1950 - 2050 by continent

Source: UN 2009
Transport development lags behind in Europe!

Development prospects for goods transport performance in the 27 EU Member States by mode from 2000 up to 2025

Source: ProgTrans 2009
Transport development is forging ahead in China!

Development prospects for goods transport performance in China by mode from 2000 up to 2025

Source: ProgTrans 2009

Global economic trends - BRIC countries

Driving engine of economic recovery – The BRIC countries!

Source: IRU 2010
IRU Resolution on the impact of the economic crisis on road transport

Geneva, 2 April 2009

IRU Resolution to reduce the impact of the economic crisis on road transport.

The International Road Transport Union (IRU), representing truck, bus, coach and taxi operators through its 180 Members in 74 countries on the 5 continents,

Considering that:

In today's globalised economy, professional road transport is no longer merely a mode of transport but a vital production tool for goods transport and tourism programmes, interconnecting every business to all world markets and providing safe, environmentally-friendly and affordable mobility for all.

Due to the severe financial crisis which has started to turn into an economic crisis, the demand for road freight transport services has slowed down drastically and the speed of the decline is even accelerating. Compared to the situation at the end of 2007, data for the last quarter of 2008 obtained from road freight transport associations and governments are as follows:

- a decrease in road freight transport activity of up to 20%.
- a doubling of the number of bankruptcies.
- a dramatic increase in unemployment, permanent or temporary layoffs, which already amounts to 140,000 jobs in the EU, 120,000 jobs in the CIS countries and 200,000 jobs in North America.

The forecasts for transport for 2009 are extremely worrying. Haulage tariffs are generally in decrease in the first quarter of 2009.

According to the tourist market, the same worrying situation will apply to the passenger transport market. Indeed, the tourism industry has already witnessed a 20% decrease in airport pick-up services.

Urgently calls upon competent authorities to:

(a) ensure open markets and strive for the completion of the WTO Doha round;
(b) internalise efforts to eliminate neo-protectionist barriers to international road transport;
(c) restructure and reduce current taxes;
(d) stop creating new taxes and charges and, in particular, stop the decision on the third EuroVignette Directive and the implementation of any discriminatory road user charges anywhere as they threaten economic development and competitiveness.

Dr Jennifer Blanke
Director and Senior Economist
Global Competitiveness Network

Geneva, 14 April 2009

Martin Marty
Secretary General
International Road Transport Union
3, rue de Varembo
CH 1211 Geneva 26

Dear Mr Marty,

It was a pleasure to address the IRU’s General Assembly last Friday, 3 April 2009 and present the World Economic Forum’s Global Competitiveness Report (GCR) with a perspective on reducing the impact of the economic crisis.

As I explained during the presentation, the GCR clearly highlights the vital importance of efficient road transport in ensuring the productivity and hence competitiveness of any country in today’s globalised economy. As such, the Forum would encourage governments to put in place the appropriate measures to promote and facilitate road transport, as inefficient road transport hinders economic development. The GCR more generally underlines the importance of infrastructure and innovation for long-term, sustainable economic growth and competitiveness. I was pleased to learn that these are two “Ts” in the exemplary IRU 3T strategy for achieving sustainable development.

Further, while the lack of infrastructure is a significant problem in some of the least developed countries of the world, inadequate procedures at borders are today one of the greatest impediments to trade and thus economic growth. This issue is explored in detail in the Forum’s Global Enabling Trade Report (GETR).

Finally, in light of the enormous cost to the economy represented by border waiting times, I would join you in encouraging governments to systematically transmit data to the IRU’s Border Waiting Times Observatory. This would make it possible to include a measure of reductions in waiting times through the implementation of more effective border crossing procedures in the Forum’s analysis.

Yours sincerely,

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IRU Resolution – Strategy for Governments

- Rejecting neo-protectionism
- Reducing costs
- Restoring credit
- Revising insolvency rules
- Reinvesting in roads
Future Trends at a glance

Economic crisis – turning a challenge into future opportunities!
Road Freight Transport: Interconnecting every business and every transport mode between Europe and Asia – Focus on the Caucasus

6th Euro-Asian Road Freight Transport Conference & Ministerial Meeting

Tbilisi, 16-17 June 2011
Working together for a better future since 1948