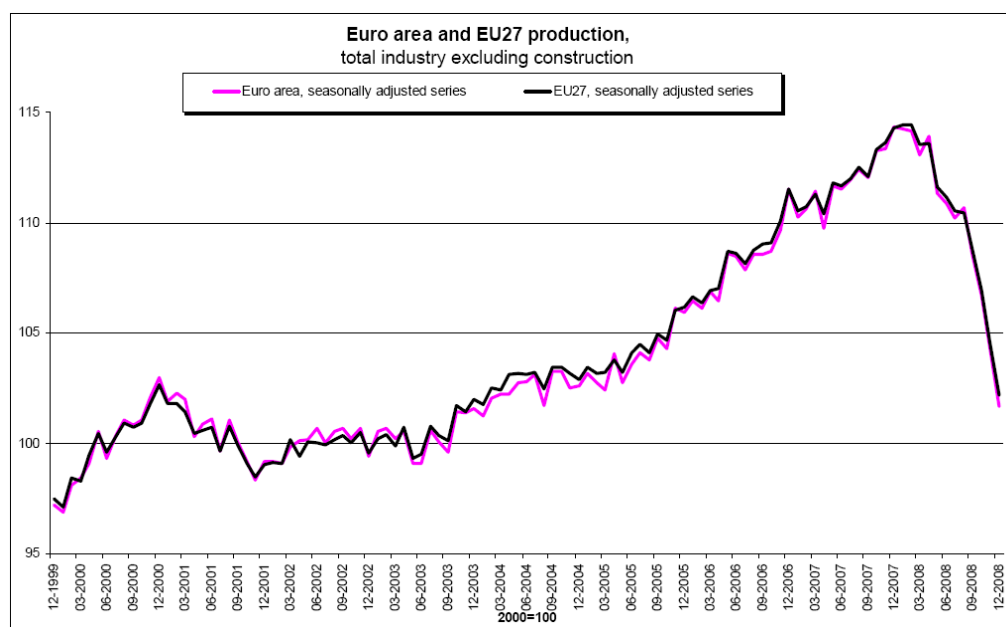


## SHORT TERM IMPACT OF THE FINANCIAL AND ECONOMIC CRISIS ON THE ROAD HAULAGE SECTOR

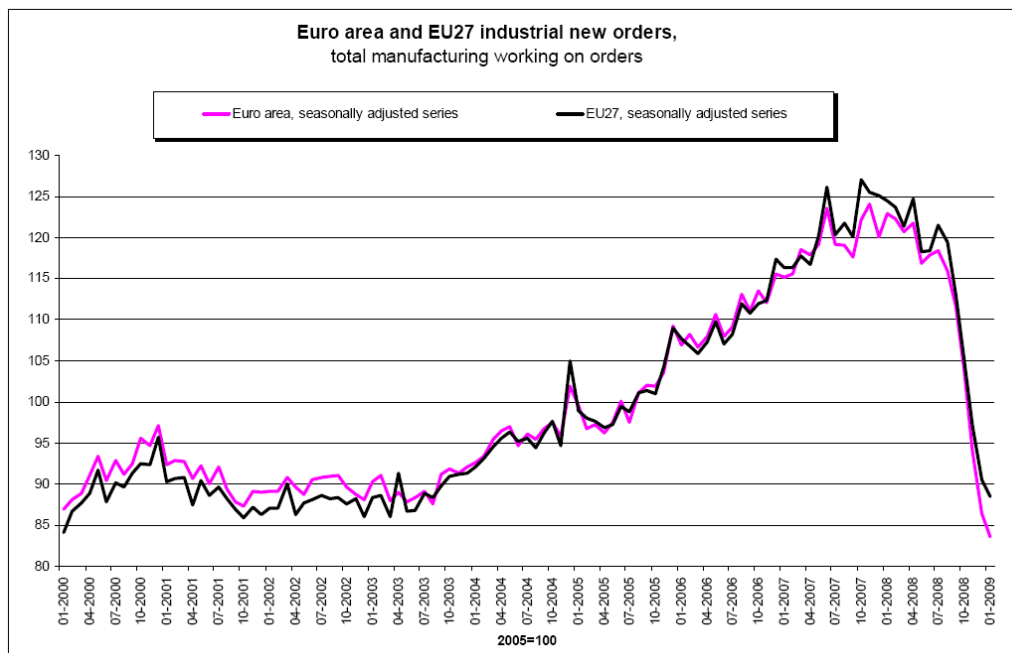
1. Since it is closely linked to general economic conditions, transport activity is suffering from the crisis. Demand for transport services is decreasing rapidly and transport companies are facing economic difficulties and bankruptcies.

**Figure 1: Total industrial production excluding construction (Euro area and EU27)**



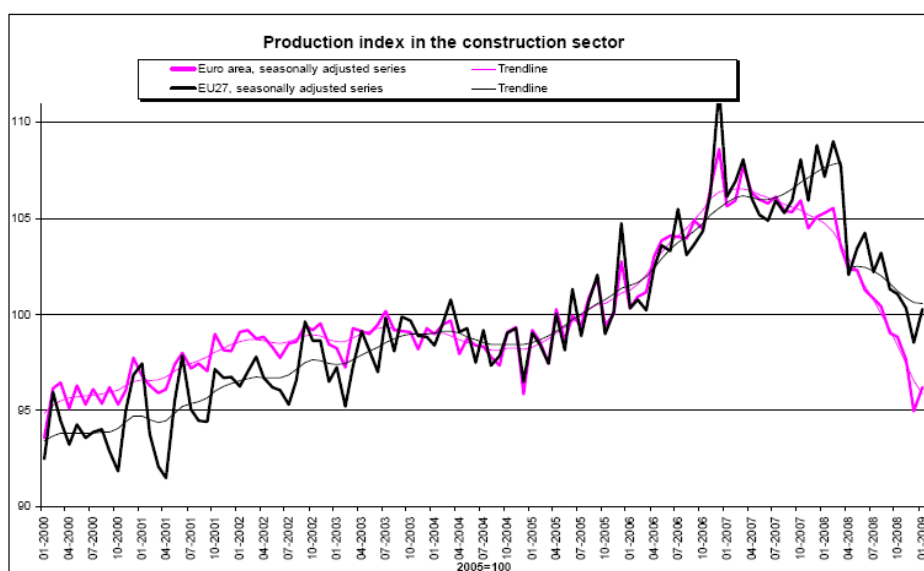
Source: Eurostat

2. The first component of transport to feel the crisis is that of freight, which is more directly linked to economic activity and trade than passenger transport. While industrial sectors are generally all impacted by the economic crisis, some sectors are more influenced than others (e.g. output in motor vehicles and basic metals are falling by up to 20%). Orders for new road transport vehicles have plunged and in some countries come to a quasi stand-still. According to figures published by Renault Trucks, the European market should absorb 256,000 trucks of over 6 tonnes in 2009, which is a 37% drop compared to 2007. This would therefore be the worst performance by the market since 1995, and could lead to an ageing fleet, higher operating cost and lower environmental performance.
3. Overall, new manufacturing orders have fallen sharply since the third quarter of 2008 and have come back to a level similar to that of 2000.

**Figure 2: Total manufacturing working on orders (Euro area and EU 27)**

Source: Eurostat

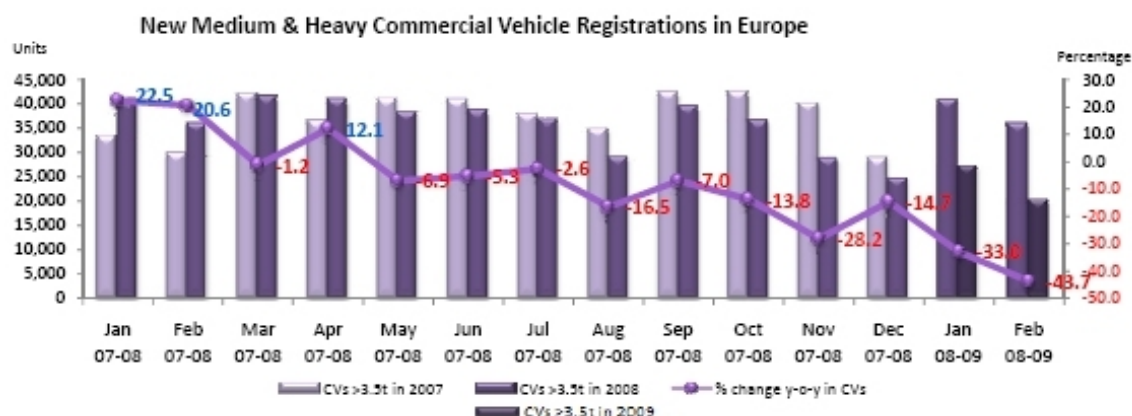
4. Given the situation in the construction industry, transport of construction materials is a source of particular concern. In 2006, crude and manufacturing minerals and building materials accounted for 47% of goods volumes carried in the EU-27 and Norway. However, the construction industry was one of the earliest to show the effects of the economic recession. The sector's production index fell steeply from the first quarter of 2008 and had by 2009 reached the same levels as at the beginning of 2004.

**Figure 3: Production index in the construction sector (Euro area and EU 27)**

Source: Eurostat

5. Limited access to credit is a major concern for capital intensive operators such as logistic operators investing in and employing costly equipment. In cases where transport equipment is leased, operators may be protected by long term contracts, and in these cases it is the equipment owners that are suffering the economic consequences. The road transport sector also depends on a large number of labour-intensive SMEs, which are economically more fragile.
6. The fall in the oil price has resulted in a reduction of operating costs, and is expected to continue due to forward buying by oil distribution companies. However, the relatively cheap price of oil might delay decisions to renew fleets with more fuel efficient vehicles. Furthermore, the low price of oil does not compensate for the drop in road transport demand due to the pressure from overcapacity and reduced orders. It also provides an argument for customers trying to push prices down.
7. An increasing number of road haulage companies are having difficulties keeping up with their payments. According to the International Road transport Union (IRU), the number of bankruptcies of road haulage companies may have increased by up to 110% since the end of 2007. Financial difficulties also seem to affect businesses whatever their size. French road transport organisation FNTR reports that out of 210 insolvency cases recorded in the road goods transport sector in France in January 2009, 82% took place in small or very small enterprises. Larger companies of over 50 employees, usually subcontracting to self-employed, are however also at risk. Still according to FNTR, cases of insolvency had increased threefold in French businesses of more than 50 employees between 2007 and the end of 2008.
8. The sector, of which around 50% of workers are self-employed, is set to suffer a high social toll from the crisis. According to the industry, as of January 2009 an estimated 10 000 jobs had been lost in France, 16 000 in Spain and 4 000 in Belgium following cases of bankruptcy since the beginning of the crisis. According to figures of IRU, a total of 140 000 jobs in EU road freight transport are currently at risk or have already been lost since the end of 2007. The number of jobs lost is only one indicator of the effects of the crisis on employment. Employment conditions in existing jobs are also affected by the crisis, with many businesses choosing to reduce or adapt working hours.
9. The first forecasts for the rest of 2009 are pessimistic. In January 2009, the IRU published its yearly road transport indices, according to which growth in the transport sector in Western Europe is set to stagnate at a low level over the first half of 2009. Results communicated by ACEA (the European Association of Automobile Manufacturers) confirm this view: over the year 2008, new truck (> 3.5 t.) registrations fell by 4.0% in the EU-27 and EFTA (without Cyprus and Malta), mainly because of the 21.1% decrease in the EU-12. The latest figures for HGV registrations in February show the same trend for the beginning of the year, with a drop of 43.7% compared to February 2008 for the over 3.5 tonnes category and 46.4% for the over 16 tonnes segment.

**Figure 4: Registrations of medium and heavy commercial vehicles (>3,5 t.) in Europe – comparative monthly results 08/07**



Source: ACEA

10. The economic downturn is already having a dramatic impact on HGV traffic. Traffic volumes on motorways have dropped by between 5% (France) and 34% (Spain) in December 2008 compared to the same month in 2007. First figures for 2009 show that this trend is expected to worsen in the near future. Traffic (measured in vehicle per kilometre) dropped 8.27% in December 2008 in Austria compared to the same month a year before, while the decrease recorded in January 2009 reached 20.27%. The fall in traffic is also visible when measured in terms of Average Daily Traffic (ADT): ADT in the Liefkenshoek tunnel in Belgium was reportedly 5% lower in December 2008 than it was the same month the year before, and 22% lower in January. International road traffic, which was set to grow rapidly before the crisis, also appears to be affected by the recession. The latest statistics from German motorways (Mautstatistik) show that the number of HGV crossing borders on toll roads in Germany in February 2009 had decreased 17,3% compared to the previous year.